



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **22ND DAY OF MAY, 2013** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz and Saltzman, 4. Commissioner Novick arrived at 9:32 a.m., 5

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

Item No. 461 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
447	Request of Clarence Williams to address Council regarding Right To Dream Two (Communication)	PLACED ON FILE
448	Request of Melissa White to address Council regarding Right 2 Dream Too (Communication)	PLACED ON FILE
449	Request of Tim Parson to address Council regarding 3rd and Oak sidewalk homeless people (Communication)	PLACED ON FILE
450	Request of Greg Greenway to address Council regarding Buckman SUN and Buckman pool (Communication)	PLACED ON FILE
451	Request of Chris Johnson to address Council regarding the zoning of his property (Communication)	PLACED ON FILE
TIMES CERTAIN		
452	TIME CERTAIN: 9:30 AM – Amend fee schedules for building, land use services, neighborhood inspections, noise control, plumbing, signs and site development permits (Ordinance introduced by Mayor Hales) 30 minutes requested	PASSED TO SECOND READING MAY 29, 2013 AT 9:30 AM

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<p>453 TIME CERTAIN: 10:00 AM – Accept the Office of Management and Finance 2012-17 Strategic Plan (Resolution introduced by Mayor Hales) 15 minutes requested</p> <p>Motion to accept rather than adopt the plan: Moved by Fish and seconded by Fritz. (Y-5)</p> <p>(Y-5)</p>	<p>37016 AS AMENDED</p>
<p>*454 TIME CERTAIN: 10:15 AM – Approve agreement between the City and Rip City Management LLC, dba Portland Arena Management for the continuing operation of the Veterans Memorial Coliseum and Rose Quarter public parking facilities (Ordinance introduced by Mayor Hales) 15 minutes requested</p> <p>(Y-5)</p>	<p>186038</p>
<p>455 TIME CERTAIN: 10:30 AM – Reaffirm City interest to maximize investment in City-owned facilities and direct the Office of Management and Finance to fully implement ADM 13.01 (Resolution introduced by Mayor Hales) 30 minutes requested</p> <p>(Y-5)</p>	<p>37017</p>
<p align="center">CONSENT AGENDA – NO DISCUSSION</p> <p align="center">Mayor Charlie Hales</p>	
<p>456 Appoint Sam Rodriguez to the Building Code Board of Appeal for a term to expire May 21, 2016 (Report)</p> <p>(Y-5)</p>	<p>CONFIRMED</p>
<p>457 Appoint George Fetzer to the River Community Advisory Committee for a term to expire May 21, 2016 (Report)</p> <p>(Y-5)</p>	<p>CONFIRMED</p>
<p>458 Reappoint Joshua Klyber and appoint Howard Thurston to the Alternative Technology Advisory Committee for 3-year terms (Report)</p> <p>(Y-5)</p>	<p>CONFIRMED</p>
<p align="center">Bureau of Environmental Services</p>	
<p>*459 Authorize the Director of the Bureau of Environmental Services or their designee and the City Attorney to enter into a settlement agreement with Heather Keithly (Ordinance)</p> <p>(Y-5)</p>	<p>186031</p>
<p>460 Authorize contract with Harper Houf Peterson Righellis, Inc. and provide payment for design services of the SE Hawthorne Sewer Improvements Project No. E08668 for \$422,441 (Ordinance)</p>	<p>PASSED TO SECOND READING MAY 29, 2013 AT 9:30 AM</p>
<p>461 Amend contract with Portland Audubon Society for additional work and compensation for the Bird Surveys at Oaks Bottom & Mt. Tabor Habitat Enhancement Project Sites for \$20,290 (Ordinance; amend Contract No. 30001693)</p>	<p>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p align="center">Bureau of Fire and Police Disability and Retirement</p>	

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462 Authorize contract with Milliman, Inc. to provide actuarial services to the Bureau of Fire and Police Disability and Retirement (Second Reading Agenda 431; Contract No. 300003232) (Y-5)	186032
Office of Management and Finance	
463 Accept bid of Canby Excavating, Inc. for the SE Oak Street Sewer Replacement 10th to 18th Ave for \$1,830,625 (Procurement Report - Bid No. 115454) (Y-5)	ACCEPTED PREPARE CONTRACT
464 Accept bid of Brown Contracting, Inc. for the SW Spring Garden Sidewalk Infill Project for \$728,830 (Procurement Report - Bid No. 115472) (Y-5)	ACCEPTED PREPARE CONTRACT
*465 Pay claim of James Hulse in the sum of \$45,000 involving the Water Bureau (Ordinance) (Y-5)	186033
*466 Pay claim of Jennifer & John Jennings in the sum of \$15,000 involving Bureau of Transportation (Ordinance) (Y-5)	186034
*467 Amend contract with Michael Willis Architects to increase contract amount by \$82,655 to provide additional architectural and engineering services for new construction of the Emergency Coordination Center (Ordinance; amend Contract No. 30000701) (Y-5)	186035
Parks & Recreation	
*468 Implement the temporary suspension of system development charges for the construction or conversion of structures to accessory dwelling units (Ordinance; amend Ordinance No. 181669) (Y-5)	186036
Water Bureau	
469 Authorize an Intergovernmental Agreement with Tualatin Valley Water District and City of Tualatin to conduct analysis and planning to evaluate capacity and design concepts for a temporary emergency pump station (Ordinance)	PASSED TO SECOND READING MAY 29, 2013 AT 9:30 AM
470 Authorize an Intergovernmental Agreement with the City of Sandy to design and construct fiber optic improvements (Second Reading Agenda 440) (Y-5)	186037
REGULAR AGENDA Mayor Charlie Hales Bureau of Development Services and Parks & Recreation	

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<p>471 Amend tree regulations to change the effective date from July 1, 2013 to January 1, 2015 (Ordinance; amend Ordinance Nos. 184522 and 184524)</p> <p>Motion to add a third directive to require a report to Council no later than December 18, 2013 on a budget and staffing implementation plan: Moved by Saltzman and seconded by Fish. (Y-4; N-1 Fritz)</p>	<p>PASSED TO SECOND READING AS AMENDED MAY 29, 2013 AT 9:30 AM</p>
Bureau of Environmental Services	
<p>472 Revise sewer and stormwater rates, charges and fees in accordance with the FY 2013-2014 Sewer user Rate Study (Second Reading Agenda 425) (Y-4; N-1 Fritz)</p>	<p>186039</p>
Bureau of Fire and Police Disability and Retirement	
<p>473 Amend the Fire and Police Disability, Retirement and Death Benefit Plan so that the Plan will retain its tax-qualified status (Second Reading Agenda 441) (Y-5)</p>	<p>186040</p>
Bureau of Planning & Sustainability	
<p>474 Revise residential solid waste and recycling collection rates, effective July 1, 2013 (Second Reading Agenda 424; amend Code Chapter 17.102) (Y-5)</p>	<p>186041</p>
Bureau of Transportation	
<p>475 Revise transportation fees, rates and charges for FY 2013-14 and fix an effective date (Ordinance) Rescheduled to May 22, 2013 at 2:00 pm.</p>	<p>PASSED TO SECOND READING MAY 29, 2013 AT 9:30 AM</p>
<p>476 Extend special rates and charges, and create new permit types for public works permitting services through FY 2013-2014 (Ordinance) Rescheduled to May 22, 2013 at 2:00 pm.</p>	<p>PASSED TO SECOND READING MAY 29, 2013 AT 9:30 AM</p>
Office of Management and Finance	
<p>*477 Pay claim of Clifford Richardson in the sum of \$35,000 involving the Police Bureau (Ordinance) Rescheduled to May 22, 2013 at 2:00 pm. (Y-4; Saltzman absent)</p>	<p>186043</p>
<p>*478 Authorize a four year contract with Wells Fargo Bank, N.A. to provide banking services for a not to exceed amount of \$550,000 (Ordinance; RFP No. 114739) 10 minutes requested Rescheduled to May 22, 2013 at 2:00 pm. (Y-4; Saltzman absent)</p>	<p>186044</p>
<p>*479 Authorize a four year contract with U.S. Bank Government Banking to provide merchant bankcard services for a not to exceed amount of \$10,524,000 (Ordinance; RFP No. 114739) Rescheduled to May 22, 2013 at 2:00 pm. (Y-4; Saltzman absent)</p>	<p>186045</p>
Water Bureau	

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480 Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2013 to June 30, 2014 and fix an effective date (Second Reading Agenda 426)
(Y-5)

186042

At 12:30 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 22ND DAY OF MAY, 2013 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz and Novick, 4.

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

The meeting recessed at 4:01 p.m. and reconvened at 4:05 p.m.

	Disposition:
481 TIME CERTAIN: 2:00 PM – Extend a street closure pilot program in the Old Town Entertainment Districts through parts of NW 2 nd , 3 rd and 4 th Avenues between W Burnside and NW Everett on certain days and during certain hours (Ordinance introduced by Mayor Hales) 1.5 hours requested	CONTINUED TO MAY 29, 2013 AT 2:00 PM
482 TIME CERTAIN: 3:30 PM – Accept the report of the Chief Administrative Officer for the Quarterly Report of the Technology Oversight Committee (Report introduced by Mayor Hales) 30 minutes requested Motion to accept the report: Moved by Fritz and seconded by Novick. (Y-4)	ACCEPTED
REGULAR AGENDA Mayor Charlie Hales Office of Management and Finance	
483 Amend contract with Moore Iacofano Goltsman, Inc., P.C. to increase contract amount by an additional \$409,704 to provide additional consultant services for redevelopment of the ADA Title II Transition Plan for the City (Previous Agenda 446; amend Contract No. 30002636)	PASSED TO SECOND READING MAY 29, 2013 AT 2:00 PM

At 4:34 p.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland



By **Karla Moore-Love**
Clerk of the Council

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

May 22, 2013
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 22, 2013 9:30 AM

Hales: Welcome to the may 22 meeting of the Portland city council. Karla, please call the roll.
[roll taken]

Hales: First, just want to say congratulations to commissioner Saltzman and to this council for once again having the children's levy approved by the voters, a nice affirmation of many years of great work. Well done. [applause]

Hales: We have a number of communication items this morning. Let's take those in order, please. Item 447.

Item 447.

Hales: Good morning, mr. Williams. Come on up. Good morning. Welcome.

Clarence Williams: First I would like to say that I am here as a supporter of right to dream, here to ask you to remove the binds you are putting on them because me, being a person that came from the streets, living on the streets, have used that place to get my life back together, and in the process of being there, I have seen things change. And people, in people's lives and I have seen people get housing and people get jobs, and I have seen people go back to school, and I have seen people, actually, get their life back into control, and so, i'm asking you to work with us and, and as well as we work with the city and, and to keep our cities clean and straight, and keep the streets, from people sleeping in doorways and taking the chance being hurt by violence and things like that. Because that's what right to dream does, it gives our people safe places to sleep, and also, it gives them a responsibility of looking at their life that's coming back together again, instead of looking at it as stand down. So we ask you to remove these fines from us and help us out, and we guarantee you will work with the city to make everything better and clean and safe. Thank you.

Hales: Thank you very much. And thanks for coming. [applause]

Item 48.

Melissa White: My husband and I were unaware of what it would be like out there. We were unaware of the cold, of course, and but most of all, the kind of, not the people who claim to help them, not of the churches or the social workers, and who don't know, don't know the difference between the head or the horse's back side. And no, this came from the houseless individuals themselves, people who stand behind me right now. And these people who helped so many people, these people have a shoulder to cry on when the streets are too much. And they try and give shelter, by which, of course, I refer to r2d2 and, and however, there is only so much room, and every night by 11:00, they are full. But, you people find them and want them to shut down, and you scorn them, look down on them, and why? They do so much good. They save so many lives, all they are trying to do is survive. But yet, if your budget cuts you are cutting shelters, and basically, trapping so many innocent people to a life on the streets. If they live that long to call it a life. You force them to move around, and ignore the abuse of the shelters, ignore the abuse of the police. And, and you say you are for the people. You want to help. But, you want to help the people, or here's your chance right now, right behind me, even excluding them, and there is so many people on the streets that need the, need your help, they need shelters, and they need places to, to be able to gain help and gain their life back, and primarily, the shelters will help if you have drug abuse, alcohol abuse, and you are recovering or certain disabilities. But yet, if just lost your job they tell you are out luck.

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They mentioned that, that some people got help from r2d2, and I am one of them. And my husband and i, if it wasn't for that, we would not have job back. Because we would have had to leave our stuff, we would have had to leave everything on the streets and it would have gotten stolen, we would not have had a chance. And there is so many overnights, too, that they bettered. And one of the things that shelters, and everyone else does, is they think that every houseless person has the same story. They don't. There are some, some -- like I said, there are some that have, have drug and alcohol disabilities, there is some trying to escape their past, escape abuse. And but, also, there is other people, there is other stories, there is other things. Just, just listen to them and try and help them. Guys can. You can care. I see it in your faces, you care. Just, just help r2d2 by dropping the fines and, and being there for us.

Fish: Can I respond to one thing you said, and I thank you for coming before us, and thank you for your eloquent words and putting, relate a human face on, on the challenge that we face and, and I agree with much what you said, but there is one thing, in the mayor's office budget and the county's budget, we don't cut shelter. And the only add-back package in the mayor's office budget that was funded at 100% of the ask, was housing. It is the only thing, and that reinstates funding for the clark center, and working with the county. It means full funding for short-term rent assistance, and we need to do more, and you are challenging us and I accept the challenge, but in our budget we don't cut shelter.

Hales: Thanks for coming, very well done, thank you.

Item 49.

(did not show)

Item 450.

Greg Greenway: I am here today to thank you for, for restoring funding for, for buckman's fund and pool, and I want to thank you, mayor hales, for brokering the compromise with the county for the next year. And for, for really finding a creative way to respond to, to all that you heard from the buckman community. And I want to thank commissioner Fritz and steve novick for, on a personal note, for your kind responses to my own letter, and all of you for, for, for patient listening to, to everyone in the community, and I think from everything that I have heard, responding and very, very straightforward, in a responsible way. If I may, I would like to reflect for a moment on what I saw for, for the last couple of months from a community engagement perspective. If you will. I'm fortunate to serve on the piac, the public involvement advisory council, and as you know, the city of Portland in 2010 adopted a public involvement principle, and it's one of, if not the, the first larger city in the united states to do so. And the first principle is partnership. There is another principle in there that has to do with, with a building of relationships and capacity. And what I have seen in my little community, I have got a couple of kids in buckman, is people getting involved who never before. I mean, obviously, some people have had that experience, but most have not, and I saw people really get better handle on how to articulate their community's needs. Better understanding of the realities of budget cuts and, and the tradeoffs, and people getting a sense that, that, that they can make a difference. And, and that they can be part of the solution. And there is a lot of energy, there is fines all over buck, signs all over thanking council. I am hoping that you are getting notes of thanks because people are encouraging others to acknowledge what happened. These are only for one year. On sun, i'm not sure how long the pool fund is there but I really encourage you to tap into that energy and that kind of spirit of community involvement so we don't go through the same process next year. But use that to support you and look for other sources of funding to match public funds, and in any way that I know others would be, as well to make those connections, and any connections for how we can be helpful and, and truly partner, I think the right way to go. Thank you.

Hales: Thank you, and we appreciate that, that really thoughtful advocacy that we got throughout the budget process, we have another forum tomorrow night, and reflecting, we'll have we'll have more time after the budget done to reflect as started to do on how this is, this has worked from a

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public involvement standpoint, if this was a consequence of the fact that we asked the bureaus to come in with a budget 90% of what they did this year, and then, and then make the case for additions, and quite naturally, the bureau managers, parks and all the rest, did that from a standpoint of, of the efficient operation of the bureau. That's what they are supposed to do. They are managers, and then the community has come in and said, well, from a community standpoint, this matters or this matters or this matters. So, the council's job is to listen to both those, those perspectives, the professional managers who say, this one is more marginal than that one, and the community that has a different lens. So those opposing forces, you know, got, got addressed well, in this budget process, but, we can always learn from what's worked and what's not worked in terms of people's engagement, and as you said, make sure that we, we keep that going for other issues in the next set of dialogues with that part of the city.

Fish: I want to thank greg, when you signed up to speak, this issue had not been resolved. So i'm guessing you might have had a different speech.

Greenway: I was hoping very much that I had an open mind.

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

Fish: And I want to acknowledge, the two newest members of the council, one of my favorite moments on council, which was about 3.5 years ago when, when we had an issue, of great community concern, and on the eve of the vote, a substantive was put in fixing the problem. And it had to do with, with I think, co-location, and it was a gentleman who signed up and came forward and was told that he had won and that council changed his position, and he said, that's great but if you don't mind I will read my old speech. And he read the speech, and pasting us for the old policy, and that was one of my favorite moments. He couldn't update speech in time to get thank you in, and we don't often hear from people when there is a change so thank you very much.

Greenway: Thank you. I didn't write the speech until I came.

Fritz: I might comment, thank you for your involvement on the public involvement advisory committee, and it is a nationally recognized program, and, and second, giving credit where it is due, the leadership of christine, the community and buckman, and, and she was the one, who to our answering the levy funding so that, it's, it's, it's -- she took it heart, the mayor's office admonishment to propose solutions and was able to, so that is an ongoing question as to how the funds will be used. Third, folks on sun schools and the pool, we have had a lot of engagement over the last four or five years now, it seems like with the proposed cuts so I agree with you, let's not wait until next year to get the community, continue to be involved in discussing how are we going to manage these assets and, and recognizing once and for all the community does care about them, and the council now state that go we care about them so let's figure out how to make them ongoing rather than continuing this do this cycle. Thank you very much for coming in today.

Greenway: Thank you for that.

Item 451.

Hales: Good morning. Just your name for the record.

Chris Johnson: Mr. Johnson. Do you have reference to the landscape --

Hales: I don't think so but you can tell us about the property.

Johnson: It was in your docket.

Hales: I'm sorry. Let's see, maybe we do.

Fritz: I do.

Johnson: There is several.

Hales: We do, sorry, it's right here.

Johnson: My property is, --

Hales: You're fine.

Johnson: Good morning, I am chris johnson. My property is right there in the middle, where you see the big r2p, in the back. And I own approximately 2.46 acres. Of that, 75% of it is impacted by

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environmental zoning. My question to the board is, to the property west me, immediately west and then across the street on 45th, and if you go to the other portrait map, you will see that the stuff is, has never been zoned environmental, and yet, it's, it still has the same creek that runs through my property. And, and why is mine being selectively isolated out for the zoning. The city wanted to purchase my property for several, several years. And I have declined their offers, but, I just want to make it simple, that you have got, in this larger photo, you see the blue where the stream flows, there's sort of a triangle if you want to call it. That's a little island, arrow creek is the small one, and johnson creek was cut as a diversion by the army corps of engineers, back in the early 20s or 30s, and as, it slow the path down and it switches back but that's an island, and that's not even zoned environmental. So, why is my property, is it because the city wants my property? Is that why they are zoning it the way it is? Because, the property right immediately next to me, it's small little parcel. Bes bought it for 125,000 back in 2000. And the property across the street on 45th, they just bought in either 2010 or 2011, and which was about 18,000 square feet. They paid \$385. And I can go on and on, and out of the 11 parcels that i'm focusing on, they have bought up 11, excuse me, eight of them. And even along the hillside that appear on Tillamook there is no environmental -- my property and the property right next to me that the city owns is the only ones that are environmental. So, I just want to know why. What's the criteria? Is it because of my stream? The city has done nothing. Prior to the city buying the property right next to me I used to have trout in my stream. I don't have trout any more because I fought the city over using herbicides. I don't use any herbicides at all. And yet, the city has killed all the streams, it's easier for the city just to, to spray out herbicides. And I know i'm getting off my point, but I just want to have an answer as to why i'm being subjected to environmental zoning, when I don't receive any tax breaks.

Hales: I think we can probably get you an answer. Do you know how long that zoning has been enforced in your case?

Johnson: I have given you maps back to 1999, I believe, and it was that way before. When I bought property. And my point asking you folks is why is the property right next to me not zoned environmental, and it's just right across the fence, and in fact, the car wash, that abuts me, too, they throw trash into the stream. I have dug out old tires, diapers and you name it, all the garbage, it's not from the car wash ownership. It's from their participants. But, they don't take care of it.

Hales: There happens to be staff today here from the bureau development services and in the back of the room, so I hope that they can give some answers about one, what the rational was when that zoning was approved, what your options are, and at this point. And the city is going through the process of updating our comprehensive plan right now for example, so, there may be some options for what you as a property owner can do about that, so paul scarlett, the guy waving his hand in the back would be a good place to start, so let's have you spend time with them and find out what the history of this was and the rational was and your options are.

Johnson: Ok, thank you.

Hales: Thanks for coming. We had one communication item, 449 mr. parsons has not arrived. Ok. Then, let's move on, please, to the consent calendar. We have one request to remove an item which is 461, are there any other requests to remove the items from the consent calendar? If not, let's take roll call on the remainder of the consent calendar.

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

Hales: Aye. Ok. And we'll move 461 to the end of the calendar and take time certain 452.

Item 452.

Hales: Mr. Scarlett. Good morning.

Paul Scarlett, Director, Bureau of Development Services: Good morning.

Hales: And some short-timer with you, I see.

Scarlett: Yes, Denise Kleim were losing her. Good morning, mayor and commissioners. Paul scarlett, the director for development services, in front of you with an ordinance to adopt our

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proposed fee changes for fiscal year 2013-2014, and first, I want to, to acknowledge that the bureau development services is at a very great turning point that recession hit us hard, but we recovered, and with prudent operation and focused on first our customers and service delivery, and our staff. We continue to pursue our admission to promote safety and construction of buildings and structures, and of course, contribute to the city's livability and economic vitality. To do that, we do collaborate closely with our employees, our customers, and to make sure that the service that we're providing and the operation that we have is relevant and meaningful and contributes to overall goals. The fees that we have in front of, are part of the bureau's budget, the balancing process. We're an operating bureau, and there are some handouts coming around to you and as a part of the operating bureau, the majority of our budget is dependent on fee revenues. And the goal there is to, meet cost recovery in all the programs and, and the other goal that we have is to achieve and maintain a sufficient reserve. 90% of our operating budget comes from fee revenues. And 10% is general fund that supports the general fund programs. The goal is to monitor on a yearly basis how construction activity is coming in, and how it is contributing to our finances. And we've been very, careful in working with our industry partners, and the council to only raise fees when necessary, and in other areas to decrease it when it's also necessary. And we are I think a point that's unprecedented. The recovery rate for construction activities is yielded a great cost recovery in excess of 140% in some months. And so, that's great. That's, in part, due to the larger projects that we're, that are coming in versus smaller, remodeling addition work that came in four years ago during the recession. So, that amount of change one has allowed us to bring back staff which is great news and that's good news for employees, good news for customers, and good news for the industry. And the biggest news we're able to share this year, and the first time in my tenure as director is that we were not going to increase the fees in some areas. We have been experiencing great cost recovery, the federal project is coming in, based on the evaluation of revenues. And I can't tell how happy the industry was to hear this. And that we have, in fact, seven programs staying at zero fee increases, for context, three years ago, 2010 to 2011 about 2011 to 2012, we increased fees to 8%, and this current fiscal year is 5%, so to not increase fees because one, we're, we are being responsible, and fair, and saying if we don't need it we're meeting our cost recovery or reserve where they are supposed to be, and we don't need to increase the fees, and, but, the industry went to small business s-back a couple of weeks ago, and commissioner novick was there, and that group was so appreciative that one, we would show up and two, we are sharing this news, and the same with the drac and commissioner Saltzman is smiling because that's one of his directions was to keep the fees low, where we can. And so, we appreciate that the industry was very supportive of us through the tough times and allowed us to raise the fees to offset what was not coming in the evaluation. The growth rate is still about 2% to 3%, forecasted. And we were off this year, the growth rate that we received was over 2% to 3% projected for this fiscal year, and which is one reason that we have more money than was anticipated. We certainly put that in the reserve and will, we'll hire the staff and balance the operations. So, all of this means staff is being brought back, service levels are improved and, and industry is happy. You know of course there are some fee increases. Very few, and we are, and we'll continue to work close with the other bureaus, for example, where the permit center is only open for one day for permits and we are looking at increasing those hours come july to tuesday, wednesday, thursday, and all day, so, these great changes for the bureau. There is an example of what this all means. So, we provided commercial permits, example one, commercial example two and residential example one. So, for the commercial project, which is a tenant improvement of 210,000 or so, there are no fee increases. From the bureau development services. And that's great news. And it shows zero difference, but to give context, if we were to have increased fees by 5%, customarily that's what we would do, to keep up with cpi and so forth, it would have been \$180 difference that customers would pay. And example number two, gives you even more sort of solid context where again, 236 is the increase because the plumbing permit for example is going up by

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5%. And 236 had we increased fee there by 5%, the difference would have been 180, excuse me, \$1,880. That's a big difference. For people who are still, still struggling and unable to grow, but the economy is still struggling in some areas, and for residential project, single family, this year, the difference starting in July is \$49, is -- had we raised fees 5%, it would have been \$176 so to give you examples and ideas how this really lands, and the land use, same thing. Difference is were shown from 0% and minimal increases, it might be on the back page of the handout, so, overall, I am pleased to share with you this good news. There are program areas still not meeting cost recovery. And so those areas, we increased the fees. The reserves are still lower than what we calculate them to be, the goals, and so the five-year plan period of time, we hope to have that all balanced and have great equilibrium across the board from programs to service levels, to cost recovery. So, in a nutshell, that's the presentation, and Denise will go through the more examples of the operation and I can answer any questions before she dives into that or we can wait.

Hales: Either one of, last time I looked, our, our total net fees on the building permit side in the region were in the middle of the pack, and we have some cities where it's more expensive and some where it's less is that still general the case, you have not moved much with these.

Scarlett: It is one of -- it is the middle of the, if you exercise this, the similar cities of the same size, especially within the metro area. And one area that's a little different, and I don't have a good handle on it right now would be the sdc charges because there is the permit charges and the sd charges, and some areas it's higher and some lower, but the permit fees are the middle of the road.

Hales: Thank you. Other questions if Paul. Denise, good morning.

Denise Kleim, Senior Business Manager, Bureau of Development Services: Good morning. Denise Kleim, senior business operations manager with BDS, and I wanted to take a couple of minutes to talk about our process to get to where we are in terms of determining the fees, and so, as Paul explained, earlier, we really first start with our customer service and look at our level of service, and ensure our programs are effective and that's where we start every year. And that's an ongoing process. So, we don't just start with the dollars and cents, we start with the services and really listen to our customers and we heard from our customers that they felt, and we also agreed, that we really needed to increase our, or decrease our turnaround times and increase our services. So that's partly why we came to counsel and have asked for additional staff in the spring bump and in the budget. Even with that, we looked at our cost recovery even with the additional positions, and really found that for a number of our fees, a number of our programs, there was no need for fee increases. So, I am delighted to be here presenting that sort news. We also spend quite a bit of time with a number of people that advise our bureau and a number of years ago, there was a finance committee that was set up, under the direction of Commissioner Saltzman. And that committee is comprised of several local economists very generous in donating their time to us and, it also includes the city economist, the city budget office, and the members our development review advisory committee. And they sit down with us and look at our econometric models. And they really dig into the details. We use some sophisticated modeling, that are, our finance manager Elshad Hajiyevev works through, and we use real estate data, construction employment, and population projections, and lots other factors that go into doing our revenue projections, and I can say I think our models are much more sound and robust than they were before, and it's wonderful having the insights of the economists, both on our models and also what their views are for the economy. And so, these models and the revenue projections that we have, we feel are pretty sound. We also spent a lot of time with interest groups, Paul explained that we had, there is two letters that you received. One from the development review advisory committee and another from the small business advisory committee, in support of the fees, and we have also talked to about 20 stakeholder groups, and have met with them or given them information. We have not -- we have not gotten much of a response from people, and I think that's because they are seeing that there is really no fee increase. Just, in many, many our programs. So, you know, the biggest ticket item is mostly is the

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building permit fees and with that being zero, that has a huge, a huge positive impact for folks. So, the other thing that we are doing is that back in 1986, our bureau and the county building department merged so we serve the areas outside the city limits that are within the urban growth, urban services district. And so, we work with the county, we just met with the, the county board of commissioners staff on Monday to go over the fee increases because they also go through a formal adoption process. And they will be voting on June 13th. On those fees, and then fees would be going to, into effect on July 1.

Hales: Great, thank you. Questions?

Fish: I have couple questions if I could. I was at a regional solutions meeting the other day, and a gentleman from the employment department, the state of Oregon did this powerpoint on economic trends. And frankly, some of the information was so surprising to me, that we're going to schedule a presentation here in city hall for staff and elected soon so they can see this powerpoint because I think it's provocative. And it tells a different story about the Portland metro area. But one of the things that, this tells us a positive story, that's one of the reasons it is provocative, the data was not cherry picked but all the aggregate data, and one of the things that struck me was residential building permits, Portland metro, and when you see the chart, you get a sense of the depth of the recession and how it impacted us, so for example, 2008, we were at 7700 building, residential building permits metro-wide. It dropped in 2009 to 3,800. Stabilized around 46 to 5,000, and now, 2012, spiked to 8500, so, better than, the prerecession number, but, the 2007 number is, is, the former benchmark which was 13,105. So we're making our way back, and what's interesting about that, is that, by far in the region, Portland leads the way in terms of building permits. And, what struck me about that is in 2012, there were almost 2,400 permits which 71% were five units or more, so, the multi-family coming our way. And two questions, do we have some available data on first quarter of 2013?

Scarlett: Yes.

Fish: And second, and --

Scarlett: Excuse me for residential? Yes, we would.

Fish: And second, would it be possible for the council to get a quarterly report that shows just the, the macro data on residential and commercial building permits, Portland and metro area?

Scarlett: We can do it for Portland. The metro area, information, we gather it from somewhere. I'm not sure.

Fish: The metro area gives us context. I would be more interested in just, because it seems like we're very quickly rebounding. It seems to be a trend line, and I think it's interesting to see the quarterly data to see how far and fast we are progressing and to use that to inform other decisions.

Scarlett: I can tell that we receive over 200 additional single family permits issue over the same period of time from July to the end April. Compared to the year before. So, we do have that information. And I will gather it on a quarterly basis, and I can provide the commercial information, if you like. Along with the residential information. On a quarterly basis.

Fish: What's interesting is you have to go back to 2005 where, where you had the biggest spike, and that was 17,000 residential building permits metro-wide, so for the last year, at 8500, we're at half of where we were during the gold rush days. But, we have almost recovered from the, back to the 2008 level, which is encouraging.

Scarlett: Yes.

Fish: And is it your sense that, that the trend line is going our way?

Scarlett: It is. It is increasing. In a positive direction, for both commercial, residential, and back the high point. It's a slower growth, and more gradual, 2% to 3%, last year it was a higher than, than the forecast was, but, it is moving in the right direction.

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Fish: Paul, from your seat, what's the thing that you worry about the most in terms of the trend line? Is it macro economic, interest rates, is it availability of land? What, what factors are you looking at that concern you about it could derail this recovery in the housing area?

Scarlett: Number one is the stability. So the spikes lows, highs scare us because it's hard to really trend. So, we do monitor on a daily basis, actually, what's coming our way. We keep our ears open and eyes on the interest rate, what's happening on the federal level so all the variables come into play. But, we look at the permits being issue. Which is the activity level as well as permits applied for, and those are, there is a distinction between those two. I think the confidence level is higher when folks are applying for permits, and when they are issued. We also, a few years ago were more of a storage house. Folks came in and were not leaving because of the confidence level, the interest rate was not in place. Now there is movement in and out. So we look at those things. It gives us a gauge of what's happening. And the evaluation is what, what we rely on heavily because the valuation, which is the state icc table, that allows for consistent calculation of permit fees across the region. And we look at that, so, when projects such as the \$20 million project versus a \$2 million project, when more of those coming in, we're in a better financial situation.

Hales: Other questions or comments?

Saltzman: I seem to recall a couple of years ago we, in the midst of the recession, we extended deadlines for land use reviews approved to be actually acted upon. Where does that all stand now?

Scarlett: The recovery was still slow so we had extended it, I think a three-year period of time. And last year, we re-extended, so we're within -- we are like maybe with another three years to go so we allowed for folks, the land use which requires them to act on it, within a certain period of time, we extended that period of time. The recovery wasn't at the pace we expected, so the development review advisory was instrumental. Along with you commissioner. So let's look at this be reasonable and extend that again. So, similarly that happened, so we still are within that extension period. Almost like with the sdc charges because that was working so well.

Saltzman: Thanks, and I wanted to commend you and the bureau for doing such a remarkable job here, of proposing, essentially, no fee increases. That's as you said, welcomed news to the developer and the advisory committee, and the small business advisory committee, but also coming at a time where, you know, you are capably guiding the bureau to the road to recovery. So good job.

Scarlett: Appreciate it, thanks.

Hales: Other comments or questions? Thank you both.

Scarlett: You are welcome. Thank you.

Hales: Anyone signed up to testify?

Lightning: I am lightning. No fee increases for the city inspectors, I find that interesting because see, I guess this is where I have a problem with that. You have the city inspector called by a neighbor, and labels your property a nuisance. The inspector comes out and he begins to write up code violations on a seasoned property which numerous properties are grandfathered in. Where I have a problem is they will write up fees to try to generate revenue. And basically, there are certain properties that have been selectively enforced. And these properties have been picked out by the city because maybe there's been problems, maybe somebody doesn't like the owner. And we have had a term, the housing intervention team, which I won't repeat the commissioner's name that is no longer here, go to several properties people that he did not like, and basically run them up with a tremendous amount of fines, and this is my problem. We need to have an oversight committee to make sure if there are fines run up on a property, that it is not being selectively enforce. If the property goes into foreclosure there needs to be something stated, there will be no city employee that has a right to buy it. They are, they do not have right, if, if excessive fines have been run up on that property. Basically, like I have stated, is that is that correct certain city inspectors do not tend to come out to the property and want to work with the owners. Which I think that they should, they should have a good working relationship. They come out in a, in a, almost an adversarial manner

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sometimes, and create an adversarial problem to where a fight accumulates, and the fines accumulate and run up. Their job is to come out and get the property in better shape to run more effective, and to work with the owner, but that is not the case. Let's consider a property that's considered a nuisance property by the police. If the police say there is an ongoing impending investigation on that property, and they, basically call in the city inspectors, is the property owner, at that point, is not to do anything on the property, because it is an ongoing impending investigation, or, or what the police say, does that override the city inspector's position on when they write you up for violations. It needs to be made very clear there so the owners don't get caught in the middle and don't understand exactly what they are supposed to do. And these fees can get out of hand and virtually throw property owners into foreclosure. We need to monitor this closely to make sure that that does not happen. Thank you.

Hales: Thanks for coming. Thank you, and these -- you raised some good points about the housing inspection process. These fees, though, we're looking at are mostly about new construction but your points are sound, nevertheless. Thank you.

Lightning: Yes, sir, I was reading in there neighborhood inspections on the data, thank you.

Hales: Thank you. Anything else signed up?

Moore-Love: I believe he's outside speaking with your staff.

Hales: This will pass to second reading. [gavel pounded]

Hales: Thank you very much. And I think we're ready for the next time certain.

Item 453.

Hales: Good morning.

Jack Graham, Chief Administrative Officer, Office of Management and Finance: Good morning, mayor and commissioners, i'm jack graham, with me today is jane braaten, manager of the business operations division. And we are very pleased today to bring the omf's 2012-2017 strategic plan to the city council for approval today. The plan is designed to be a road map looking five years into the future. And it provides the employees with a pathway for success, and helps work groups align themselves with our organization's mission, vision, and values. Throughout the planned development, process, we had the opportunity to create a new mission, vision, and value statement. These will be the cornerstone for all the work that we will complete over the next five years. And our new mission is to be a trusted partner creating smart solutions for the city and our community. Our new vision is to deliver world class services through our leadership, expertise and innovation. Our values focus on accountability, collaborate, and innovation, and service and sustainability. This comprehensive plan represents a tremendous amount of work from all employees at all levels within omf, as well as our internal and external stakeholders and customers. But the development of the plan is the first step in shaping or reshaping omf's future for the next 5 years. Omf will use a three tier approach to achieve results. Each level of planning will be connected to the next to make sure the plan is realistic, attainable and successful. And it includes the five-year strategic plan, and omf's annual business plan, and our annual bureau and division work plans. These documents are the foundation for omf achieving the 17 goals outlined in the plan. By completing our work plans, omf will be able to complete our annual business plans. And which will result in the implementation of our five-year strategic plan. And it is our belief that we have created a plan that outlines the path to success for omf, its customers and the city of Portland. I will turn this over to jane braaten, who will talk about the planned development stages, and how we plan to monitor the progress of the plan. Jane?

*******:** Good morning, mayor and council.

Hales: Push the button. There you go.

Jane Braaten, Manager, OMF Business Operations Division: Good morning, mayor and members of council, i'm jane braaten, the manager of the omf business operations division. The division responsible for managing omf's strategic planning and monitoring processes. I wanted to

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explain about the history of the plan that you have before. In developing our strategic plan we use the framework of the balanced scorecard. This allowed omf to look at the organization from four perspectives. Some from our financial perspectives we wanted to know how should we manage our resources in order to address changing customer needs, and from our internal business process perspective, we wanted to know what do we need to excel at in order to satisfy our customers, from our learning and growth perspective, we wanted to know how could we sustain our ability to change and innovate in order to achieve our vision, and from the customer perspective, we wanted to know how should we best interact with and serve our customers. Our strategic plan is, actually, grounded in a large body of research that included customer remember feedback and creative problem solving.

We believe this plan will be critical in responding to portland's changing needs in the years ahead. We use seven stages to create this plan. I will briefly mention each. We used stakeholder interviews, conducted 33 internal and external interviews with 47 stakeholders. Those were primarily bureau directors and council members. We conducted nine focus groups. Omf employees, other city representatives and stakeholders. We conducted an internal and external customer survey, so we received about 160 responses from inside our own organization, and roughly half that from people inside the city but outside omf, and we had public customers who responded to the survey. And then we conducted an environmental scan where we identified and assessed trends and opportunities in all of the omf's multiple lines of business. So this scan included looking at more than 125 sort of unique source documents. And from that research, we identified some key findings, and those were summarized in a report identifying the organizations strengths, weaknesses, opportunities and challenges. We shared that with the steering committee, that was made up of omf leadership and other city bureau directors and some additional stakeholders and our public members of our omf advisory committee. We shared that research and the findings so that the steering committee could organize the findings into what they considered key issues. Those issues were where omf must address this in order to be successful. Those issues were then assigned to a task force and we have a couple of slides here to illustrate that task force. We had 75 members participate in that, mostly omf employees but they represented a cross-section of the organization. We also had other city stakeholders involved, as well. And that task force, and you could see a photo of all of us out there at the session, but that task force really wrote the bulk of the plan before.

And, they wrote and reviewed goals, performance measures and strategies designed to address those issues that we needed to excel at. And those issues, strategies and performance measures developed at the task force were then shared throughout the task force and also again with the steering committee to edit and review them a final time, and all of the feedback we received, received a response from the core leadership team. We designed the plan and reviewed it with the mayor and members of council in individual briefings. So, in closing in presenting any strategic plan it's important to discuss what happens next to ensure that we follow through on the good ideas in this plan. Our core leadership team has identified leaves for each of the 113 strategies in the plan. And we have designated in which of the five years the strategies will be completed. This will be the basis of an annual omf business plan, along with more frequent reporting that we will make to the cao. So, since I mentioned the cao I will turn it back over to jack graham.

Graham: Thank you jane. In closing, I just want to say that, that omf comprehensive plan is results-based. We will achieve results in this plan. It's not a plan that's going to sit on the shelf. We will implement it fully. And this is the living and breathing document that I believe that will shape our organization's future for the next five years, and we are asking council's adoption of the resolution before you today in support of this 2012-2017 strategic plan. And with that, we would be happy to answer any questions you may have.

Hales: Questions, comments?

Fritz: Thank you, this is a huge undertaking to have worked with so many of your staff to put this together. And I particularly appreciate seeing the section on equity. Which is on page 32. One of

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the strategies -- well the performance measure is to reduce the number of identified barriers, and then the first strategy is to first quantify how many barriers there are. And I am wondering, how much you talked with the office of equity and human rights about their capacity to work with you on this?

Graham: One of the things we will be doing, reaching out to all of our customers and all the stakeholders and one of the things that we did in the, the interviews, we talked to them about their concerns and their concerns helped us to combine it into goals and strategies. So, we'll be doing a lot of outreach. Currently we've been working with them on general stuff, like the ada title 2, the civil rights, which is going to be coming back before you this afternoon. But, we will be reaching out with them as we start implementing the strategies. One of the things we know is that we cannot do it by ourselves, so we will be reaching out to them.

Fritz: Have they agreed to help you with this? With this particular strategy -- do they have the capacity to do that?

Graham: The interesting thing was we're putting our plan together, and our task force, it started off that we were going to look at this exclusively, and the task force members saying, we will need to reach out to them, and if they don't have the capacity, we will work with them regarding the expertise and consultation on it so we will be working with them, in terms of trying to figure out what they can offer and moving forward.

Fritz: Mayor, I am a little, wondering about how we're accepting this strategic plan today, right? Accepting it? Adopting it? We're adopting it. So, to what extent are all of the -- is there any, possibility of making amendments to the strategies?

Graham: One of the things that's really beautiful about these plans is a living breathing document. We develop these strategies with the task force, and what we do, on a normal basis is we'll move forward in implementing a strategy, if it doesn't work out or we need to change it, we will be implementing and changing those. Our reporting process is on a quarterly basis, and if it's not working, we will be changing those and making adjustments. That's a typical process as we move forward when we look at strategies.

Fritz: Well, I would suggest we might amend the council action to etc., rather than adopting the report. Because I for one am uncomfortable with adopting strategies we don't necessarily have buy in from implementing bureaus, and I know in the office of equity and human rights work plan they are proposing to work with four to six bureaus, and i'm not sure the massive bureau of omf is one of those to systematically go through and identify varies. So I think that's - it's a worthy goal but a huge challenge considering the small size of the office of equity staff. I would prefer to see or in addition some specific measurables on training for all of your staff and on participation in the citywide equity committee. And also, to add some measurables for outcomes beyond reducing barriers, you are going to identify a number of barriers and then hopefully cut down on those barriers. But, that's a strategy, that's not a measurable in terms of how many people of color and people with disabilities are in management roles in the office of management and finance, for example. I think there are more specific measurables that could be added that goal that would strengthen it and help everyone to know whether you achieved the mechanisms in that. So I am not sure if the mechanism for making amendments to this, and you can be thinking about that. I have a few more comments, particularly, under strategy 10, on page 34, for business for sustainability, and since you have the facilities within omf it would seem like there could be some specific measurables for performance outcomes beyond the customers, agree that you have the business processes that support sustainability goals, it would seem like we know presumably how many of our facilities are currently both sustainable in terms of environment and you also doing a facilities plan looking at the ada and other accessibility issues. So, I would like to see more specifics as a performance measure there. I do appreciate very much your strategic issue 15. To provide an onboarding program for all new city employees. Working at ohsu and having a two-week orientation to everything about the

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hospital even though I was only a staff nurse working in a particular department I was astonished there is no such thing in the city of Portland, so I very much appreciate that, and I think that we can, we can't expect all our 6,000 employees to know what are values, and how we do things are if we say, you know, here's your desk good luck with that. It's up to each department as to how they orient their employees and there should be a much more comprehensive so I very much appreciate that. On strategic issue 17, to increase the employee participation and wellness programs and safety initiatives, I think we do a good job on safety. Raising the profile, and for the annual safety awards and with the committees on wellness, and so, the one -- there is two people, i'm not sure it's a total fte that focuses on wellness within the office of management and finance, as finances recover over the next four years I would like to see more staff dedicated to that. It's not reasonable for one or two people to implement this strategic direction without more support from the council and more buy in from the bureaus. I know commissioner novick is interested in seeing how that can be most cost effective if we have more staff helping the rest of the staff become more healthy than our insurance costs go down. So, I appreciated that part of the plan in particular.

Graham: Thanks commissioner.

Hales: Good comments. Commissioner Fish.

Fish: Thank you, mayor. I have a question to council. Can I ask you a question? Would remind me what the distinction is between accepting a report and adopting a report because as I was listening to commissioner Fritz's points, I was having a hard time remembering a time where we amended a strategic plan in this forum, and so, it may be because in the past we accepted and then a dialogue about any changes, so first, can you tell us what the difference between accepting and adopting is?

Linly Rees, Deputy City Attorney, Office of the City Attorney: There is nothing in our charter or codes dealing with what does it mean to accept or adopt a resolution. So I think we go to the dictionary meanings. In practice, often we accept a report if the intent is not to, for council to implement directly. I have seen these reports adopted rather than, or accepted rather than adopted, and so I could go back and look at, for examples if you want. I can't give you a direct answer but I have seen it mostly as accept.

Fish: So thank you for that, and it's my recollection that we typically accept and not adopt, and mayor, commissioner Fritz makes a number of eloquent points that relates to the document. My own preference is that we not as a body, as a legislative body amend a report like this on the fly because particularly where there's been a public process that results in such a document, my preference is that we accept the report as the work product of the bureau, and, and then the council continue the process of following up and concerns they have with the bureau, and that could lead to a resolution or ordinance to follow.

Hales: I like that suggestion, I hope that's acceptable to you. It also leaves the ability to modify the document clearly in the hands of the bureau leadership. Advised by council, by this council, maybe that one, too, and therefore, as we add specificity to some of these provisions, doesn't require that we come back to council and amend anything.

Fish: If I could pose my question to commissioner Fritz, if we were to amend the language in our agenda to say, accept rather than adopt, would you accept that?

Fritz: Yes, thank you.

Fish: I offer that amendment now.

Fritz: Second.

Hales: The amendment is moved and seconded. Let's vote on the amendment and we'll continue.

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

Hales: Aye. Okay so that's how it is before the council now. Other comments?

Novick: I wanted to comment, I think this is quality customer service 1.1, how interests are served through rules, regulations and processes, and the other day you were explaining how you have

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discovered that a review of contracts for the city got into trouble but sometimes, the trouble wouldn't have arisen if the boiler plate that the city has in the contracts was kept, but the bureau didn't see the reason for that boiler plate so they deleted it from that contract and, and that's an example you identified a problem, that the bureaus didn't understand why it was there and that led to troubles and you have a strategy for dealing with it, so I want to compliment on that.

Graham: Thank you.

Hales: Other questions for jack, jane? Great. Thank you very much. Is there anyone else signed up to testify on this?

Moore-Love: No one else signed up.

Hales: We can vote on acceptance of the report by resolution.

Fish: Jack, thanks to you and your team, for the preparation of this document, and I know, on page 42 and 43, you list under acknowledgments all the bureau leader, staff leaders and, and community members that participated in this process. And there's a photograph, and obviously, a lot of people have spent a lot of time sharpening your plan, and I think that they change, as commissioner Fritz underscored it is a living document and we are not today embracing each and every provision, but we are accepting the outline of your strategic plan, and we look forward to working with you to implement this plan. So thank you for your work. Aye.

Saltzman: I want to thank jack, also, for your leadership, I think this is really one of your, you know, many manifestations of your tenure as the director of office of management finance, a good, solid plan. I like how it connects with the five-year plan and connecting it with individual business plans. For each organization so I think this is well thought out, and well vetted, extensive process. And I appreciate it very much. Aye.

Novick: Thanks very much for your work on this, and everybody in politics likes to, to bash administration, but everybody gets in trouble when it is not well done, so, we appreciate your efforts to make sure that the administration with the city is done so well but nobody notices. Thank you. Aye.

Fritz: Thank you for your work on this. As with many of these processes, it's the process as well as the product that is valuable. So I know that your staff and others have been involved in this, and just thinking about what we do and how and why, and what motivates us to keep doing it and do it better is a good process. And i'm interested, also, in the strategy to, regarding the bureau directors giving, getting together across silos and coordinating advice to council and that would be welcomed. And I do hope, and this is more of a note to my fellow members of the council, my question regarding has the office of equity agreed to implement the strategy that I highlighted. Reminded me of when we did the fire bureau's strategic plan and also some bureaus mentioned in that, as implementers who did not know that they were involved. So, I think as we, its good to do this kind of planning work, and it's also important to make sure that the other bureaus that we get beyond the silos and when it comes to council, the commissioner in charge is well aware. All the commissioners are well aware and have agreed to implement their piece of the puzzle because ultimately, we are one picture that needs to provide seamless delivery to the citizens of portland and I appreciated what the office of management and finance does in that regard aye.

Hales: The office of management and finance is a big, complex service business. And I think this is a good effort to make sure that we understand the purposes, the customers, the signals that we have to hear and respond to from the public and from all the bureaus that are the customers of omf. So because omf is a big, complex service business and a monopoly, it's especially important that we document what we're trying to accomplish in terms of the culture and approach. And that's what this plan does. I think it makes a lot of sense. I reflect occasionally now that I have reimmersed myself in the public sector on the differences and similarities between this strategic planning done in a complex business and here, and I think you captured the elements that a city in a monopoly, set of services for ourselves and for the community has to, to pay attention to. And the issues and the

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objectives that we're trying to accomplish. So, and I know, you and I both spent time trying to think through those issues how do we do strategic planning and change culture in big, large, complex public organizations. And if you don't have a guide, and if you don't have something to refer to, and say wait a minute, remember, we're trying to accomplish this, it makes it very hard to stay focused and had make progress. So this will enable us to do that, and I appreciate the good work you and the larger team of folks have put into this. Thank you. Aye. [gavel pounded] ok, we are at a time certain 454.

Item 454.

Hales: Good morning.

Jack Graham, Chief Administrative Officer, Office of Management and Finance: I will say good morning again and for the record I will say my name again, Jack Graham, Chief Administrative Officer. Today I have with me Betsy Ames and Chris Oxley from Portland Arena Management; we refer to them as PAM. We are going to talk about the operation and management for the Veterans Memorial Coliseum and the City's parking facilities in the Rose Quarter. I have assigned Betsy as the lead for the negotiations. She has worked with Susan, the Spectator Facility and Development Manager and Mark Moline from the City Attorney's Office on the negotiations with the PAM team led by Chris Oxley. While Betsy will highlight the key terms of the agreement, I wanted to provide a bit of context. The City has had a 20-year relationship with PAM, and its predecessors in managing the coliseum and we are pleased to have this relationship move forward today, with the Second Amendment to the Coliseum Operating Agreement. PAM worked with the City and our partners over the last several years, and to consider the future of the entire Rose Quarter, and to develop a set of agreements to renovate the Coliseum. While the work from those negotiations -- prior negotiations didn't move forward for a number of reasons, PAM has continued to be engaged with the City and has agreed to continue to operate the Coliseum, which will allow us the time needed to further consider an alternative renovation project for the future of the Coliseum. Our focus today and over the last several months has been on the Operating Agreement for which we are asking your approval today. I would like to turn the presentation over to Betsy, who will walk you through the highlights of the terms of the agreement, with some comments to be followed by Chris Oxley.

Betsy Ames: Good morning, Betsy Ames with the Office of Management and Finance. We have a PowerPoint that, that is showing now. Back in November, OMF was before you with a set of agreements for the redevelopment of the Coliseum, and there was a whole set of agreements at that time, including a redevelopment project, project funding agreement, revenue sharing agreements and others, and for a number of reasons, that set of agreements did not move forward. And at that time, it was a complicated set of agreements including an Operating Agreement.

Fish: You are saying that the slide of 2012 is a complicated set of agreements?

Ames: It is.

Fish: I would say that's an understatement.

Ames: After that set of agreements did not move forward, we proposed a new approach to look at both the operations and renovation of the Coliseum, breaking it out into discreet pieces. This is the new schedule and approach we're taking with the Operating Agreement that you have before you as the first step in that agreement. As noted by Jack, we have been focusing almost exclusively on that Second Amendment to the Operating Agreement over the last several months. We're here today with the agreement that allows us to continue to have the Coliseum continue to be operated by Portland Arena Management, and also, extends the operations of our parking facilities over there, which includes two public garages and a parking lot. The key terms of the agreement include, one, two-year extension, with additional options to extend for the full life of what were the options under the original Operating Agreement entered into in 1993, which provided extension options to June 30 of 2023. Depending on whether we have renovation project that is agreed to in the next couple of

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years, PAM will have the option to extend for three and five years. If there is no renovation option, we both have the option of rolling one-year extensions moving forward. For some of the key terms in the agreement which are different from the existing Operating Agreement, these include an increase for the City's annual repair and maintenance budget to \$500,000. This acknowledges the fact that the building doesn't have the major renovations needed to make it a fully functioning facility and that we need to continue to invest in it during this time that we are considering the larger renovation project. The Net Operating Losses have been covered by PAM for the last 20 years, as part of the agreement, we're agreeing to share those losses up to \$250,000 each a year, beyond that would be PAM's responsibility. As most of you know, I think, we invested in a new ice floor for the Coliseum as an early phase of implementation of the renovation project. The Portland Winter Hawks, as part of our discussions with them, have agreed to pay \$50,000 a year for the next two years as an ice floor surcharge to the Spectator Fund and allow us to invest more in the building. That charge is passed along to the Winter Hawks through the Operating Agreement before you today. We also have, as part of this agreement -- PAM has agreed to provide a rebate of the revenues they receive for the Winter Hawks games at both the Rose Garden and the VMC. This will also help the bottom line of the Coliseum. The VMC allocation is a small change to how we allocate the shared campus costs between the Rose Garden and the VMC. PAM has significant staff that are managing, not just the Coliseum but managing the operations of the whole campus in a coordinated fashion -- box office staff, management staff, and others, and we have agreed to allocate 10% of the shared campus costs to the Operating Expenses, up from 8%, to better reflect the commitment that they have made to our facility. Lastly, there are some updates to the indemnification and insurance provisions and other administrative sections of the agreement. I'm going to turn it over to Chris Oxley, and if you have any questions afterwards, you can ask away.

Chris Oxley: Good morning, Mayor Hales and Commissioners, again I am Chris Oxley, the Vice President-General Manager for Portland Arena Management. On behalf of Portland Arena Management and the Trail Blazers, I am here to speak in support of Council action to approve the Second Amendment of the VMC Operating Agreement. Not to be understated again, but there's clearly been a significant amount of time and consideration given to the future of the Veterans Memorial Coliseum. Through all of this, we still share a mutual goal of revitalizing this historic community asset. Many you on Council have given a lot of thought and energy towards resolving a very complex set of issues around the VMC. We see today's action as an important step towards resolution an issue that has gone unresolved for far too long. In cooperation with OMF and what you have seen today, we have developed a thoughtful and detailed plan to build upon the work that's been done, which will also allow us to continue the conversation about what is possible. We still see the revitalization of the VMC as a critical step in laying the foundation for all that is possible with the Veterans Memorial Coliseum and the Rose Quarter at large. We would like to take this opportunity to thank Council for their continued support and advocacy of sports and entertainment facilities in our community. And with that, I would be happy to answer any questions along with Jack and Betsy.

Fish: Thank you, Mayor, and thank you Betsy and your team, Mr. Director for the briefing you gave me on this complicated matter. There was a couple things we talked about privately which I think ought to be discussed publicly so that we have a clear understanding of what we're doing going forward. My first question is to Chris, and I guess what we want to know is you have got the number ten pick in the draft, are you going to trade it or are you going to get a big [laughter]? Can you give us a hint, give us a sense?

Oxley: What are you doing for lunch? Maybe we can have a deeper conversation but we're looking forward to, truly we're looking forward to some good times ahead with what we're doing with the franchise and hopefully, that's going to be embraced by the city because this is a very exciting time for us on a lot of levels.

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Fish: Thank you, and good luck. Jack, big picture, first question that we're going to get asked about this, is if we don't take this action today, what's the alternative? Would you make that crystal clear for the council?

Graham: If we don't take this action today it will put things in jeopardy for us moving forward to making some further decisions through consultation with the Council. I think that right now we are at a point where we will not have an operator for the VMC. This is at a point in time in which we are in dire need to continue the work that we need to have done. It would require OMF to redirect all the energy into just making some decisions on how we would continue to keep the building open, which would distract from us doing the work that is needed in order to bring forth to Council some recommendations for the future of the Coliseum. So, I see this as a critical point. The agreement is ending June 30, and so, we're at a point in time in which we need to move forward with this agreement.

Fish: To put a fine point on it, and putting aside the merits of the deal, which we're going to talk about for a moment, in a moment, if we don't extend this agreement, a) we would not have an operator after June 30, and b) there is a probability that we would have to mothball the VMC until we get this worked out, correct?

Graham: That would be one of the options that Council would have in front of them.

Fish: The second question I'd like to ask you is, last fall, when we last had a substantive discussion about the future the Veterans Memorial Coliseum, one thing that blew us off course a bit was the sanctions that were announced against the Winter Hawks. That called into question whether we were going to be able to strike a deal with the Winter Hawks and the future of that partnership. Can you give us an update on that, and will there come time when we're going to have clarity about the impact of what the league has done on our ability to strike a deal?

Graham: I'm going to defer to Betsy on that. I will just say at the offset, as it relates to the sanctions, we don't have a lot of detailed information on that, and I would personally be cautious to say what that relationship is with the Hawks and the sanctions but Betsy if you have anything else to add . . .

Ames: We met with Doug Piper the President of the Portland Winter Hawks several weeks ago and described the approach that we were taking. Doug indicated he thought it was a wise approach, breaking it out into the discreet chunks or pieces for consideration. He indicated that he and his owner are still very interested in moving forward, and as noted, he agreed that they would contribute \$50,000 a year over the next two years for the ice floor surcharge. I think they see that as a down payment on the larger contribution that they would like to make to the building. So --

Fish: At the point at which you reengage the Council about the bigger picture, I think we will need clarity about the league's action and its impact on the franchise.

Ames: You may know they are playing in the Memorial Cup today, so, they have had very successful season this year, and I think it's either the winning-est season in their league's history or --

Fish: Yes. Two more questions. This one is for Mr. Oxley, one of the criticisms that has come up in the past about the relationship with PAM, that I have gotten emails about so I'm not saying this is my concern but I want to give you a chance to address it, is that under our agreement, there may not be adequate protections to protect the City against PAM moving certain events to the Rose Garden where there is a different financial structure to the deal than to have those events occur at the VMC. Without going too deep into this, it becomes a slightly greater concern under the Second Amendment because the City's Net Operating Loss exposure has been bumped up. So, what assurances can you give us that as the operator, there will not be an incentive under this deal for PAM to move events to the Rose Garden to maximize profits under a different deal?

Oxley: Certainly. We have heard that as part of the now closed Stakeholder Advisory Committee looking at the Rose Quarter. We addressed those through that conversation, but I would be happy to tell how we do things. We don't make those decisions. We allow our promoters to make those

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decisions. There is a big difference between the Veterans Memorial Coliseum and the Rose Garden in a lot of ways. And the VMC is a very utilitarian venue; while we have operating losses, it's the less expensive venue to operate, and there is certainly a price differential to the consumer between the two. They make those choices for themselves and we don't direct events one way or other; that's up for the promoters to decide which venue they want to contract based on the dates available. One of the nice opportunities that we have, that's unique to the City and you don't see in a lot of cities any more, is the ability to look at two venues, particularly side-by-side. As this deal is structured, I think part of the conversation for how we got here was that we would be on the hook at dollar one along with the City. We've been there, at 100%, for the last 20 years and we're at dollar one for 50% of everything that we're doing, and anything beyond that, is PAM's responsibility. I think that was clear in a lot of the negotiations that they wanted us to remain a stakeholder in this from dollar one and obviously, to not jeopardize or place any risk to the General Fund so that PAM would have that ultimate responsibility beyond that loss. I think we have resolved that, in my opinion, around how this deal is structured in that regard. We could have done this very differently to where, you know, either the City or PAM is responsible for that first set of losses, potentially, and that was a discussion that we had when we were negotiating this deal. This seemed to be the most equitable way of dealing with the situation. The way the budget came back for this fiscal year, which OMF has and are not necessarily seeing any significant change as it relates to how those events were structured as well and that continues with the Winter Hawks.

Fish: So that's a way that we can dissect this, by looking at the budget year to year to see if there is a change for the venue. So just one other question, Mayor, if I could, that's related to our risk. The amendment updates the indemnification and insurance provisions, which is polite language for we're assuming some exposure there or putting them under our umbrella. Typically, in a lot of our areas we're self-insured, so are we talking about insurance exposure here that's self-insured or covered under a liability policy? And then what is the extent of our exposure?

Ames: The changes to the insurance provisions, in particular, we're changing some language that requires PAM to have their contractors and subcontractors list the City as an additional insured on those subcontracts. The agreement also requires PAM to have liability insurance and property insurance for the building, which is covered by PAM. Some of the indemnification changes that we made were in response to PAM's request that we indemnify them for the actions the City and City Related Persons. Previously there was indemnification by PAM for us, but not in the reverse for any of our conduct, acts or omissions.

Fish: That seems fair for anything attributable to our negligence, but in terms of the insurance provisions, are we taking on any additional risk through the updating of insurance?

Ames: I don't believe so.

Fish: Jack?

Graham: No, I would say that we have not had to go out and purchase any additional insurance. Our liability insurance was under the tort liability fund, self insurance fund, so I think that, as Betsy said, the major shift was, from PAM's perspective, more of an equitable relationship in terms them not having to be responsible for us.

Fish: And Jack, the last question I have had to do with the term. It talks about a two year extension with additional options. Just to be clear, if the City decides to go an entirely different direction with the VMC at some point is there any limitation in this agreement on our right upon notice to cancel?

Ames: No.

Fish: Thank you.

Fritz: Mr. Mayor, if I might just follow up on Commissioner Fish's questions to clarify, it seems we're abdicating control over future Operating Agreement amendments unless they quote substantially alter the financial obligation of the City. Do we have a definition for what substantial means in this context?

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Ames: You're referring to a paragraph about the CAO. I think that is boiler plate language from other agreements as well.

Fritz: Do we have a sense of what substantially alter might --

Ames: I would say increase our financial obligations would be substantially --

Fish: So anything beyond a "de minimis" couple thousand is the legislative intent?

Graham: Absolutely.

Fritz: Thank you.

Hales: Good point. Other questions, other comments from Council? Thank you. Good presentation. Are there others signed up to testify?

Moore: No one else signed up.

Hales: And this I believe is an emergency. So let's take a roll call.

Fish: Well, thank you all for the presentation. Thank you for the partnership, good luck with the team. I like the column in today's newspaper about, we hope that we don't have to send any more players to those lottery things. We're putting banners up and not -- in the lottery, but congratulations on the year you had and wish you the best of success.

Oxley: Thank you very much.

Fish: You mentioned about having the luxury of two venues side by side. I reminded that we have a basketball tournament coming up in a couple years that is the result of a relationship with Nike that is the envy of the country. And we wouldn't be able to stage that if we didn't have more than one venue at that location. So, we get the benefit. I think that the challenge is we've had a lot of fit and starts on figuring out the future of the Veterans Memorial Coliseum. We resolved the question of preserving it, and I was proud to cast a vote to preserve it, even though there were others who thought we should demolish it, and then we renamed it. Now the question is, how do we make it sustainable and how does it fit within an overall vision for a Rose Quarter which is activated? And I think Mayor Hales, you've said in the next phase of your priorities PDC is one of the big six, and I realize that raises big questions about urban renewal, tax increment financing dollars, how you generate revenues, but I think we have a chance in the Rose Quarter as we rethink this to perhaps thread a needle where we can find a way to make the Memorial Coliseum self-sustaining while also jump starting that entertainment district, which right now is not a 24/7 district, and potentially create a revenue stream for PDC to do job creation more generally. I know it's a challenge, and this is the umpteenth time we've revisited this, but the reason I'm going to vote yes today is because Jack and Betsy convinced me it's in the City's best interest when the options aren't so great to continue to have a professional operator manage the building as we sort through the questions about the future of the Rose Quarter. I appreciate the work you've done, and I'm hoping that we can crack this nut sooner rather than later. Aye.

Saltzman: I want to thank Portland Arena Management and OMF for bringing this -- I guess I would call it a bridge Operating Agreement -- forward. I hope it will get us through the transition and as all the pieces will fall into place, that we can make sure that the Veterans Memorial Coliseum remains a viable location and venue for not only the Winter Hawks, but all the many other activities that are well suited to the Coliseum. So thank you all. Aye.

Novick: Thank you for the presentation and for the work, and I also want to thank Chris for helping guide me through a tour of the building a couple of weeks ago, a tour of which I have to tell you was rather sobering. Aye.

Fritz: Thanks particularly to Betsy Ames for leading the City's work on this, and also to Chief Administrative Officer Jack Graham, and Mayor Hales for giving her the authority to do that. I think that made it much more clear how the City was speaking for the City, so I very much appreciate that, and your leadership on that also, all three of you. And the partnership with Portland Arena Management, I'm glad we're going to this first step, as we all know it's been a very difficult process to get here, and breaking it into the three components is the way to go. I support this

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proposal, and I urge us all to put some urgency into getting the remaining two steps done; as Commissioner Fish mentioned, the nation is going to be visiting us in a couple of years. I believe the Veterans Memorial Coliseum is a fitting tribute for our veterans as well as a wonderful showcase for everything that -- for many things that are good about Portland. So, I hope we can make the renovations that are necessary and continue to support all of the activities that go on in the Rose Quarter. Aye.

Hales: A this discussion, I think, has reaffirmed there are still obviously a lot of questions about the Veterans Memorial Coliseum. Big questions. We haven't answered them yet, but we do need to answer them. The way to get there from here is a constructive partnership with a competent operator, and that's what we have. So, I appreciate the good work that's gone into this, I appreciate the spirit of partnership that we have with PAM, and I think that that's a foundational step, a very important one, for getting to those bigger questions. There was an oil change joint in town that used to have the slogan that says, we don't want to change the world, we just want to change your oil. So, that's what we've done here; we've changed the oil on a good partnership, equipped it to keep moving forward while we take the trip to these bigger questions. So thank you for good work. Look forward to the next stage. Aye. [gavel pounded] We are at item 455.

Item 455.

Hales: Good morning.

Bryant Enge, Director, Internal Business Services: Good morning, mayor. City commissioners, how are you? Good morning. I am Bryant enge, director of internal business service and with me I have --

Robert Kieta, Facilities Manager: robert kieta, facilities manager with bureau of internal business services.

Enge: For your consideration this morning is a resolution reaffirming the city's interest to maximize investment in city owned facilities. This morning we're going to present a space proposal to you that will assist the city in implementing administrative rule 13.01. Where it is the city's intent to maintain full occupancy and provide for city bureau space needs in house and not to lease external space unless city needs cannot be met. The specific objectives that this proposal will present to you is maximize use of city-owned space, minimize the need for leased space, generate savings, build the major maintenance reserve, address concerns in the auditor's downtown office space report, without requiring additional general fund resources. I'm going to give you a brief overview in terms of what you'll see in this presentation. We're going to review city space policies, review the city's current office space inventory, present the city's five-year office space proposal, show a coordinated plan to reduce the need for leased space, review guidelines for developing space standards, identify potential savings, and review next steps. There are several city policies concerning leasing external space. Administrative rule 13.01 intent is to first look in house to look for needs and not to lease external space needs unless city needs cannot be reasonably met. The arts and cultural policies in 3.01 reaffirms that the city-owned buildings would be given preference but in the event that lease space would require preference will be given to buildings that are historic nature. Portland city code chapter 3.15 provides for omf to execute real property agreements including leases. The proposed resolution that you have in front of you today reaffirms these city policies. I would like bob now to review the current office inventory with you.

Keita: The city has two main sources for its office space. Primarily located in downtown core, we have city-owned and private leased properties. The red arrow and titles indicate the space that is leased while the black represents our owned buildings. We also have available office space located just outside the downtown core area in southeast and southwest Portland. Our total office space inventory provides a high-level look at the current office space locations and cost. Please note this does not include office space needs associated with bureaus and/or programs such as the police bureau, Columbia sewer treatment plant, interstate water, and so on. This is focusing on downtown

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offices. If you look at the top line, you'll see the Jerome sears Westside operation center, you can see the occupant, the total space, the vacant space there, and the cost per square foot. If you move down to a leased building such as the commonwealth building, you'll see the occupant, total lease space, and the cost per square foot. At the bottom of the chart is a total inventory and current space needs deficit if we were to only occupy our owned space.

Fish: Can you keep that slide up for a second? Can you go back one? There you go. The Portland -- the 1900 building is listed at \$30.72 a square foot. Does that build in the bond payments?

Kieta: Yes, that includes the debt payment.

Fish: And those bonds are retired --

Kieta: 2018.

Fish: And what does that drop to once the bonds --

Kieta: It will drop to the same rate basically we're paying in the Portland building, currently 15 --

Enge: \$15.66 a square foot.

Fish: That's an important qualification. You would look at this and think we should keep all the other spaces. That's the dividend that is about to accrue. And since we're on that point, can you tell me emphatically that there are currently no discussions about us selling or transferring ownership of that building to any third party?

Enge: Yes. We are not in any discussion at this time with anyone to sell or lease any of the Portland -- 1900 building.

Fish: Is it our current plan to keep that as city-owned space?

Enge: Yes.

Fish: Thank you.

Hales: And there's a secondary effect in addition to the one that you noted. Which is not only will that lease rate drop when the bonds are paid off, but we're paying ourselves. And that has an effect on over head rates obviously the closer to full occupancy that we get.

Saltzman: The line item that says space deficit if all city-owned space occupied -- I'm not tracking what that means.

Kieta: That would actually be how much space we need in addition to owned space if we were to only use our existing owned space.

Saltzman: So we would need 51,000 square feet over and above what we currently have available?

Keita: That's correct.

Enge: That's correct.

Saltzman: Thanks.

Kieta: Our at-a-glance slide for 2013 shows the layout. The buildings to the left to the gray line are our owned buildings, to the right are leased buildings. The Portland building shows up on both sides of the line due to the county's perpetual ownership rights to the 14th and 15th floors of the lease ownership rights of which we lease back from the county the 14th floor. The light blue shows the city occupied space, the yellow shows the vacant space, green is the county-owned space and a condominium justice center and brown is the psu ownership in a condominium we have with psu. On the lease side line the taupe color is the private owned and occupied spaces. Focusing on our current out lease properties, we have varying terms, expiration dates and costs ranging for the Portland building, expiring June 30th of this year for a combined lease cost total of \$440,000, to the Harrison building, FPD & R expiring in July of 2017, for \$177,000. This provides us with two opportunities. First, is to phase in conjunction with those expiration dates this plan, and second to redirect over \$2 million back into city-owned assets. On this chart the historic and rental rate shows the increasing costs related to leasing private office space and the ability to better control these costs by owning our buildings. The Portland downtown core rental rates are reflected in the red line while the city-owned space is captured in the dark blue line. The light blue shows the parallel between the city leased space and the downtown market. So here's a closer view of how each of our

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own the locations are occupied currently. Note in city hall the yellow vacant space and the retail space on the first floor. In the Portland building, note the vacant space in the space we lease on the 14th floor -- the vacant space throughout the building on the 14th floor. Again, in the 1900 building there are different vacant spaces in different parts of the building and lastly the -- these are our latest acquisitions to our owned portfolio both purchased and under construction, increases are available space capacity significantly. In summary, the city owns approximately 620,000 square feet of office space which is 95% occupied resulting in vacant space of about 40,000 square feet. At the annual cost of around 778,000 square feet. Under the current space use configuration by 2016 if we were to do nothing but keep leasing and owning as we do, we'd be spending an estimated 2.3 million dollars annually on 99,000 square feet of leased space. The audit report of the downtown office space recommended a strengthening and clarifying existing policies around office space utilization and having facility services institute some administrative improvements. Leased space costs continue to increase and market projections should suggest a continued rising trend, historic information shows the best way to control the city's space cost is through ownership, and based on our survey information from each bureau, the five-year outlook does not show significant growth within the city bureaus with the exception of development services bureau who is having growth in the building department. Vacant space reduces the major maintenance reserve funds which are already significantly lower than the 3% target rate needed to maintain the city's building assets. We're currently about 1.6%. Out leases are set to expire in the next two months and over the next four years. The proposed plan will bring out leases into city-owned space in a plan and systematic process.

Enge: Now we'd like to city the five-year office space use proposal. The actions to reduce the need for -- the actions needed to reduce the need for leased space includes use existing city space to relocate city operations from leased spaces to vacant city space. Expand portfolio of city-owned space to relocate city operation from leased space. Adopt space standards to better utilize space, and establish a cooperative partnership with Multnomah county to consider multiagency colocating and codevelopment opportunities. The city currently has approximately 40,000 square feet of vacant space. Expanding the city's portfolio along with existing vacant space, we believe we could relocate city operations that are currently in leased spaces. We propose exploring the option to purchase the 14th and 15th floors of the Portland building from Multnomah county. This would expand the city space portfolio by 41,000 square feet.

Fish: Excuse me, to follow commissioner Saltzman's question, that 41,000 would cover all the 10,000 of the space deficit that you identified previously.

Enge: You're absolutely right. One of the things bob shared with you is that we do have additional space we have not programmed as part of this current space proposal, because we want to work through the first phase and then start working with the bureaus in terms of finding fit at some of the other facilities such as the kelly building and also the jerome sears building.

Fish: But just because we're getting a lot of data here, and just so we're laser focused, the 51,000 square feet of deficit on page 7 that you've identified, if everybody is housed in city-owned buildings, a 41,000 of that 51,000 could be addressed through this proposal to purchase the 14th and 15th floor from Multnomah county.

Enge: Absolutely. We could address 41,000 square feet just in the Portland building, and then what we would do is identify what we could do in terms of the right fit in both the kelly building and the jerome sears building.

Kieta: Another action items we're using to implement this plan is the development of space standards. Currently there are no citywide adopted standards for space use. The average space use per employee including the aisles, files, storage, meeting rooms, etc. is about 210 square feet per employee. Industry best practice for office space use per employee is 190 square feet and trending downward. Some bureaus within the city are currently utilizing space use designs which meet and

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exceed the downward trending best practices by using new work space strategies such as hoteling and shared work stations, which result in fewer work stations. Smaller informal meeting spaces leading to fewer larger conference rooms, new smaller technology resulting in smaller work stations, an example would be in bds where we have the inspectors who used to have 30-inch work stations, to handle a full set of blueprints this, work is being done on flat screens on their work stations. So it reduces the amount of space actually needed. And then one of our favorites, last time we reported with a space plan was to move what was accepted was moving the treasury and debt over to omf on the 12th floor. We actually were able to accomplish that by adopting a 25% file storage reduction on the floor. We lost no staffing, we didn't shrink any cubicle sizes, we simply set a target, we exceeded that target, and were able to move the debt treasury into our space with very little movement or change as far as the working space for everybody else. Please note the utilization of these strategies do not automatically translate to smaller cubicles. There are several things that come into play before we would look at that. The new guidelines will emphasize equity, spaces -- consistency, efficiency, flexibility, and sustainability. Simply increasing space use efficiency by as little as 10% within our own spaces, and that's 620,000 square feet, will add significant growth potential within our existing footprint. There are many ways to implement these recommendations, but our plan is to follow these guidelines wherever possible. Commitment to keep the bureaus looped into the process. Coordinate the moves with lease expiration schedule. Address current and projected space needs, minimize the move costs. I want to emphasize we don't want to move folks unless we need to, because it is a direct impact on cost. So we want to minimize, but where we do have to make moves we want to maximize the adjacency. Flexibility to meet our future requirements, and ensuring the identification removal of barriers as we actually get into the space design on each floor. Implementation of these recommendations in our at a glance view would significantly reduce our dependency on these out leased properties. You'll notice by 2016 the city's own properties will be fully occupied while the need for leased properties is almost eliminated. We've met with each bureau to begin the discussions of these -- the concepts as we move forward. Let's take a look at how we can maximize the city-owned space. City hall first floor spaces currently in the process of being designed and construction to meet the city attorney's office expansion needs. We expect to have them into the space by this summer. The Portland building purchase of the 14th and 15th floor begins our ability to restack the building, bringing multiple leases and maximizing space use over the next three to four years. You'll notice with just a few moves, we create water bureau adjacency, main body of bts, moves on to one floor, and bes is all located within the same building. Ebs also joins omf on the 12th floor.

Saltzman: Did you say bes is all located --

Kieta: In the Portland building. We'll have a few more clicks and it will get caught up with what I just read. We brought the children's investment fund in, we brought bts from the 1900 building in, we've done a couple minor restacks within the building to create space as we move forward. And then the final piece of that -- with relatively few moves at the 1900 building, we'll create the space needed for the new location of the revenue bureau, we moved bts over to the Portland building, we moved bds down to the space that currently -- bts is in and created a full floor for revenue bureau. Then the final piece of the Portland building phase restacking occurs when the county and the state vacate the 15th floor and we move bes and oehr into the portland building. So bes would take over the 15th floor -- and then oehr would move into the 14th floor along with bts and some vacant space there. Also in here you see the kelly building sears, ecc. You can see even after the completion of this phase of the plan we still have office space available and commissioner Fish I think this starts addressing what you were asking a moment ago. The remaining available space may not be the best fit for all bureaus, and/or programs, so additional work will continue to determine how best to fill these remaining spaces. Combining the next phase along with the city-wide implementation of

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space standards will allow completion of the move of all leased space into the city-owned buildings. So you'll notice a lot of vacant spaces moving forward.

Enge: The average lease cost is about \$3.73 more per square foot. If you were to multiply this by the lease space in 2013-2014, the total difference is approximately \$283,000. This is on top of the cost as Bob shared with you earlier in terms of what we have an occupied space, it costs us money for that unoccupied space, and in 2011-2012, it was \$778,000. If you would look at it in terms of over a five-year forecast, the difference would be 1.5 million dollars. If you expand it for a period of two five-year forecasts, or specifically 10 years, the difference would be roughly about \$5 million. To implement this proposal there would be a need for one-time funding. This would not be required to come from the -- would require additional general fund, we would finance the acquisition, the tenant improvements and the move costs. We would use the difference between the lease costs and the cost of city space to repay the financing. This would be a multiyear financing to coincide with the expiration of the leases. So again, we would relocate city operations as the leases expire. So if council approves of these actions, these would be the following steps. Explore the purchase of the 14th and 15th floor with Multnomah county, finalize the space plan and space standards, develop a financing plan, return to council and present the occupants for their approval and move forward with the implementation of the space plan. That is the end of our presentation. We would welcome any questions.

Saltzman: Does the county use the 14th and 15th floor?

Kieta: Currently have support enforcement dispute resolution and the tax supervisor office on the 15th floor. The city leases back the entire 14th floor.

Saltzman: Okay.

Novick: I want put on the record the discussions we've had about the possibility employees will see the amount of space per employee going down and think this is the pack everybody in like sardines plan. You've said that you think the -- you can achieve that goal by doing things like reducing the number of large conference rooms. There are references in the power point to things like smaller technology results in smaller work stations, I want to give a chance to reassure people that you're going to be working with employee and with unions on the issue of reducing space for employee that you do think should be able to accomplish that without squeezing people into small spaces.

Enge: That is correct commissioner Novick. We'll continue to work with the bureaus as we move forward to finalizing the final space plan.

Fish: One of the big question marks that hangs over this whole process is the cost to the city of updating and repairing the Portland building. And since we're proposing to consolidate a lot of space and functions in a building that's had a troubled past, could you touch on a little bit, what's the worst case scenario in terms of our -- the cost of updating and repairing the building?

Kieta: Currently we have studies underway that address both the building envelope issue, which is water infiltration as well as the structural and seismic issues with building -- the problems we were investigating are not new problems. They've existed since the building was built and there have been multiple studies and there's been lots of work done to try to address the situation. We took more comprehensive approach to look at these and say, you know, what would it take to do this thing once and for all so we can have a building that we can count on in the case of seismic event as well as something that we cannot have the water issues with -- that we've been plagued with since the building was built. The reports basically indicate that because the building was so new in its design, when it was built, that to marry so many different materials together, you'd have glass, stone front stucco, ceramic tile, metal, and glass itself, put together without good design, it was too new when it was designed -- when it was designed with those materials to really have good connectors, so we're looking at what it would take to actually skin the building and then put a waterproof membrane behind everything and then rebuild the exterior of the building. Early estimates with high contingency is \$25 million. The additional work that we're looking at is seismic. We've been

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assured that the building is built to code that when it was built, codes have changed significantly. We're looking in seismic if we were to use this opportunity. We're going to do this work and use the opportunity to advance the seismic improvements to the building, potentially another \$25 million.

Fish: Let me air that out for a second. I guess it suggests two potential complication with what is an excellent plan you've developed. In fact we've been pushing for a couple years to get this plan. First I want to compliment you on a very thorough and thoughtful job. But it raises this my mind two questions. One is, if we're doing a renovation of that magnitude, it potentially could be very disruptive to the work force. And is this the appropriate time to be thinking about moving more people into the building when we're doing both seismic and structural? Second, how do we pay for it? I hope the answer is we put a surcharge on the people in the building in which case we lose the cost savings.

Enge: At this time we have not finalized the information around the renovation of the Portland building. It will be coming back before council probably in the next couple of months. So at this time I think it would be preliminary for me to provide findings in terms of how we would finance and how much we would finance in terms of both the envelope and the seismic renovation.

Fish: Does the prospect of a \$50 million project and the potential disruption to the work force change your view at all about the sequencing of this project? Of what we're talking about in terms of bringing all of the city offices under a city-owned roof?

Enge: If I just draw on experience, commissioner Fish, the expectation that council will move forward with a \$50 million renovation of this building. Terms of the seismic retrofit as bob shared with you, right now the building is seismically safe from the standpoint in terms of people exiting the building in the event of an earthquake. The \$25 million would put -- reinforce what we currently have, but it would not guarantee that in the event of an earthquake that the building is still going to be usable. It will increase the likelihood that the building is usable, but it does not guarantee. That's a question we'll put before council, in terms of whether it wants to invest that \$25 million. The \$25 million on the envelope of the city -- the Portland building, if I were to again draw on history, we have not done that all at once. So I believe that the proposal we have in place could coincide and can be done concurrently as we move forward with any improvements to the Portland building.

Hales: The number of leases or amount of square footage that changes in the near term, this summer is pretty modest.

Fish: I wanted to put this on the table because I feel a little schizophrenic on this. On the one hand, we've been pressing for the last couple years through work session and through dialogue with omf to come up with a comprehensive way of filling vacant space and curbing an informal practice of having people enter into more expensive leases in noncity-owned properties. So I applaud what you've done, and the model that you've come up with in terms of how you would allocate the space and stack it seems very, very thoughtful. So that is the plus side. The elephant in the room for me is what's the cost benefit of spending this money to renovate the Portland building? We have a building which has been a trouble building, and I don't know what -- at what point does a \$50 million investment exceed the return that you're getting from the building? I'm not confident to make that adjustment, but I just -- i'm prepared to accept -- I think we're being asked to reaffirm our interests. And i'm preferred -- prepared today to reaffirm the interest which this council strongly asserted in the last couple years to this exercise, but i'm concerned that without resolving the question about the Portland building's future, and the cost, we may be putting the cart before the horse a little bit. And your point, mayor, there isn't a lot that's planned in the short term, so we can potentially move forward, but I just simply don't know whether it's prudent to spend \$50 million to save this building or whether there are other options we should be thinking about.

Hales: We are by no means making that decision today. This is a decision to focus our leased space in our own facilities to answer the question that you asked, which is that we intend to keep the 1900

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building in our inventory as a place where our employees are house and do their work, and that we are going to be committing to some repair scheme for the Portland building at some point. But details to be determined. Level of repair, amount of cost. But this basic idea, we're going to use the space we have efficiently, we're going to systematically start moving people from leased facilities into our own, that's the heart of the matter, and we're not committing to any particular scheme with respect to the seismic improvements or even the repairs that are needed.

Fish: That's why I feel schizophrenia. I want to celebrate the fact we've called to question on the 1900 building which from time to time there was a question about whether we were going to lose that building, that I celebrate the fact that such a thoughtful and comprehensive look has been done about space and how we allocate it. I love the proposal for how you've solved the not here in this building, I was afraid looking at the slide you were going to suggest we just take the commissioners' office and remove them and find more space. I'm delighted we got a reprieve from this mayor. But I just -- there's something about that next piece, about the Portland building which I just don't know enough, and \$50 million sounds like a lot of money to fix a problem. I'm assuming we're well beyond the point we can get an insurance claim. So I just have a concern about that. And what that means to the success of this plan. So i'm just putting that marker down.

Saltzman: I'd like to echo that concern. When I heard those numbers, you just said 25 and 25 million, it seems to me we could -- that easily exceeds what I would guess the price for a brand-new building.

Enge: Commissioner Saltzman, as part of the ongoing exercise in terms of -- as commissioner Fish was sharing with you, in terms of some of the history of looking at some of our space planning over the last 6 to 7 months. We did look at what it would cost to build a brand-new building, and the per square foot cost giving the values and the priorities that the city has would be north of \$300 a square foot. So we could --

Saltzman: What does that mean, the values and priorities the city has? How does that differ from, say, maybe the rebuilding of the edith green Wendell wyatt building?

Enge: We would build it to leed certification, other sustainability options the build would have to have. So when we looked at that, let's just take the Portland building which is somewhere in the neighborhood of 300,000 square feet, to replicate that building at \$300, just in construction costs would be somewhere in the neighborhood of 90 million to \$100 million. And that wouldn't include taking folks out of the building and bringing them back and moving them to another building. So we've taken a look at that, and commissioner Saltzman, the other thing we did, we were told this was the market to buy a brand new building if we were going to buy one. So we researched that as an alternative. And what we found is that we could do -- we could purchase a building similar in terms of square footage, but it would be the same vintage, or the same era or same time as our building was built, so you're going to run right back into the seismic issue in terms of what we're facing with the Portland building. And you also don't know in terms of what are some of the other concerns of those buildings. So we did explore those two other options as we look -- move forward with this space plan, and we think that it is in the city's best interests to continue to hold on to the Portland building, given the economics in this current environment.

Saltzman: Thank you for that thorough response. I stand corrected.

Fish: The one piece that we're going to have to find a way to finance that, and is one of the options that you are considering to finance the work on the building to put a premium on the rent and pass it through the bureaus?

Enge: That could be an option.

Fish: Again, I don't want to rain on what I think is a tremendous accomplishment today, but it would be ironic if we ended up putting a premium on the rent which then undercut the gain that we were proposing here, which was reducing the spread between what we pay and frankly that could become an issue depending on what the market conditions are, because we've got some of these

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bureaus are in spaces pretty cheap and a landlord might be willing to cut a good deal to keep them. And we're talking about potentially filling space but paying a premium to cover the costs. I know we don't have to resolve that today, and I think what they've done today is terrific work. But I do think this is going to need a pretty rigorous outside independent review for the council to get its arms around it, because it seems it could fatally undercut the gains we're trying to get out of this proposal.

Hales: I love that suggestion and actually we've discussed that in terms of an outside independent review, of what our options will be in terms of the buildings. But I think the basic fundamentals here are sound, which is, we're around for the long run, it makes more sense to be in the space we own rather than the space we lease, we should take care of the buildings that we own and put them into good condition for the long run to be good workplaces for our employees, and the macro economics of paying ourselves through rates are better than paying someone else and having the money go out the door and not have the internal multiplier effect of being in our own funds. So all those fundamentals are behind this plan, but you're right, the second stage choices are going to be pretty important, and will require the council to spend more quality time with these two gentlemen as well as some outside experts to make those choices.

Fish: Thank you.

Hales: Other questions? Comments for the team? Thank you both. Thank you. Are there others signed up to testify?

Moore: No one else signed up.

Hales: Ok. So this is a resolution. Motion to approve the resolution. Call the roll please?

Fish: I want to thank the team from omf for a superb piece of work. I hope this exchange does not diminish what you've accomplished today. This has been a dialogue with the council that's coming now to fruition over the last couple years about how do we maximize our existing space, and over the long term reduce costs. I'm delighted and thankful this mayor has finally called to question on the 1900 building, which has been a question that's been out there for some time, and with the retirement of the bond indebtedness, it becomes a relative bargain and a pretty good deal for the tax payer i'm delighted it's going to stay in our ownership. And I just want to thank you for the creative way you've approached this. We know how hard this is. We've been -- I think this is the third presentation we've had in the last year about this. And you've come up with a very thoughtful approach, the goal is to consolidate all the space, all of our functions within city-owned space. And the long-term vision is the save money. We got a few questions we're going to have to tackle along the way, but -- and I think I share commissioner novick's concern about making sure that what we're going to be doing is designing space that's humane and allows employees to be productive and feel respected, and I don't know -- I can't tell off of this square footage versus that, and I understand changing technology, bottom line is we want our employees to feel well regarded and we want them to feel comfortable in their work space. And that can be a question of design as well as space. But thank you for the effort that you put into this, and I think this is a very promising start. Aye.

Saltzman: Thank you. This is a very thoughtful presentation, and very nice power point too. Pretty impressive. Very well thought out, and it seems to make a lot of sense. Look forward to moving our lease -- getting out of our private lease space into our own space. Aye.

Novick: Thank you very much for the work and for the clarity of the explanation. Aye.

Fritz: I have been very impressed with this project since it was going for quite some time, and the presentations both this year and last year have been outstanding. I appreciate your briefings to me and my staff ahead of time and ongoing, and your evaluation. And this is what we should be doing, looking at the most cost effective way to provide the services in the spaces that our employees and citizens need. I appreciate the work. Aye.

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Hales: Excellent work. Thank you both. Aye. [gavel pounded] We have the regular agenda ahead, but we did have one item pulled from consent, and actually I have a request from a bureau to send that back to my office.

Item 461.

Moore: 461. Amend contract with Portland Audubon Society for additional work and compensation for the bird surveys at Oaks Bottom and Mt. Tabor habitat enhancement project site for \$20,290.

Hales: If there's no objection I'll return that to my office. [gavel pounded] and now we'll take the regular agenda.

Item 471.

Hales: Thank you. Bureau of Development Services and Parks have joint responsibility for implementing the new tree code, and given the challenges of the budget cycle, they've not been able to implement it fully, but they're making progress. And that's why they're here. Thanks for patience with our calendar.

Mike Abbate, Director, Bureau of Parks and Recreation: My name is Mike Abbate, the Parks and Recreation Director, joined today by Paul Scarlett, Bureau of Development Services Director, and Mieke Keenan, Program Coordinator for the tree code. We're here today to ask for a delay of the implementation of the citywide tree project, which includes new Title 11 trees, and associated zoning code amendments and package of customer service improvements. City Council adopted this project in April 2011 to provide clear and consistent regulatory framework related to trees, to also enhance the city's urban forest canopy, and most importantly to improve customer service to our citizens. Since adoption, BDS and Portland Parks have been working closely to make sure implementation is seamless, consistent, and meeting the goals of the project. We've made substantial progress. This code that was adopted in 2011 comes with a significant cost. Several new staff are required to effectively implement the code. And given the significant budget cuts the city is facing for this fiscal year, 13-14 for BDS and for Parks, both of whom are facing budget reductions, it's not possible to add these new regulations and requirements to our existing portfolios without adding staff. The bureaus are committed to launching the citywide tree project. This is something that has had a tremendous amount of public support and support and advocacy from a number of advisory committees, including the Urban Forestry Commission. And so we are committed to launching it, but we need the additional staff and resources to make that happen, so that's the main reason for coming to you and asking for a delay.

Fritz: How many staff do you need?

Abbate: It is -- I think it's 7 1/2 FTEs.

Fritz: You're going to specify what those are?

Abbate: I can. And Mieke will have a breakdown of the different positions. Paul?

Paul Scarlett, Director, Bureau of Development Services: Paul Scarlett, Director for Bureau of Development Services. Along with Parks, we administer tree regulations, certainly the zoning code for BDS, and coordinate closely with City Forester and tree staff in Parks. It is unfortunate that the funding is not available at this time to fully implement the tree project. And program as was proposed a couple years ago. A lot of work went into this project, and we fully support the goals and objectives of this project. We will continue to work closely on monitoring and managing all different regulations and coordination for outreach information and so forth. We're also involved currently on updating our permitting database to reflect tree requirements, and permits that goes into the system. And Mieke, I've got to say, has done a tremendous job. And we're very happy and excited that her position has been proposed for continuation at half-time, and so she will be able to continue working on the tree project as is proposed currently. So we're pretty excited about that.

Fritz: Are you currently full-time or part-time?

Mieke Keenan, Program Coordinator, Bureau of Development Services and Portland Parks and Recreation: I'm currently full-time through August.

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Scarlett: And continue half-time as proposed in the budget. We are committed to having certainly miyka work on it and I do know that we continue to do tree work regulations through whether it's projects that are being built and tree preservation and the tree regulations, so I want council to know that that's still an ongoing effort. And we do as good a job as we can issuing permits through parks and of course dealing with regulations around subdivision and so forth. So we are maintaining and promoting the tree canopy work part of the city of Portland, and the intricate details that come with development and the plan review process. I'll turn it over to miyka to go into more detailed information on some of the plans for the future. Thank you.

Miika Keenan: Good afternoon. My name is miika keenan, i'm the program coordinator for tree code implementation. I work for both the bureau of development seven and Portland parks and regulation urban forestry division, I was hired in august of 2011 to help the bureaus get ready to implement these new regulations. This is a unique project in that two bureaus are responsible for administering the same title. So with that uniqueness also comes a unique set of challenges as well as opportunities. Bureaus have been coordinating very closely to make sure that all of our processes are coordinated, seamless and ultimately the design of this project will improve customer service and the administration of our tree regulation. So today i'm going to talk a little bit about why the bureaus are requesting a year and a half delay as opposed to a one-year delay. I'm going to talk about some of the accomplishments the bureaus have made over the past two years, what we're currently working on and as well as what the next steps are for implementation. So why are we requesting a year and a half delay? The budget cycle runs from july to july, and the bureaus have been told that there's not enough general fund support at this point to hire the new staff necessary to implement this. So we do intend to request full implementation for the next budget cycle, july 2014. So once that funding is approved and the money is in the banks, so to speak on July 1st, the bureaus will still need to go through the recruiting, hiring, and training process for the new staff. So the recruiting and hiring process can take three to four months to actually get the people in the building. Which leaves approximately two months to train everybody to be ready on january 1st. This is also holiday season, so there will be a lot of vacations scheduled, so if that sounds like a long time frame it's actually a little bit tight. That's why we need the year and a half. If we were going to start this code next july 1, 2014, we would need that funding to be available this winter. Some of the accomplishments since I do work with both bureaus, I am lucky enough to work with people from both urban forestry and development services. We do have a dedicated set and team of people who have been working very hard to get these regulations implemented. We're very focused on it, and we have gotten a lot done. For example, we drafted a set of housekeeping amendments to the tree code which city council adopted in september. The housekeeping amendments improve the code by clarifying policy and eliminating existing loopholes. We started an online street tree pruning program so people can begin to get their permits online, so these are self-issued from the convenience of their home or office. So this has been really helpful for customers needing street tree pruning permits. We started the after-hours tree hotline with the help of commissioner Saltzman. We set the tracks contract, the permitting system for bds, we have started programming tracks for the new ab permit type. I would say that we're 70% complete on the tracks programming, and that will be completed by the end of this year, in january. We have a solid working draft of the tree website that is still under development, but it is up, and that website is based on the tree regulations under the new code, and it's not based on the existing regulations that website will be launched as we get closer to implementation of the new regulations. So currently we are working to achieve some of the objectives of the citywide tree project, especially in terms of customer service. The bureaus have appointed a single point of contact internally to improve communication between the two bureaus, and instead of bouncing applicants back and forth, the bureau was do the behind the scenes work and get back to the applicant. We have special colocation of some of the urban forestry inspectors down at the 1900 building to answer tree-related questions. We've been

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improving our intake procedures for tree permits, we will be hosting a training this summer by urban forestry and bds that's geared toward the development community and the construction community to remind people of what the existing tree regulations currently are and how to get your tree permit. This summer people will also be able to get online and see where their tree permit is in the process. And maybe more importantly they can look and see if their neighbor did get a tree permit for a tree that's being removed on their property. Land use decisions will also be available online, and this will eliminate the need for people to come down to the 1900 building To get their land use decisions. They'll be able to do that from home as well. So as you can see, we've been very busy. There's still a lot of work to be done. We still have to complete the tracks programming, we need to continue working with itap to make sure our processes are integrated seamlessly into the new permitting system. We need to complete and test the new tree website, and we plan on working extensively with our stakeholders on testing that website to make sure it's delivering all of the promises that came along with this tree project. As I mentioned, we need to hire and train new staff, we also need to train existing staff across the bureaus, and last but certainly not least we need to conduct our education and outreach piece of implementation to make sure that all of the community members are aware of the regulations and also what their responsibilities are under the new regulations. I did give you a handout that summarizes some of our accomplishment and next steps for this project. Which is also -- there's extra copies if anybody in the audience would like one. This concludes our presentation. If anyone has any questions.

Fritz: Could you give me a break down of the 7.5 positions?

Abbaté: 7.5 includes two tree technicians, 3 1/2 inspectors for both urban forestry and bds, so these are folks that will go out into the field and two planners, one for plan review, so plans that come in, checking them for trees. And one for code compliance based on complaints that may have -- that come to the city.

Fritz: Thank you.

Saltzman: I want to be recognized for the purposes of offering an amendment.

Hales: Sure.

Saltzman: I want to thank everyone for being straightforward about the budget and the staffing challenges that we face as a city and as we continue to implement the new tree code. But this will be the second time the council has asked to delay the implementation of this code and needless to say that does not inspire a lot of confidence in many in the community out there who have worked long and hard to bring a cohesive set of regulations that will not only benefit our citizens, but also benefit our canopy and our trees. So I want to make perfectly clear that this will be the last time I will vote to delay implementation of the code, title 11. So -- and I continue to support fully its strong adoption and implementation. So we either appropriately fund and build to capacity to make this happen and fy 14-15, or we hang it up and just continue to have the disjointed fragmented complex regulations that we currently have, which really don't benefit anybody. So i'm proposing an amendment that the implementing agencies, parks, bds, the city budget office, and bes bring a formal report to council this decision on how the program will be staffed and funded for the coming budget process. In this way I think we can clearly signal to the public that we plan to follow through and make sure this time with all the lead time we have, a year and a half delay, that we are doing in december, we are seeing in december a report on the budget and staffing needs and we're prepared to incorporate that into the 14-15 budget. So my amendment simply says Portland parks and recreation, bureau of environmental services, the city budget office, the bureau of development services, shall report to council no later than december 18th, 2013, on a budget and staffing implementation plan for the tree code ordinances. So I would move that amendment.

Fish: Mayor, i'm going to second the amendment, if I could be recognized. I'm strongly supporting commissioner Saltzman's amendment, and in preparation for this discussion, Hannah kuhn in my office pulled a story that was written in february of 2011 about the tremendous work that went into

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the tree code regulations. And there's a sentence here you don't often see in the newspaper. "so far newly proposed standards seem to be ok with just about everyone involved, from home builders to environmentalist and residents." that really is extraordinary statement and a credit to the people who are before us who have been driving this process. As dan said this, is the second time council has been asked to delay implementation of the tree code we adopted in april 2011. I am also reluctant to go forward without a firm date for moving forward. It's true last year and this year the city has faced significant budget constraints and some projects had to be delayed due to lack of funding, and it's also true that we are incredibly appreciative and supportive of mieka keenan's work, and progress to date, and the staff at bureau of development services, parks, and environmental services, all the great work that's gone on. This is in no way a criticism of the superb staff work that's brought us to this point. But frankly as dan noted, there are lots of community advocates, including people like bonnie mcknight, who are starting to ask, are we serious about getting this job done? And I for one would like to join with dan in seeing us prioritize funding for this work, to be clear that we're not just going to keep kicking it down the road. So I support commissioner Saltzman's proposal that staff return to council this december with a concrete plan for how we fund and staff implementation. And in effect asking you to challenge us to find the money to do the work that you have set out to do. And I just want to note something because it's an important history here. It was the council's stated intent that after the initial year of implementation, development related tree work would be primarily supported with fee revenue, not general funds. So I'd also like the implementing bureaus in the budget office to explore if there is any way to jump start any part of implementation in the fall of 2014 rather than january of 2015. I thank dan for bringing this amendment and I will support it enthusiastically.

Hales: Further discussion on the motion to amend?

Fritz: I'd like to propose a different solution, which is that we implement it now. I have heard from both commissioner Saltzman and commissioner Fish impatience that we're not moving forward. We delayed it several times already, this project started in 2005 when I was still a community organizer and as commissioner Fish just noted the sooner we get it going the sooner we get the fee revenues. In the current latest version of the proposed budget, there's one 1.1 million dollars of general fund that's going to tree planting. It doesn't make sense to me to fund tree planting rather than reorganizing the tree code, it doesn't make sense to me that we would start -- we would allocate over 200,000 in 2.5 fte for a new regulatory improvement code project when we haven't finished this one. And it's greatly distressing to hear mieka's position is being cut, i've heard a huge amount of support for what she's been doing. Not only bonnie mcknight and ellie charise in east Portland, but neighbors in mount tabor and southwest Portland are very concerned with not moving forward. We have the general fund resources, just in yesterday's proposal, there was another \$500,000 added to parks from general fund. So I don't support any further delay and I don't support this ordinance.

Hales: Any other comments? Motion on -- roll call on the motion to adopt the amendment and put that before the council.

Fish: Yes, I enthusiastically support the amendment and while I appreciate the concerns raised by commissioner Fritz who has in fact been a champion for this, I do believe that we need to take a little time to come up with the funding and the staffing, and I would be deeply reluctant in spite of some of the proponents of the idea of taking recap money because there's all kinds of zoning code amendment work that's going on right now, that is terribly important, and I would also be very reluctant today to start making budget changes on the fly to fund this, including changes of funding that's allocated to work friends of trees and other groups are doing outside our budget framework. I'm comfortable with the time line set forth in this amendment. Aye.

Saltzman: Aye.

Novick: Aye.

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Fritz: I don't support time line and we're not voting on this until next week when we'll have further input on the budget so we can make budget changes and decide on this at the same time. No.

Hales: I appreciate the amendment and i'll support it. And I appreciate the good work that's been done, but obviously this is not the year in which we get to add new positions, we are very carefully trying to calibrate how to lose less of them. So this is an appropriate pause for now. Aye. [gavel pounded] thank you. Good presentation. I'm sure we have public testimony now on the original and the amended ordinance.

Moore: We have six people signed up.

Hales: Good morning.

Bob Sallinger: Good morning. I'm here to testify on behalf of the tree code, and my name is bob sallinger, i'm the conservation director for the audubon society of Portland. We appreciate the comments we've already heard here this morning, and the sense of urgency around implementing the tree code regardless of which way you wind up going in terms of the amendment. It's good to hear that urgency and the recognition that we do need to move forward. We have a \$5 billion asset, as was noted there was universal agreement the system is not working the way it should, it's not protecting that asset, it's not good in terms of the process for people trying to get permits to do things, it doesn't protect our resources. And I was a unanimously agreed upon plan which is an incredible thing in the city, I was looking back through the documentation, I want to run you through a few statistics the city was brag ball game a couple years ago in 2011. There were 16 people on the committee, they spent more than a thousand hours in a stakeholder group, that's the number the city put forward, 250 meetings with the community, two sets of open houses, five-month joint plan process between the forestry commission and the planning commission, an ongoing collaboration between six city agencies. That's an incredible amount of resources that went into a plan that's now personally going to be delayed almost four years in terms of implementation. So we would urge you to move forward as expeditiously as position. First of all, we don't see why the plan need to be implemented in january of 2015. We think it could be implemented in july, all the prework that's been going on, we don't see any reason why we can't start at least at the beginning of the budget cycle. Secondly, we strongly support the idea of implementing things sooner if they can come online sooner, we appreciate the work that's been done but there seems to be other things that could be moved forward on in the interim period. And finally we really want to focus in on the fact that bds is getting 14 new positions. This is a plan that will be funded in large part through fees rather than the general Fund, so we would urge folks to move forward and use those positions to get things going now as much as possible, get those fees coming in, this is going to be a mostly self-funded program. It was already cut back substantially during the adoption process to make sure it would be sustainable, so to the degree we can get going soon era they're than later I think it would be a good thing. Thank you.

Hales: Good morning. Afternoon.

Margot Barnett: Afternoon. Greetings mayor hales and commissioners. I am basically going to be echoing -- i'm margo barnett, a resident of southwest Portland. I appreciate the amendment and the discussion this morning and I echo most of bob's comments. I do want to remind you as commissioner Fritz has already reminded you that this is a process that started back in 2005 with a group of citizens who initiated, produced a white paper dealing deficiencies within the existing tree protection and preservation program. And a lot of the complexity and problems for people who will really try to comply with what existed. And that group galvanized -- worked with a group of citizens across the whole city to really galvanize the city to move forward with this tree code process. And as bob has already said, citizens and staff have put in thousands of hours and we have committed lots of resources to this, and to go through an additional delay really is not holding faith with what has gone on in terms of the dedication of resources to this project. And it does bring into the question, are we really going to do this or not. And I do agree with bob that I think there are

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many areas that could be implemented starting in july of 2014 rather than delaying until january. And it's extremely important that the mechanisms for protecting trees during development, be increased changes within this tree code, be implemented as the economy starts to improve so that we really have synchronicity, rather than having a delay and having the code implementation lagging behind, increasing permits for development. So I think that's really a critical piece and something that we would like to see happening, and I feel the delay is not going to let that happen. We really appreciate the amount of work that staff has put in and the progress that's been made, but it's insufficient in terms of the long-term commitments that have been made and the amount of time that's put into this project. So we urge you really to implement effective in july of 2014.

Fritz: I believe justin had to leave he is with the home builders association. The home builders came in and supported the projects, i'll be looking for justin's written comments to see where their at now.

Hales: Thank you.

Linda Robinson: I'm linda robinson, a resident of east Portland. I was one of those people who have been working on this issue since 2005, I've spent many hours at meetings and on the task force etc. I appreciate all of your comments so far, I guess i'm disappointed that you're proposing that it be delayed until 2015. I appreciate the amendment that -- and the statements you wouldn't delay it even more, but I still would like to see it implemented no later than next july of 2014. Personally I would like to see it with other adjustments that have been made to the budget in recent days, at least increase mieka's position to full-time and continue doing maybe just step up that advanced work a little bit more, begin doing the public education and some of the things that have to happen before it's implemented. So if at all possible it could be implemented six months earlier than your proposing. The current code is a real problem. That's why we propose this, there are things that aren't covered at all, there are things that are contradictory, it's scattered all over through the code, it's hard for the staff let alone the public to figure out what the regulations are even if they want to comply with it. So i'm just personally urging you to do it a little sooner if you can, that's my main point.

Hales: Thanks, linda.

Meryl Redisch: Good morning, my name is merle reddish, i'm here on behalf of the urban forestry commission, I serve as chair but I would like to yield my time to my fellow colleague who also serves on the commission, Catherine mushel.

Catherine Mushel: Good morning mayor and commissioners. The forestry commission understands the delay is necessary for purposes of staffing and organizing how the code will be implemented. But we have some comments as to what we would like to see happen. The commission asks that the code be funded in its entirety. That's respecting the way in which it integrates the functions of different bureaus as they deal with the trees. The commission asks that you'll truly commit to this revised schedule with january 2015 as the firm deadline, first to show its respect for the countless hours put in by the public and city staff to create a code that would work efficiently for the public and all city bureaus, second, to keep up with change, especially increasing population density and the desire for grown amenities that compete with trees so that we can maintain the trees that give our city life, health, and beauty. Because the new tree code protects large trees, because it provides a mechanism for mitigation planting when and where trees cannot be preserved, because it provides for education so that the public can more easily know the right thing and do the right thing, and because it provides for better service to the public by streamlining communication about and the process for obtaining permits for tree removal, Planting, and pruning.

In advance of the january 2015 tree code implementation, the commission asks that the council continue to fund vigorously the track updates that mieka mentioned earlier, the website, and the protocols for land use review now underway in bds and within the urban forestry division itself.

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Finally, we're here today advocating for the title 11. But we will let you know if we feel you're going to resend this deadline and we'll be back.

Hales: Thank you. Anyone else wants to testify on this item?

Fish: Can I just acknowledge our esteemed urban forestry jenn cairo is here? Great work.

Hales: We have the amended version coming back on second reading. Right? Next week. Thank you all. [gavel pounded] I want to take a moment for process control. I've got an important meeting at 12:30 and I want to give the council a little break. My suggestion is we take up the second reading items we have here before us and probably delay the rest of the regular agenda to this afternoon if that would work well for everyone. Ok. Let's take up the second reading items, please. Starting with 472.

Item 472:

Hales: Second reading and roll call.

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

Fritz: My understanding is that we're voting on the rate and not on the uses of it? And items which have recently come to my attention is the -- what we had this discussion about last year, which was about rates charged to residents of the drainage districts by the levies near the airport. And we do need to look into -- we promised last year we would look into how we were going to apportion the rates that those residents pay between the storm water fees the city and the recertification of the levee. So I just want to put down a note that that is still outstanding but it doesn't change the rate, so it's something that we need to address. It is in the city's interests to ensure the levees are structurally safe. I am very concerned about the rates, not only the rates but the direction of the bureau of environmental services. Once again, the advice of the bureau environmental services budget advisory committee is being ignored. The gray to green programs has been highly successful and is a model for cities around the world. We should be expanding it, not cutting it 11%. Gray to green is a program is part of the culture of the city and it's an appropriate funding with rates. Bes mission states the clean river agency serves the Portland community by protecting public health, water quality, and the environment. Environmental services provides sewage and storm water Collection and treatment services to accommodate Portland's current and future needs. Environmental services protects the quality of surface and groundwaters and conducts activities that plan and promote healthy ecosystems in our watershed. I appreciate the mayor's recent announcement to try to make the budget right by adding more general fund resource into the tree program, however this is a watershed related program. The watershed programs within bes are well within the mission of bes and are appropriately funded with storm water rates. The office of healthy working rivers is being defunded along with four very talented staff. The purpose of this office was to act as a bridge between the bureau and the community and to help coordinate projects on the river. They have been phenomenally successful at that. When we did the river recreation plan, which was a partnership between bes and parks, we had industrial users and all kinds of water users coming in of support of the plan. The office of healthy working rivers is about interbureau communication, and the fact it hasn't been given any general fund money in the past particularly galling considering the proposed infusion of general fund money for things which are appropriately rate funded, tree planting and invasive species removal and not funding the function of the healthy working rivers, the working part, which would be economic development which lacks funding because of the constraints of the last four years. I cannot vote for a rate that does not include funding for the office of healthy working rivers. I think it's a significant mistake to defund that office. It helps get around the silo form of government we so often hear about and without an office like -- like this we're headed down that path again. I remember when dean marriot talked to me as I was newly starting my ventures into city politics by attempting to save a forest near my home 20 years ago. And I was at garden party that dean as the new director of bureau of environmental services attended in the home of the late great patty lee. He said the ship of state, if you think of the qe2 it's hard to turn a ship on a

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dime. I think we've done a tremendous job and dean has done a tremendous job over the last 20 years of changing the course of the ship of the state of bureaus of environmental services, what I see in this proposed budget and the rate associated with it is that we haven't gone full speed ahead once we've made that turn, we seem to be continuing the circle and turning back into the port, the commonly accepted knowledge that environmental services is about engineering and sewage, and it's about the gray infrastructure, it's not about the green infrastructure. The rates is been reduced through the use of general fund dollars and it's not appropriate considering the needs like the tree project that we could be funding with general fund dollars if we were not maintaining the rate support for these programs, we're cutting 11% from the green programs and bes. And when we're -- we have a \$20 million hole in the general fund, including things that we cannot fund appropriately with rates, such as support for children who are enslaved in prostitution or the business support or the economic development support, it's not a responsible to set rates that in order to even continue part of the program that we've become renounced for, the green programs in bes require massive infusion of general fund dollars. I can't support that. No.

Hales: I want to thank everyone for the hard work that's gone in to answering difficult questions and making difficult choices. We have a number of objectives as a council that we have to take into account when we adopt this rate ordinance. One is the continuous and responsible operation of the sewer system, and the continuous progress that we've made as a community in using nontraditional solutions to storm water, which I very much support. We also have a very compelling responsibility to ratepayers to try in every turn to make choices that avoid massive rate increases and we've done that. And I really appreciate dean, you and your staff, the budget Office and everyone else who worked hard on this. Our ratepayers are very sensitive to the cost of our utilities, and we have a responsibility to make sure that we hear that concern and respond to it in what we're doing. And I think this rate proposal and the budget that it accompanies in both this bureau and the water bureau strike an effective balance for all those legitimate community interests. Thank you. Aye. [gavel pounded] next one, please.

Item 473.

Hales: Second reading, roll call.

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

Hales: Aye. [gavel pounded] 474.

Item 474.

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

Novick: I'm pleased that the bureau of planning and sustainability agreed over the next year to look into my pet peeve of one week -- once a week pickup of a pound of chicken bones. And subject -- and having said that, I vote aye.

Fritz: Thank you to the bureau of planning and sustainability for decreasing the rates and amending the rates to make them even more reasonable. If I could have one request, that would be that you would post on your website in a prominent place the changes to the rates, I couldn't find that in order to send to citizens, and I want to be able to publicize the new approach as well as the changes so that people can see that yes actually their monthly payments will be going down. Aye.

Hales: I want to reiterate what director anderson said here in the presentation, and that is first, to say thanks to you and your staff for good work on this rate proposal, but as you did, to thank Portland citizens. Because let's be clear about what's happening, we're decreasing rates for solid waste, because Portlanders are recycling more than most other places, and composting more than other places, and more than last year. And that avoids sending massive amounts of solid waste to the landfill and saves everybody money. So commendations to all of our fellow citizens for doing the right thing and spending less money as a result. Aye. [gavel pounded]

Fish: Can we go to the end to 480?

Hales: Yes, please.

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Item 480.

Hales: Second reading and roll call.

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

Novick: Before I vote I would like to express my disappointment with the Oregon health authority for denying a request for an extension on the federal compliance with the federal reservoir covering regulations. I do think that there are much more pressing public health problems than uncovered reservoirs that haven't caused any public health problems in 100 years. And that obviously is a rate related issue. On a happier note, I would like to say that a few weeks ago the citizens utility board, which has a long history of being an effective and competent and respected watchdog of electricity and natural gas rates, came into my office and said that they get more calls about Portland water and sewer rates than they do about the things they're actually involved in. And they're interested in talking to the city about pulling the water and sewer issues into the -- into their portfolio, and they have a proposal for how to do that without costing the city any money. With the greatest respect for bes and for the water bureau, I do think that the city would benefit from an extra pair of professional eyes on the rates, and this is an issue commissioner Saltzman has looked at before, so I hope over the next year we'll have a conversation with the citizens utility board over whether they can be part of our rate watching family. I vote aye.

Fritz: I disagree with commissioner Novick on that proposal, because this budget shows how having a different commissioner in charge can greatly affect the rates. The proposed projected increase last year was 14% and what we're voting on today is 3.6%. And I am in the happy position for the first time since 2009 to vote in support of the water Bureau budget. I appreciate the efficiencies that have been made, the openness and responsiveness from the water bureau staff to my question and both commissioner novick and mayor hales's leadership, i'm assured the 3.6% increase won't -- isn't a deferred rate increase and that we won't be biting it in the years to come because of this number, I think it's a responsible rate increase in particular since it does look like we're going to have to comply with the unreasonable federal long-term 2 rules and so i'm pleased to support this proposed rate. Aye.

Hales: Thank you. We did put a great deal of pressure on director shaff and his team through the budget process to try to take that rate from 14% down to something much more palatable. And point well made, commissioner Fritz and point taken that this is a real rate for the real costs of the bureau, it does not involve deferring rate increases to future years, as has unfortunately happened in the past. So we have carefully looked at costs and carefully looked at investment and made I think good choices with solid work by our professionals and i'm very pleased to vote aye. [gavel pounded] and we will recess until 2:00 p.m.

At 12:30 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 22, 2013 2:00 PM

Hales: We have some items left over from this mornings calendar so bear with us. We will try to get through those in fairly short order and then we will get to the afternoon's items. We have item number 477. Karla.

Item 477.

Moore-Love: Yes. Joe what was the other one?

*******:** 479 and 480.

Hales: We might not get to those because staff is not here. Let's do 477 and then we'll see where we are

Moore-Love: do a roll call first?

Hales: Yes, roll call please. [roll call]

Item 477.

Hales: Someone that wanted to testify on this item? Come on up.

Dan Handelman: Good afternoon mr. Mayor and members of council. Thank you for taking this item at the beginning of this afternoon's agenda. I'm dan with Portland cop watch and i'm here to testify on this item because it has to do with a settlement paid to a person who was apparently brutalized by police at an antipolice brutality protest. We were not involved in organizing this demonstration. But that doesn't mean that even though we weren't part of it, we may not have agreed with all of the tactics that were used, that we feel it is appropriate for people to be harmed by police engaging in first amendment rights. Since there is nobody here from your staff to read this into the record, the background paragraph in the paperwork says march 2010, clifford richardson was a participant in what is referred to as an antipolice protest and marching in the streets downtown, strong police presence, including use of police bike squad to manage and control the movement of protesters. Several hours into the non permitted march, a line of officers formed a picket line with their bikes to keep protesters from moving on to the streets. Mr. Richardson was at the front of the line, just off the sidewalk. At one point Richardson pushed at an officer and officers moved in to take him into custody. This is my favorite part in passive voice, richardson's upper body was struck by a police officer's knee as a result his head and face struck the pavement. A tv news cameraman captured most of this on videotape. Richardsons was transported to the ohsu for his facial injuries. So, here is another incident where money is being paid out for violence being done by the police and I think there is assumptions that are made sometimes based on people, the way they dress at certain protests. I talked last week at race talks about profiling, racial profiling, but as -- political profiling that goes on with people who are dressed up in black. They are referred to as anarchists, political persuasion not necessarily known, anarchism is not necessarily associated with violence. Somebody on the mayor's staff referred to a protest march 15th this year, as a riot, and police were gearing up for it and there was no incidents to speak of, anything like that. And then when there is a something on may day, an unpermitted march on may day, that same staff person said nothing happened when there was no police action, but, in fact, people exercised their first amendment rights, apparently walked across the street, to the police station, and made the shortest march in history. I just want to caution against political profiling and remind people listening that our tax money is being paid out in these incidents that earlier this year I talked about a

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lot of these payments are happening in judgments instead of settlements. I'm glad this is a settlement and we are able to discuss this in open forum. No way to know if the officer was disciplined for this because of the way our system work. I guess that is the end of my three minutes.

Hales: Thank you very much.

Joe Walsh: My name is joe, and I represent individuals for justice. We're here to support the cop watch portion on this. And we wonder out loud if it is not a good idea for you to invite maybe dan on some information -- you have to decide what information that is available to cop watch, but it seems to me that when we read, settlement of \$35,000, and what dan said is very accurate. We have great concern about our police department, the department of justice has great concern about our police department. A federal judge has great concern about their behavior. But yet, there are very few organizations that are invited in to find out if you are going to pay out \$35,000 of our money, not yours, ours, somebody should be told what happened, what happened to the police officer. If you want to keep his identity secret, that's fine. I don't have a problem with that. But we have to have accountability here folks. You are using my money to pay off a victim and nothing happens to the police department. They keep walking free. It's got to stop. I'm here to support the cop watch.

Hales: Thank you very much. Anyone else want to testify on these? Then this emergency ordinance, let's take a roll call.

Fish: Appreciate the testimony and it gives us no pleasure to pass on the pay claims. I note from the file that the claim against the city was \$500,000 in general damages, and \$15,000 in medical bills and the recommendation for mediation is that we resolve this case for \$35,000. I -- I look forward to the day when we don't have pay claims that we -- we don't have claims of this nature that we pay out. The question before us today, mayor, is this a prudent settlement in light of our risk? It seems to me it is on its face so I vote aye.

Novick: Aye.

Fritz: Aye.

Hales: Aye. Thank you. I don't believe we have staff here. Is that correct karla?

Moore-Love: Correct. Oh, I'm sorry christines here.

Hales: Read the two items, please.

Item 478 and 479.

Hales: Good afternoon.

Christine Moody, Procurement Services: Good afternoon, mayor, christine moody. On october 18th, 2012, a request for proposal was issued for general banking services and merchant bank card services. To maximize competition and encourage local participation in the solicitation process as required by the responsible banking resolution, the rfp requested separate proposals for each service rather than a combined contract for both. On november 29th, city received five proposals for the general banking services category. And seven proposals for the merchant bank card services category. The proposals were reviewed, evaluated and scored by two separate evaluation committees for each category of service. Each committee included a minority evaluator. The evaluation committee's determination that wells fargo bank was the highest scoring proposal for general banking services and u.s. Bank government banking was the highest scoring proposal for merchant bank card services. I'm recommending that council award a four year contract with wells fargo bank for a not-to-exceed amount of \$550,000, and four year contract with u.s. Bank government banking for not to exceed amount of \$10,524,000. At this point, I will turn it over to jennifer cooperman, the city treasurer, to talk more specifically about the contracts and what services will be provided to the city.

Jennifer Cooperman, Treasurer, City of Portland: Good afternoon. Thank you. As christine just mentioned, the genesis of these contracts with council's adoption last may of the city's

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responsible banking resolution. That resolution addressed two items regarding the contracting process for the city banking services and asked the treasurer to work collaboratively with procurement to maximize competition for and encourage local participation in the contracting process and to research national best practices on responsible banking, including and to include metrics on other aspects of bank operations in the rfp selection criteria. As background, the city uses two types of corporate banking services. The first I'll call general banking. These are the city's transactions accounts for our cash management. These are bank accounts that we use for making disbursements to pay payroll, accounts payable. Also accounts where we receive payments from users of the many city services that we offer. Parking meter payments, water, sewer, utility charges, permit sales, etc. The second type of service is merchant bank cards. This is the processing of credit and debit card payments that people again use to pay for utility bills, etc. To maximize the competitiveness and to encourage local participation, we took these services, which for years had been bundled together and we split them and we gave vendors the opportunity to bid on one or both of those services. As Christine mentioned, we set up two separate evaluation panels. Representations on various city bureaus. Minority evaluated participants from outside of the city, and I will mention in our research of best practices, we identified a handful of other cities who have tried to address these metrics by focusing not on their transactional accounts and their operational banking, but more on their depository relationships and where they place their investment money when they're using banks to do that. So, regarding metrics on other aspects of bank operations, we added to the already existing 15 point corporate responsibility section of the city's rfp process, a new five point section, which addresses issues specific to the Portland metropolitan area and asks vendors to come back to us with data specific to the Portland area on employee compensation, economic development programs, homeowner ship and foreclosure programs and the underbanked and nonbanked and etc. We received more responses in 2012 than we did in 2008. So I think our approach was a positive one and we got a more competitive response pool. Let's see. At the end of the evaluation process, we identified our banking services for Wells Fargo, who currently provides them, and we are -- we awarded the merchant bank card to U.S. Bank. I would point out on the 10.524 million for merchant services, vast majority of fees will go to Visa, MasterCard, card networks and banks that issue credit cards that people carry around. They're not directed to U.S. Bank. And I would also point out on the banking fees, we are working to educate city staff on the relative costs of the banking services that we all use and how they can go about minimizing them. So, that's -- rather than getting a pay check, it is more efficient for the city to use direct deposit. If we have a choice of paying a vendor, via ACH rather than paying them with a wire, we can reduce our overall banking fees. So, that's what these contracts are in relation to. We have -- if you would like, we have Michael Hodge from U.S. Bank. We have Mark Hudspeth from Wells Fargo, and they are available to answer any questions that you might have.

Hales: Thank you both. Any questions for staff or our two selected banks?

Novick: I believe I heard from you the other day that our cost per credit card transaction will go down significantly from the last contract, is that correct?

Cooperman: That is correct. We -- the city processes about 8 million credit card transactions per year, everything from people using a credit card to pay a 40 cent parking meter, to paying their water bill to large permits. We're currently paying 4.1 cents per transaction and that will be reduced to 2.25 cents per transaction. Keeping volume constant of about \$150,000 a year.

Hales: Other questions?

Fish: I don't have to be persuaded to do direct deposit. I already have it.

Cooperman: Thank you.

Fish: I would say to anyone who doesn't have it at the city, it is very convenient. It shows up in my account and usually the right amount. [laughter]

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Fish: Jennifer, thank you for the way you approached this process. I particularly appreciate the additional corporate responsibility component that you wove into the rfp. And I know from the report that you give me, that not every applicant seized the opportunity to tell their story the way these two did and I appreciate that they both play by the rules and then showcase some of the work they're doing in our community. And congratulations to both of you. But the follow-up piece, I think, for the council is to take this theme that started with responsible banking, and corporate responsibility, through the metrix, and how to track this on a more systematic basis. Since I don't know what the answer is, I was just going to suggest, with the mayor's concurrence, that over the next six months you look at some of the best practices that are out there and come back and tell us how might we in effect develop a program for monitoring these things going forward? Not just perhaps starting with our bank partners, and then seeing how that might migrate. What does that look like? How do other cities set up these things? It seems to me we have made such progress in our rfp, how might we now have something that is more systematic. We quantify what is that corporate responsibility piece. How do we evaluate it and how do we report it?

Cooperman: I would be happy to.

Novick: I think one thing that might be interesting for us to explore over the next few years before we do this again, whether there is interest in some other progressive cities in talking about a collective approach where we agree here is certain social responsibility actions we would like to see happen, and if the city said here is what we're going to prioritize so that, you know, all of us will say that 10% of our criteria will be x. Then we might have a bigger impact than each of us doing our own thing. Obviously these contracts necessarily have to be for awhile. We have time to explore that. But I think it would be great if you, Jennifer, could find the time to have some of those conversations with other cities wrestling with these ideas.

Cooperman: I look forward to having feedback for you about what we can put together.

Fish: The ordinance, Wells Fargo, paragraph two, some of that Portland-specific data that you alluded to. We have the outline of some of these metrix -- do you think that six months is enough time for you to come back with just a first cut of what your thinking is?

Cooperman: That is a very reasonable time.

Fish: Thank you. I don't want this to in any way take away from the two banks that have been selected for our services, and I can say that in my role over the last few years as housing commissioner, I have been struck by the fact that Wells Fargo, U.S. Bank, showed up as a closer as a funder for something that the community cared about. We deeply appreciate that. What we are trying to build on a more formal way of tracking what does corporate responsibility mean when we're investing public dollars and how do we use this process to encourage others to participate at the same high level? So, thank you.

Hales: Thank you all. Any further comments from anyone on the panel? I know you're here to answer questions.

Michael Hodge: I just want to say thank you to the city -- my name is Michael Hodge. I'm from U.S. Bank. I want to say thank you for the opportunity to participate in this program, this process. I've been doing this nearly 20 years now, and I can say that it has become a very common practice for public sector entities to look at services differently and look at banking services -- I think it is a wise decision. It gives a very competitive analysis and it gives an opportunity to meet the expectations of the clients. We appreciate that opportunity.

Hales: Thank you.

Mark Hudspeth: Hi, Mark Hudspeth with Wells Fargo. I would like to again thank the city as well. I can say that the process of our rfp was one of the most thorough I have seen in the last 10 years. We're honored to be selected under that such scrutiny if you will. But also, we are part of the community here locally. We support it as Commissioner Fish pointed out and we're honored to continue that relationship that we have had in the past. So, thank you very much. We appreciate it.

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Hales: Thank you all very much.

Novick: May I ask jennifer one last question?

Hales: Sure.

Novick: There was a push under the last administration to do some of our banking with credit unions or smaller local banks. My understanding for the services that we are talking about today, we did not get any responses to the rfp from small credit unions or small local banks, is that right?

Cooperman: That's correct. The services -- the corporate banking transaction services that we use, we did have a respondent, several of the services was not able to provide them. A certain level of corporate banking wherewithal to provide the services that we require.

Hales: We are continuing to distribute some of our deposits.

Cooperman: Deposit, investment side, rather than purchase an additional agency security or treasury bill. We have expanded our use of the local depository networks for placing our deposits, yes.

Novick: Thank you.

Hales: Thanks very much.

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

Hales: Do we have others signed up to testify?

Moore-Love: mr. Walsh.

Hales: Okay.

Joe Walsh: My name is joe walsh, I represent individuals for justice. Commissioner novick and I from time to time think along the same lines. It's rare. But we do. My concern is with wells fargo. I don't know a lot about u.s. Bank. So, my comments will be wells fargo. There is a phenomena that is going on right now that paints corporations, like nike, like we all love, put a lot of money in the billions -- I don't want to mislead you. It is not illegal to do that. You can take money and put it in the cayman islands and not pay taxes on it. Here is the problem. Wells fargo has billions of dollars sitting in the cayman islands and they don't pay taxes on it. What does that mean? It means, mayor, that you pull your hair out trying to figure out where you're going to get the money, because it comes from the federal government to the state to the county to you. And if corporations are allowed to do what wells fargo and nike is doing, you're always going to have a deficit. Always. Because it's a great idea if you are a corporate ceo. The more money put down there, the less taxes you pay. Who picks up the bill? I do, you do. All of the people that make the least amount of money. You read it in the papers all of the time. Why in god's name would you give this bank any of our money? You can't find a bank that is responsible? You talked about responsibility. Look a little further. Don't just look on the borders of Portland. Look on the borders of cayman islands. Wells fargo is a huge corporation. And they just pour the money down there. And they don't pay taxes there, commissioner Fish. They don't pay taxes. When you want to build something, the money is not there. So, when you take responsibility, it is not against the law because we have a congress that has gone insane, totally insane. That's why they're getting away with this. But some day, somewhere, somehow, there will be a congressman that will join bernie sanders and say enough. That's it. These people will be in jail. You won't be honoring them. You will be saying -- you won't be saying you did a great job stealing our money. Don't do this. Don't do this.

Hales: Thank you. Anyone else? Okay. Let's take a roll call, please.

Moore: 479 or 478?

Hales: Take them in order.

Moore-Love: Fish.

Hales: 478 first.

Fish: 478 wells fargo.

Moore-Love: Yes.

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Fish: To christine moody and Jennifer cooperman the whole team, thank you very much. Thank you for a great job. Really appreciate the briefings that you gave the council offices. I sleep better at night knowing that jennifer is watching over our finances. To our friends at wells fargo, I know Bernie kronberger is here. I did not see coby jackson, but the whole family of folks. I appreciate, in addition to this contract where you are providing services to the city, I appreciate the services that you provide every day when you step up and support our community. Funding affordable housing during the worse recession in our lifetime to be the first to write a check to support a festival or concert series or youth program. Your always there. I appreciate that. To me that is part of being a good corporate citizen. And what we're going to be doing over the next six months is expanding that definition to include other criteria that we can tract. But we are proud of this relationship and pleased that you scored well and i'm pleased to vote aye.

Novick: Aye.

Fritz: Thank you for your good work and I agree with commissioner Fish that jennifer is doing a great job of watching us watch over the city's money, and christine moody has been setting high standards for sometime now. I appreciate that it started under mayor sam adams, and former state representative jefferson smith. It's particularly good to see mayor hales bringing it forward and acknowledgement that sometimes we disagree with some folks on some things and move forward on some things that we all agree are good things to do. Separation of these contracts did result in two companies being providers, which is good. And it did give the opportunity for local, smaller banks to compete. It is something that we need to continue working on. But this is two institutions that have done good work for the city and it is cost effective for the citizens. Aye.

Hales: I spent much of the last 10 years competing in rfps against other companies to do work for various public agencies around the county. I found it particularly energizing for me as a competitor when a government was particularly clear about what it wanted. Wrote down good criteria, and then followed its own rules for how it conducted a competitive process. That is what we have done in this case. Written down good criteria about what we expect in terms of corporate responsibility and sound banking, and the competition took place, and good process, yielded a good result. Thank you very much. Aye. [gavel pounded]

Hales: Thanks for your patience. I think one more item before --

Moore-Love: Roll call on 479.

Hales: Sorry, we have to do the second one. Finish the process.

Fish: someone remind me which tower is taller -- [laughter]

*****: We are higher they are taller.

Hales: Talk about an even playing field.

Fish: For all of the reasons I mentioned before, pleased to support this ordinance, aye.

Novick: I have to say whenever I see the u.s. Bank building, I think of bob dylan, because of the music from big pink. Aye.

Fritz: That was a nice riddle, we are higher they are taller. I hope I can figure it out. Aye.

Hales: The world is not flat. Aye. Thank you all. Okay. Now we will move to the afternoon agenda, please.

Moore-Love: 2:00 p.m. time certain.

Hales: Yes.

Item 481.

Hales: Before I call a panel up here to present the proposal in front of us, let me set a little of the context here for this. Last year, under mayor adams, council adopted a ordinance that said for 90 days lets try an experiment that was recommended by commander day and closed streets in the oldtown entertainment district as a way to make it safer and better managed for the whole community. That ordinance was primarily driven by a high volume of calls to central precinct for service in the area. As you'll hear as an experiment this is a success. Its reduced the amount of crime

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and the seriousness of crime that we've experienced in the district. That 90 day period was coming to a close I made a decision that it would not be smart to stop then restart this effort if that's what the council wants to do. So, I've spent a considerable amount of time along with staff from my office and bureaus looking into the issue, other members of council have done home work on this subject as well. A point of reflection, looking at what has been accomplished and has worked and looking forward to say what can we do to further evaluate the effectiveness of this idea, refine it, and if that's the right decision, carry it forward as an ongoing program, rather than simply as a pilot project. So, that's the point that we have arrived at. Let me call Chad and the rest of the group up to walk us through their report and the proposal in front of us. Good afternoon, team.

Chad Stover, Policy Assistant, Office of Mayor Hales: Good afternoon, Mayor Hales, City Commissioners. Chad Stover, Policy Assistant on the Mayor's staff, mostly in the area of public safety and international affairs. In this particular project, speaking more along the lines of neighborhood involvement. As the Mayor pointed out back in December, under Mayor Adams, there was a 90-day street closure that passed through City Council down in the Old Town, Chinatown neighborhood. We have a panel of experts that will speak on behalf of some of the key components of this project. Sara Schooley is here from Portland Bureau of Transportation. Commander Bob Day from Central Precinct, Portland Police Bureau, and Mike Moore is here from Crime Prevention, Office of Neighborhood Involvement. To start off, I thought I would set the tone by providing a little context for the area. Some notes to take into consideration around the Old Town/Chinatown neighborhood. This is home to many different businesses and many different folks living in the area. We have the Lan Su Chinese Garden that opened up in 2000. Oregon Nikkei Legacy Center. Chinese Consolidated Benevolent Association, Northwest Health Foundation, Northwest Natural and Oregon Department of Transportation among a number of different restaurants, such as Alexis Greek Restaurant, Old Town Pizza, Davis Street Tavern, Floyd's Coffee Shop, Hobo's Restaurant -- a number of others. I think one key component to note from the onset is the diversity of this area. It is particularly unique in addition to the many flourishing businesses that I just mentioned, the rich historical and cultural significance brought by the Chinese and Japanese communities and lively night life that has organically emerged in the area, particularly weekend evenings. Numerous social service providers -- Central City Concern, Union Gospel Mission, Blanchet House are all neighbors to these businesses. Not to mention the many private citizens who may not necessarily identify in one of these groups, nevertheless impacted in their daily lives by the happening of this area. Over the years, one specific area within the Old Town/Chinatown neighborhood, specifically the area on Northwest Third between West Burnside, Northwest Everett and NW Couch from NW 2nd to NW 4th and Northwest Davis from Northwest Second to Northwest Fourth has been commonly referred to as Portland's Entertainment District. So, on Friday and Saturday nights, we see a large influx of young folks, mainly 18 to 25-year-olds, roughly, come in and number in the thousands in this particular area. So, it has become quite busy. As the Mayor pointed out, due to the increase in calls for public safety, that is what resulted in the initial pilot program, street closure that started back in December. As Mayor Hales came into office, we -- the street closure was already in progress. And we were confronted with the fact that this was coming to a closure. And this sparked our interest and the Mayor wanted to take a look at the Entertainment Districts themselves and talk to the stakeholders involved. We held three town hall meetings with bar owners, Old Town, Chinatown community association members, business owners, social service providers, Chinese community and neighbors. Each of these town hall meetings were well attended. We had lively discussions about improvements in the area, whether they liked the street closure itself, and that led to further discussions about the neighborhood overall, and some of the things that they would like to see happen in the future. The Mayor also participated on two late-night walk-abouts that started from either 11:00 p.m. or midnight and ended at 2:00, 3:00 a.m. We were fortunate to have Commissioner Fritz accompany us on the second walk-about. One of the reasons that we wanted

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to participate and the mayor wanted to participate was to see what life is like firsthand inside the entertainment district on a typical Friday or Saturday night where we see large populations at the bars as well as some of the points of concern that we had heard, not only from the police, but from the bar owners and residents, problematic areas which Commander Day will probably mention in his presentation. Both during and after the business hours late at night. We heard during the town hall meetings a number of concerns from neighbors, from bar owners, from other stakeholders in the area about the street closure and about the neighborhood as a whole. And after all of these meetings that we have had together and working together with our task force, with Pbot and with the Portland Police Bureau, we came to the conclusion that one thing that we learned from all of these discussions is that all of the stakeholders are incredibly committed to wanting to improve the neighborhood. And this led us to believe that the idea of moving forward with experimenting with different ways to make improvements is something that everybody was interested in. And so, in this particular ordinance, we are suggesting that we move forward for five to six months. It would end on October 27th with the street closure. And during that time, explore some of the points of concern that were raised by the stakeholders themselves. I will just name a few that came up repeatedly in some of the meetings that we had. Sara will speak on behalf of parking in a moment, but one thing they wanted to see was an improvement in the signage and education pertaining to the street closure as well as parking enforcement. We have an issue where metered parking stops at 7:00 p.m. There is a three-hour gap where it sort of is a free-for-all in the area. 10:00 p.m., street closure kicks in again. This is can misleading for some. They come down maybe for dinner and they're there when there is no metered parking but the street closure hasn't kicked in yet. They are taken aback when they find out that they have to get out of the area at 10:00 p.m. If we can find a way to help educate people coming down into the area or improve the signage or both, that is something that we would like to look into during this next extended period. Another thing that we wanted to look into is finding innovative ways to approve the aesthetic appearance of the street closure itself. Some of the bar owners and business owners expressed frustration that they didn't like the way it looked. If we got to the point where we could make this into a permanent closure, and that is what is decided, perhaps we could look into ways to make it more aesthetically appealing. Research in other business districts across the country that have nice ideas and that are worth exploring. Another point to look into, the possibility of establishing a nonprofit organization assigned with the task of overseeing the street closure of the entertainment district and area as a whole. A fourth area that is compelling, look for ways to develop ongoing sources of revenue to help cover the cost of services associated with the management of the districts and the street closure. And that is what brings us here today. So, again, in my experience working on this project, great collaboration with the community. Great turnout at all of the town hall meetings. No question that it particular neighborhood is interested in exploring ideas, and that's what we bring to the table this afternoon. With that, I will turn it over to Commander Day to talk a little about public safety.

Hales: Thank you, Chad.

Commander Bob Day, Portland Police Bureau: Bob Day, commander, central precinct. First of all, I would like to thank Commissioner Fish and Commissioner Fritz who were here last time I spoke in December, and gave Mayor Hales referred to a bold idea a chance. I asked him to switch that word to foolish 2:00, 3:00 in the morning as we were walking around. He has stayed consistent with the bold idea. I appreciate Mayor Hales leadership on this.

Fish: I want to make a standing objection. This man works very hard and if in his free time he chooses to be in Oldtown/Chinatown going to bars until 2:00 in the morning, frankly it is none of my business. You can keep mentioning it. But I do not judge him. I do not judge this man.

Stover: Commissioner Fish in response, telling my colleagues I was excited about talking about the mayor going bar hopping.

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Day: I did greatly appreciate the leadership and company and commissioner Fritz and conversations we were able to have. Thank you very much.

Fish: Thank you commander.

Day: In support of this project. I would also like to say, I will present my belief and passion that this is a good idea to go forward. I have benefited greatly personally and professionally. I have learned an about a part of the city that I have come to appreciate and know a lot better through this process. And it has made me, I think, a more effective precinct commander. It will make me a better public servant to the city due to relationships both internally with members of the panel here, and as chad mentioned, i'm much more educated on that part of town and the diversity it represents, historical perspective, from a race perspective, from a social justice and all of the other things that go on down there. I'm not sure we could have picked a more challenging area to bring a 24 hour, seven day a week management project together. It has been fascinating. I have benefited and appreciated this opportunity very much. When I came to central precinct in september 2010 -- yeah, 2010, and began to look at the entertainment detail and the assignment that we have given that area for several years where we have a number of officers, and a sergeant patrolling a specific area of town on usually thursday, friday, saturday's, began to consider is this the best use of our resources. The calls for service and incidents relate -- it was absolutely necessary. The phrase I like to use, I believe everybody is working very hard but are we working efficiently, maximizing our resources in the right place at the right time. I have gone to the detail and supervisor and asked them to look around the country to see what is being done in similar type of areas. We sent some detailed officers to seattle, vancouver, b.c., contacted other agencies and found ideas that were brought forward and presented to me and I ran with them last fall and that is how we got to where we are today. I would like to recap with a few slides some of the numbers and things that we've discovered in this process. There we go. This is just a basic map of the area. The calls for service, criminal offenses, 10:00 p.m. Friday until 3:00 a.m. On sunday. We exclude new year's eve in this particular methodology because that is a unique night and is not reflective of a traditional weekend for us and doesn't always fall on the weekend. And during the 90-day pilot project, we did identify some days, for example, fat tuesday, st. Patrick's day as other days that we wanted to try the street closure out because those are referred to as popular lights -- nights in some of the bar districts. Typically, friday, saturday event, second to fourth, and burnside to everett. If you take a look here at, you know, police calls for service. We have self-initiated and dispatch calls. And you will see that essentially in the dispatched area, there are fairly similar 2012, 2013. Self-initiated, you can see a tremendous increase. And then if you look at the next box down, it talks about the most common call types. Person contacts, traffic stops, service priorities. And the reason for the significant increase, remember, this is the same time period we're looking at in 2012 versus what we did this year in 2013. It allows for the high visibility that we had been seeking all along, and the removal of the cars, getting cars out of the area, removing the traffic, it allows, you know, these four officers and the sergeant to be much more present and to see for a couple of blocks in each direction. I believe that is what leads to the higher amount of individual police contacts. Obviously those are recorded. This information, large amount of it, individual contacts recorded through what we call a cad system. An officer may say i'm talking to somebody here or talking to somebody here. It doesn't reflect that there has been an incident that has occurred. A statement in the box off to the right, one of the officers mentioned that this -- being able to see the entire area, intervene more quickly before volatile situations get out of control. A substantial number of police contacts and I would argue that they are not always negative. Sometimes we assume a police interaction that is on a negative level. A lot of positive, unique contacts when we were out.

Fritz: I have to tell the story. We had a group of teenagers came up, and I thought they were going to go to the mayor. They ran to commander day. Can we take a picture of you kissing me says this

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girl? And the commander looked at the mayor and the mayor amended to could she kiss you. So the mayor gave his consent. It was a scavenger hunt. It was delightful to see that that was the attitude. They can't have been teenagers, but they must have been young 20s, but that was their attitude to their approach to the police officer, not at all the feared enemy, but rather -- they told me this is not at all a -- the situation occurs more often than not.

Day: My wife still doesn't believe me, but I told her that actually somebody did ask.

Fritz: I just put it on the record.

Hales: We have your back on that.

Day: That's right. We do this -- this is a detail that as a high number of person contacts regularly. And that is intentional. A proactive group of officers that have taken great ownership. And this program is to their credit and the efforts they have made to try to improve public safety. The reason those numbers differ. There is a note at the bottom, talking about how you have offenses and criminal cases. You can have a criminal case with a couple of different offenses in it. You can have a criminal case that involves disorderly conduct and trespass. Two offenses, one case. Just to break that down a little bit. You can see there is a substantial decrease in numbers from 11, 12, and '13. These are the primary calls that we dealt with in relation to the overall stats. A couple of numbers that I am most pleased about that I think have the greatest emphasis for support of this ongoing. You look at the top, aggravated assaults. Aggravated assaults where there is a serious injury or weapon involved of some sort. We had zero for the same time period in 2013. If you drop down to simple assaults, which we could categorize as the classic bar fight or, you know, street fight, you know, you are looking at 10, versus 17 the year before. And disorderly conduct, which is really a large category for us in terms of the entertainment district, a catch-all for inappropriate behavior, and it also probably one of the charges that puts us at also a great risk of conflict with people. Take people into custody. Disorderly conduct is not a high governmental interest crime. As you know, the organization we are striving hard for officers to review when they use force and when they take action, what's the benefit? What's the gain? What's the governmental interest? Disorderly conduct is one of those that is low-level crime but requires police interaction. If we can reduce those contacts and types of arrests, I think we can go a long way in reducing some force that is required and taking people into custody. A slight increase in dui arrests. We have changed the streets around a little bit, that has challenged some of the drivers. And also I have officers assigned to that area specifically regularly, there is a high amount of interest and effort my officers not assigned to the detail but work on 5th, and 6th, and so forth. The dui arrests occurring on fourth or second avenue and not specifically in the closure. Finally, in the conclusion, overall we see a 27% decrease in offenses and about a 33% reduction overall in criminal cases in this same area, compared to 2012. And similar down, substantially compared with the time period in 2011. You know, the public safety obviously is what I do, in my 24th year of service with the police bureau. This project has changed some of the way I think and look at my job in terms of not only responsible for public safety and its role in the central precinct, but also as we approach this learning from the community, learning from the businesses, and that public safety has a piece of this. There are key cornerstone component, but there is a lot more going on here besides just that. And I really appreciate the opportunity to carry this forward. I would encourage us to continue to go down this road and build on this concept and develop many of the ideas that Chad spoke of and what Mike and Sara will also address.

Hales: Look at that huge increase in the number of contacts between officers and citizens, and then this fading of mayhem, disorderly conduct and assaults as a good definition of that, that seems like the essence of community policing. We have lots of interactions between police officers and folks in the district and less crime.

Day: Right.

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Hales: Statistics tell part of the story being on the street, sensing the atmosphere and seeing the contacts in person re-enforced that.

Day: Thank you.

Fritz: To a certain extent, I think the pilot project is misnamed. Not so much the entertainment district but safety district. That's why we were doing this is to reduce the conflicts between vehicles and people in small spaces. The entertainment as such is largely still associated with alcohol consumption.

Day: Right. Thank you.

Novick: Commander.

Hales: Go ahead.

Novick: Are you at all concerned that closing it to vehicles had any effect on the dramatic increase on the number of forgeries for 2012-2013?

Day: Can't make that connection right now. We will take a look.

Sara Schooley, Portland Bureau of Transportation: I'm here to talk about pbot's role, lessons learned and what we should think about as we move forward with the pilot project. Thinking about pbot's role, pbot came into the pilot project as an operational assistant. We were here to help the police plan a traffic -- plan a street closure and also implement the parking enforcement side of things. The program has evolved since it first started. A lot because it kept getting extended and the plan that we had needed to change a little bit to account for that. So, right now, how the evolution of the plan works is that pbot is once again in charge of purely the enforcement piece but the police are actually the ones implementing the closure. It seems to be working as far as efficiency of resources. That's kind of changed and I think we will be playing around with that a little more as the pilot project takes steps. Parking signage, Chad alluded to this a little bit at the beginning of the discussion. I wanted to walk you through the evolution of the signage. When we first started, we put up some permanent signs. And just the typical signs that would be on posts that say when you can park and when you can't park. At the beginning of the project, we also used temporary parking signs to bring attention to the closures. The temporary signs, orange delineators that you might have seen out there. Poles that people would run into, pretty much, as they stepped out of their car. Another way of alerting them there is something different about the block they're parked on. A couple weeks into the closure, we took away the temporary signs and started to rely mostly on permanent signage. Let me show you a little graph to show you what happens. Here we go. What this graph shows is the type of signage that we use, and then in relation to the number of tows that happen. In the beginning, first couple of weeks, people didn't know what was going on. I think Chad alluded to. There is a little bit of confusion as to when you can and when you can't be out of that area. The first couple of weeks, you are trying to figure out how to properly communicate this. Delineators, as you can see, definitely helped more because it was just a lot of signage than signs that they weren't used to looking for. We brought the delineators back for a weekend to confirm whether or not they were useful. It sure dropped that number quite a bit as you can see from the graph. We can't continue the delineator use through pbot because we simply don't have enough delineators. As we get into construction season, we are using delineators throughout the city for other construction projects. One tactic that we have discussed since the beginning of the project that has recently come into play is working with the business district to encourage a-board signage. The county chipped in on funding. A-board signage that describes when you can and can't park. Orange triangle shows when the a-boards were used. You can see that has done a pretty effective job of keeping tows down. I still think there is some additional communication that needs to happen but it looks like we're going in the right direction. Next I want to talk about the current parking situation. Pbot was initially brought into the project because of the actual closing of the street and changing of parking regulations. We also manage one of the potential funding opportunities, which is parking. Currently there is no on-street

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parking charge after 7:00 p.m. And as such, any individual enjoying the entertainment district that parks on the street does not pay for parking. That said, there are a number of private lot around the entertainment district that are usually near capacity on Friday or Saturday night. So, people are paying for parking, but just not paying us for parking. The city of Portland owns a smart park garage, first and Davis, right outside of the entertainment district. The entertainment district, the Bay streets, smart park -- that smart park garage has about 50% occupancy on Friday and Saturday nights. Plenty of room for people. But one thing that is hindering us a little bit right now, is that the signs that are there to get you to the smart park are kind of blocked by the street closures. So, if you are going there around that time of night, you might know see those signs to get you to the right place at the right time. As the pilot project extends, we will look at creating additional and better placement of signage to community how to get to the smart park. The other use of this chart and the topic of the slide here, evening parking, revenue models. And one of the other issues of this project, or one of the points of the projects that Chad alluded to, sustainable funding of this. As we put forth this project, very much a pilot project. We were just using existing resources to get it going. But if we want this to be a sustainable project, we have to look at sustainable funding. And parking has been brought up as one of those opportunities. We wanted to give you a taste of what using funding for -- what using parking for sustainable funding would look like. So, we did a little rough estimating over at Pbot and found in this area that has the purple line on it, if we extended paid parking, \$1.60 an hour until 10:00 p.m., we would just meet the revenue that we need to continue the closure. And so that's basically to fund a contractor to close off the street. Pbot parking enforcement, police could do the police work and not have to worry about bringing flaggers or barricades in. Another part of the project that has been brought up, improving the aesthetics of the area and creating more of an entertainment district than purely a closure. If we wanted to do that, if we wanted to find additional funds for that, we would have to look beyond that 10:00 p.m. -- when we think about this, I think 10:00 p.m. is an interesting time to think about, if we are talking about increasing parking rates. Because the people that would actually be benefiting from the entertainment district probably don't show up in about 11:00 p.m. or midnight. There is this difficulty in trying to figure out when if you are going to use parking, when to use parking, and kind of to whom you use parking on with paid parking. And I just -- I know that we've talked a little bit in some staff meetings about the opportunity of potentially starting parking later in the evening. Maybe having a gap. I just want to encourage or to advise against that given the communication issues of kind of having this gap in funding and having people expect not to have to go to the parking meters and pay. I just wanted to put those options out there as we further our discussions on this. But parking is definitely a potential revenue resource, but I think we need to think a little bit deeper about how to implement it before we go forward on it. With that, I will turn it over to Mike from the office of neighborhood involvement.

Mike Boyer, Crime Prevention Coordinator, Office of Neighborhood Involvement: Thank you, Sara. My name is Mike Boyer a crime prevention program coordinator for the office of neighborhood involvement. I have served in this capacity for the past 4 1/2 years. This particular project I have been involved in definitely one of the most intriguing and challenging assignments the a lot of issues that Commander Day spoke to in regards to diversity of the neighborhood and various -- challenges we face. My piece in this project is Community aspect, outreach, collaboration with the community. Tremendous amount of support from Patrick Owen also with the office of neighborhood involvement whose put together a number of maps and slides and surveys, so I want to thank Patrick for his help and efforts throughout the project. We have been involved in this project since its inception, around late August, early September. Since then we've had an ongoing partnership with the Oldtown/Chinatown community association. We've used their forum to provide regular updates for the community and seek further input and solve problems that

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develop. In addition to the regular meetings, we have held a number of meetings with community stakeholders, both businesses, Chinese community, resident groups, property managers, anybody that has any sort of involvement or impact in that area, we made available to take considerable time to speak to them. We have received their input, note it and continue to work on those problems. In all, we have had over 60 community-related meetings since the start of this project. We also have conducted a thorough survey of the residents in the area. Locations mustoff manor, estate hotel, modern rich and outside of the area with pacific tower, old town lofts, right to dream 2 camp, and the union gospel mission. Their also located roughly in a six block closure area. The overall, the feedback I received from the communities, resident surveys was more positive than negative. Definitely a number of mixed reviews in there. And the primary concerns were coming from outside the area, impacts of displacing, some of the live ability issues. And now we're noticing outside of the street closure area. We also have partnered with the Multnomah county task force, their high-risk drinking task force, the community-based group that helped us out with the signage and also volunteered a number of man hours and coordinated with patrick, office of neighborhood involvement to get back to taking surveys, which was overwhelmingly positive. Prior to the implementation of the street closure project, I received a number of community complaints. That is one of my lines I open up when I talk to community groups. You will not find many people that like to hear concerns and complaints as a civil servant, but it allows me to effectively assess the situation in any given area and work with police and other public partners to direct resources to solve the problems. And I would say from a safety and livability standpoint, the number of concerns I have had about the street closure area, post implementation of the project have been reduced. As commander day hinted in this his comments, this project is definitely much more complicated than just the public safety aspect of it. But I do feel that continuing the experiment gives us time to continue that community dialogue and continue ways to improve it and have positive results for the neighborhood and surrounding area. Thank you for your time.

Hales: Set the stage for the testimony that we are going to get now. Any questions for the team? It is my intention with this process to not simply extend the closure, but be systematically addressing the issues that this group has highlighted here. How do we provide ongoing management? Is there going to be a nonprofit entity responsible for continuing this particular management of this particular ad hoc public space. Not a core responsibility for the police bureau although the police bureau has done a good job. Not responsibility of the pbot or neighborhood involvement to manage a public space. We know how to do that in this community, usually done by a nonprofit, pioneer courthouse square for example. It seems to me that we want a management entity to become clear and get the assignment that they have it over this next period. As sara pointed out, a number of ways in which we might begin to produce program revenue here. Among them parking. We need to pay the extraordinary cost of this set of public services. It needs to look and feel right for people who run businesses here and come to this part of the city to enjoy the night life. We have used roadway closure equipment as a way to close the street. But that is not the only way to close the street. It is my hope and expectation if we approve this ordinance, it is not just six months and we hope it works out. It is six months of methodical effort working with a bunch of stakeholders to make each of these specific items real in terms of the strategy.

Fish: Can I ask commander day a question? One thing my staff highlighted for me is a concern that we have gotten from at least one constituent about the barricades and the perception of the barricades. And we pulled a -- the original, I guess, ordinance which talks about finding innovative ways to improve the aesthetic experience of the street closure it self-. Any thought?

Day: Since we have taken over, we have changed the barricades and received positive feedback from that. We're using at the moment, standard gates that we use for events like marathons and things like that. And we're strategizing, you know, instead of having -- right now it is a fencing system that says street closed. Lower, less offensive, not the big, bright orange ones. One thing we

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are strategizing about, instead of a sign saying street closed, maybe putting a sign on there that says what it is, pedestrian only zone or something like that. So there is not a sense that this is closed, it is open, but just closed to cars. We have received positive feedback. We made that change a few weeks ago and have heard good comments but we are beginning to move in that direction.

Hales: Other questions from the team? Thank you all very much. I think we have a number of people signed up to testify.

Moore-Love: Nine people signed up. The first three please come on up.

Hales: Welcome.

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

Hales: Go ahead. You're on.

Helen Ying: Wow, okay. I'm Helen Ying, and I'm here today to get out the issue of street closure in Chinatown. I see this matter as a way for city to respond in addressing the matter of public safety. And however, I also see it as an opportunity for intentional design. So, I have brought with me today this Oldtown/Chinatown vision plan. I think there is a -- I think there is a copy there. Something that the city council adopted years ago. I am quoting from language from here in regards to this night life district. So, in the plan that was created some time ago, Oldtown/Chinatown night life district bright, clean, and pedestrian friendly area, which is visibly identified to visitors as Portland's premier entertainment nightlife destination. And that would be so cool if we could do that. And we also know that Oldtown/Chinatown, oldest neighborhood and one of the most diverse, and I think Chad had described the historical aspect of this. The diverse aspect of Oldtown/Chinatown can serve as a magnet for cultural tourism. If we do things right, Oldtown/Chinatown can be a jewel that would shine for our city and could attract visitors and neighbors and really make it vibrant place. So, today, I'm coming before you to speak to you with several hats on. One a member and vice chair of the Oldtown/Chinatown community association. And advocate that the city would support expending the street closure and to collect data, ideas to solve a bigger problem. And that is improving the safety and public perception and norm of the area. We know that public safety is not just on the weekend between 10:00 to 3:00 in the morning. But really is a 24/7 issue. We need to activate the streets to make people feel safe. Speaking to business owners in the area, and people who have -- own properties in the area, and there is -- they're telling me that businesses are not able to survive right now because of the perceived lack of public safety. And so, what I'm hoping to do is that we would not only look at the closure as being the answer, only a slice of the bigger picture. So, I encourage us to look at how do we use this as a jumping off point to promote the safety in the area, as well as to promote a concentrated education enforcement for reducing over-service of drinking and -- I know my time is up. I just want to -- encourage to think of the bigger sphere.

Hales: Thank you. Thank you very much. Please.

Dan Lenzen: Hi, I'm Dan Lenzen, principal with the Concept Entertainment Group and foreside development. And just allow me to read our prepared notes to this. And we've also sent that to you via email. We appreciate the opportunity to write this letter to address our opinion, provide a statement and offer recommendations regarding the city of Portland street closure pilot project. Our companies own and operate nearly 90,000 square feet of business, represent 25 ten tenants in the old town area. Employ 400 employees, majority in the Oldtown area. During the last three decades, we have clearly proven that we are a stakeholder, significant employment and tax revenue to the city. I'm one of the authors of the original visions plan in '97. As you are aware, since December, 2012, city of Portland's police department has administered the pilot project street closure Friday and Saturday's. Stated objectives of the street closure project as we understand it as -- lower calls to police, mitigate noise issues, reduce overcrowding on sidewalks, intercept -- reduce the number of pedestrians involved in auto accidents and reduce cruising. We acknowledge there has been a lowering of police related issues. Notably expected -- our

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companies offered insights and opinions to the projects successes and opportunities. Meetings repeated comments of agency representatives stated they're not committed to the project in its current form. It is our opinion that although crime statistics show decreases in all categories in the test area and neighbors report that the area is somewhat quieter, the other portion of the equation business now showing a marked decrease. With this being said, the street closure portion of the pilot project is not the fix of the problem. Through the use of our tools, other tools already in place, we believe it is not too late to stop the decline of business and taxable revenue to the city. Unregulated cabs can have certifications checks, noise issues from bars and tourism can be regulated through the noise enforcement. It's clear that most pedestrians in the car free zone are staying on the sidewalks. Overcrowding can be minimized by removing parking in this area. Install stop signs, lights, mark crosswalks in all directions at nw 3rd and couch and nw 3rd and davis. This action has proven success during the st. Patrick's festival intersection at 2nd and ankeny. Remove parking on the sidewalks pilot project area to allow for pedestrian sidewalk overthrow. Make three lanes on nw 3rd to two lanes and allow automobiles back into third. My last point to this, for many individuals perception seems reality, barricades create the perception of a war zone, consequently any area with barricades has the look and feel of an embattled area where only hardy souls choose to venture. We cannot allow this to happen to businesses that are still reeling from a down economy. Please choose to enact our recommendations and do not extend the street closure pilot project.

Hales: Thank you, dan.

Lenzen: Thank you.

Howard Weiner: my name is howard weiner, I'm the chair of the oldtown Chinatown community association and a business owner in old town since 1984. I want to talk really with two hats, but I will talk for a moment as chair of the community association and former chair of the public safety and livability group. Commander day to come us with the group, mike boyer and patrick in october. And we held three meetings, public meetings, over 100 some odd folks before this pilot project came into effect. During that time, many changes already that they had made. And I just want to thank the commander for that. After that time, we had a new mayor. And i'm so thankful, mayor hales, that you have taken the time and energy to come down along with commissioner Fritz at a time when I'm asleep -- and saw for yourself what is going on. The issue that really is before us, is partly public safety. A large part of that. But it is also a conflict that has been brewing for many, many years between day life and night life. Acknowledged in the visions plan. Acknowledged many times. You will hear testimony today. There is no consensus on the correct path. There is -- in my opinion. There is consensus that this is an issue that needs to be addressed. If we are not going to try this, then what are we going to try? Where are we going to go? I hope that this council today, that you will move forward with what you believe is best in this community. With that said, I will change hats for the last minute. Business owner, since 1984, we only had two, three bars in old town, china town when I moved down. We had jazz de opus, key largo, I was still young, and we all went out at night. There were hundreds of us, not thousands. The success we have had with the night life district has brought the conflicts to bear. This is an opportunity, and the mayor through the last two public town hall meetings, really listened very carefully and people spoke up. And so we need to move forward. And not everyone is going to be happy with whatever the recommendations are. But we can't turn back now. This is -- this is the way it is. And the bars are not going away. 14 or 16 of them and we need to manage this in a way that it suits the entire community. Thank you.

Fish: I have one question, if I could. Dan --

Lenzen: Dan.

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Fish: Dan. We have your testimony in our packets, and two questions. Could you just remind me what are the businesses that you operate? And then second, will you say that our businesses are showing a marked decrease? Tell us how you quantify that and what is the decrease?

Lenzen: Yearly sales and they do show a decrease in this quarter, over previous year. Which had also been down as well. So, this dixie tavern, northwest third and couch. We own the building there as well. We have a building out of the district, northwest 6th and gleason. Another one southwest second and pine. We have a business second and pine and business on second and akeny.

Fish: Are you seeing a decline in business in all of those?

Lenzen: Not out of the district. We have actually seen an increase.

Fish: And within the district, you are seeing a year-over-year decline in the sale of?

Lenzen: Overall sales.

Fish: Food and alcohol?

Lenzen: Yes. We have an increased food program at this location as well. Logic would lead you to believe if you have better food you would have better sales on food and beverage.

Hales: Thank you. Karla.

Steve Bloch: Hi, i'm steve bloch, I've been in oldtown for 30 years. I have a 20,000 square foot building serving 12 creative tenants, commercial creative. I want to be witness of what I saw at the may 7th meeting, and make one premise, which is that the rights of existing tenants -- I prefer the rights of existing tenants rather than people that come to the neighborhood, to what I see come to get messed up. And so, what I saw at the may 7th meeting, a series of people saying some quietly and some loudly, they didn't like the idea. Affected them, their livability. Towers, 100 by 100 and I think 13 stories. Five, seven parking spots right outside of the perimeter. Parking is a real issue for these people. 13 stories, essentially no parking. You talk about charging them for after hours. A person, emotional, saying he is trying to recover from substance abuse and he looks out his window and sees people, what he perceives as bad elements, hurting his recovery. I think there are probably hundreds in his situation like that. I think there are much brighter elements. Personal statement, much brighter elements in the neighborhood than people that cater to people getting messed up. And university of Oregon, you know, the school, the oriental school of medicine, you know, all of the other healthier businesses that are daytime -- not waste lands, daytime, open a few days a week in the evening. I think the health of the neighborhood is supported by residences and encourage residences and business' that are open in the daytime. Thank you.

Fritz: Your recommendation would be to stop the pilot program?

Bloch: I mean, everyone -- all of my tenants don't like the idea. The neighbors have I spoken to on the street don't like the idea. I don't know where -- 100% of the people I have talked to do not like the idea of closing the streets down and how it has affected -- they don't like that idea. They like the idea, but what they consider more substantial businesses and a healthier neighborhood by having daytime activities. They like the idea of a creative -- the neighborhood being the creative center, not the entertainment center. Entertainment to me is a bit of euphuism it's the get messed up center. Test your limits, that's what I see.

Hales: For the council, the decision to extend the street closure is not in my opinion, and I suspect it is universal here, not the only strategy we're interesting in considering for purposes of making this a vital district. But at least from what i've learned, it appears to be pretty clear that the district was louder and more dangerous when the street was open.

Bloch: That's contrary to the testimony I heard on the 7th. One fellow on the scooter says he can't sleep at night because of the increased noise.

Hales: I'm not saying it is quiet.

Bloch: Decibels that he was recording.

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Hales: I remember that. That was stunning to here the decibel numbers. Obviously not quiet enough --

Bloch: He came up to testify.

Hales: He was pretty persuasive. Thank you.

Bloch: Thank you.

Gloria Lee: Good afternoon, thank you mayor and commissioners. It has been a long time since i've been up here. My name is gloria lee. I'm here as a private citizen and the former executive director of the lan su garden. When the garden opened in 2000, we had great hopes of using that as a foundational corner stone for revitalizing the historic oldtown/chinatown. Since then, its been 12, 13 years, the district has seen some phenomenal success, as others will testify later, and some critical setbacks. My concern is that this street closure will be a setback to businesses wishing to relocate into oldtown/chinatown, or possibly move in from another area of our country. We are fighting now to retain the small businesses that are there. While we're also trying to maintain public safety. There is a lot of issues, and over the years, what I have observed, if you have a small business in our community of oldtown/chinatown, you're probably a hands on operator. Your opportunity to participate in public venues, such as this, is very challenging and very difficult. That doesn't mean that the opinions of owners don't count. I would like to say what I heard on the, I believe may 7th, there were some small business owners there that had said their business is down. Even some owners that operate alcohol establishments that have been there for a long time have said their business is down. Whether that can be attributed to the street closure is questionable. But I would say yes. I think it is very commendable to the task force and commander day that we explore the larger issue of forming a nonprofit, so that we can program the streets so somehow the cultural identity of old town, chinatown continues to exist. We are on the cusps of losing all of that through the years. I have watched business after business exit, and the hope has always been that the chinese will return to chinatown. I don't thing that is going to happen. What we can do is maintain the cultural identity of the district that has contributed through portland's history. There are several chinese community leaders working towards this goal and hoping to work on the nonprofit idea, this model. However, it is a matter of time and resources and tools. This is of essence. If this ordinance is passed, then it becomes a huge priority for the ideas to become actionable and fundable. So, I would ask two things that council set aside time certain dates to revisit this ordinance, because we know how agendas fill up and I am very concerned that once this passes, if this should pass, that we have a time and date that we revisit this before october 27th. I would ask that the city assist with the tools and resources to pave the way for a nonprofit to form as we know we're in a community that lacks disposable income, that has many, many other critical issues, which makes it very difficult to form a nonprofit organization. Those signs could come from specific period of time designated from the naito and davis garage, for instance, or a budgetary commitment, considered seed money to start up this nonprofit, which would have the priority of mitigating some of the bar night life entertainment with cultural entertainment and activities for the street. Thank you.

Jackie Peterson: I'm Jackie peterson. Thank you commissioners and mayor hales for the opportunity to speak. I'm the founder of the oldtown history project. I've been active in old town since the mid 90s. Howard you forgot satyricon. When the vision plan was first considered and passed we had a very different night life scene in the neighborhood and it has changed considerably in the last several years. I want to thank commissioner fritz for trying to draw the distinction between a safety zone and an entertainment district. This is starting to feel like a self fulfilling prophecy. Its starting to feel like urban planning. This is really my major concern here as somebody who has been involved and Gloria has too in public -- around the 2035 plan that just last night or the night before last there was an opportunity for the members of that committee and the public to talk about a variety of scenarios for revitalizing this neighborhood which is arguably the most complex

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in the city and yet potentially one of the most important and compelling places to live. At the very moment that were being flooded with 18 to 25 year olds, were considering workforce and market housing. The very club that started this flow across burnside, the barracuda, is in the very building where were going to be seeing innovative housing a large number of new workforce housing units built in the next year. So that it isn't just the people living in subsidized housing that were trying to repopulate this neighborhood. It is a concern about how to balance daytime and night time activities. What I would like to urge the council to consider is that this isn't yet an entertainment district wholesale. This is not the substance of this neighborhood, god forbid, we have the university of Oregon, we have --, we have the classical Chinese garden, we have mass transit, we have vital new restaurants and businesses on 6th and couch and 5th. That, that this hopefully is something that we can contain with less of a hammer, maybe than a sixth-month extension and carrying this to everett. The question of parking between 7:00 and 10:00 would destroy the remaining chinese restaurants, dim sum ended in the neighborhood because of the introduction of, of paid parking on the streets. So, I mean, these are things that are being fed by the desire to create this envelope of public safety, but it's flowing over into a lot of other areas that will have a tremendously long ramification for the neighborhood. And I trust your judgment. I do. And, and I am hoping that, that you will be prudent and think not so large but a bit smaller in terms of how big of hammer to apply to the remedy for this problem. Thank you.

Hales: Thank you. Thank you all.

Martin Soloway: hi, I'm martin soloway. I'm the director of housing at central city concern. I'm on the board of the oldtown china town community association. I want to thank you very much for considering this, and I want to really appreciate the leadership of, of mayor hales and, and the time you have given, and coming to the two meetings and having done the homework and coming to the next meeting with proposals. It was a few years ago that the district, the night life district was, the whole business was at risk, bullets were flying, and people were dying, and there was crime, there was shooting innocent people were getting struck by bullets, the district has come long way, and the closure an effort to manage the problem. The closure is the solution, it is not the problem, itself. And, and it is a police action, it is run by the police, and I think what we need is to move it away from police action, and move it into a community, a well manage operation that thinks about the whole district. One thing that I remind myself is that every friday night, the reveling goes on but inevitably the sun rises and the neighborhood transforms into saturday market. And a few weeks from now, the sun will set on the thursday after a day of business, and will transform into the first thursday art walk. It's a wonderful neighborhood, that transforms regularly into multiple identities. I don't recognize when I come in on a saturday night, what I work all day long, so, I really appreciate the, the experiment of the closure, I think that our residents, at the estate hotel reported that they do feel safer, and there is really only a small request I make in that, you know, that perhaps, the core, the most innovative part of the resolution, is the proposal of the establishing of a nonprofit organization. The little suggestions of this may include but not limited to. I request we add one more section, which is that the district also, the closures contemplate the impacts on livability of the residents. The innovative housing has told me they have lost tenants from the modern rich area because of noise. Our residents at the estate have no choice, they have to live there. They are grateful at the opportunity but their lives were miserable for years because of the impact of the district. The we need to remember that just ten feet above our heads in the middle of that exciting reveling, there are people trying to sleep. Who have to go to work in the morning. And we have gotten up, a commitment from, the, the noise enforcement officer to work with us, but, my request is that, is that we institutionalize that in the resolution.

Hales: Thank you.

Anne Naito Campbell: Hi. I am anne naito campbell. Thank you, martin. A native Portlander, born and raised in this great city. And I am a third generation japanese american. My grandfather,

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heday naito emigrated to america from a small farming village outside of kobe japan, 100 years ago. We are celebrating this may, it is asian american heritage month. And, and it's -- it's a great thing. That I can say, that I am an asian american. And I am also one of the owners of the bill naito company. And, named in, in my late father's honor, and we currently own and manage over 1 million square feet commercial property in Portland. And including montgomery park, albers mill, five properties in the historic waterfront district and the galleria. My company is investing in historically renovating the galleria and seismically improving it. I would like to invite you to the grand opening of the city target store on july 28th. I hope you will join us. And this will bring back a department store to the building after 100 years, after it was built for olds wortman and king and target will have groceries and a pharmacy, which are deeply needed in downtown Portland. We have also, i'm going to try to do this, I won't be able to get through in three minutes. We have also invested heavily in the revitalization of the historic waterfront district, helping to bring the university of Oregon to the white stag block, mercy corps world headquarters to the skidmore fountain building, Portland saturday market to waterfront and building the bill naito legacy fountain that really celebrates our 18 different, different heritage communities that started Portland, Oregon. The Oregon college of oriental medicine has just opened, and, in my family's former import plaza building and now calls the historic waterfront district home. And along with northwest natural, northwest evaluation association, and northwest health foundation, and the gevurtz menashe law firm and the lan su chinese garden. Get to the meat of this. Before you vote on extending the street closure ordinance, I want you to question that the majority of the community supports the closure as it is. Businesses are reporting losses 10, 15, to 30% reduction in business, since the temporary street closure has come into effect last december. I want to encourage you to consider a shorter period of time for the extension, so that we can return to council within two months with modifications that will encourage commerce and vitality, and support the small unique restaurants and businesses that have been adversely impacted by the street closure. The loss of 65 free parking spaces and the flow of traffic has negatively affected much more than just the bars on 3rd avenue. People are reporting negatively on the impacts of 4th, 5th, and 6th avenues, our tenants and our properties on 1st, 2nd and 3rd have reported negatively to the street closure because of the loss of parking. And it's not an issue. It's, it's the whole program, I think, it needs to be modified. And I am a board member of the lines for life and have devoted my life to supporting programs that reduce the impacts of alcohol and drug addiction in our community. I support what the police actions have done to mitigate the late night drinking and the entertainment district. But the city has not been listening to the community if it, indeed, states that a majority of the community supports continuing the street closure as it is. I would like to be able to work with the community, pba, and office of neighborhood involvement, Multnomah county, and the police, tenants and businesses in the next 60 days to craft a positive and less punitive action on the historic waterfront district. Thank you.

Fish: Can I follow up with one question, mayor, anne you read off a very impressive list of things that you have done in the community to enhance it, and so, my experience with you is you are pitching solutions. The fountain, the recent proposal that you have floated of how we can change some of the behavior around the japanese, american historical plaza, and just, just -- two of many examples. So, I appreciate that you have some thoughts about how to modify this, and do it slightly different. Could you give us your just initial thoughts to the idea of some nonprofit entity, perhaps, a business improvement district, perhaps a local, an ldc or lid something to be formed to be an adjunct to the work, and I am reminded in a lot of the cities that we visit, when we travel, the entertainment areas are places that have this kind of mix use, very active at night, do have discreet entities that manage it. New york city is the most conspicuous example in times square outside of macy's and down at union square, where there is an entity, and it has, has some, local control, and it has people on the street, and it has programs, so, do you have a thought about that as a companion piece?

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Naito Campbell: I think it's already happening. I think that the newly formed community association, which is what, 30 days in inception, that that is the nonprofit organization that we're setting in place. We have all the players at the table. We need to bring in more. We need the help of the Portland business alliance, the city of Portland, and whether it's oni or whatever, but we really literally just formed this new organization. So, it's there, I think you are really talking about, funding sources. And gloria, I think it was gloria had brought up the idea possibly taking some of the revenue from the old town garage, that could help fund a marketing campaign and, I know, I have worked, our people have worked with, mayor adams on the, the Portland business alliance, travel Portland on the pioneer retail core. And that's been successful, and that's how we got target. So, I am really looking forward to really working with the community association to build the, a newly revitalized pulling in all these wonderful parts, you know. We are the city historic waterfront district. And we need to really revel in it so we are doing it, so when you ask, I don't think that we have to go back and recreate the community association because, because that is what we have.

Fish: Let me just maybe be more transparent. The reason some cities have gone to bid or an ldc model or something like that is it gives the organization dedicated funding to do the work, dedicated funding to address an array of services including enhanced services above a city baseline, and I applaud the community effort but as you noted, I mean, whether it's surcharge on parking, at a place, and investing or, or some piece travel Portland, or some, some model off of what, what pba or clean and safe has done, it's the organization, locally administered with the funding source that augments services and is able to address these things, and we cannot expect just a group of volunteers to do this without some support, and typically, some dedicated financial support, that's the only thing that I was raising.

Naito Campbell: That's correct, but, you have to also realize, that our property values in this neighborhood are compromised from the rest of the city. And we already pay the Portland downtown services, inc. a big fee. So, we are already in, you know, paying our dues, so to speak.

Fish: I was not pitching a particular idea.

Naito Campbell: Ok.

Fish: I will leave it to others to tell how -- I was just, -- identifying options and, and broadening the discussion of what a nonprofit or, or some entity could do and believe me, i'm not pitching. I'm not selling. I'm just trying to understand whether that's on the radar and, and what that vision might look like. I thank you.

Fritz: It's fortunate timing and I appreciate you raising that issue because we don't vote on the city budget until next week, and it may be that there should be some seed money up front before we figure out how ongoing it will be funded. And i'm -- I have not been connected since december since I have not been in charge of oni, so has there been a community stakeholder group that's been tasked with putting together -- is there a group that is already doing or has done what you are suggesting would happen over the next two months in terms of the scoping solutions?

Naito Campbell: Yes. I would -- martin is on the board of the community association, like I said, we literally have just reformed the business association, and the neighborhood association into the community association.

Fritz: But that hasn't, so far, been, been tasked with figuring out the solution to this problem. Its just formed.

Soloway: It is an important priority, about we have not taken action.

Fritz: I've been very impressed with the mayor's office outreach effort and including having a meeting with some 30 people at midnight, and in old town, which was, set a new high for community involvement. However, not everybody can show up to midnight meeting nor everybody show up to a 2:00 in the afternoon on wednesday meeting. I really appreciate everybody being here so i'm wondering, has there been a balanced stakeholder committee so far that's been looking, puzzling through these issues or is that something that needs to be formed?

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Naito Campbell: I am talking to, -- I would -- we've been in discussions. So, if we had the 60 days or 45 to 60 days, if we had like the request of have time certain date when we would come back, I think that would inspire us all to work really hard, especially with the first to fifth or 6th avenue stakeholders, and the business owners to find solutions. I don't believe that taking away the 65 free parking spaces is helping the businesses around there. We have heard and, and I think that the city has all those surveys. But, over and over again, everybody is saying, you know, they are complaining about parking. We have two issues in the neighborhood, one is the homeless population, and the other one is parking.

Fritz: So before we vote on this next week, we could flush out a little more, some of the directives, particularly see regarding how the mayor's office will be working with the office of neighborhood involvement and others, what that might look like, so that there is more, more clearly identified who is going to be participating and what the role of the newly formed community association might be.

Naito Campbell: I would be happy to work on that with my friends. And get back to you before you vote next week.

Fritz: That's what I am saying. I would feel more comfortable supporting this if I have more understanding from the mayor's office and from the offers of neighborhood involvement about what that process looks like.

Naito Campbell: Ok.

Fritz: Thank you.

Stephen Ying: My turn, good afternoon mayor and commissioners, I want to first, I want to say, thank you to the mayor to come down to the oldtown/chinatown three times for the outreach meeting with the committee member. And also, the night-time you come down twice, you know, I was with you one time. I never go to chinatown, that late at night for like, especially, bar hopping, and I have not for 20 some years, so it was a new to me again. I would also like to thank you, commissioner Fritz. I get to see you after 12:00, so, to see how you look like at night. [laughter]

Ying: Which is the same.

Fritz: Nobody recognized me because I was in jeans. It was fun.

Ying: So, that's, why I would like to appreciate, and I want to say the [inaudible] is there so we need to control it so it would it will be more safe and have fun for the younger folks, so I support the street closure, if, the closure time extended shortened from 11 to 3:00, because, because by 10:00, some of the chinese restaurants are still open, and they are hurting the business with the street closure, so they close at 10:00, but the customer, don't leave at 10:00, so, that's the area that they close the street, where they park. So, I have complained from the other restaurant owners, that, that their car got towed away, their customers car. They would not come there again, so I wish the later time, 11:00 to 3:00, because people don't get drunk by 11:00. They get drunk after 12:00. So, I think it should be a consideration for the next holding. And also, I like the idea with the management. Because seeing now, after 3:00, the street is for [inaudible], and garbage everywhere. There is no one to clean it up, so I want to get some funding and have management to clean up the street afterwards. Thank you.

Hales: Thank you. Very good. Thanks.

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

Hales: Anyone else planning to testify? So I would like to make some, revisions to the ordinance and bring it back, perhaps as a substitute, a couple of technical changes but I capture one thing here in terms of the item under c, something to the effect of, implementing noise reduction strategies and other measures to improve neighborhood livability. In other words, a specific agenda item for this effort ought to include that. And, I took to heart the point about the clarity about when we come back to council, and I think that we ought to put that in the ordinance, as well, perhaps come back to council on october 3rd. Three weeks before the end of this pilot project, if we stick with the six months. And let me speak about that a bit. Did anne leave? Is anne still here? Anne, i'll talk more

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with her about it but, actually, I think one of the things that the last 60 days have taught me, granted there are a few other things going on at the same time, 60 days is not very long, in a six-month extension to me seems more measured by far than, and less hurried than a 60-day extension. That said, it's not in my expectation that every detail of the management of the district has to come back to the city council. That's the whole point trying to create some kind, of management entity that has involvement from the community that can make decisions. And granted, some of those decisions might need bureau approval or council approval. But, these kinds of fine grain efforts that managing the public space, can't get done just with ordinances. There has to be a management entity that has people in the neighborhood that know what's going on. And, so, I want to respond specifically to that, and it's my hope that we'll have a measure of authority in whatever entity is doing this management, that things like hours not requiring council approval. But, hopefully, can reach some agreement among stakeholders. And to the concern about the businesses involved, I take that very seriously. Part of the goal, part my goal for this district prosperity of the restaurants and bars in the district. This is not about suppression of our night life district. It's about realizing it as a safe and successful part of the city. And my experience has taught me that, that public spaces full people can be very prosperous. And one of my favorite places to visit in this country other than here in Portland, in terms of the entertainment district is Lincoln Road and Miami Beach, which is a permanently closed street that is full of far more people than could ever park there. My favorite story about the tradeoff between parking and prosperity is from my friend, Michael Powell, who is like most business people, very good at running a business. And his business was under-parked. I think there might have been 50 parking spaces in that garage that they grafted onto the back of the bookstore on the upper floors another old building. And when the streetcar was proposed, he was very concerned about the arrival of the streetcar project, and volunteered to get involved because he was potentially going to lose four onstreet parking spaces near his business. Parking was precious. Ultimately change his mind, went door-to-door with local improvement districts, petitions to hundreds of his fellow property owners, in order to form the bid to build streetcar, and has been a board member for life on the Portland streetcar board. And as put to me, I came to understand that cars don't buy books. And neither do cars patronize restaurants and bars. So, if we can make this successful from a transportation standpoint, we can get a lot more people than could ever park in 65 parking spaces to this district. Michael learned that, and I think it's true. It's management. It's how we do it. Can we get the front and the Naito and Davis parking garage better utilized? It would produce revenue and get more people to the district. They would also have to walk a couple of blocks after leaving a bar and might be given the opportunity to get in the cab instead of their own motor vehicle if they should not get back in that car. So, I think that there are lots of ways in which multiple objectives can be met if we do this right. But, neither do I think that the answers will all be found here. They will be found among the people that know the district and are working together in this cooperative spirit that we hear here today with some disagreement and, managing the thing to the success those multiple objectives. I think that that's a doable vision in this case, and I am also, although I am interested in shifting the management to a local entity, I am fully expecting that I and other members of the council will continue to be very involved in this, because it is a complex neighborhood, and does require the active involvement of multiple city bureaus, in order to make this work.

Fish: Mayor, three comments, and I know that, that this is long day of council. But, I really appreciate the depth of your engagement around this issue and the thoughtfulness of this discussion. I want to ponder some of the testimony that we have had today about a shorter window and a chance to come back to council. Because I'm not sure that a shorter window precludes a six month test but I'm also hearing people want a safety valve earlier and a chance to, to, and frankly, once the budget behind us we are going to, and your workload is reduce we'll have more time so breathe so I want to throw that out as an option. Number one, and number two, have you spent a lot of time in that area

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after hours, there is another piece that gets displaced that I want us to think about, and that's the north park blocks. And frankly, if we are going to look holistically at this, it's been on my wish list for a while that we organize a friends of the north park blocks and think about how the park connects to a cultural district, and to this district, and there is a ton of people who go into the park at night and, are displays, a lot of activity goes on, and we have got more rangers now patrolling, but, let's look holistically, and I think the park, needs a fresh look, and probably an update. And that may be in the future so I want to add that to the conversation. And finally, I just want to make an observation about noise. The other night, my family and I went out to dinner in the central east side, and there is a lot of bars and restaurants up and down, and frankly, you can get as noisy as you want and what you are going to bother is a few entrepreneurs. Some people walking through, but there is very little residential. At least legal residential. And that's not atypical of urban areas where you have restaurants and bars. Where there is not that same impact. But the comment from the gentleman from central city concerned, who drew a distinction between the folks at innovative housing is trying to house, and two of their developments the city funded through a nova process so that mixed housing concept is being actively promoted by the city, and through a competitive process. And his comment about people living there, not by choice, but because that's the available bed and out of the necessity, I think that it's something that I want to come back to later on in our discussion because when someone is, when the only available bed is in a nonprofit housing run by a blue chip operator, in the middle of walk-off these districts but one of the prices of, living there is a couple of nights of out of the week they cannot go to bed. I have a problem with that. And if the conduct was happening six blocks to the west we would hear from a lot of, an entirely different community saying that that's unacceptable and we do hear from them and remind them that they moved into the pearl knowing it was mixed use area so there is more noise but that troubles me, and we do have a, we're changing the mix of people who live there. There is market conditions going on, and investments and other things but, it's still -- it is still home to a lot of people who have no other choice, and frankly, I sometimes think that the folks partying there are being disrespectful to people who call that place home, and I want to come back to that point. With you as we go forward. **Hales:** Comments? What we might do is, is continue this hearing for week, enabling us to bring back a substitute version of the ordinance. That fits the council's hopes and expectations? So thank you all and we'll continue this and bring back a revised version of the ordinance a week from today. [gavel pounded]

Hales: Let's take a break and the last item, thank you all very much.

At 4:01 p.m., Council recessed.

At 4:05 p.m., Council reconvened.

Hales: Resume our meeting, and we take up the final two items, 475 and 476.

Item 475 & 476.

Hales: Thank you for being here. At last.

Christine Leon, Development and Street Systems Management Manager, Bureau of

Transportation: So, good afternoon. And I am christine leon, and I am the development and street systems management manager for the Portland bureau of transportation. And so, we have two agenda items up today, [inaudible] is on her, but the first one is our general fee ordinance and we don't have any significant changes from our fees from this current year. But, we do have exhibits a, b, c, and d. As attachments for our fees. And p-bot is anticipating the revenues will increase by 100,000, and from the current year, and based on the fee changes in the ordinance, we have gotten that included in our budget. And so, after that, then we have the public works permitting fees updates. Lana Danaher is my counterpart in the bureau environmental services, and she's a partner in the public works permitting, so I am going to invite christopher wier up, and christopher is our

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public works permitting engineering manager, and, and we're going to present to you some, some special fees for the public works permits. So, the public works permits are permits that we issue to developers or their contractors or architect or engineers for doing improvements, or to residents who are not required to do street improvements but desire to do them under a public works permit. And, and we have some updates to the fee methodologies and new categories. It may appear complex, but we've been working on honing in on some categories and trying to come up with a very efficient and effective methodology for the past 3.5 years, and so, just a bit history. Prior to 2009 when we did the, the consolidation co-location ordinance, and public works permitting, public works permits were, basically, based on an hourly charge, we were not doing any upfront estimating, there was no, no set time frame built into the estimates. We expected 100% engineering plans to be submitted but typically they were not submitted without scoping issues, there was encroachment issues, and there was unresolved conflicts, and there was no established coordinated process for appeals or disputes. Our program has all those items address, and so, i'm proud to say that we are continuing to strive for predictability, time savings, responsiveness, and early engagement and continual improvement, and a route for disagreements and appeals, and chris will go through quickly because I know it's a long day, the three rate methodologies that we have, we're going to have a base fee plus as a structured fee, a set fee, and an, in few cases an hourly fee. So --

Fritz: If I could interject I have to leave at 4:45. So, and I don't have any questions, I looked through your rate methodology and, I feel I understand it. So, you can make a 30-second presentation that would be helpful. Unless the other commissioners --

Hales: I have seen it, so.

Christopher Wier: So i'll take any questions, if you have any questions.

Hales: I think you have done a good job, so no, I don't think that there are any, anybody have any questions?

Novick: No.

Hales: And is there anyone signed up on these?

Moore-Love: No one signed up.

Hales: Ok.

Fritz: I appreciate your patience and you were willing to give us a nice presentation.

Hales: Not only is no news good news but good news is no news so that's why there is no one here to testify. Made a lot of people happy with the changes so good. Thank you both and we'll just move both these to second read.

Fritz: I want to say thank you for your diligent work and I am very excited about how this project continues to work out well because of the good work.

Hales: It is, it's really is. And thank you very much. Appreciate it. Ok, they both move to second reading and we'll take up the remaining two afternoon items.

Moore-Love: The 3:30 time certain?

Hales: Yes, please.

Item 432.

Hales: Good afternoon.

*******:** Good afternoon.

Abby Coppock, Communications Team, Office of Management and Finance: I am abby Coppock. And I work on the communications team for office of management and finance. And provide staff support for the technology oversight committee. And I am joined today by one of the citizen members, colleen gadbois, and the other citizen members could not be here today. Doretta Schrock, Will pinfeld, joshua Mitchell and ken newbauer. I am going to provide few of the committee's administrative updates, and I will turn it over to ben berry, the chief technology officer, who will provide an update on the individual projects. As a brief background the toc, technology oversight committee was established by city council and in the spring of 2011, it's a independent

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five member committee that reviews selected city of Portland technology projects, and the projects may be selected based upon the size of the project budget, the potential risks and impact to the city operations or community interests. And there is a formal intake assessment, that both the bureau directors and the chief technology independently complete, that determines whether the project is overseen by the toc, and the chief administrative officer, jack graham, is the final arbitrator if needed. This quarterly report that we're reviewing today covers committee activity from january to april, 2013. And one exciting change was that we added two members. Colleen gadbois who is with us today, and is a regional manager at providence health and services, and is commissioner Saltzman's new representative. And colleen replaces ben berry, who became the cto in january. And joshua mitchell, who is unable to be here today, is the web and enterprise applications manager at Multnomah county. And he's commissioner novick's new representative. And josh replaces dave lister, who resigned as commissioner leonard's representative earlier this fall. Both these members jumped in and are excited with their expertise and knowledge that they bring to the committee. And you will remember that quality assurance by external qa contractors is a required component of all projects overseen by the toc. And the bureau technology services established a pool of flexible service contracts with qa firms to expedite the contracting process for bureaus. And we've been working with them for a year now, and the toc held a meeting in february with the qa contractors to see how the process was going and whether there were any elements that could be improved. The qa consultants did offer some feedback on the monthly reporting templates, and will be implementing those suggestions in the next few months. Regarding the project management updates, the toc continues to look at methods for identifying problems early and raising the flag when needed. The toc's charge, as an advisory body is to focus on whether projects are completed on-time within budget and within the project scope. And we have designed a new dashboard that will be completed for each project to provide a visual representation showing changes to timeline, budget or scope, and we have couple of those copies in front of, and that we'll be reviewing later. The dashboard includes a confidence level for each field and in response to the city council discussion at our last quarterly report. And the bureau staff has the information and the qa and the toc members make their own evaluation for each of those fields. These will be completed monthly as part of the toc notes posted online as well as the quarterly reports. And a couple of the small updates from the quarter, they heard their first 90-day post implementation report from the storage area network, which you will hear about later today the report is intended to capture best practices and lessons learned after a project has been completed. And the toc also agreed all projects need to complete a final bureau update after a project is complete to officially close the project from the toc portfolio. This quarter there was one city project that completed intake documents for the toc, and it was determined not to be fit for toc oversight, and that was the arts implementation, the arts tax implementation sponsored by the revenue bureau, and it was decided that there was not enough time for meaningful toc input but the revenue bureau did come and present an oversight at a toc meeting. And in terms of milestones for next quarter the toc meeting held for may, the chief procurement officer talked at length with the members about the city's contracting process. So the toc will be writing up their recommendations in the coming weeks so you can be expecting some more information on that. And before we move onto the project updates, did you have any questions about the administrative updates I just covered? Great. I would like to hand it over to the chief technology officer ben berry who will be representing the updates.

Ben Berry, Chief Technology Officer, Bureau of Technology Services: Thank you, abby. Mayor and commissioners, I am ben berry, the chief technology officer. And I will cover four projects, and because of the consideration time I will hit the highlights, so you can get into the charts. I think there is more detailed information to discuss about the charts. I will cover the itap project with the business development services, and the monthly billing statements, with water, bureau and revenue, and I will cover the affordable housing software, phb housing, and the

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enterprise network technology refresh with bts. And in terms of the itap project the information technologies enhancement project, the goal is paperless permit and case management to allow online access to permitting in case review services that the development bureaus will provide. The status of the project is the project is, has many expectations in the current phase, but the toc continues to monitor the initial concerns time line and total cost. In terms of accomplishments, this quarter, the three contracts are in the final review stage by the procurement services, the city auditors and attorney's office, and the auditor's office. Tentative agreements have been reached and contract approval scheduled to occur throughout april and into may. And there are three contracts being looked at with the crc system integration, the n4 enhancement licenses and maintenance and finally the a ball project document software license and is maintenance. The itap business case document was revisited. And included a range, of potential project efficiencies, including savings realized by replacing current end of life software, and you may remember from last time, the cost was \$11.3 million, and the return on the investment is between five and 7.5 years. After the itap system goes live in 2015-2016. And I will move down to the upcoming milestones for next quarter. The contract signing and project initiation was earmarked for may, and we're a month and a half delayed in some respects, and we're still planning to get the contracts signed, and the phase one, is for may through fall 2013, a formal project plan that will be established and will develop and install a sandbox training environment for this. I will come back to the risks, comments and concerns from toc. I want to draw your attention to the triple constrain chart that's color coded. The first column here is the initial estimate for itap, at the initial toc intake board which is back in march 7th, 2012, and the expected completion date of, at that time are, our thinking then was may 29, 2015, the confidence level at that time was low. And, and moving to the baseline, that will be included once the project formally gets started after the project signing so we'll get a new baseline on that, and the current revision in terms of the schedule, is looking at summer 2015. The comments level of that is medium. And with that, qa has given that a green in terms of the schedule. In terms of the budget, back in march 7, 2012, the budget forecast was \$8.2 million. The current revision is \$11.2 million. Qa has recorded that as green, confidence gone from low to high. And in terms of the scope, stability, and for itap back in march 7, 2012, the scope was considered high, detailed scope, and the scope today is still considered high. And i'm going it turn my attention to colleen gadbois, who will consider, the concerns of the toc.

Colleen Gadbois: I am colleen gadbois representing the toc. And since this is a large project, still in the early stages, the toc rated the time line and budget yellow. To stay vigilant and alert to potential unknown risks or conditions that may not have surfaced. You will see that on the chart on the next page. And baseline information, will be completed on the dashboard once the contracts were approved. And we do feel that there is scope stability in this project and we agree with the qa personnel that that is green.

Berry: We're going to turn our attention to the monthly billing statements.

Hales: Before you leave that one, you say your level of confidence on the scope stability has improved a lot. Tell us about your level of confidence on the cost.

Berry: On the cost, we felt that, we were initially at \$3.4 million. And I think we moved to \$5 million, and eventually we got to 8.2 million. So, that's why we're seeing that was a low cost confidence because it kept moving. And now, that we're getting closer to the contract signing, we have included the total cost ownership with city employees, cost, and we're at the \$11.2 million now, we feel very confident the, of the cost because it's taken so much time to get there and do analysis.

Hales: Ok, that's reassuring. It has been a steep graph.

Fritz: And we had a big discussion about that last time, but, I am still concerned.

Hales: We're glad you are watching it closely.

Berry: Yes.

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Fritz: Thank you.

Berry: We'll move onto the monthly billing statements with the water bureau, and the Portland city council directed a Portland water bureau to modify the billing system and processes so the majority of the water and wastewater customers receive monthly statements. Currently, water performs quarterly meter reads and bills quarterly. The bill will be divided into three monthly billing statements, under the new program. The meter reads will still be done quarterly, and quarterly payments will no longer be an option. And in terms of the project redefinition, the monthly payment will now be optional instead of mandatory, and in order to be able to pay monthly, the customer must sign up for electronic billing, the status, toc has concerns with the vendor delays and the increase in the costs, the major [inaudible] this quarter, city project staff met with cayenta leadership in early march to discuss the monthly statements projects, specifically around two things. Poor quality of programming delivered by cayenta and secondly, scheduling and prioritization of the defects reported. The product staff decided to move forward with a work order structured on cayenta's revised time line and assurances, it contains language that is deliver, the deliverables, if deliverables are not met, payments will not be made. And the city will cancel the order. And the implementation date has been revised from january to april, to now, with the current deadline for cayenta is the end of may, 2013. With the goal scheduled for october 2013. All functional tests were run, 85% are completed without error, and 16 defects are still with cayenta. The city deferred the e-billing portion of the project so the cayenta staff could focus on the delays to the monthly statements, the upcoming milestones for next quarter, cayenta's deadline for fixing defects is may 31, this month, and we'll come back to the risk and concerns, turn our attention to the chart. The initial estimate from the toc intake back in december 2, 2011, the expected schedule date for completion was june 1st, 2012. Very low confidence. The baseline upon start was january 2013 for the end of schedule. And still low confidence, and the current revision is october 23, october 2013, confidence level is medium to low still. As you could see, qa gives us a red standing in terms of confidence. From a budget standpoint, back, on december 2, 2011 the budget for the order was \$100,000, and low confidence, the plan the baseline of start was 160,000, low confidence, and the current revision is \$270,000. High confidence, put yet, the qa assessment is still yellow. For the scope stability, very low, and back in december 2nd of 2011, and high the baseline of june 29, 2012, and current revision, scope stability is high, and qa believes it's a green in terms of the scope but you could see we've been all over the board with these changes for the water bureau monthly statements. I will turn it over to colleen for the toc assessment.

Gadbois: Regarding the risk and concerns on this project, from the perspective of the toc, on the time line, given the history with cayenta, the toc is not confident they will meet the may 31 deadline. The revised go live of this project continues to be pushed back from the original date of july 2012 to now october 2013. We have rated that a red. We are very concerned. Regarding the budget, cayenta's recent negotiation for the may 2013 implementation date included a work order for almost \$40,000 to complete necessary changes. And the toc is confident that a \$270,000 reflect in the dashboard will be the final project cost. But there is concern that more money keeps going into the project with unknown quality of what that money will buy. So, that's a big concern for us as we oversee this project. We are rating that piece, the budget a yellow. And regarding the scope, there are no significant concerns at this time. So we rated that a green, our ratings at this time are really in alignment with the qa ratings as well.

Fritz: What does the toc think we should continue moving forward with the project?

Gadbois: We did feel that we could move forward.

Fritz: Thank you.

Berry: Any other comments?

Fish: For years I wished that I had the money to buy the ellsworth kelly red, yellow green print and now you are rubbing it in my face by putting it on this chart.

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Berry: It harkens back to my odot days, commissioner, transportation. Affordable housing software, Portland housing bureau, project description, phb contracted with housing development software hds, inc. to implement a solution to provide single data repository for the city's affordable housing programs. This effort will replace the systems with a modern and effective single core system, and allow for the data entry efficiencies and reduce the overall cost and improve access to data and reporting tools. The status has concerns with the lingering delays of the project. Major accomplishments this quarter, the project completion has been delayed due to glitches in the loan amortization schedules, however, the funds management single family and multi-family and asset management modules are fully implemented. Loan portfolio of 1,714 loans has been entered into the hds loan servicing module, hds did release version 12 in april, the housing bureau is reviewing the release, in the test environment to determine the fixes played to the loan amortization schedules. Which have caused the delays, and we met today on the phone with the vendor, hds, and their status is now they believe that they can get through the remaining modules by june 10th, and we have one of three modules in the house, we're testing, and they believe that they can meet the june 30 imposed deadline now that the city has given them, and we're going to be monitoring it one week from today to see as they are closer to finishing off these three modules. We'll come back to the risks and concerns of the, the, actually, we'll go there now with the toc.

Gadbois: Regarding risk and concerns perspective from the toc. Regarding the time line, the loan servicing module was scheduled for october, and then changed to january and is now hoping for a may-june completion. That's a concern. The toc is following up with phb staff to learn about the process with the vendor and what can be done to prevent this on other toc projects. We are taking action to remediate this thing in the future.

Berry: There is no triple constraint chart on this, that will be provided the next time around, it is a work in progress for them, any questions? Ok. The enterprise network technology refresh, this is a bureau of technology services project, and bts maintains the enterprise data network, that supports data and voice communications between servers, applications and computers and the internet. And this network is critical to the daily functioning of most city services, and including public safety, the current network was designed and implemented in 2005, and both hardware and software need to be periodically replaced to maintain vendor support and meet performance and the liability standards. This project will replace all the current network equipment over a five-year period. Status, the project is meeting expectations and a major accomplishments this quarter, all servers armed with the exception of the corporate gis, have been moved to the nexus core, the high availability network and the machine, where vm host server migration to the new network are all complete. The high-speed network, and integrated regional network enterprise, network, as well as i-net, migration to the network is complete, the ibm, p series networks are up and testing, is in progress, and the sap networks are being configured and interconnected. This is a well run, well managed project. The toc has seen this, the project manager twice and we have no concerns from a bts standpoint.

Gadbois: Regarding risks and concerns from the toc overall the project is on schedule and underbudget. There have been some shifts in the interim deliverable schedule since the last quarter, but this is not impacted the schedule. The shifts were due to staff balancing on other projects and creating a more detailed time line. The toc views the majority of the project as routine migration, and with the most risk in the early phase, such as building the core and the city server migrations. Toc agreed to provide oversight for the first three milestones which have an estimate completion date of july 2013. The toc suggest qa provide quarterly reports rather than monthly to use fund most effectively on this project.

Berry: We do show a triple constraint chart on the same page here, 8, that will be turned into our normal chart, the next time around. Any questions on that project? Gabby reported on the two informational sessions we had on the implementation and the public safety systems. And finally, the last page here, we did receive a final implementation, 90-day post-implementation report from

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the storage area network project. That concludes our report. Are there any overarching questions from the council?

Hales: Questions, concerns? So a great deal of money at stake here, and that's why this matters so we appreciate the rigor and the method that you are applying to this oversight function. Thank you.

Berry: Thank you very much.

Fritz: I move to accept the report.

Novick: Second.

Hales: Anyone else planning to testify on this? Roll call.

Fish: Welcome to the newest committee member. And thank you for your good work. You've done a terrific job as always to the whole team, thank you. Aye.

Novick: Thank you very much. Aye.

Fritz: Thank you for your volunteer time and very efficient presentation. Aye.

Hales: Never hesitate to tell us if something is not going well, obviously, that's part of your job and you are doing that part, as well. Thank you. Aye. [gavel pounded]

Hales: Ok, I think we have one more item left.

Item 483.

Shoshanna Oppenheimer, Office of Management and Finance: Good afternoon, Shoshanna Oppenheim from the office of management and finance. The mayor continued this item from last week, and I'm available to answer any questions if there are any outstanding questions.

Fritz: Do need to add an emergency clause?

Oppenheim: Not at this time. If it continues to second reading.

Hales: So if it's approved next week --

Fritz: If it's approved next week without an emergency clause that's time enough?

Oppenheim: Correct.

Fritz: I appreciate you getting back to me and my staff and giving us a lot more additional information. I know commissioner Saltzman had questions but I would expect the information he provided would probably have satisfied his concerns.

Hales: Any other questions? Thanks. And that passes to second reading and we are at last adjourned. [gavel pounded]

At 4:34 p.m., Council adjourned.