



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **21ST DAY OF MAY, 2014** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Kathryn Beaumont, Chief Deputy City Attorney; and Jim Wood, Sergeant at Arms.

Item No. 465 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

	Disposition:
COMMUNICATIONS	
450 Request of Carl Wikman to address Council regarding National Historic Preservation Month and the Cedar Crossings Covered Bridge (Communication)	PLACED ON FILE
451 Request of Katherine Smith to address Council regarding Tigard and Portland Police (Communication)	PLACED ON FILE
452 Request of Benjamin Barber to address Council regarding Portland State University treatment of students and faculty (Communication)	PLACED ON FILE
453 Request of Denise Kraft to address Council regarding the need for regulation of Homeowner Associations (Communication)	PLACED ON FILE
454 Request of Emily Pittman Newberry to address Council regarding SAGE Metro Portland and the SAGE PhotoVoice art show (Communication)	PLACED ON FILE
TIMES CERTAIN	

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455 TIME CERTAIN: 9:30 AM – Oregon Food Bank Presentation (Presentation introduced by Commissioner Fritz) 20 minutes requested	PLACED ON FILE
456 TIME CERTAIN: 10:00 AM – Amend fee schedules for building, neighborhood inspections and sign permits (Ordinance introduced by Commissioner Fritz) 15 minutes requested	PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM
457 TIME CERTAIN: 10:15 AM – Accept the Public Involvement Advisory Council 2013 Annual Report, appoint members to serve on PIAC and direct PIAC to carry out specific activities (Resolution introduced by Mayor Hales) 30 minutes requested (Y-5)	37074
CONSENT AGENDA – NO DISCUSSION Mayor Charlie Hales Bureau of Planning & Sustainability	
458 Authorize a three-year Intergovernmental Agreement with Portland State University in the amount of \$135,000 to execute the Multifamily Recycling Project (Ordinance)	PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM
Office of Management and Finance	
459 Reappoint Leif Hansen to the Mt. Hood Cable Regulatory Commission for term to expire May 31, 2017 (Report) (Y-5)	CONFIRMED
*460 Authorize the Chief Administrative Officer of the City of Portland to enter into amendments to the Rose Quarter Development Agreement and Related Agreements that are administrative in nature (Ordinance) (Y-5)	186577
*461 Create a new Nonrepresented classification of Assistant Deputy City Attorney, which is exempt from the classified service, and establish a compensation rate for this classification (Ordinance) (Y-5)	186578
Portland Development Commission	
462 Authorize the Submittal of a Boundary Change Request to the State of Oregon to add 1.61 acres to the Portland Enterprise Zone (Resolution) (Y-5)	37073
Commissioner Nick Fish Position No. 2 Bureau of Environmental Services	

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<p>463 Authorize the Bureau of Environmental Services to execute a Temporary Construction Easement with Peninsula Drainage District No. 2, as part of the Schmeer Pump Station Upgrade Project No. E07448 (Second Reading Agenda 431)</p> <p>(Y-5)</p>	<p>186579</p>
<p>464 Authorize a contract with BergerABAM Inc. for professional services for the Fremont Pump Station Upgrade Project No. E10543 with a not-to-exceed amount of \$239,730 (Second Reading Agenda 432)</p> <p>(Y-5)</p>	<p>186580</p>
<p style="text-align: center;">Water Bureau</p>	
<p>465 Amend a contract with Baseline Industrial Construction, Inc. for additional rock excavation to complete the Alder Creek Fish Passage Project for an amount not to exceed \$137,898 (Ordinance; amend Contract No. 30003442)</p>	<p style="text-align: center;">PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p style="text-align: center;">Commissioner Amanda Fritz Position No. 1 Portland Parks & Recreation</p>	
<p>*466 Authorize Procurement Services to enter into a contract for construction and payment of East Delta Park Synthetic Turf Fields (Ordinance)</p> <p>(Y-5)</p>	<p>186581</p>
<p style="text-align: center;">REGULAR AGENDA</p>	
<p style="text-align: center;">Mayor Charlie Hales Bureau of Police</p>	
<p>*467 Amend an Intergovernmental Agreement with Multnomah County for the operation of the Crisis Assessment and Treatment Center to reflect changes to the terms of the agreement (Ordinance; amend Contract No. 30002752)</p> <p>(Y-5)</p>	<p>186582</p>
<p>468 Amend an Intergovernmental Agreement with the Multnomah County District Attorney to reimburse the Police Bureau for overtime costs of officers assigned to the District Attorney Office as investigators (Ordinance; amend Contract No. 52562)</p>	<p style="text-align: center;">PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p>469 Amend an Intergovernmental Agreement with Multnomah County District Attorney Office for child abuse investigations to increase funding by \$60,000 and extend the term (Ordinance; amend Contract No. 30001158)</p>	<p style="text-align: center;">PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>

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<p>470 Authorize a five year grant agreement with Catholic Charities/El Programa Hispano for the purpose of assisting victims and survivors of domestic violence (Ordinance)</p>	<p>PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p>*471 Accept and appropriate a grant in the amount of \$49,921 from the U.S. Department of Justice, Office of Community Oriented Policing Services 2013 Community Policing Development - Micro Grants Program to fund a portion of the Race and Social Justice Initiative's work (Previous Agenda 437)</p>	<p>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p>472 Authorize an Intergovernmental Agreement with Portland State University to provide survey and analysis services to meet the requirements of the Department of Justice settlement agreement (Second Reading Agenda 440)</p>	<p>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p>Office of Management and Finance</p>	
<p>473 Accept bid of Colf Construction, LLC for the Luther Road Habitat Restoration Project for \$2,431,824 (Procurement Report - Bid No. 116488) Motion to accept the report: Moved by Fish and seconded by Fritz. (Y-5)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p>474 Accept bid of Moore Excavation, Inc. for SE Clinton-Caruthers System Improvements for \$2,290,914 (Procurement Report - Bid No. 116424) Motion to accept the report: Moved by Fish and seconded by Fritz. (Y-5)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p>*475 Grant revocable permits to the Portland Rose Festival Foundation to perform activities relating to Portland Rose Festival annual celebration from May 23 through June 8, 2014 (Ordinance) 10 minutes requested Motion to remove finding 8 and directives 6 and 7 regarding 2015 parade route: Moved by Saltzman and seconded by Fish. (Y-3; N-2 Novick and Hales) (Y-5)</p>	<p>186583 AS AMENDED</p>
<p>476 Amend and extend term of limited right-of-way use agreement granted to Verizon Wireless (VAW) LLC dba Verizon Wireless for mobile telecommunications services (Ordinance; amend Ordinance No. 180379) 15 minutes requested</p>	<p>PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p>Commissioner Nick Fish Position No. 2 Water Bureau</p>	
<p>477 Authorize a contract and provide payment for the construction components of the Road 10 MP 0.6-1.8 Project as defined in the Bull Run Roads Asset Management Plan at an estimated cost of \$685,000 (Ordinance) 10 minutes requested</p>	<p>PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>

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<p style="text-align: center;">Commissioner Dan Saltzman Position No. 3</p> <p>*478 Authorize a grant agreement for \$100,000 with David Douglas School District to support the Earl Boyles Early Works program (Ordinance) (Y-4; Fish absent)</p>	<p>186584</p>
<p style="text-align: center;">Portland Fire & Rescue</p> <p>479 Amend fee schedule associated with Fire regulations (Ordinance; amend Portland Policy Document FIR-12.01) 15 minutes requested</p>	<p>PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p style="text-align: center;">Portland Housing Bureau</p> <p>*480 Approve application under the Multiple-Unit Limited Tax Exemption Program for Sky3 located at SW Jefferson between SW 11th Ave and 12th Ave (Previous Agenda 434) Motion to accept substitute exhibit A: Moved by Saltzman and seconded by Fritz. (Y-5) (Y-5)</p>	<p>186585 AS AMENDED</p>
<p style="text-align: center;">Commissioner Steve Novick Position No. 4 Bureau of Transportation</p> <p>481 Revise transportation fees, rates and charges for FY 2014-15 and fix an effective date (Ordinance) 15 minutes requested</p>	<p>PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM</p>
<p style="text-align: center;">Commissioner Amanda Fritz Position No. 1 Portland Parks & Recreation</p> <p>*482 Amend contract with ExelTech Consulting, Inc. by \$35,000 from \$11,200 to \$46,200, to include additional engineering studies, permit modifications and contingency funding for dredge permits for Willamette Park boat ramp (Ordinance; amend Contract No. 30003375) (Y-5)</p>	<p>186586</p>

At 12:49 p.m., Council recessed.

WEDNESDAY, 2:00 PM, MAY 21, 2014

**DUE TO LACK OF AN AGENDA
THERE WAS NO MEETING**

May 22, 2014

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **22ND DAY OF MAY, 2014** 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; Ian
Leitheiser, Deputy City Attorney; and Wayne Dykes, Sergeant at Arms.

	Disposition:
483 TIME CERTAIN: 2:00 PM – Revise residential solid waste and recycling collection rates and charges, effective July 1, 2014 (Ordinance introduced by Mayor Hales; amend Code Chapter 17.102) 2 hours requested for items 483-485	PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM
484 Revise sewer and stormwater rates, charges and fees in accordance with the FY 2014-2015 Sewer User Rate Study (Ordinance introduced by Commissioner Fish)	PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM
485 Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2014 to June 30, 2015 and fix an effective date (Ordinance introduced by Commissioner Fish)	PASSED TO SECOND READING MAY 28, 2014 AT 9:30 AM

At 4:02 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 21, 2014
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 21, 2014 9:30 AM

Hales: Good morning, everyone, and welcome to the May 21st meeting of the Portland City Council. Karla, would you please call the roll.

Fish: Here. **Saltzman:** Here. **Novick:** Here. **Fritz:** Here. **Hales:** Here.

Hales: We have a number of things to celebrate. The first we have to celebrate is to congratulate our two colleagues, Commissioner Saltzman and Commissioner Fish, for their successful reelection last night. We're looking forward to your continued public service. Let's hear it, thank you. [applause] We also appreciate the confidence of the city's voters in this council's stewardship of their money and our public services, and therefore turning down a proposal to remove the water and sewer utilities from city government by an enormous margin, and we appreciate that very much. Thanks for everyone's hard work to demonstrate good faith to the public, and I think we've gotten validation from the work so far. Now, I think we have another item to enjoy. [drum performance] [applause] Thank you, Lincoln drum team. Let's hear it. [applause] Well, we have an amazing accomplishment to celebrate. Commissioner Fish is queued up with a proclamation and a celebration for Lincoln High School's Constitution team.

Fish: Thank you, Mayor Hales. Would our honored guests please come forward and take your seats, and I'll introduce you, our two students and representatives of Lincoln High School and the Classroom Law Project. Mayor Hales and colleagues, this past week, two remarkable things happened. On Monday, a federal judge ruled that Oregon's ban on same-sex marriage is unconstitutional, breathing new life and meaning into the 14th amendment guarantee of equal protection of law. And yesterday, Oregonians across our state cast their ballots in hotly-contested races at the local and state and federal level. One relatively new voter was my daughter Maria Fish, a proud graduate of Lincoln High School. I'm still trying to figure out who she voted for. Today, we take a moment to celebrate a remarkable group of young people, the Lincoln High School Constitution Team, winners of the 2014 national We the People Constitution Program in Washington D.C. Let's give them a round of applause. [applause and cheering] We have some honored guests today that I would like to introduce. First is Lincoln principal Peyton Chapman. Second are Lincoln sophomores Maddie Lee and Sophia Mautz. And finally, Marilyn Cover, executive director of the Classroom Law Project. Let's give them a round of applause. [applause] Each year, I have the honor of serving as a judge at the regional We the People competition. I'm always impressed with the high quality work of our local teams, including Parkrose, Franklin, and last year's national champs, a school called Grant High School. It really speaks to the hard work and dedication of the students who attend our public schools, and to the teachers, coaches, parents, and Classroom Law Project leaders who support them that Oregon has brought home the national championship three years in a row. Portland schools have more national titles than any other city in America, and many members of the Lincoln family are here this morning, including the champion students, teachers, coaches, and parents. Would you all please stand and be recognized at this point. [applause] We are all so proud of what these young students have achieved, and this morning, it's my honor to read a proclamation that our mayor has issued to recognize your singular achievement. Whereas, the We the People: the Citizen and Constitution is a nationally-recognized civic education program and competition; and whereas, the competition encourages students to display civic

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knowledge, skills, and dispositions; and whereas, the Classroom Law Project, administrator of the Oregon We the People program since 1987, plays a leadership role preparing youth to become active and engaged participants in our democracy; and whereas, the Lincoln High School Constitution Team placed first in the state We the People competition on January 25, 2014, advancing to the national competition held in Washington D.C.; and whereas, the Lincoln Team placed first among 56 of the nation's best high school teams in the We the People National Finals on April 28, 2014; and whereas, the Lincoln Team's success brings honor and distinction to Portland Public Schools, the city of Portland, and state of Oregon; and whereas, 2014 marks the third year in a row that a Constitution team from Portland, Oregon has brought home the national title, including 2012 Lincoln High School champions and the 2013 Grant High School champions; whereas, the Lincoln Team has been supported by Lincoln High School Principal Peyton Chapman, Constitution Team Teacher Tim Swinehart, community coaches -- I apologize in advance if I mispronounce your name -- Steve Griffith, Rachel Weisshaar, Jonathan Pulvers, Jason Trombley, Jeff Edmonson, Jennifer Hill, Christy Splitt, Darin Sands, Ben O'Glasser, Alison Brody, and Misha Isaak -- and parenthetically, Mayor, Misha Isaak was the attorney for the plaintiffs on the case decided on Monday, what a wonderful bit of serendipity -- as well as family members and friends; and whereas, the award-winning Lincoln High School Constitution Team includes the following outstanding students: Sophia Mautz, Ben Hofmann, Mai O'Neill, Madison Kenney, Angie Morillo, Elliott Ballato, Julianna Mazziotti, Brendan Carey, Noah Hoffman, Ruhika Prasad, Hawii Boriyo, Colin Phipps, Kimberly Kuhn, Anna Blakely, Hannah Sacks, Daniel Lawrence, Zoe Parkel, Leo Wiswall, Orion Cleaver, Celia Diffely, Elizabeth Weeks, Jackson Brim-Edwards, Ayeza Bajwa, Emma Rhodes, Clara Greenstein, Will Leo, Sandra Hong, Jeffrey Lynch, Alex Zhang, Caroline Friesen, Grace Reubenstein, Kate Richardson, Maddie Lee, Miles Stepleton, William Brickowski and Catherine Anderson. Let's give them all a round of applause. [applause] I hope I got most of the names right. Now, therefore, I, Charlie Hales, Mayor of the City of Portland, Oregon, the city of roses, do hereby proclaim May 21, 2014, to be a day of recognition for Lincoln High School's 2014 Constitution Team in Portland, Oregon and encourage all residents to observe this day. Congratulations.

Hales: Hear, hear. [applause]

Fish: Turn it over to the principal.

Peyton Chapman: Thank you all so much for sharing in the celebration and honoring our students who have also really represented our city and our state extremely well. I'm an incredibly proud principal. I've gotten to travel to D.C. with three teams, and I've been a principal for eight years. Two of those were fortunate enough to win the national title, and the third placed fourth. I'm incredibly proud of Portland Public Schools, for Franklin and Wilson, Grant, Lincoln -- all of their participation this year was phenomenal. We've watched the City Club take on this issue of civic involvement, and we know we need to encourage civic involvement. You all model civic involvement, thank you so much for that. Watching the students start a program in April when they try out a year in advance, and they study all summer and they meet on the weekend and they have Tuesday night classes in addition to their class during the day -- most of these students are sophomores. We have the youngest team in the country, and watching them gain that confidence and really put their passions -- they become passionate about the Bill of Rights and John Locke and current issues -- and watching them take those passions and then apply their knowledge and find real purpose in how they can apply it to the world is what education is about. It's really a beautiful experience. These coaches deserve to be honored and honored and honored. They could be retiring from law firms and playing golf every day at 4:00. They could be having social lives on the weekend, but they choose to give back and dedicate hundreds of hours to our city's students at these schools. And they're really phenomenally inspiring individuals. So thank you for being inspiring and honoring our kids. Thank you to our students for giving over a year of their lives to learning this

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important information and putting it to good purpose and representing the state of Oregon. And a special thanks to the coaches who don't get paid -- there's no budget for this program. We feel incredibly honored. They really change kids' lives. Thank you.

Fish: Wonderful. Marilyn, would you like to put it in the larger context?

Marilyn Cover: Yes, so the Classroom Law Project has been the organizer of this program for Oregon for the last 28 years. So I've had the great fortune to see many, many groups of students. And our organization spends a lot of time trying to recruit more teachers to be involved in this program. So while not doing the direct contact with students, we're trying to be in the community reaching more and more teachers. And so I asked council if there's anything to do to recruit Centennial, David Douglas, and a few others, and we were so thrilled this year to get Madison High School started with just a demonstration team. And I think they intend to come along. We have the blessing of many, many lawyers in this community who are more than willing to help new teams get started. So it has been our great fortune to watch our Oregon students go back to Washington, D.C. And who would guess that we would be the state that has won more times than any other state in the country? We know the Constitution in this state, we know our own Constitution and spend a lot of time helping judges in Washington, D.C. understand the differences between what happens under the Oregon Constitution and the federal Constitution. For some people in this country, it would be news that there are state constitutions they have to abide by in addition to the federal. So these students have really demonstrated that they understand what it means to be in the office of citizen and they will model for their peers, their parents, and our community what that means. That it takes a lot of knowledge, it takes staying up to date on current events, and I commend them to you as advisors, because they truly have a depth of understanding that the average person on the street really doesn't have. It is with great honor that I'm here, and I thank you all for recognizing this very hard work of these students and their coaches and support from their principal.

Fish: Let's turn to two of our champions. Who would like to go first? Sophia? Maddie?

Sophia Mautz: I'll go first. I'm Sophia. On this journey, I think I have experienced a series of really profound realizations, one of which happened when we met with the Supreme Court Justice Ruth Bader Ginsberg. And I asked her, what do you think is most important for women to realize today? She looked me in the eye and she said, that there are no more doors closed to them. I realize that I can really be whatever I aspire to be in my life. And I also realize the importance of education, because before Constitution Team, I didn't even know what the Supreme Court was. And now I know a series of case law that secure rights to us, and realize the importance of knowing our rights. Because if we don't know them, we're in danger of losing them. I realize the value in being an informed citizen, and I just want to thank our 12 coaches and this whole team and the center for civic education and Classroom Law Project for giving us such an incredible life-changing opportunity.

Fish: Congratulations. Maddie?

Maddie Lee: Another thing that I realized when I was on this journey with my entire team was when we went to the national archives museum, and got to actually see these documents in real life. It was just incredible because we had spent over a year working together and learning about these specific documents. I know that if I wasn't on the Constitution Team, going there wouldn't be as fulfilling and as amazing to see in real life. It was such a great moment. I really appreciated being there, especially with my entire team. And I know it was an incredible moment for all of us just to stand there in the dome and look at the documents. It was just incredible. Like Sophia said, it wouldn't have been possible without our 12 amazing coaches and our entire support from our parents and our teachers. I was just really lucky to be put on this team of incredible students and hard workers.

Hales: Great. Well, thank you all. Thank you, Commissioner Fish, for putting this together this morning. I just want to say bravo to all of our students in multiple schools over a period of three

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years. For this to have been accomplished by one city and one city's public school system is really remarkable. It's a testament to the work you've all done, and also to an excellent school system which everyone in this room believes in. And I also want to echo the comments -- I think we all feel that part of our job as city leaders is to encourage the next generation of leaders. For you to take this experience and turn it into civic activism by getting involved in the community, by working on political campaigns, by researching issues, by joining the City Club, however you want to express that and whatever your career plans, whether its law or otherwise, to take this civic activism and understanding of the importance of the Constitution and how it works in governance and have that be a part of your life in one way or another. Because you've been leaders to get to this point, and please don't stop.

Novick: I really appreciate what you said about how valuable it was to be able to see those documents. I used to work in the Justice Department, so the archives were just down the street. It was nice to be able to sort of wander down on an afternoon and check out the Constitution. So I'm glad you had that experience. I also have to say that since it's NBA playoff season, it seems to me that Grant and Lincoln now are kind of playing the roles that the Lakers and Celtics did in the '80s, where every year, one of those teams wins the championship. But the Lakers always got to have Magic Johnson, and the Celtics always got to have Larry Byrd. And I guess, actually, in this analogy, Peyton, you're Jerry Buss, owner of the Lakers. [laughter] You have to come up with a new Magic Johnson and new Larry Byrd every year. That is just extraordinary. And I know you that you appreciate the tradition you're in as well as your own individual achievement. Thank you so much.

Fish: Mayor, if I could just add. Marilyn didn't mention this, but federal funding is very uncertain for this program. I think we would all agree this is one of the most important programs that our young people are exposed to. But every year, there's a question about whether they will continue to get federal support. The Classroom Law Project is a 501(c)(3). They're actually in the Willamette Week Give Guide. One way we can support these young people is by making our own personal contributions to this program so they don't have to go begging every year to run it. Second thing I just want to note is something Peyton mentioned, which is Lincoln is unique in that most of the students are sophomores. And they are typically competing against juniors and seniors. And that is a remarkable accomplishment, and it is on top of everything else they do. Many of these young people are doing sports and they're in IB or very rigorous curriculum. So to do this on top of everything else is remarkable. The final thing I want to observe -- Steve and I have had the honor of judging. There's two parts to judging. There are questions established in advance, and those are sort of the formal questions. And there's an opening statement teams make. Lincoln and Grant have for the last few years been the best teams, but after that is where some of the magic happens. Because judges -- and many of the judges are actual judges or lawyers or policy makers -- get to ask specific questions that are not scripted. That's when you get a sense of the depth of commitment these students have made. And they will bring historical text and case law and experience. And every year, there's a wow moment when a student makes a connection that no adult in the room had ever thought about. That's the magic of this program. I just -- we're so proud of what these students have accomplished. Should we get a picture with everyone?

Hales: Please. Please come on up. [applause] [photo taken] Congratulations. [cheers and applause] That was fun. Thank you so much, Commissioner Fish, that was really great. Thank you all. OK, we're ready to move to the regular agenda. Let me just read our normal and customary ground rules and welcome everyone here this morning. If you're going to speak on a council calendar item just give your name, you don't need to give us your address. If you're a lobbyist, please declare what organization you're lobbying for. Everyone is typically given three minutes to speak on a calendar item unless it's stated otherwise, so please adhere to that time limit. Please testify to the matter at hand, if we're on a particular item on the calendar, please stick to that item. So that everybody feels welcome, please limit your demonstrations to thumbs up or thumbs down or some other gesture, but

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no verbal demonstrations, please, so that people can be heard regardless of where they are on an item on the calendar. Disruptive behavior is not tolerated, and if you are disruptive, you'll be asked to leave. If you have any handouts please give them to Karla, our clerk. Thank you all for joining us today. We will begin with communications items.

Item 452.

Hales: Good morning.

Benjamin Barber: I need to state my address, is that right?

Hales: No, we don't need your address.

Barber: Alright. Hello. Good to see you all here back after reelection. I'm particularly happy to see Mr. Saltzman and Mr. Novick, as they are my favorite commissioners. The reason why I'm here is because of the transfer of roles of Portland State University. And I've seen similar effects happen throughout the country, where the universities are unable to meet their budgetary needs, and as a result, some sort of pseudo-privatization occurs and PSU is being taken over by a private board. I've already had some experience with this in the past. A good example was in Ohio, when they had a similar sort of experiment. A lot of times when fraud or misbehavior occurs in organizations, it's due to lack of internal or external controls or transparency in those systems. So for example, in Ohio at Bowling Green State University, a woman named Carol Cartwright got funds from the state to help workforce redevelopment. And those funds instead got relocated to building dorms and housing and food, more expensive than the market prices were able to bear, making them mandatory, then assigning them to a private 501(c)(3), that pays her in perpetuity in excess of what she was being paid at the university. I'm not saying this is going to occur or that the systems are such, but PSU is awfully opaque when it comes to a lot of behaviors and has been previously cited by the DOJ for lack of respect for students. And of course, you guys saw the potential strike that was occurring. Have major reservations about this. I notice you guys had the DOJ and PSU intergovernmental agreement that is coming up on the agenda. I feel as if providing a survey is more about measuring the public's bias than actually analyzing the systemic portion of those organizations, and that could be said for PSU and for the police department. I would encourage you to look at the system science department as maybe a resource to be able to analyze these systems and provide checks and balances for both organizations. To give you an idea, I mean, the university is in the hotel business, they're the food business, and really extending themselves beyond the mission. Also, I have personally suffered at the hands of PSU, but that's not your concern and I don't want to convolute these issues. But, for instance, my robotics professor thinks I'm fantastic. I teach a lot of classes at PPS, and yet PSU doesn't think I'm qualified to do engineering coursework, and yet I'm building robotic cars and vision aids for the visually impaired and all this. More because they don't want to admit their mishandling of issues. Thanks.

Moore-Love: Sorry, I got those items out of order.

Item 450.

Carl Wikman: Good morning. Carl Wikman, Mr. Mayor and city councilors. Congratulations, Commissioners Saltzman and Fish, on your reelections. Dear Santa, every year, every month, and every weekday we don't act, our roads get worse. You may have heard those words from someone on council before. Well, Commissioner Novick, I'm happy to report Santa heard your request. And last Sunday, a group of Santa's helpers celebrated our 16th year of caring for Portland's first and only remaining covered bridge, Cedar Crossing over Johnson Creek. Our work covered three areas. First is a condition of the roads and sidewalks. If you turn to page three and four, you will see the before and after pictures. We've cleared up over 400 feet of path and gutters so bikes could ride off the road safely and pedestrians could walk over the bridge. We also trimmed a cedar tree -- as you can see on page four -- that was about four feet into the right-of-way. On page five, we discovered that after removing the blackberries rotten rail boards almost 100 feet in length. What we hope to do this year is work with the city on a way to replace that. We have volunteers who have donated

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materials and labor. We just need to know what the process is. This is just a trim board, it's not really a structural board. It's a one-by-six. Another area is on the interior of the bridge, and that's on page six. There's dry rot and mold occurring in the southwest corner. Additionally, we replaced two of the trim boards which had been vandalized. Those are on the bottom of page six. On page seven, also on the interior is two potholes. What's unique about this bridge is that the under road is made of wood. We have called the pothole hotline many times and there's been no response. The third area is the area underneath the bridge. And on page eight, we discovered that there's separation of the support masonry that holds the bridge up, and also a lot of graffiti and looks like people have been living underneath the bridge. So we have two goals, the first to help you replace the rail, the second is the creation and placement of a directional sign on Foster to inform people how to get to the bridge. The Multnomah County sign shop has agreed to help us create the bridge. We just need to know how to work with the city to get that finished. Just a reminder that when the current sign gets vandalized or destroyed, Multnomah County and their sign shop has a replacement right now ready to go. And finally, the collectors' plate is being reissued this year. So thank you for your time and your consideration. Looking forward to seeing how we can help you move on with these two goals.

Novick: Thank you. And actually, if you could drop by my office, and talk to Erika Nebel at the front desk, who's the sort of community affairs person at the front desk. She can talk you through who to work with at PBOT.

Wikman: That was Erika?

Novick: Yeah, thank you.

Wikman: Thank you, Commissioner.

Hales: We appreciate your volunteer effort. Thank you.

Wikman: You're welcome.

Hales: Next one, please.

Item 451.

Hales: Good morning, welcome.

Katherine Smith: I might go a few seconds over three minutes.

Hales: Just pull the microphone up a little. Try to keep it close to that.

Smith: Dear Mayor Hales and Portland Commissioners, my name is Katherine Smith. I am here today to ask Mayor Hales for help to make Portland police Commander Day, Police Chief Reese make some Tigard police officers stop shooting me every day, 20 to 24 hours a day with mainly microwave weapons, also with ultrasound weapons, voice to skull command weapons, and other weapons. They have been burning, injuring me, and giving me pain and tissue and skin destruction with these for more than two years. And a few years before that, but less often. My ex neighbor lady tammy larson calls those Tigard cops up every day and also tells them where to shoot me and my son, or what to say to me, including death threats. I wrote you two letters requesting an appointment with you, Mayor Hales, because me testifying about this for three minutes that is mostly a one-way conversation isn't enough time to resolve these crimes. Because sergeant, lieutenant rose and other Tigard cops shoot me 20 to 24 hours a day, their intent is obviously not just to harass me, but to murder me. And they have said that. That is attempted murder, and that is what Commander Day, Police Chief Reese, Sergeant McCormick and other Portland police officers are covering up. That is, they are doing nothing to stop these assaults, therefore they are doing facilitation of murder. Other Tigard cops have told me many times they are shooting my son with microwave and ultrasound when he's sleeping to give him cancer. Your assistant Grace wrote me a letter saying you would not meet with me, but referred me to the Independent Police Review to file a complaint. I had already talked to them. Eric Berry is investigating, but he can't make the Portland cops do anything to stop these Tigard cops. He doesn't have the authority. Grace didn't say why you wouldn't meet with me, but it seems -- just a second. Your assistant Grace wrote me a letter saying you wouldn't

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meet with me but referred me to IPR, as I said. And I had already talked to them. They said they are investigating, but they don't have the authority to stop those Tigard cops. They don't have the authority to order Portland police to do anything about it. It seems that maybe Grace is screening some of your letters addressed to you, deciding herself what problems or crimes are worthy of your time to make an appointment with you. I think most people would agree that when someone writes you a letter about attempted murder cover-up by Portland police officers, you should read that letter yourself since you are the mayor and the police commissioner. Most of the assaults are done to me in Portland, so I've usually reported these crimes at central precinct. Many of the officers I have reported this to have falsified some of their police reports and left out evidence I told them or showed them as a way to discredit me, to justify not doing anything to stop these assaults. They are covering up for these assaults and attempted murder because of the kinds of weapons those Tigard cops are shooting me with. And they have said so. The Tigard cops have said so, and some of the Portland cops have said so in what they respond and what they do. Some of those cops don't want the public to know and other jurisdictions' cops have weapons they can shoot us with remotely that burn, injure, mutilate, and psychologically and emotionally influence, and they work through walls, floors, and ceilings. Those technologies can be verified by looking them up on the internet. Most of the websites are credible, but they do have some disinformation websites. I have burns and scars all over my ankles, legs, and other places from them shooting me, and skin deterioration all over from them shooting me with microwave and ultrasound weapons. The ultrasounds breaks up the collagen in the skin and also causes deep tissue pain. They have these weapons set up remotely in women's shelter --

Hales: I do need you to finish up.

Smith: OK, just this little bit here. They have them set up in TPI winter shelter, Rescue Mission, First Baptist church, St. Michaels, in front of and inside of Multnomah County courthouse, Multnomah County Library and other places I go. They have hundreds of targets. They've told me they love to harass and torture people, but they also murder a lot of people.

Hales: Katherine, I need you to stop. Rachael over there will try to get you some help, OK?

Smith: OK. I'm going to leave a copy of this for you. I didn't know if you would let me go beyond the three minutes.

Hales: I did.

Smith: The last paragraph is really important.

Hales: OK, and thank you. And talk to Rachael, we'll see if we can get you some help. OK?

Smith: OK.

Item 453.

Hales: Good morning. Welcome.

Denise Kraft: Good morning. The need for regulation of homeowners association is extreme. The effect that it's taking is many homeowners are losing their homes. There's rules and regulations that are written on how homeowners associations are to function and operate. But no one to enforce it. There's no complaint process, there's no agency that is assigned to assist in this matter. They are at free will to fine and fee and legally victimize. It's really unbelievable that we have this industry, and no one --

Hales: Hey Mr. Barber, sorry, we're trying to hear her. Maybe if you could discuss that outside. Thank you. Go ahead.

Kraft: There's no agency that has any kind of controls over them. It really is a way of creating jobs also. But also, protecting what is so vital in America, which is homeownership which is very much at risk. This is not just occurring here. It's occurring everywhere. Other states have taken steps. It need to happen here.

Hales: Have you talked to your state representative about this?

Kraft: Yes, I have.

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Hales: OK. Because it's mostly a matter of state law. There's probably not a lot we can do.

Kraft: What I have been told from chip shields is they can't do anything until February.

Hales: That's true.

Kraft: That is true. Well, I don't know how much time I have left. I do invite you to read the Skanner newspaper. Watch the channel 8 news tonight at 5:00 and 11:00. This issue is going to be on there. I thank you.

Hales: Thank you. Appreciate you raising the issue.

Item 454.

Hales: Good morning, Emily. Welcome.

Emily Pittman Newberry: Good morning. My name is Emily Pittman Newberry. Mayor Hales, distinguished council commissioners, I want to thank you for the opportunity to speak on behalf of SAGE Metro Portland. SAGE stands for Services and Advocacy for LGBT Elders. We're a vital part of helping LGBT seniors thrive and prosper. We provide a variety of social programs and educational opportunities, and currently, housing is a particular focus for us. SAGE accomplishes this in several ways. In advocacy, we talk to people who intersect with LGBT elders, calling on them to develop specific policies and programs to make facilities welcoming to diverse populations. We recently completed a survey of elder housing communities to determine what specific steps they are taking that meet our needs. In resource development, we have programs and events to help sexual and gender minorities lead happier, more productive lives. This includes our annual gay and gray expo, in which we offer workshops and a trade fair with services and products of interest to our communities. After the survey of elder housing was completed, we also created a resource guide so that LGBT senior citizens can make informed choices among alternative places to live. In education, we go to universities, medical institutions, and providers of elder housing with panels of elders who tell compelling stories. In this way, professionals who interact with us become more aware of the challenges we face and ways they can become proactive in meeting our needs. In outreach, we publicize activities for LGBT seniors through our website and newsletter. These include things like meals, classes, parties, and movies. Recently, SAGE sponsored the photo voice workshop in which four LGBT seniors took photographs and wrote moving words about our hopes and fears of what is in store for us in housing as we become more vulnerable. We spent eight weeks taking pictures, choosing the final ones for the exhibit, and telling each other what the pictures meant to us. This installation will be in City Hall until May 23rd. We urge all council members to attend, to invite their friends and family to a reception tomorrow from 2:00 to 3:00 p.m. in the atrium downstairs. SAGE Metro Portland asks for the support of the city council as you do the hard work of developing and implementing programs and policies for our fair city. Again, thank you for the opportunity to address you.

Hales: Thank you.

Fish: Mayor, if I may. Emily, it's an honor for us to be hosting the photography exhibit at City Hall. Since you're here, I just wanted to ask you, what are some of the unique barriers that LGBT older adults face in getting adequate housing in our community?

Pittman Newberry: Well, aside from the amount of housing that's available I would highlight two things. One is that there are people who run the housing centers and their staff who don't have enough familiarity with us and with the challenges we face. Sometimes they may harbor their own prejudices, but oftentimes just out of not knowing what our needs are, they will do things that could be hurtful. Secondly, sad to say, but there are people in our generation who still harbor prejudices and don't feel comfortable around us and may act in negative ways around us. And when you're more vulnerable, it's harder to take that.

Hales: Thanks very much for everything you're doing. Thank you for being here.

Pittman Newberry: Thank you.

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Hales: OK, let's move on to time certain -- sorry, consent calendar. Let's see. We have a couple of things that we are pulling to the regular agenda or otherwise dealing with. Only one so far. Sorry.

Fish: So Mayor, if we could pull 465, 477, and hear them consecutively at the end of council.

Hales: Right, I got it. We'll pull 465 to the regular agenda and read them together. Anything else off the consent calendar or changes to it? If not, then let's take roll call.

Roll on consent calendar.

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

Item 455.

Hales: Commissioner Fritz.

Fritz: Thank you, Mayor. It is my honor to host this presentation by the Oregon Food Bank. Would those giving the presentation come forward? Thank you. I have been a volunteer both at the Food Bank's location in Sunderland and also at the Fourth of July festival, the Oregon Blues Festival, for many years. Since we often have a presentation -- indeed, we will have later today -- of the impacts of the Rose Festival on Portland's economy, I invited the Oregon Food Bank to give us a short presentation on why the Blues Festival and all they do is so important to us in Portland and across the state.

Laura Golino de Lovato: Thank you, Commissioner Fritz, for the invitation. Mayor Hales, Commissioners, thank you for the opportunity to be here to share with you the results of our first ever economic impact report of the Blues Festival.

Fritz: I neglected to introduce Laura Golino -- you can say it better than I can.

Golino de Lovato: I'm Laura Golino de Lovato, I'm the director of development, marketing communications at Oregon Food Bank. And thanks again. We're really excited about this opportunity to share with you the results of this report and to really celebrate the wonderful partnership that we have with the city of Portland that helped to make the event such a big success. What started out in 1987 as the Rose City Blues Festival -- there was a group of people getting together to bring Blues to the city -- was also a fund-raiser for Oregon Food Bank. It's now become a Fourth of July tradition here in Portland, and attracts over 100,000 people each year for an event that's either four or five days, depending on when the Fourth of July falls. It's also Oregon Food Bank's largest fund-raiser and it's an event that's run entirely by Oregon Food Bank. We own and produce the event. It's also the largest Blues Festival west of the Mississippi, and second largest Blues Festival in North America. It draws top rate Blues musicians such as Charlie Musselwhite, Mavis Staples, Buddy Guy, and our very own Curtis Salgado, who is a favorite every year when he is available to perform. But we also attract musicians with broad appeal including Isaac Hayes, Taj Mahal, and last year, Robert Plant, who was a sell-out favorite. It's also an internationally-recognized event that draws people from multiple countries. We have people who come every year from out of the country, beyond North America. And we're very happy about that. But it remains a favorite with our local community and within the United States. One of the things that's remained consistent over the years is the great partnership that we have with the city of Portland. Of course, as you know, being the Waterfront Blues Festival, it takes place at Waterfront Park, and that's become an important piece of the identity of the festival. We wouldn't be able to put on this great event without the partnership of the city and working with us to have the event down at Waterfront Park. We've got the support of the Fire Bureau when it comes to safety around the event, we've got the support of the Parks Bureau and all of the staff there to help us out with the details, and we've got your support when it comes to last-minute kinks that we have to work out. And it's always ended up as a problem-free event from the attendees' point of view. So our relationship with the city is key to the success of the event. Thank you very much for that support over the years. As the festival has grown, so has its importance to the local community and to our economy. We know because of the increased attendance over the 26 years that we've had the event that it remains a really popular event for visitors to the city and for the local community. We know that it attracts thousands of additional

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people just for the fireworks show. They line the bridges and the eastside esplanade. Even if they are never coming into Waterfront Park for the Blues, they come for the fireworks. What we really didn't know what was the economic impact of the event was on the local community. So for the first time, we did an economic impact study. We hired Jeffrey Dense, an economist from Eastern Oregon University, to conduct a study. He surveyed 1200 Blues fest attendees over the four-day period of the event last year, and he analyzed the data using an industry standard, IMPLAN software -- that is an impact analysis for planning. The study found that the four-day event brought in a total economic impact of 17.6 million to Portland's economy, 12.4 million in direct economic impact -- that's sometimes called the first round of spending or direct transaction between visitors and businesses -- and an additional 5.2 million in indirect economic activity resulting from subsequent rounds of expenditures. A significant portion of that economic impact is new dollars each year to Portland. And while we know it's a beloved tradition on July 4th here in our community, it's also not just a local festival. It really goes beyond our borders. Nearly half of the attendees come from outside of Portland, and these new faces bring new dollars into the community. The vast majority of the economic impact was direct impact and accommodations, food and drink, and other recreation. So other activities that people might spend money on. Again, 47% of the attendees come from outside the Portland area, so it's really no surprise that accommodation is the biggest area that is impacted by the event. We hear from hotels very near the park that it's their biggest weekend, and they rely on the event to fill up their hotels that weekend. We also know that lodging revenue benefits more than local hotels. Through those lodging taxes, the city of Portland, Multnomah County, and other local entities benefit directly from the filled hotels. In addition, food and drink is a huge category of economic impact. We've got a vibrant food scene here in Portland. A lot of out of town people come in and will go out to dinner, go to our food carts that are so well known, but the locals will do that as well. On average, attendees from out of Oregon spend \$235 on food, and international visitors spend \$258 on food and drink. The survey also looked at transportation. We wanted to really look at the impact of the event both on our mass transit and on Smart Park. We had a feeling that there was a big impact, and the study verified that. Over a quarter of the attendees used mass transit, reducing the environmental impact and putting more revenue into the economy. And over a quarter of the attendees used Smart Park, putting revenue right into the city coffers. So it was great. Overall, 73 industries benefit from the event. Added together, the average visitor spends \$497. And we know people have a choice of where to spend their summer, where to spend their vacation, and where to spend their money, and we're happy we're attracting people to come to Portland for a solid four days for good music but also to spend money here and support our economy. One demographic that I wanted to draw your attention to is the age of what we call our core attendees. We know that Portland is becoming more of a hip place to be, and it's sometimes is called the place young people go to retire. Not sure who those young people that can retire are, but apparently that's what it's called. But over 60% of our attendees at the Blues festival are 50 years old and over. What's important about this is that baby boomers have a higher level of disposable income. In fact, a study done by Nielsen found boomers control over 70% of U.S. disposable income. That means that they've got the money to spend when they come here to have fun at the Blues festival. Additionally, the festival and Oregon Food Bank put on a great fireworks show to celebrate Fourth of July. As I said, a lot of people will come downtown just for that. It's the largest fireworks show in town, and it's become a tradition. And while we're happy to report about the stimulus that we provide to the economy -- it's the festival's purpose to raise money for Oregon Food Bank for our core activities, which continues to be the collection and distribution of emergency food to people who are hungry, and also to look at the root causes of hunger. Without this event, we wouldn't be able to continue those core activities. Last year, we had a stellar year and raised \$1.13 million for our services. That's about 3.4 million meals, or about 4.5 million pounds of food. This event has a very significant impact on Oregon Food Bank. One thing we didn't measure -- in talking to another

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attendee at this meeting -- was the fun factor. And we probably should have done that. We know that's off the charts. It's a really, really fun event. So we're also bringing some fun and lightheartedness to the community. We also ask the attendees what they knew about hunger, and whether or not they knew anybody who had been served by Oregon Food Bank. And surprisingly, more than one in three attendees did know somebody who had gotten hunger relief through Oregon Food Bank and its network throughout the state. Last year just in Portland, 35,000 people a month ate from an emergency food box, and 12,000 of them were children. Hunger remains a major problem in Portland and in Oregon, and despite the indicators of the economic recovery, those facing hunger are probably going to be the last people to feel the impacts of that recovery. Food box distribution numbers haven't fallen. We're seeing -- from the first two quarters of this fiscal year -- data that says the demand is flattening, but we're not seeing a decline and therefore hunger remains a major issue. Oregon Food Bank is totally amazed at the generosity of the community, the support of the city of Portland, and the success of the event. It's a fun event, it's good for the economy, it's great for Oregon Food Bank. And we're really happy to be doing the event every year. We look forward to many more successful years of this event in partnership with you. We hope that each of you will attend the event whenever you can. We invite you to the board of directors' barbecue on July 4th. Great food, a great place to watch the fireworks. We hope you will consider -- like Commissioner Fritz does --volunteering both at the event and at Oregon Food Bank. Thank you very much for your time. I'll be happy to answer any questions.

Fritz: Can you switch back to the picture of you. Thank you, Karla. What are the dates this year? And are you ready to announce the headliner?

Golino de Lovato: The dates are July 3 through 6. It's Thursday through Sunday. So, fireworks fall on Friday this year, which is always nice. People can stay up late and stay for the fireworks. Our headliner is Gregg Allman of the Allman Brothers. We will once again be doing a pass-required entry on Sunday as we did last year when Robert Plant was here. It both helps us guarantee entry for people that want to attend, and it helps us address crowd control and public safety. We also have lots of other great people, Boz Scaggs, Los Lobos, Los Lonely Boys. We also have a great lineup of zydeco music, which is the best lineup of zydeco west of the Mississippi, or maybe outside Louisiana. And lots of local entertainers as well. Local musicians.

Saltzman: You mentioned 1.13 million. That's the net money?

Golino de Lovato: That's the net. So we netted last year 1.13 million. In large part, it was because of our work with you to allow us to have Sunday as a pass-only day, the day that Robert Plant, Mavis Staples, Taj Mahal were at the event. Being able to have one day where we charge for the event made a significant difference in the net revenue. Every other day was, as it's been for 26 years, a suggested donation of \$10 and two cans of food. That will be the case this year for the 3rd, 4th, and 5th, but on Sunday the 6th we will have pass-only.

Saltzman: I'm just curious, you mentioned you're the second largest Blues festival. Who is the first?

Golino de Lovato: I believe the one in New Orleans is the biggest.

Fritz: Just so you know, last year, Parks waived the extra fee for the pay-only day to see how that would go. It's gone so well that this year, the Oregon Food Bank is paying all of the required permits. Really appreciate your partnership with us.

Fish: Commissioner Fritz, I got an email this morning from someone who has been tracking the mark-up of the agriculture bill in the house. This would be the Republican bill. And there's a program that's funded every year with \$85 million which provides summer lunch programs for hungry kids in conjunction with the schools that Parks participates in. The Obama administration proposed an extra \$30 million to expand its scope. Republicans in the markup have deleted the reference to urban schools. So under their bill, it would no longer be available to kids in urban

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settings, it would only be available to kids in rural settings. So they are threatening to defund the entire federal entitlement program for summer lunch programs.

Golino de Lovato: That is very disheartening. And we can help provide statistics about child hunger in urban areas in Oregon if that's of any help.

Hales: Yeah, I was going to get your thoughts. Maybe you partially explained there's erosion elsewhere. We have an improving economy, you're doing a great job, we have an amazing coalition of nonprofits and public agencies working together on these efforts, and yet you're only seeing a flattening of hunger in the city. What other trends and issues are you seeing in that unfortunate statistical reality that a lot of people we hope would start to moderate as unemployment falls and the economy generally improves? Obviously, a lot of people being left behind. What are you seeing?

Golino de Lovato: That's what we're seeing, that people are being left behind, both still being unable to find employment, but also people who are under-employed relative to where they were in 2007 and 2008. We still are seeing a lot of people who hadn't gone to a food pantry or soup kitchen, or hadn't needed emergency food assistance back in 2008 or 2009 who are seeking it now because the job they have now pays less than half of what they made, or they don't have benefits, or the transportation costs that they have are higher. What we've seen as a trend is that typically, food is the last thing that people will spend their disposable income on, because the threat of not paying rent and being homeless is very big, they have to have transportation to get to their jobs, they need to pay utility bills, there are costs for supporting their children, and other household costs. So they wait and put food on as a last item on their list. And there's medical and health insurance also. We do think that the Affordable Care Act will have an impact on some people in being able to provide health insurance at an affordable cost to them, but we still think that people are going to struggle for another couple of years until the economy improves enough in the type of jobs that they can get. And we still want to be there to make sure that there is access to emergency food, especially for children.

Novick: A couple of things. One, I really appreciate the Food Bank keeps track of how many attendees are from outside of Portland. Because in terms of economic impact, that's really significant because people in Portland might have been spending their money at some other event in the city. But people are coming from outside, that's money injected into the bloodstream of our economy.

Golino de Lovato: Absolutely.

Novick: I also am very excited that you have Gregg Allman and a whole bunch of zydeco bands coming. That's great. I do hope you don't invite Taj Mahal back again. Because my mother once waited on Taj Mahal at the village green resort hotel and restaurant, and he was a bad tipper and kind of rude. So, I don't think we need that in our town. [laughter] Finally, I hope next year you'll have some statistics on fun measurement. Because, as you know, the national standard for entertainment events is we try to reach 2.5 fun points per attendee in entertainment events. We would like to know if we're meeting that goal.

Golino de Lovato: Fun points. Yes. 2.25, you say? I think we'll be able to exceed that for sure. Can't make any promises about Taj Mahal or any other artists that may have rubbed people the wrong way, either at the event or prior or later. I think with musicians, what we try to do is not only get the best Blues musicians at the event that we can, but the zydeco has become a favorite. We have the huge dance floor, so I expect to see you out there this year.

Novick: You will.

Golino de Lovato: Good. We also want to make sure we have music that would appeal to anyone.

Fritz: Thank you, Laura Golino de Lovato, for your wonderful presentation and for all the work that the Food Bank does.

Golino de Lovato: Great. Thank you, Commissioner Fritz, for inviting us, and thank you, commissioners and Mayor Hales.

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Hales: Have a great festival, thank you so much.

Golino de Lovato: Thank you, hope to see you there.

Fish: Amanda, thanks for bringing this forth.

Hales: Yes, thanks, Amanda. Enjoy. Let's hear it for the Blues festival. [applause] Alright. We have another time certain.

Item 456.

Hales: Commissioner Fritz, you are on again.

Fritz: Yes, the fun just keeps building, doesn't it? [laughter] This is going to be just as entertaining, particularly since -- let me read from the fiscal impact statement on this. Approval of fee schedule amendment is expected to bring in additional revenue of \$5000. Just \$5000 associated with a new stop work order penalty. The fee schedule for this upcoming year does not raise fees from the rates before fiscal year 13-14. So thank you to my team at the Bureau of Development Services. I'll start by introducing Director Paul Scarlett.

Paul Scarlett, Director, Bureau of Development Services: Good morning, thank you, Commissioner Fritz. Good morning, Mayor Hales and Commissioners. Paul Scarlett, Director for the Bureau of Development Services. Commissioner Nick Fish isn't here, but Commissioner Dan Saltzman is here. I want to personally congratulate you guys on reelection, and look forward to continue working with you.

Saltzman: Thank you.

Scarlett: Welcome. I'm here to talk about the fee schedule for the Bureau of Development Services and the ordinances to amend the fee schedule for building, neighborhood inspections, and permit fees. The Bureau of Development Services' mission is to promote safety, livability, and economic vitality through all the various codes that we apply and enforce. And we do that collaboratively with our customers and employees. The bureau is primarily funded through permit fees -- land use fees, inspection, enforcement-related penalties fees. 95% of our operation is funded through permit fees. The other 5% is the general fund, which we appreciate. And so, to that end, we ensure that the programs, of course, are as efficient and effective as much as possible, and that over the many years we have been operating the fund -- which has been set up since 1988-89 fiscal year, in terms of being reliant on permit fees -- we have come to council on a yearly basis as part of the budget process to amend and adjust fees gradually to meet the demands, whether it's increased costs, or staff and so forth. That approach has worked, and it's worked so well that we're able to make adjustments. And we work closely with our industry partners. If the economy -- which is what we rely on, the construction economy -- is not doing so well, we're able to adjust permit fees up to account for maybe lower valuation or less work. If it's going really well, as we've been experiencing in the last couple of years with major recovery related to construction activities, then we're able to make adjustments downward. So we're really excited to share with the council and everyone else that we were able to not propose increased fees in a majority of programs. We're here today with some minor adjustments to address cost recovery, to address legislative changes, and to help, I think, mostly clarify some language. So, we're really happy to share that news. The industry development review advisory committee, they're part of a committee that meets monthly, and we've had these discussions before, they're excited. And I will give them credit. During the recession years of '10, '11, '12, or so, we proposed fee increases of 8% above COLA, and they understood the balancing act that was necessary. This year, we're saying no fee increases in a majority of programs, and that's huge. Mostly because of the type of construction coming in is large construction. Valuation is up, and our reserves are doing really well, so there's no need to increase fees in those areas. This mostly is to provide some clarity and to remove some fees that are not necessarily being used any more. We've vetted the process. We've reached out to the industry. We've discussed internally with our managers and line staff, and we continue to be as collaborative as we can, even when it's good news. I think that's important to affirm that the way we're doing business is to really

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get input and to make sure we're hitting the mark. And so, more than excited. I have to my left Deborah Sievert Morris, senior administrative manager, who will go into more about what those changes are. To my right is Elshad Hajiyevev, our financial manager who has done a remarkable job whether we're struggling or thriving economically or financially. He can answer questions that may come up. Like to hand it off to Deborah. Thank you.

Deborah Sievert Morris: Good morning. I'm Deborah Seibert Morris, I'm BDS' senior business operations manager. As Director Scarlett said, we are a fee recovery bureau, and we get 95% of our revenues from permit and related fees. Due to the rebounding economy and also some efficiencies we made operationally inside of the bureau, we are proposing no increases for most of the fees this year. We are proposing some minor changes in three of our fee schedule areas, and I wanted to highlight those for you. In the building and other permits fee schedule area, we are proposing to eliminate two fees that are obsolete. They are the energy plan review fee and the express start program fee. So those are obsolete programs, obsolete fees that we have not utilized for a number of years. So we are proposing that they be eliminated. In our sign and awning permit and registration fee schedule, we are proposing to make our fees consistent with the building permit fees. So we are wanting to establish limits on the number of free check sheets, so we're looking at creating a maximum number of free check sheet adjustments and then charging for each additional check sheet beyond that. Then in our enforcement fee and penalty fee schedule area, we're proposing a number of changes. We want to eliminate an obsolete fee, the failure to allow enhanced complaint inspection fee. But we're also wanting to do a slight increase for cost recovery purposes for administrative review appeal fee in order to match some increased costs with our interagency with the hearings office. And then also, our tow warrant inspection fee. We also need to make an adjustment and create an inspection fee to meet some legislative requirements from Oregon House Bill 2978. Then the last thing that we are proposing is to impose a stop order work penalty fee for work commenced without a permit. As Director Scarlett said, these changes have been reviewed with our stakeholders and our industry partners, including the development review advisory committee, and they are supportive of these changes. We also did include fee revenue, the small amount, the \$5000 revenue from proposed fee changes in our proposed budget.

Hales: Questions?

Scarlett: There's another fee that we haven't covered here, but we have been informed lately -- as of yesterday, through a letter from the solar industry -- and we have been in conversation and meeting with them since January, December, and there's been requests to reduce the fees. The fees did go up quite a bit after the recession. Prior to that, there was some effort on the part of the city to provide some incentive for the solar installation work that was happening. So during the recession, we had to recalibrate a lot of our fees and really make sure we were operating at cost recovery. We are aware the request has been made, and we've been in conversation with the industry and solar trust. And so, we're going to look at this more in depth and provide some more detailed response. We'll bring that back later if we can.

Hales: Yeah, I wanted to request that. We all got that letter, and it looks like -- at least from the initial information from our letter -- that our fees for solar installations are quite a bit higher than the rest of the region.

Scarlett: Yes.

Hales: It's an area we ought to take another look. I liked what we were able to do with respect to the historic fees, to keep them at a level where people will go ahead and proceed. And the other thing that was troubling about that information was it looks like the number of solar installations are falling. There's other factors like tax credits, but at any rate it's something we ought to return to. If you're willing to take another look at that and come back to us, I think that's one I'd like to hear more about.

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Scarlett: Certainly. We already have some solutions. That industry also got hit pretty hard, which is why the decline in work.

Hales: The other thing I wanted to ask about -- it's probably in here and I missed it -- and that is the new stop work order fee -- oh, it's \$500?

Sievert Morris: That's correct.

Hales: That's one way to get people's attention, I guess.

Scarlett: We believe it can be. It's a tool that we can use.

Fritz: There was a case where work has been done without a permit, and we found there wasn't a significant disincentive to doing that. So we think that this would get people's attention.

Hales: Good.

Scarlett: Yes.

Fritz: And it's obviously at the discretion of the director. So that if work was done without a permit innocently, without knowing that one was supposed to be had, we don't have to impose that.

Scarlett: Case-by-case.

Hales: Other questions? Did you want to add more?

Scarlett: Do you have anything to add?

Hales: We'll stand by in case we have other questions after testimony. Do we have folks signed up to testify?

Moore-Love: We have one person signed up. Mr. Lightning would like to speak.

Scarlett: Thank you.

Hales: Thank you very much.

Lightning: Good morning. I represent Think Lightning company, my name is Lightning. Congratulations, Commissioner Saltzman and Commissioner Fish. You've earned it. Thank you. Anyway, what I would like to basically discuss on the permit issues and inspection is that we run to a problem sometimes. We've heard that term called selective enforcement. Where I always have a problem if somebody is calling in on somebody's property. They have a right to keep that confidential, they have a right to make those phone calls, but there has to be discretion within the bureau itself to look at that and say, do we feel that this individual is being targeted because somebody basically wants to cause them trouble? And it was stated that as a case-by-case analysis, and I understand that basically your fees are your income. So you have to create fees. And where I have a problem with that is that I want to make sure has if somebody -- and I'm pertaining more to code violations -- if the number is exceeding 10,000, I'd like a red flag to kick up and go, we need to have somebody contact the owner and say, how do you feel you're being treated at this time? Do you feel that they're being professional? Do you feel what's going on on your property is professional? And I think there really needs to be oversight on this situation. Because in the past, I won't mention his name, who was a commissioner, had a certain way of basically looking at properties through the city and basically running up tremendous fines on certain properties. And what I want to make sure there is no abuse taking place, that the owners have a right to contact somebody and say, hey, I just don't get along with that inspector, and something needs to be changed here because I'm getting a lot of fines, my neighbors aren't getting fined, it's tremendously frustrating to me, I own a business and I want to make sure it's being done properly. Let's face it, the best way to run somebody out of their business or their property is just send an inspector in and just run up a tremendous amount of fines. We know lots of properties throughout the city have all been grandfathered in on numerous type of situations, so it is at the discretion of the inspectors to decide if they want to write them up today or not. And that needs to be watched very closely, because we know certain properties are being closed by using the inspection process to get that done. Thank you.

Fritz: Mr. Lightning, that's exactly what my office is for. So if anyone feels they are being unfairly targeted, they contact Jasmine Wadsworth, she is my constituent services specialist. She and

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Colleen Poole in the Bureau of Development Services look into the concern. Dora Perry, my senior policy analyst, will also look into something. And we do have those conversations both with property owners, with inspectors, and complainants. There are times we tell folks that are complaining that we looked into this, we disagree, and it's been done properly. In the commission form of government, that's the mechanism people can express their concerns and have them looked into.

Lightning: And I know, Commissioner Fritz, you will get the job done and have it done professional. In the past, it wasn't that way with numerous property owners. Thank you.

Hales: Thank you. Is there anyone else who wants to testify?

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

Hales: Alright, then that passes to second reading. Thank you, Commissioner Fritz.

Item 457.

Hales: As Karla indicated, there are actually three separate actions here. We're accepting the annual report from PIAC, we're appointing recommended PIAC members -- assuming that's the will of the council -- and we're directing their work plan forward. So Greg Greenway is here. He is the interim coordinator for PIAC best practices. and he's here to kick off the presentation. Good morning.

Greg Greenway: Good morning, Mayor Hales, Commissioners. My name is Greg Greenway, I've been a member of the Public Involvement Advisory Council since 2011, and, as you mentioned, since last October have staffed the PIAC as the interim program coordinator for the city's public involvement best practices program. We're here today to present our annual report to you, and as the clerk mentioned, we're asking three specific actions: accept that report, appoint our recommended new and reappointed members, and direct the PIAC to carry out certain activities that are identified as next steps in that annual report. As you know, the purpose of PIAC is to improve the consistency and effectiveness of the city's involvement of the community and the policy-making process in the business of government. I'm going to let my colleagues talk about what that work entails. But let me share with you that what Portland is doing in this area is really something of a national model. It gets all kinds of national attention, and there are a number of reasons for that. But really what it's about is the systematic approach that Portland has taken, the leadership that city council initially showed -- and I want to acknowledge Commissioner Fritz for your very early support in the development of the PIAC -- and it's about making this work institutional, durable, and having a logical progression from the principles that council set forth to policies that make those principles real. And then our support of good practices to implement those policies. Before I turn over to my colleagues, I'd like to just acknowledge the folks in the room, members of PIAC and hopefully future members of PIAC if you are here today. If you could just stand.

Hales: Thank you. Good morning. [applause]

Greenway: It's a hard-working group. I want to say too that for its first five years, there was one staff person for this program, Afifa Ahmed Shafi, who was integral to where we are now. She was an amazing person. She had a great talent for this work but also for nurturing and sustaining the group process. Her untimely passing last July was terribly tragic and touched many people in the city, including every member of PIAC, so we have dedicated the annual report to her. We have four presenters who will come up two by two. I'll let them introduce themselves to you, and I'm happy to answer any questions. Thank you.

Hales: Good morning.

Bill Gentile: Good morning, Mayor, Commissioners. My name is Bill Gentile, I'm a community member of PIAC appointed in 2011. I represent the Elders in Action commission, of which I'm currently the chair, and have really enjoyed being on PIAC.

Hales: Thank you.

Kelly Ball, Office of Management and Finance: Thank you, Bill. My name is Kelly Ball, I work with the Office of Management and Finance. Good morning.

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Gentile: Large font, good idea. I appreciate that. Thank you all for giving us this opportunity to present our annual report. I'd like to start by giving you an overview of PIAC and its work. The Public Involvement Advisory Council was established in 2008 at the urging of both community members and city bureaus. City Council recognized that more consistent expectations and coordination across bureaus for public involvement would provide for more efficient use of city resources and increased public awareness and expectations for public involvement processes. In support of this goal, PIAC does generally two kinds of work. First, we recommend guidelines and policies that set high expectations for community involvement by city bureaus. Second, we develop tools, resources, and trainings to help city staff meet those expectations. How we do our work is just as important as what we produce. PIAC has a unique model of partnership between city staff members and community members. The balance in membership supports a culture of collaboration and helps PIAC's work have a meaningful impact within our city. Our goal is to push for change while having a realistic understanding of what it takes to get there. PIAC developed a strategic framework that we use to guide our work, making sure that we're on past accomplishments in carrying out our mission. I want to turn it over to Kelly to talk about some of the accomplishments, but before I do let me add a couple of personal reflections here. First of all, it is truly an honor to serve on PIAC. Inevitably, I learn more than I contribute, and it has been a great experience for me. I've taken some of the things I have learned and applied them in other situations where I'm involved, it's worked out great. I can't tell you how nice it is to have met such wonderful people from both the city bureaus and from the community as colleagues on PIAC. These are really dedicated folks. They work hard and they really care about the place that we call Portland. And we really try to make as big a difference as we can with the resources we have. Last, I would like to thank Greg for pulling the organization together. As he mentioned, the untimely passing of Afifa really had a devastating effect on the group. And Greg graciously came in, took control, allowed us to reflect and grieve, and to move forward. He really deserves a lot of praise for his efforts to keep PIAC moving forward. Thank you.

Hales: Thank you. Well said.

Ball: Thank you, Bill. I'd like to share some highlights of PIAC's past work. PIAC completed and implemented four major initiatives between 2008 and 2012. PIAC's first major work product was the city's public involvement principles which council adopted in 2010. The principles represent a commitment to the city by the city to consistent high quality public involvement and are designed as resources for city bureaus and staff, as well as tools for the community to participate effectively in the public process. After adoption of the principles, city council directed PIAC to develop a set of public involvement questions to accompany all council resolutions, ordinances, and reports. This information provides council and the community with an overview of the public involvement and public input on each council action. These questions were combined with the financial impact statement and now make up the financial impact and public involvement statement, often referred to as the FIPIS. I'm sure you're very familiar with it. In fact, we filled one out for this council action. As you know, each bureau is required to have a Budget Advisory Committee, also known as BACs. The third PIAC initiative involved recommendations to strengthen involvement of BACs in the budget process. Input and feedback was gathered from community members, bureau staff, and city council, then was used to draft guidelines for best practices. In the fall of 2012, city council adopted these guidelines, setting consistent standards for BACs across all city bureaus. The guidelines outline requirements in seven areas. And I'll read those seven areas. Community and labor representation, creation of BAC websites, maintenance of contact lists, ADA and limited English proficiency accessibility, availability of handouts and presentation materials, public comment at meetings, and minority budget reports. Finally, at the direction of council, PIAC conducted the city's first public involvement baseline assessment in 2012. PIAC created a set of questions for response by city bureaus. The purpose was to better understand how bureaus approach public

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involvement. PIAC distributed the surveys to the bureaus, and we've received excellent responses. And in a minute, Marty Stockton will talk a little bit more about the results from those surveys. But before I turn it over to Marty, on a personal note and as a city staff member who works in public involvement, I just want to say how much I valued learning about the challenges and barriers to public involvement from both staff and community members. I've also really appreciated the supportive approach that PIAC has taken when implementing initiatives. I think that's really important. Thank you.

Hales: Thank you. Good morning.

Marty Stockton, Bureau of Planning and Sustainability: Morning. My name is Marty Stockton, and I am the city planner in the southeast district liaison for the Bureau of Planning and Sustainability. I also have served on PIAC since 2010. Kelly gave you a brief highlight of what PIAC has accomplished to date. I will talk briefly about our work last year, 2013, that builds on these prior initiatives. First, the city Budget Advisory Committees. One PIAC work group followed up on the Bureau Advisory Committee guidelines, turning their focus toward evaluating how the guidelines are working and how PIAC can support staff in implementing them. Two, the baseline assessment and bureau public involvement practices. Another PIAC work group analyzed the results of the public involvement baseline assessment that Kelly mentioned. This survey analysis conducted by PIAC's annual state of public involvement report, or as we like to call it, the ASPIRE work group, is summarized separately at the end of the PIAC annual report. One of the key findings is that there is a lack of consistency across city bureaus and their staffing in approaches towards public involvement. The survey revealed a range of challenges and successes for bureaus. The baseline assessment is valuable because it provides a basis for comparison in future years. And third, the comprehensive plan, community involvement goals and policies. Lastly, but certainly not least, PIAC members worked long hours last year helping BPS staff develop the community involvement goals and policies for the Portland comprehensive plan. Several PIAC members served on a policy expert group to help draft the goals and policies, and as the BPS staff person, myself, responsible for the community involvement chapter, I was able to give regular updates to the full PIAC and incorporate their feedback. Public hearings on the draft comprehensive plan will be held this fall, and it will come before you to review and approve in 2015. Meanwhile, BPS staff and PIAC members are collaborating to draft a manual for bureau staff to support them with implementation of the new goals and policies. And on a personal reflection, two and half years ago, again, I was assigned the role of updating the community involvement chapter of the comprehensive plan. Because of my membership on PIAC, I knew that PIAC had to be involved in this effort. And PIAC is so unique in that it has the balance of city staff and community members working collaboratively in a partnership together, and that embodiment of that partnership needed to be infused in this work. In the past two years, this group has helped me and has collaborated with me to bring forward statewide planning goal one on citizen involvement into this update, the city of Portland's public involvement principles in this update, the equity framework of the Portland plan in this update, and the city Title 6 civil rights policy in this update. And I am so proud of that. I look forward for you to review this next year, and I want to remind you when you're reading it that PIAC's fingerprints are all over that chapter.

Hales: Thank you.

Mike Vander Veen: Good morning. I'm currently serving as co-chair of the East Portland Action Plan. And on my personal note, I totally enjoy being a community member working alongside wonderful city staff that are just really invested and engaged in bettering public involvement in Portland. It seems like, you know, public involvement sometimes can get sort of crazy and go sideways a little bit, or get a little funky. You're getting the perspective here that we've got this written down, we're working on it, we're set. And I like how -- you know, I'm adding a little verve right now -- East Portland Action Plan, PIAC, I find are very constructive, thoughtful, considerate,

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getting things written down types of groups. So, I'm here to talk to you about the next steps and where we're headed. So, the annual report outlines some next steps that PIAC has already begun this year. Toward the end of last year, we spent time taking stock of our work and considering where the greatest opportunities for impact were. Having developed the FIPIS form, the financial impact and public involvement statement form, and the bureau advisory budget advisory guidelines, and having contributed to the draft comp plan policies, we decided as a group not to focus on new requirements for city staff. That's what's great about having a balance of city staff and public. If it was all just public, and there was a measure of ignorance about some of the owner's nature of putting on extra work for city staff, it's just an ignorance there. We kind of removed that and that's awesome. Instead, we wanted to make sure that the rules and guidelines already in place were working as well as possible, and we looked for ways to support staff in meeting expectations. We also wanted to hold ourselves accountable by evaluating our own work. In 2014, PIAC work groups are concentrating on three major areas. Public involvement implementation manual is the first one. As Marty mentioned, one PIAC work group is working with BPS to draft a public involvement implementation manual to help city staff carry out the comprehensive plan policies on community involvement once they are adopted by city council. The goal is to develop a document that supports implementation of the comp plan, but is also flexible enough to assist bureaus citywide with their community involvement efforts, a need that was identified in the baseline assessment evaluation work that we did. Second, the Budget Advisory Committees. A second work group will evaluate how the Budget Advisory Committees' guidelines are being applied. The plan this year is to reach out to the city staff that staff the BACs, and develop a survey to gather information from BAC members. Based on that review, the group will consider how best to promote consistent application of the guidelines. They will also consider whether the guidelines respond to city's Title 6 policy, which is newly implemented and we've gotta do a little back-tracking and weave that in. So, that was adopted before. Third is the FIPIS form, that you guys are all so familiar with and hopefully find it meaningful as you are sitting right here on the bench. Like the BAC group, another work group assessing the use and effectiveness of the current FIPIS form and will consider any recommended changes to the form based on that assessment and the city's Title 6 policy. The group will gather information from bureau staff, community members, elected officials to see how the form is working and whether there is a need for a FIPIS 2.0. These are our three major work areas, and PIAC is also tracking other timely issues. And we have a mechanism in place for where's our energy and where's our possibility – there's so many things that we would love to be chewing on and working on and helping better equip city staff to connect and integrate community involvement in the work of the city, and we're just trying to be as strategic as possible. Thank you so much for your time.

Hales: Thank you. Anymore panelists? Questions for any of our team here on this report? Just a comment from me, by the way. This report is unusually clear about what's not working, and I want to support that. I mean, you also are talking about things that are effective and appreciate that, but it's OK and it is much appreciated, I think, by all of us. As you pointed out, I think in these five points, some ways that the bureaus can significantly improve or where there are significant gaps in what we're doing. I just find that very helpful when people are that clear about what's not working and where. Have room for improvement. I just want to support and commend that. Hopefully we're always capable of accepting that kind of guidance without being defensive. So, thank you.

Vander Veen: And, if I may. I just love, you know, that there's not any pitchforks involved, that we're working in meaningful ways.

Hales: Yeah.

Fritz: I like that, too.

Hales: Good spirit to it, thanks. Great. Thank you all. Anyone signed up to speak on this item?

Moore-Love: We have one person, Joe Walsh.

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Hales: OK. Come on up, Joe.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. All of my comments are directed towards you, and not the volunteers. I like this program. We had a discussion and one of the things that we were concerned about is in the report, it talks about declining support financially. That seems to be a contradiction in terms. If this -- as individuals for justice sees it -- has a very complex, potent, volunteer organization, people are giving their time, when the first thing that they say in common tones is declining budget for public involvement and community -- it would seem that this committee should have everything they need. So, when they run into difficulties of the bureaus, it's really up to you. You kick butts. You can move the bureaus. They can't. They can only recommend. So, it is really up to you. That's really a criticism of you. And, of course, that's where my criticism is, and it's not the volunteers that come in and give their time and work hard and try to figure out the problems of transparency and public involvement. It's complicated, it's hard, it has to be ongoing, but you have to support it every day. You have to say to your bureaus, hey, 13 out of 18 not doing all the required stuff is not a good record. And if it's my bureau, I'm going to have somebody accountable for it. So, they need your help. And as a citizen of this city and an activist, we need your help. That's my criticisms all of the time to you. It's never to the volunteers that set up these committees. You have 27 people on this committee. A rough count, I just looked at it really quickly. So, it could be 27, 28. That's a very large committee. Again, let me finish. They need your help. And I hope I'm not here next year saying the same words. I hope next year, I can say, wow, you know you guys really came through, you really helped this committee, this committee is doing really good work. They're doing their job. Do your job. Thank you.

Hales: Thank you. Anybody else?

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

Hales: OK.

Fritz: Do we have the new coordinator here?

Hales: Greg, is the new coordinator here?

Greenway: No. I should have mentioned -- we are very pleased that ONI has hired Ashley Horne to be the new permanent program coordinator. She is coming on Friday to start full-time, but had to be out of town on a family matter. I would've loved to have introduced her to you.

Hales: We look forward to having her here soon. Thanks. Let's take a roll call on the resolution.

Item 457 Roll.

Fish: Thank you for an excellent report, thanks to all of the volunteers who serve and provide such good work. I want to acknowledge two things that I witnessed this year that I think actually led to some improvements. One was the utilities invited critics to serve on the BACs, people who had been identified as public critics to come in and gave them all of the information and materials that they needed to do their job. And I think it's important that we bring fresh blood on to the BACs and we are not deterred from putting people who have been publicly critical of our work. The second is, mayor, the use of facilitators at our budget hearings. I really think that the expert facilitation that we've had has been a big plus. And in particular, making sure that people who may be otherwise reluctant to come testify felt welcome and heard. And so I hope that becomes a regular feature of all of our public hearings. Thank you for your good work. Aye.

Saltzman: Thank you for your work. It's a very useful report. I appreciate it. Aye.

Novick: Somebody said, good citizens are the riches of the city. Thank you for being those riches, and I appreciate the city's willingness to spend those riches as it gets them. Thank you very much. Aye.

Fritz: How we reach decisions matters, and this committee has been working, as Mike Vander Veen said, in partnership between citizens and staff to listen to each other and take feedback. This report is beautifully concise. I would actually like to see more, of course, because I like to see the details. And so, I hope that the public involvement advisory committee will be doing assessments. I am

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delighted to see you are looking into the Budget Advisory Committee to see which guidelines are being followed. I think we set the goal of getting them all followed within four years, so we're getting close to the four years, and I hope that you'll let us know which Budget Advisory Committees are in compliance and which are not. Similarly with the public involvement statements along with financial impact statements, they mostly get filled out, and I'm not convinced that the quality of information is what we were expecting and hoping for when we set the standard. So I hope you'll do a qualitative assessment -- not only is it filled out, but is the information useful. And in particular, how did the bureau respond to the public input, not just check the box we did it, but how was the matter it was presented to council changed because of that public input? And that would be a wonderful quality assurance task -- of course, a very difficult and challenging one since we have 2000 ordinances and things on the calendar every year. Perhaps an intern job. Particular thanks to Greg Greenway for stepping in following the loss of Afifa. It was very difficult for all of us to deal with that, and yet, she wanted the work to continue. And you have done that. So, thank you for bringing the report in a timely manner also. And to Ashley Horne, I'm delighted to hear she will be the new coordinator, having gotten to know her as she was a candidate for the Human Rights Commission. As so often is the case in Portland, volunteering can sometimes lead to paid employment, as I know myself. Thanks to Amalia Alarcon de Morris in the Office of Neighborhood Involvement who helped shepherd this process. But it's very important to recognize this is not an Office of Neighborhood Involvement project, this is the entire city, all the city bureaus. So it's every one of our responsibilities to make sure that public involvement that happens. I do -- having gone from the Office of Neighborhood Involvement and Office of Equity and other bureaus I was in charge of for four years -- to now completely new bureaus, I'm finding that actually public involvement is different in different situations. That what works in Development Services doesn't work in Parks and vice versa. So, there's that. I want to particularly thank Marty Stockton for your attention and your work with the bureau of planning to make sure that our work on the Portland plan is now included into the comprehensive plan. I appreciated knowing that you've been dogging that and I will not worry quite so much about what the document will say when I see it. I'm very glad that the mayor has proposed funding for the Bureau of Planning at a more sustainable level, and look forward to your continued involvement with these issues. And thank you, Mayor Hales, for taking ownership of this process and making sure that your budget, as well as your directions, reflect your values and understanding that public -- community engagement, as I now call it, instead of public involvement. Because there are many communities and our communities are all essential to how we do things and how we get things done in the city of Portland. So, thank you. Aye.

Hales: Thank you, again, for stepping up and stepping in and bringing people together and moving forward after a difficult time. So, thank you. And to all of you who volunteered in this role, your service is really appreciated. Not every volunteer, fortunately, has to go through what Commissioner Fritz did in order to move from volunteer to other roles, but we appreciate that you are in these roles and playing important roles. We get a lot of documents as councilmembers, this is one week's worth here in this big fat notebook. And there are a few that I keep on my credenza because they are particularly clear and helpful. And this one rises to that category, because these five bullet points that you have here about what we learned and what we want to improve are just -- as I mentioned earlier -- so clear. They're ways for me and each of us to check our work, and our bureau's work, against those challenges that you raised. Commission from of government is great, and I love it and I've always supported it -- still do. And yet it does have its challenges of trying to be consistent in its work, and this is one of those areas. Just again, I appreciate the clarity and the clear-eyed view of what's working and what's not. We appreciate your continued work to let us know. Thank you. Aye. [gavel pounded] Thanks very much. Let's move on to the regular agenda and take up items 467 and 68 -- actually take them up in order, because they're all IGAs.

Moore-Love: Did you want all three read?

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Hales: There's no reason to not go ahead and read all three of those together, I don't think. Let's do that, please.

Item 467.

Item 468.

Item 469.

Hales: I know we have staff from the police bureau here about each of these items. So, if you want to start. Pull up another chair, if you need one. Good morning. Who's on first?

Bob del Gizzi, Police Bureau: For 467? Good morning, Mr. Mayor and Commissioners. My name is Bob del Gizzi, business operations manager with the police bureau. 467 -- make sure I have the right one here --

Hales: That's the CATC.

Del Gizzi: Right. So, this is an amendment to an existing intergovernmental agreement which changes the terms under which both parties may terminate the agreement. There is, with respect to the 14-15 budget, an agreement between the county and city for the full cost of supporting the CATC program to move to the county in return for other programs to be funded by the city. This will allow us to cancel this agreement, which is a multi-year agreement, so that on July 1, the county would be able to assume that full cost, and we would no longer assume any cost. This is an item that had previously been held as a special appropriation.

Hales: OK, so we have to change the term of the agreement in order to be able to terminate it in time --

Del Gizzi: In order to terminate it in time.

Hales: Yeah, OK. So, pretty straightforward question, but I wanted to be sure that everyone understood that. OK, let's go ahead and move on to the next item and then we will take testimony about any of them, which is the overtime for the DA Investigators.

George Burke, Police Bureau: Good morning. Thank you for allowing me to be here. George Burke, commander of the detective division. What we're asking to do is amend the intergovernmental agreement with the district attorney's office to allow the DA's office to continue to reimburse the police bureau the overtime expenses for the three officers assigned to the district attorney's office as investigators. We currently provide three positions to the DA's office of the 10 positions that are over there. And I would have to say that out of the three that are there, we get about 80% of the work back from the total group. So it is a good use of resource, and it's very responsible for us to allow this to continue.

Hales: Great. Questions? OK. And then the third one is the child abuse investigations.

Wendi Steinbronn, Police Bureau: Good morning. Lieutenant Wendi Steinbronn, family services division. This is to amend the intergovernmental agreement that renews the overtime, \$60,000 per year, to pay for after-hours detective response to investigate child abuse.

Hales: OK. Questions on any of these? Great. Thank you very much. And we'll see if there is any public testimony. There might be a question for you afterwards, thank you. Is there anyone signed up to testify on any of these items?

Moore-Love: Yes, we have one person, Kathy Bushman.

Hales: Good morning. Go ahead, Kathy.

Kathy Bushman: Hi. I'm just thinking that we need more crisis intervention centers, but I -- at the way that the police department seems to operate now is that too often they are being asked to intervene in mental health crises. And, unfortunately, I think too many officers themselves need mental health intervention. When you have a road rage incident officer, a neo-Nazi on the police force in supervisory positions. I know I harp on these records, but they're obviously a matter of concern for any citizen in Portland. And then you have Reese promoting officers who have been drinking behind the wheel of a police car. I have no faith left in our police department, and I don't want them being the point where they are encountering people in need of mental health. Obviously,

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they needed the intervention of the Department of Justice, and then they want overtime pay for their having to comply with the Department of Justice. Somehow, the taxpayer doesn't seem to be -- the Portland taxpayer ought to be up in arms. And the fact that so much court judgments for excessive use of force, and for false arrest, we know about how much that costs us -- at least a half a million -- and then we don't know for out of court settlements how much it comes to for the total cost of our incompetent police force. It could be well over \$1 million. We don't know, because you don't provide us with the figures. Thank you.

Hales: Thanks. Good morning, Dan.

Dan Handelman: Good morning, I'm Dan Handelman with Portland Copwatch. I wasn't originally intending to testify on this, but it was just discussed that the purpose of adding this clause is for the city to get out of its part in paying for this crisis center, which I thought was part of the holistic solution that we were looking for that brought the DOJ to town in the first place. And as noted in court by many people and by the judge himself, there's supposed to be a drop-off and walk-in center that was going to be in place by the middle of last year for people with mental health crises. My understanding is that the Portland police don't use the CATC for reasons that were outlined, I think in the Portland Mercury article, because they find it too cumbersome. And instead of working towards making this a center that would fulfill the needs of the DOJ agreement, it sounds like the city is pulling out of the CATC altogether. And I didn't understand that's what this meant. It looked like a technical clause being added, saying that we can pull out in 30 days if we want to. So, I'm a little confused, to say the least, why the city is pulling out from something that could be part of the solution that is being looked for.

Fritz: Mayor, if I could respond to that, since the Crisis Assessment and Treatment Center was one of my pet projects. I think when Mayor Adams asked me in my first term, what is your number one funding priority? That was it. So, I would share your concern except that it's an exchange. When the mayor and now past-board chair Marissa Madrigal met to look at what the city funds and what the county funds, they came to an agreement that instead of splitting funding for various programs, one government or the other would take it over. So in return for the county taking over the entire funding of the CATC, we are taking over the entire funding for CHIERS and the Hooper sobering station, which are about the same amount of money. Previously, we had been splitting both and we ended up spending a lot of staff time on intergovernmental agreements coming before council or the county board to transfer the money that's just going back and forth. So, we are committed to continuing the CATC and so is the county -- in fact, they're looking to expand it. So it's not going away, it's just that the funding streams are becoming clearer. Did I get that right?

Hales: Perfectly done, thank you.

Handelman: Thank you.

Hales: Thanks. Other council questions or discussion?

Fish: Mayor, I had a question. 467 has an emergency clause. What's the reason for it?

Hales: The reason for the emergency clause on 467 is that we do need to change the term of this agreement in the next seven days in order to give them 30 days' notice and do that in time for the beginning of the next fiscal year.

Fritz: And the reason that I'm comfortable doing that is because the mayor publicized very early his discussions with the council. We've known since February that this agreement was going to be in place. So although we didn't get formal notice as soon as the mayor made his proposal, and indeed, they couldn't because the council has to approve the budget and so does the county board. There has been public awareness of this, and the county is in agreement with it.

Fish: Alright, thank you.

Hales: Further discussion? Then roll call emergency ordinance 467.

Item 467 Roll.

Fish: Aye.

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Saltzman: Aye.

Novick: Aye.

Fritz: Never thought I'd be voting aye on this, but with the other context, I'm very happy to. Aye.

Hales: This isn't just an accounting transaction, it's also important to remember that for the system to work, for the criminal justice system or the mental health system to work, we need the state to do their job. And there are deficiencies there. We need the county to do their job, and there are deficiencies there, and we need to do our job, and we have deficiencies to work on as well. But what I'm happy about in this agreement is that we have clarified that the county is in the mental health business, and committed to be in the mental health business, and our partner in addressing peoples' mental health needs, regardless of how they come to the county -- whether the police bureau is involved or not. Chair Madrigal, of course, did include this in her proposed budget, which is moving toward adoption at the county. So we've all got a lot of work to do. It's not like once we sort out the accounting, we're done. We have problems to solve in the system. But I like that we are moving towards clarity about the fact that all three levels of government have important work to do here. It's not just the city's job. It's not just the county's job, but we also have clear assignments about what our role is and that's what this works towards. Aye. [gavel pounded] And then 468 and 469 pass to second reading. And 469 and 470 move to second reading. Let me do that again. 468 and 469 and 470 are going to move to second reading, but we have to hear 470 first, so would you please read that one.

Item 470.

Derek Rodrigues, Police Bureau: Good afternoon. I'm Derek Rodrigues, captain of the family services division. So, this is to renew our contract for the next five years for advocacy services from Catholic Charities. And Kat Kelley, the program manager, will explain a little more.

Kathryn Kelley: We have a domestic violence advocate who provides culturally and linguistically-specific services to the Latino community, but who's also able to provide bicultural services to domestic violence survivors who's stationed at the Captain Rodrigues's station. This has been a wonderful partnership for Catholic Charities and for the domestic violence continuum of services, and it's been particularly important for improving relationships between the Latino community and Portland police. So, we strongly appreciate this relationship. I can't tell you how positive it's been for survivors and for us inside of the domestic violence continuum.

Hales: Thank you.

Fish: Mayor, can I ask one question? One thing that jumped out at me is that this is a five-year grant agreement. Why five years rather than a shorter period of time with an annual renewal, or some other process for evaluating it on an ongoing basis?

Rodrigues: I don't have the answer for that.

Kelley: I don't either, I just know that we work very closely together so that analysis is happening on a fairly regular basis. I'm not sure who determined the length of time.

Hales: Was it five years the last time?

Kelley: Yes, I believe.

Rodrigues: Yes.

Fish: I guess maybe one answer is that if at some point it is determined that the services that are being provided are not satisfactory, it can be modified or terminated.

Rodrigues: Yes.

Kelley: Correct.

Fish: But otherwise, it's intended to be a five-year term because --

Bob del Gizzi, Police Bureau: That's correct. The objective is to basically cut down on paperwork and administrative work. There's still an annual process with the family services division, who will review the work. And there is an annual process on which they agree on the budget for the coming year, and that's the level of oversight that the bureau and the city has for the work that's being done.

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By making it a five-year agreement -- with a not to exceed amount that's large enough for that period of time -- allows it to be administered from project management perspective and not have to return to council every year, and not have to return to re-executing a contract.

Fish: And the past five-year experience was satisfactory to the parties?

Del Gizzi: Yes.

Rodrigues: Yes. I haven't been there for five years, but we have an annual sit-down with the director and we talk about the budget. And if there's any issues with service, it gets addressed.

Hales: Other questions? Thank you very much.

Del Gizzi: Thank you.

Hales: Anyone who wants to testify on this item, 470?

Moore-Love: I did not have a sign-up sheet for this.

Hales: OK, then that one passes to second reading. [gavel pounded]. And now, if you would read 471 and 472 together. It's my intention to have them read and refer them back to my office, but if you would read the items.

Item 471.

Item 472.

Hales: Both of these items are important work and will hopefully be rescheduled soon but need some more work in the meantime. So if there's no council objection, I'm going to return those to my office. OK. [gavel pounded].

Item 473.

Hales: Good morning.

Barbara Gibson, Bureau of Purchases: Good morning, Mayor, council members. I'm Barbara Gibson, procurement manager. Today, we have before you the chief procurement officer's report recommending the contract award to Colf Construction, LLC, for the Luther Road restoration project on behalf of the Bureau of Environmental Services. The construction contract cost based on bids received is \$2,431,824. The project came in under the engineer's estimate. In February 2014, the city issued an invitation to bid, number 116488, for the previously-noted project. And on April 1st, 10 bids were received. Colf Construction was deemed responsive to the bid requirements. Originally, Colf identified no MWESB utilization. Through the work of the folks in procurement services, we were able to identify 27.7% of the sub-contracting dollars going to an MW or E small business firm. At this time, I turn it back to council for any questions regarding this solicitation, and we have Scott Gibson and Joe Richards here from the Bureau of Environmental Services to answer any technical questions about the project.

Hales: Nice work on that MWE percentage. Questions? OK. Is there anyone signed up to testify on this?

Moore-Love: I did not have a sign-up sheet for these.

Hales: Might want to keep you here for 474.

Item 474.

Barbara Gibson, Bureau of Purchases: This one is a chief procurement officer's report again, recommending the contract award. This time to Moore Excavation for the SE Clinton-Caruthers system improvements on behalf of Bureau of Environmental Services. The construction contract cost based on bids received was \$2,290,914. This is 9.4% under the engineer's estimate. In March 2014, the city issued an invitation to bid, number 116424, for the previously-noted project. On April 15th, four bids were received. Moore was determined to be responsive to the bid requirements, and was identified at 80.5% of the subcontracting dollars going to an MW or ESB contractor. Again, I can turn it back to council for questions regarding the solicitation process.

Fish: Mayor, if I can make four brief comments.

Hales: Please.

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Fish: Because we are going to be giving a little more attention to these matters going forward, and I just want to make sure that my colleagues have all of the relevant information. Under this project, we will add 24 green street stormwater planters, and two blocks of pervious pavement to keep stormwater out of our sewers. That's a total of 1.8 million gallons of stormwater out of our sewer system annually. We're replacing 3800 feet of aging and under-sized combined sewer pipes to reduce the possibility of a sewage release. And the average age of the pipe being that's replaced is 102.

Hales: Wow. Did you say 80% of the subcontracting dollars? Wow, that's impressive. Good work. Any questions for the team? Anyone signed up to testify on this?

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

Hales: Then let's take a roll call on the acceptance of 473.

Moore-Love: A motion to accept the report?

Fish: So moved.

Fritz: Second.

Hales: Roll call please.

Item 473 Roll.

Fish: Thank you for an excellent and concise report. Aye.

Saltzman: Aye.

Novick: Thank you. Aye.

Fritz: Thank you. Aye.

Hales: Aye. [gavel pounded]

Hales: 474 motion please.

Fish: So moved.

Fritz: Second.

Item 474 Roll.

Fish: Aye.

Saltzman: Aye.

Novick: Aye.

Fritz: I've seen a lot of contracts from Moore Excavation over my five and a half years on council, and it's great to see increasing percentages of minority, women, and emerging small businesses. Aye.

Hales: Yeah, I love that financial performance in both cases were under the engineer's estimate and over our goals for MBE utilization. So those are great numbers to deviate from. Aye. Thank you, good work.

Item 475.

Hales: Good morning. Thanks for waiting.

Allison Madsen, Revenue Bureau: Good morning. I'm Allison Madsen, special events coordinator for the city. I'm here today with the less glamorous part of the Rose Festival, which is authorizing by ordinance the three primary parades, waterfront, city fair, some street closures, and assorted measures. The city and our partner agencies are always proud to come forward every year and we work hard to make this a successful and wonderful event for the city's official festival. So, thank you very much for your time.

Hales: Thank you. Good morning.

Jeff Curtis: Good morning. Jeff Curtis, CEO of the Rose Festival Foundation. Thank you for the opportunity to be with you this morning. I want to thank my colleague, Allison Madsen, for the work that she does on the Revenue Bureau to do the important paperwork side permitting the Rose Festival. And specifically, a thank you to a process that she does outside of this ordinance for permitting the rock 'n' roll half marathon that we just produced this past weekend, which is an extensive process and a lot of intergovernmental coordination that Allison leads. And it led to a very

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successful kickoff pre-celebration event this past Sunday. Thank you, Allison, for your work. I'm here on behalf of the Rose Festival Foundation. This is something that I'm proud to come up in front of you. This is council action that is -- for 107 years -- has been taking place that allows making memories to happen, as appropriately for our theme, making memories. You authorize the use of city services, specifically engage the bureaus to hold these parades, and move forward in this period of celebration. And it was great to see the Food Bank here today. Because we created the industry of special events in the Rose Festival. We're the father of special events. To see other events succeed gives me a lot of pride as I lead the Rose Festival Foundation, and I think it leads to a very successful industry and great for Portland. So, with that said, I want to thank you for your efforts and your leadership as we get set to produce the Rose Festival. And I'll note that three of our Grand Marshals are selected. First one was One More Time Around Again marching band -- that was for the Grand Floral parade. Second one was the selection of the Portland Police Canine Unit as the Grand Marshals for the junior parade -- appropriate for Mick, in memory of his service. And just two nights ago, we selected Mayor Bud Clark as the Grand Marshal for the Starlight Parade. So, a very rich collection of Grand Marshals in honor of our city. Normally, I would close that and say thank you very much. But I did want to address the council and request an amendment to this particular ordinance. 95% of this ordinance is perfect, it does what it needs to do. But the selection of ordinance calls for the celebration from May 23rd, June 8th, 2014, meaning an ordinance for the 2014 Rose Festival. There is language on item number eight that pertains to 2015, and my board has asked me to ask for an amendment on that based on a number of reasons, but primarily, it's a selection of the 2014 Rose Festival and feel there should be dialogue on the council level, within the Revenue Bureau and other entities for this item that we request amendment on, which has to do with the changing the parade routes for the Starlight and Grand Floral beginning in 2015. We feel that is a discussion that belongs at different levels.

Saltzman: You would like more time before we lock it in today?

Curtis: Correct.

Saltzman: OK. I will make that amendment to delete the references to the 2015 Starlight Parade and Grand Floral Parade.

Fish: I will second it for purpose of discussion.

Fritz: That would be number eight in the findings and number seven of the be it resolved?

Curtis: Correct.

Hales: OK. Good. Got the amendment on the floor and we will continue council discussion based on that. Any other points you want to make, Jeff?

Curtis: No, thank you.

Hales: I want to commend both of you for a great kickoff event this weekend. And Allison, of course, did a great job, as she does, of orchestrating the many moving parts that have to work in city for these enormous events to take place in public spaces. And then Jeff not only sponsored the event, but he completed it. So that was especially impressive, and inspiring to the rest of us who might have to put on our running shoes next year. Thank you.

Curtis: Thank you very much.

Hales: Other questions for them? There may be others that want to speak on this.

Fish: I have a question on the amendment, mayor. Or is there --?

Hales: I think we'll take testimony first.

Fish: Is there any reason in terms of timing that we can't accept this amendment and come back to council on this matter at a future date? Is there a timing issue that precludes us from deferring this decision?

Hales: I'm not sure, but let's hear from anyone else that wants to speak about it, and then maybe we can ask staff to respond to that.

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Madsen: Sure. The timing of the item eight was requested by Portland Streetcar's director, just to commemorate the changes and get us moving towards the communication pieces that need to be made for such a substantial change. Is it something that we can hold over and include at a later point? Absolutely.

Hales: OK, good. Thank you both. We'll see if anyone signed up.

Moore-Love: I did not have a sign-up sheet.

Hales: Anyone want to speak on this item? Let's take a roll call on the proposed amendment.

Roll on motion to remove finding 8 and directives 6 and 7 regarding 2015 parade route.

Fish: Aye.

Saltzman: Aye.

Novick: Nay.

Fritz: Aye.

Hales: Nay. [gavel pounded] But it passes. So, the amendment passes and let's take an action on the ordinance as amended.

Item 475 Roll.

Fish: Aye.

Saltzman: Aye.

Novick: Aye.

Fritz: Aye.

Hales: We obviously have more work to do on this issue. We'll do it. Thank you, aye. [gavel pounded] Ok. Have a great festival. And let's take item 476.

Item 476.

Hales: Good morning.

Mary Beth Henry, Office for Community Technology: Good morning, Mayor and Commissioners. My name is Mary Beth Henry, and I'm manager of the Office for Community Technology. We're actually here today on a slightly broader issue, asking your approval for a small cell wireless pilot program that is embedded as part of this Verizon agreement. As you know, Portland's broadband strategic plan calls for state of the art wireline and wireless technology, and views these technologies as essential infrastructures for Portland's future. With grade schoolers all of the way up through grandparents using cell phones, the demand for wireless capacity has increased exponentially. I'd like to provide context as to the importance of this pilot. As we sit here in Portland today, staffers at the Federal Communications Commission in Washington, D.C. are drawing up plans to potentially preempt and/or establish rules for wireless deployment in our community, one-size-fits-all rules that may not work well here in Portland. Anticipating this possibility, city staff and wireless carriers came together to develop a small cell pilot program that we are hopeful will work well for our community and the carriers. To give you a sense of the urgency, today, FCC Commissioner Pai said, it's time to make it easier for carriers to deploy their wireless networks, particularly small cells. He went on to say that the FCC must act quickly to streamline all regulatory processes. We have a unique opportunity here today to demonstrate that we can craft a local solution with local rules that work well for Portland and the carriers. We have a short presentation from staff, Verizon, and AT&T, and we're happy to answer any questions that you may have.

Hales: Great. Good morning.

Jennifer Li, Office for Community Technology: Good morning, Mayor and Commissioners. My name is Jennifer Li, utility program manager with the Office for Community Technology. The ordinance you have before you today is a proposed amendment to the existing right-of-way use agreement between the city and Verizon Wireless. The city has negotiated and manages right-of-way use agreements with wireless carriers. These agreements allow carriers to site their wireless equipment on existing utility poles in the right-of-way. The ordinance would create a limited pilot

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program to focus on new technology being deployed by wireless carriers, called small cells, and distribute antenna systems, or DAS. Two carriers, Verizon Wireless and AT&T, approached the city with requests to deploy small cells in the right-of-way. Small cells and DAS are shorter range systems designed to complement a carrier's existing cell network to increase coverage capacity in high traffic areas, and to extend coverage in harder to reach areas. The city's current policies and processes for siting wireless within the public right-of-way are based on traditional cell sites, where each site operates as a complete self-supporting unit. So here are some examples of current sites on utility poles within Portland's right-of-way. Small cells utilize smaller equipment and antennas, and provide carriers with more flexible options in the configurations. Since 2009, the city's wireless right-of-way program has required a pre-application notice and informational neighborhood meeting for new sites in residential areas. Many of you may be aware of our process and the concerns raised by residents of the visual impacts that these larger traditional sites have had in neighborhoods. Small cells could be a solution to mitigate some of these concerns. During this proposed pilot program, a participating carrier will be allowed to deploy small cell infrastructure. The city has asked the two interested carriers to identify locations where small cells could be used. These would be the first installations of this new technology in the right-of-way in Portland. All small cell equipment, such as antennas and equipment boxes, will be attached to utility poles in the right-of-way. We are working with the carriers on the specific elements of the program, and no installations will move forward unless the parties all agree. In particular, we are discussing the processes, locations, fees, designs, and appropriate levels of notification for these installations. Through this pilot program, city staff will gain practical understanding of this new technology and how installations would differ from traditional macro sites. We will use this information to develop future policy for small cell installations on utility poles. We believe this pilot program is particularly timely, as the Office for Community Technology has begun a review of its current right-of-way wireless siting and pre-application process. The review will look at whether the current process is meeting city goals, and how we can make improvements to the program. Staff anticipates having recommendations to approve the overall program by late fall 2014, and propose that the small cell pilot program be in place until the time the program changes are effective. Each carrier who may participate in the proposed small cell program must have its right-of-way use agreement amended separately to allow for a pilot. Today's ordinance would amend Verizon Wireless' right-of-way agreement to create this program. In addition, Verizon's ordinance contains some routine amendments to align this agreement with other carriers' agreements to remain consistency among all carriers. Representatives from both AT&T and Verizon are here today in support of this pilot program, and I understand they will be providing you were more information about small cells with their presentation. I'm happy to answer any questions you have. Thank you.

Fritz: I don't have a question, I don't know what questions to ask. I just want to say thank you for knowing that we have two great technical experts in our Office for Community Technology who have doing great due diligence on this new program. Thank you.

Hales: Thank you very much.

Henry: Thank you. So we do have the carriers' presentations next.

Hales: Great, thank you. Come on up. Good morning.

Michael Connors: Good morning, Mr. Mayor, Commissioners. My name is Mike Connors, with the law firm Hathaway Koback Connors. To my right is Shanin Prusia with Urban Wireless, and we're here on behalf of Verizon Wireless. The primary purpose that we're here is to extend and amend our existing right-of-way agreement. Our current agreement expires June 30 of this year. We began some discussions about getting that extension in place, and as part of that, staff has recommended some amendments to basically update our agreements to incorporate some of the other amendments that have recently been implemented by the city for other carrier agreements, all of which we're comfortable with. Obviously, one big component of that is the small cell pilot

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program. That begs the question, what's a small cell? I'm no engineer. I've got five minutes, so I'm not going to be able to give you all of the details. And I may not be able to answer all of your questions. But what I'll do is give you an overview of that, and an idea of what was the impetus behind the small cell pilot program. And then Shanin is going to show you some slides, show you the fun part, show you some pictures and provide you a little more information. In general, what a small cell is is a low-powered short-range wireless facility that's intended to complement the existing macro system. Its primary purpose is to provide increased capacity in high-data traffic areas. As you heard and know, there's been a huge explosion of mobile data use growth, and that's both by the increase in the number of wireless users, as well as the increase in number of means that people are using their wireless devices. What that does in certain concentrated areas where you have a lot of traffic is it overloads the existing macro system and makes it very difficult for carriers to be able to accommodate all that traffic. The design behind the small cell is to go to the high-traffic areas, provide a very targeted type service to help offload some of that off of the overall macro system. So it provides a huge critical infrastructure need that we have today. And if you look at projections into the future, it's only going to be increasing. The other benefit you get is from the name small cell. These facilities are significantly smaller than the macro facilities that you're accustomed to. In fact, if you look at -- you'll see some pictures of the cabinets. The cabinets are designed of a size that we'll be able to mount these on utility poles, on the poles themselves, and predominantly in this case, on existing infrastructure in the right-of-way. So, it provides a huge benefit from the perspective that it mitigates visual space, noise-type impacts from what you're typically accustomed to seeing with the macro facility. When we were having conversations with staff about updating our right-of-way agreement, one of the dilemmas that we had was, how do we deal with these small cells? The existing agreements and rules that are in place are all designed to deal with a macro-type system. And so, they don't really work, they don't accommodate a small cell, and they create major obstacles to being able to deploy these systems. As you heard, the city is currently in the process of re-evaluating its current policies, and we actually have an RFP consultant working on that. But that's not something that will occur until sometime next year, and we're looking at doing these deployments this year. And then, of course, you have, how do you deal with the new technology? You don't really have an example to use as a good example to determine what the best policies are. Hence, the pilot program, which we thought was a great idea because it enables us to meet the critical infrastructure needs in a timely matter, and it provides the benefit of being able to allow us to use this as an example so that when the city is prepared to go forward with this long-term plan and consider what are going to be the long-term policies, you'll have an example to use so that you have a concrete example that you can use for purposes of determining how you're going to regulate and handle small cell facilities. So, we think it strikes a good balance of being able to meet the critical broadband infrastructure needs, and also be sensitive to community values and needs and impacts, and use this example to figure out from a long-term perspective how we're going to strike the right balance. Quickly, I want to say, I want to really compliment the staff. I know that you typically hear that, that's sort of the politically correct thing to say when you're in these forums, but they've really done an incredible job. Because, again, we're talking about a really important need -- not just from our perspectives as carriers, but from the community perspective. And we have that obstacle that we're up against. How are we going to do this in the time constraints that we have? How are we going to do it so that we know it's done right? And I think they've worked with us as partners to come up with a very creative way to strike that right balance. And so I wanted to make a point of complimenting them and telling you that they've been very good to work with and we feel we have a great partnership with them. With that, I will turn this over to Shanin. She will provide you with a little more detailed information on small cells.

Hales: Thank you.

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Shanin Prusia: Hi. Shanin Prusia, representing Verizon Wireless. To describe exactly what the components of a small cell are, it's basically about a ninth of what you see in a macro cell. It'd be a small antenna on the top, which more than likely comes in the shape of a canister. It would be placed on top of the utility pole. Between the lines above where a pedestrian could reach a cabinet, you would have a cabinet that's a two-by-two-by-one, a three-by-two-by-one, or a four-by-two-by-one. And that's shown on the picture there. So even though he's standing right next to the cabinet, that's just as a point of reference. The cabinet would actually be up above where anybody could touch it. The antennas themselves -- the point is to serve between 500 to 750-foot radius around that specific, what's called the node. And each antenna, each utility pole would be called a node, and you have a series of two or three that would work together and report back, basically, to one of the macro cell sites. So it's a way to cover people -- where they congregate, where they shop, where they eat, where they sit, where they recreate, without having the cells come into neighborhoods, come into our streets within the city where they just don't visually fit.

Hales: So, from a pedestrian standpoint, the bottom of that cabinet is up well above six feet. So in other words, the clear zone along the sidewalk is unchanged, right?

Prusia: Correct.

Hales: That's important. We've got a lot going on on our sidewalks.

Prusia: Yes, we do.

Hales: Alright. Other questions? And then, good morning.

Ken Lyons: Good morning. My name is Ken Lyons with Busch Law Firm on behalf of AT&T. I'm just going to quickly switch spots, because I have several pictures to show.

Hales: Thank you both. Unless there are any other questions, thank you. Keep the panel up here, our technical resource people all at once here.

Lyons: OK. Good morning, Mayor and Commissioners. It might be afternoon now.

Hales: Just made it.

Lyons: Ken Lyons with Busch Law Firm on behalf of AT&T. Thank you for this opportunity. I would echo what Mr. Connors has said about really complimenting the staff for all of their hard work and leadership in crafting a program that's like this. Today, I'm here to basically speak in support of this initiative. And just wanted to perhaps provide some background that perhaps was alluded to by both Office for Community Technology and Verizon, but hopefully not duplicate what you've already heard. I just want to talk about a couple of factors that are driving growth in the industry. The first is, as Mr. Connors alluded to, we've seen an incredible growth, especially since the advent of the smartphone, the iPhone. You can see on AT&T's network, we have seen about a 50,000% increase in data traffic. Again, something that was minuscule even a decade ago has become an entire new generation of how people communicate. That's one important factor that's driving it. Another thing that's changing is how people use their wireless phones. This is a graphic that shows, really in the last 10 years, how we're starting to see historic migration away from landline telephones. And the primary way that people are communicating is shifting rapidly towards mobile infrastructure. You see this in many people giving up their home phones, landlines all together and going wireless only. That's an example of this. And you can see how the trends are really quite amazing. It is also very, very important to a city's economic development, how small businesses truly depend on wireless technology. And the majority of them couldn't survive without it. Of course, in Portland, we know that's also especially true. There's a lot of mobile application developers that also depend on this as well for their livelihood. And of course, more and more people working from home. Telecommuting is becoming even more rapid and possible because of the ability to connect using tablets and smartphones and computers. And I'll mention this. The city of Portland is very, very important to AT&T. In the last few years, we've invested about \$350 million in our networks in Oregon. We've launched an LTE network, 4G LTE, which stands for long term evolution. It provides broadband data speeds, about 15 megabits a second, is about an

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average when it started. So it's really a tremendous benefit to the community. And we're also in a multiyear plan to increase our infrastructure, first by upgrading sites that already exist. You've seen that as well. But also to add new facilities. In order to keep up with demand, looking for new technologies to implement, and in this case, small cell. What are small cells? As has been alluded to, basically they're small antennas that are attached to existing structures. This is just an example picture. Obviously, in certain communities, you have to meet clearance requirements. So I wouldn't necessarily take this as the design being proposed. But you can see there is basically an antenna proposed, in our case, in the communication zone between the lines there. And then you have a small equipment enclosure that's attached directly to the pole. The system that AT&T designed is a little different than Verizon in that most of ours are intended to go on existing utility poles, not necessarily on top of utility poles. And of course, just a couple of benefits. Obviously, they have a much smaller visual impact than a traditional macro facility that can be located on the existing structure. So, they generally tend to not require a new tower or something like that to be put on them, which really generates a lot of the impact. They can be deployed flexibly. In addition to what Verizon said, it's not just suitable -- at least our perspective -- in high capacity areas, but also very hard to reach areas, parts of the city that may historically be underserved by wireless services. But there are definitely some limitations on top of that. They're not a substitute for macro facilities. They don't have the capacity or ability -- again, these work in concert with a macro network to be able to provide that type of service. Generally speaking, we would like to mention that obviously the current agreements that carriers have with the city, as well as the current regulations -- again, they're all designed around a macro facility, and macro level types of impacts. So the terms and process don't necessarily fit what's being -- trying to accomplish with a small cell network. And so, we would speak in support of the proposed ordinance, because it would authorize an optional small cell pilot program and allow OCT, the pole owners -- in this case, could allow this to move forward on a trial basis. And AT&T is still researching to make sure that we can find a suitable candidate within the city of Portland that would be appropriate to do a trial. We're still evaluating that. So, obviously, working through all of these details is a critical step in order for us to be able to proceed. And that's it. Thank you.

Hales: Great. Thank you. Any further questions for any of the resource people here? Thank you very much for being here.

Lyons: Thank you, appreciate it.

Hales: Any further questions for the Office for Community Technology? Anyone else signed up to testify on this?

Moore-Love: Yes, we have one person. Ben Barber.

Hales: Come on up. Hello again.

Ben Barber: Hello, my name is Ben Barber. I actually can answer lots of your engineering questions regarding this, but I don't think those are as pertinent as necessarily other issues along the lines of net neutrality and also common carrier status and efficiency of the small cell sites. I would propose, for instance, that Sprint be the one to trial this because they have the most spectrum and thus can actually produce more cost-efficient base stations per bandwidth delivered. Because you can only get a maximum of two bytes per -- sorry, two bits per hertz. And, furthermore, they have not opposed net neutrality on the same level that Verizon, or say, AT&T have. Sprint may very well need to have a network backhaul, but as I'm sure you are aware, you're working on it with the governmental agreement with Google, and I'm sure Google might be happy to provide some of that network backhaul for Sprint. But I strongly advise against, in particular, using AT&T and Verizon, unless their stance on net neutrality changes. Do you have any engineering questions? I've also worked for Verizon Wireless, if that makes any difference.

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Hales: OK. Alright, thank you. Questions? Thanks very much. Any further questions for staff? Appreciate your good work. We depend a lot on the amazing staff, as Commissioner Fritz said, at the Office for Community Technology.

Henry: Mayor and Commissioners, Mary Beth Henry again. I did just want to clarify that today's item is the Verizon ordinance, authorizing the small cell program. Next Wednesday, the AT&T ordinance will be before you. But it's the same framework. I just wanted to make sure that you understood that.

Li: And Jennifer Li from the Office for Community Technology. Just in response to Sprint. This pilot program, if you were to approve the concept of it, would be open to all carriers to apply. At this moment, only AT&T and Verizon have actively approached the city, so that's why we have gone forward with these two companies. But, you know, if Sprint were to come through the door and say we want to do this, too, we would say fine, on the same terms that we are agreeing with the other carriers.

Hales: As is always our approach with technology as it evolves. We create the marketplace framework for them to operate within the right-of-way that we have authority over. Great. Thank you for that clarification. Thanks very much. OK. Passes to second reading. [gavel pounded] Thanks very much. Commissioner Fish wanted to -- but he's not here. He had a scheduling conflict. We will see if we can't continue without him. 477.

Item 477.

Hales: I assume you want to do this even though he is not here?

David Shaff, Director, Water Bureau: I was told that he wanted to put them all -- the two we have at the very end of the regular agenda.

Hales: I wasn't clear on that. If you are fine with waiting, then we will do that. We'll take the other items and bring this -- and something else, David?

Shaff: The one that was pulled from consent.

Hales: I got it. You're right. OK, thank you. We'll hold that then. Let's hold 477 until later in the agenda and take up 478.

Item 478.

Hales: Commissioner Saltzman.

Saltzman: Thank you, Mr. Mayor. This ordinance authorizes -- or I should say appropriates what we authorized in our last year's budget, \$100,000 for the Earl Boyles early childhood learning center. This 100,000 will go towards building the early childhood education wing as well as the family support center. If anybody has any questions, we have Ken Thrasher here, who is co-chair of the capital campaign for the Earl Boyles early learning center.

Hales: Which sounds like it is going rather well.

Ken Thrasher: Thank you, Mayor and Commissioners. It is going well, and much in thanks to your leadership in helping us launch this program and get it funded. With this appropriation, combined with last year's appropriation and PDC funding and the tremendous support of the planning and approval bureau under Amanda's leadership, this project is going to come in and be completed under budget, on time. Which in today's world is a pretty remarkable thing, especially in school districts, as we read the paper today. And I think the key here is you've really helped create this tremendous partnership between the district, public funders, and the community, which has really leveraged our ability to raise funds. We are at about 90% of the funds raised to date with this appropriation. We have a funnel of donors to finish this project. Hopefully by the end of the summer, those donors will be finalized in the project. I can tell you, it's having a tremendous amount of not only effect in the district, but outside of the district today. I want to thank you for your leadership here. Because when we look at the investment and what it's done, we are having a tremendous amount of input coming back from both state officials on this project, its leadership role in the state on early childhood investments. I was in Medford the last two days with community

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leaders. I had 10 meetings in two days with community leaders, and one of the top topics was how the Earl Boyles project is coming and what kind of outcomes we're having. I know Don shared those outcomes with you when he testified last week. We have those along with 25 plus other school districts that have visited the site are seeing the value of these early childhood investment. We've also had discussions with the six other districts in the county about how to prioritize this kind of investment with other schools, including looking at those where we don't have to put capital into them. And we're also having discussions with the state. One challenge we faced with this project was when the state appropriated funds for early childhood, they put a limitation on capital. So the ability of your contributions, along with the counties matching that, has made this project possible when we didn't have the state funds to support that. We have applied for an operating grant, because the funds from the state have all been focused on operations. But we are confident that the project will come in on time and under budget, as we said. And the outcomes, I think, speak for themselves, as Don talked about in setting the model for early childhood education in Oregon. Most of all, thank you for your efforts and leadership in this, and we look forward to expanding this model throughout Oregon. Questions?

Hales: Thank you for your leadership.

Thrasher: Thanks.

Hales: Thanks very much. Anyone else who wants to speak on this item?

Parsons: No one signed up.

Hales: All right. And that is an emergency ordinance which requires a roll call and still four of us here.

Parsons: Fritz.

Fritz: Oh -- [laughter]

Parsons: Oh, I'm sorry.

Fritz: Oh, it's OK, I'll be happy to go first and vote. Thank you very much for coming in and for your mention of the good work at the Bureau of Development Services. I passed along the superintendent's compliments. And it's not often that somebody comes in to say thank you, and I appreciate it. Aye.

Saltzman: Aye.

Novick: Aye.

Hales: Great work. Looking forward to its completion. Aye. [gavel pounded]

Item 479.

Hales: Commissioner Saltzman again.

Saltzman: Thank you, Mayor. We have here before us our annual update to the fees associated with all of our fire regulations in Portland. And it's important to note that Portland Fire and Rescue has worked with the prevention advisory council on the proposed fees. A couple of highlights include a new citation fee for night clubs that do not comply with our recently-enacted sprinkling requirements. And we are proposing fines for illegal fireworks citations double to \$500. Fire Marshal Nate Takara is here if councilmembers have any questions.

Hales: OK. It looks like Commissioner Fritz might have one.

Fritz: So I have a concern, and that is the doubling of the fine. For the first offense for illegal fireworks, from \$250 to \$500. How many people have we cited and given tickets for \$250 to?

Nate Takara, Fire Bureau: Last year, I believe we cited 163 individuals.

Fritz: Do we have any demographics as to age and the location and ethnicity of those folks?

Takara: We have some demographics as far as the location. But I don't believe we have the age -- I believe we can find that out. I don't have that at this point for you.

Fritz: So, of course, no offspring of mine has ever set off an illegal firework. However, I would imagine that many people setting off illegal fireworks are of the younger generation, and it seems to me that a fine of \$250 is pretty significant for somebody who doesn't make much money and for

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their parents that may be paying their fine. I'm very concerned about moving to \$500, and I'm wondering what evidence you have that that will reduce the number of illegal fireworks being put off.

Takara: I guess the intent of the increase in the fireworks citation for the illegal fireworks -- two years ago, we started an education campaign trying to educate the citizens of Portland about the negative impact illegal fireworks have on our communities. What we have learned, basically, some individuals, once they understand the negative impact, they stop using it. Others continue to use it. It's similar to speeding. We all know it's dangerous to speed, however, at times the potential to get a traffic ticket is what keeps us under the speed limit. So when you look at just statistics alone, nationwide, thousands of individuals get injured when they use illegal fireworks. In the state of Oregon, in the last five years, we have had approximately \$5 million of property damage. As far as the explosions, we've heard that some of our veterans who are affected by PTSD, are affected by the explosions. We've had problems with animals being scared. Multnomah County animal control has stated that they've had an increase of about 25% of lost dogs and cats during the Fourth of July weekend. To answer your question -- if it's not important for individuals to be good neighbors, because of the negative impact of illegal fires, I'm hoping that the increase in citation will be an added deterrent.

Fritz: So I'm fine with you increasing the second and third offense fines. I'm just very concerned about a first offense. Presumably you don't even get warnings, right? You get a citation.

Takara: The warning is an education.

Fritz: Do you give warnings or do you always -- if you're called and you find an illegal firework, do you always give the ticket?

Takara: If we see a person actually lighting the fireworks and use it, we usually give a citation.

Saltzman: I would suggest -- I mean, this only usually happens once a year. So the notion of repeat offenders is kind of an ephemeral concept, I think. We just adopted a fee \$500 for violating a stop work order -- it gets people's attention, hopefully in a way that prevents them from lighting illegal fireworks or letting their kids light illegal fireworks.

Fritz: Well, as mentioned, in Development Services, it's at the discretion of the director. If we are only citing 100 people a year, it doesn't seem like we -- already, we're not capturing the volume of people who are going to be affected. Bui then to charge them \$500 for a first offense? I agree that it's a problem that just shouldn't happen, that people should be good neighbors for all of the reasons that you mentioned. I just think that \$250 is a pretty significant fine, especially in comparison with some of our traffic violations.

Takara: OK. Other jurisdictions, Gresham, I believe -- it's a misdemeanor, and they have a fine up to \$1500. I believe Happy Valley is \$1000. Clackamas County, I believe it's \$300 to \$500. Lake Oswego is \$295 to \$500 on their offenses.

Fritz: Maybe before the second reading next week, you can get me a list of all of our neighboring jurisdictions and what their fines are.

Takara: OK.

Fritz: Thank you.

Hales: Other questions? Thank you very much. Anyone signed up on this one?

Moore-Love: No one signed up.

Hales: That passes to second reading. [gavel pounded]

Item 480.

Hales: Commissioner Saltzman.

Saltzman: Thank you, Mr. Mayor. I wanted to offer a -- make a motion to substitute exhibit a. And I just handed that out. The substitute language is in highlight. The substitute clarifies that the tenants and public will have access to the conference room with Wi-Fi and a projector. In addition, the applicant for this building, the Jefferson West apartments, will host quarterly meet your neighbor

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events on the rooftop garden to connect building residents and the surrounding neighborhood. This substitute is being offered largely as a result of some questions and comments that Commissioner Fritz made last week about public access of these benefits.

Fritz: I'm happy to second that amendment.

Hales: Thank you, Commissioner Fritz. Great. Any discussion on the proposed amendment before we put it on the floor and take testimony? Roll call on the substitute, please.

Roll on motion to accept substitute exhibit A.

Fish: Aye.

Saltzman: Well, I want to thank Ph Portland Jefferson, the developer of the project, for its willingness to include affordable housing in this development, bringing 39 more affordable housing units to the downtown core. And thanks again to Portland Housing Bureau for all their responsiveness for the concerns raised last week. Aye.

Novick: Aye.

Fritz: Thanks to the applicant for the willingness to make the community spaces truly public benefits, and also to the Portland Housing Bureau staff and Commissioner Saltzman for your willingness to look again at this. Aye.

Hales: Aye. [gavel pounded] And did you want to speak about this? I know the applicant is here. Before we take final action?

Peter Wenner: Again, Peter Wenner with the development. I want to thank you for making this a better project. The process has been a good one, and we're looking forward to adding a great addition to this really fine city. So, thank you, and we're looking forward to getting started.

Fritz: Thank you.

Hales: Anyone else want to speak on this item? Then we'll take a roll call on the amended substitute ordinance.

Item 480 Roll.

Fish: Aye.

Saltzman: Aye.

Novick: Aye.

Fritz: I appreciate the extra week to get this figured out. Aye.

Hales: Nicely done. Aye. Thank you. Good luck. [gavel pounded] We have two more items before we go back to the ones that Commissioner Fish wanted to take together.

Item 481.

Hales: Commissioner Novick.

Novick: Colleagues, this is the annual update of transportation fees and charges. Starting in fiscal year 2011-12, the Bureau of Transportation located all permit fees, rates, and charges for approved transportation services in PBOT's transportation fee schedule. The schedule reflects annual updates of the approved budget years with fees, rates, and charges effective on July 1 to reflect new fees, discontinued fees, fee increases, and fee decreases. Fees may change to reflect changes and, for example, services and conditions, cost increases or decreases, and updates to methodologies. These updated fees are effective July 1, 2014. PBOT involved the development review advisory committee, the building owners and managers association, utility companies and agencies, permittees, and PBOT's Bureau Advisory Committee in discussion of fee updates. The bureau also invited interested parties to meetings and attended regularly-scheduled conversation with business groups to discuss transportation fees. And we have before us Alissa Mahar, who is the services manager; Christine Leon, development and capital group manager; and Michael Jacob, senior Smart Park program manager to give us a summary and answer any questions.

Alissa Mahar, Bureau of Transportation: Thank you, Commissioner. I'm Alissa Mahar from PBOT, again joined by Christine Leon and Michael Jacobs. And Commissioner Novick gave us a great introduction, so I think he took a lot of my bullet points, but that's OK. So Michael will talk in

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more detail about the parking garages so you can understand the changes in that structure. Primarily, the changes in the fees in the schedules reflect moving towards full cost recovery, changes in inflationary factors, and for parking garages to address demand and capacity issues. So those are the primary reasons for the changes. As the commissioner mentioned, we have spoken with our advisory committees about the fee schedule, and we've provided notification to individuals who have a significant impact to their fee. So, I'm going to turn it over to Michael Jacobs at this point in time, and if you have any questions, we're happy to answer those.

Michael Jacobs, Bureau of Transportation: Good afternoon, Mayor and Commissioners. In addressing the adjustments for the Smart Park rates, we look at market conditions, we look at occupancy levels in the garages, and we look at what CPI is for the current year. There are really two issues that we looked at this year. And it relates to occupancy levels. In the 4th and Yamhill garage, we've seen a lot of business in that garage, which is good for us. The occupancy levels -- let me be more specific. The average weekday peak time occupancy levels are averaging around 90%, which is a little bit higher than what we want. Our target around 85%, so that there's continuous turnover.

Hales: Those are short-term garages, correct?

Jacobs: These are short-term garages. We're managing towards the mission of the Smart Park, which is for short term. The O'Bryant Square garage also has a very high occupancy number, around 90%. On the flip side of that, we have our 10th and Yamhill garage, which is experiencing pretty low occupancy numbers right now, around 55%. We are trying to do essentially three things. First is on the all-day rates, we're proposing to increase the 3rd and Alder, the 4th and Yamhill rates from 12 to 13 for the all-day rate, we're proposing to increase the O'Bryant Square all-day rate from \$10 to \$12, and we're proposing to reduce the all-day rate from \$14 down to \$11 a day, thereby creating an incentive for folks who want to stay downtown longer than four hours hopefully to park at the 10th and Yamhill garage and kind of loosen up the demand at the 4th and Yamhill garage. With relation to the monthly parking, we are still selling about 70 permits at the 4th and Yamhill garage. So we're proposing to raise that rate based on market -- but also based on occupancy numbers at the 4th and Yamhill garage -- from \$204 a month up to \$219 a month. I know that's a big jump, but we're hoping that that will create some reduction in the number of people who want to buy the permits at the 4th and Yamhill, thereby leaving more room for short-term visits. And then we're also proposing on the weekend evening maximum rates to reduce that in the downtown core from \$6 down to \$5. Operators felt that was an easier number to market to the community and get people to come in. They felt like it won't have an impact on our revenue. Happy to answer any questions.

Hales: OK, questions?

Saltzman: Are you increasing the third and fourth hours for short-term parking?

Jacobs: We are not changing any of the hourly rates for the first four hours.

Saltzman: Those are all the same.

Jacobs: Those are all staying the same.

Saltzman: OK, yeah.

Hales: It looks like the pattern of the remaining fee increases is just a rather modest one.

Jacobs: The other rates are really based around CPI increases.

Hales: OK. Other questions for the team?

Novick: Thank you.

Hales: Anyone signed up to testify on this?

Moore-Love: We have one person, Joseph Vollum.

Hales: Come on up. Good afternoon.

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Joseph Vollum: Hello. My name is Joseph Vollum, I am a young Oregonian here. I'm interested in opening a business downtown, perhaps. And I'd like to speak more towards all of the fees involved, but specifically the proposed street fees from Commissioner Novick.

Hales: Well, that's not on the table today.

Vollum: Sure.

Hales: So what we're acting on is our existing fees.

Vollum: I can go on these fees as well. I understand that the city is desperate for municipal funds, but I urge you not to introduce higher fees and more fees. Oregonians already pay roughly 10% of their income in taxes before they even get to the fees. I have a real fear that this city is raising prices and is going to end up driving out businesses and make downtown a much less vibrant place than it is with the current proposals. As I said, I was hoping to speak towards --

Hales: That will be next week.

Vollum: That will be next week? I'll have to check my schedule again.

Hales: Alright, thank you. Appreciate you coming in. Thank you very much. OK, then this is going to come back for second reading next week. [gavel pounded] Thank you.

Item 482.

Hales: Commissioner Fritz.

Fritz: Thank you, Mayor. This is on the regular agenda due to the mayor's directive regarding contract changes. Although the increase is only \$35,000, that is a 400% increase over the original contract, and it's due to the change of scope of work to obtain permits and placement of disposal of dredge materials in Columbia County. Emily Roth has been patiently waiting to tell you all about it.

Hales: Thank you, Emily. Good afternoon.

Emily Roth, Parks and Recreation: Good afternoon. I hope you've had a little time to go out into one of our wonderful parks in the past couple weeks. But to talk directly about the ExelTech contract. ExelTech is an MWESB company. We directly contracted with them for \$10,000 to complete the permitting for dredging and repair of the boat ramp at Willamette Park. Presently, because of the condition of the park, of the ramp, we have been getting a few complaints about damage to boats. So originally, we looked at the disposal of the dredge materials to go into the Willamette River. However, we learned when we put in our permit, that to go into the Willamette, we would have to go through a full endangered species consultation instead of a general authorization, taking a lot of time and much more money. Our next option is to put the dredge in the Columbia River. And to place the dredge in the identified site in the Columbia River, we need to meet a county permit requirement which requires an additional study and permit modifications. We're requesting to increase ExelTech's contract by \$20,000 to complete this work and for contingency amount of \$15,000 in case the permitting agency requests additional information. Procurement rules allow for direct contracting with MWESB businesses for up to \$50,000. So we are still under the limit for direct contracting. Even though this is a large increase over the original contract, we are still within the direct contract amount. So, we're just asking to have this increase so we can finalize these permits.

Hales: You have that amount in contingency available?

Roth: We do. We have all the money available through our major maintenance fund for parks. Other questions?

Hales: Other questions for Emily? Thank you very much. Anyone signed up on this item?

Moore-Love: I did not have a sign up sheet. I'm sorry, Lightning wanted to speak.

Hales: Come on up, Lightning.

Lightning: I represent Think Lightning company. My name is Lightning. I have a couple issues, number one, on dredging itself. Where this boat ramp is located -- it didn't really say the last time it was dredged. As we know, when you do dredge in a certain location, you can have a tremendous amount of rainfall or snowmelt at the mountains, various other factors, how much they release at the

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dams can actually move the silt in and out on a regular basis. So this is proposed at about \$380,000 on the first go-around. Then we have a five year of 260, another 10 year of 260. I say don't do the dredging. I say from an environmental standpoint also, you're saying there's contamination in the silt. I'm really curious what that contamination is. Is it mercury? What really is it? From my position on dredging, we have other boat ramps such as up on Glisan that has easy access right now. We have other alternatives than using certain boat ramps, such as at Sundance, Rick Buck has a place facility. You can have your boats there, and they'll lower the boat down in with cranes. They tend to have more deep water in that location. So, we have a situation here of doing maintenance over time. And again, I may be at total disagreement that this may need to be dredged, because you can still get smaller boats in there. One of the concerns I have is obviously for the salmon. I have concerns about them talking about doing a type of dredging here and taking it and putting it back in the river. My understanding, the only people that can do that is the port of Portland. And they tend to do that for more commercial vessels. I don't see how this fits into that. I'm just curious how much income you're actually losing if people have to go up to another boat ramp to utilize that. Because again, from my position, I'm anti-dredging. I'm definitely anti-dredging and putting the silt back into the river because all you're doing is moving that from one location to another, and your contaminants are still flowing through the river. So I have some real concerns on this dredging project. And I hope from an environment standpoint, and I hope from a necessity standpoint, does it really have to be done? Thank you.

Hales: Thank you.

Fritz: Emily, would you like to address that concern, please?

Roth: We are addressing the environmental issues through our permitting with the federal, state, and local agencies. So we have had the dredge that will be removed in front of the boat ramp tested. It does have a slight amount of contamination, which does not allow it to be placed in Ross Island, which has a very high threshold for what can be placed there. However, the small amount of contamination that is in the dredge material is allowed to be placed in the Columbia River. So it is already gone through the whole sediment placement review team at the corps of engineers. So we've had that contamination removed. They have determined that it will not affect the Columbia River. The boat ramp at Willamette Park -- we now charge parking for Willamette Park. It generates approximately \$140,000 a year for money for Willamette Park, of which we put back into the park, so that is funding that Parks now depends on for maintenance of Willamette Park. Willamette Park is also the largest boat ramp for salmon and other park users in the city of Portland, so we do have a smaller boat ramp up at Columbia Park -- sorry, up at Cathedral Park. But for the Willamette River in the Portland metropolitan area, Willamette Park gets the most use and gets our biggest boat ramp facilities. The boaters within both the city of Portland and within the region have contacted Parks many times about this repair. We are also partnering with the Oregon Marine Board for a grant that will help us pay for the dredge, so it won't all come from our general fund here. So we're hoping to get about \$500,000 from them to do this. We'll only be dredging in the required in-water work window for the Willamette River from July to October, when the national marine fisheries service has determined it is the least amount of impact to fish. So we are following all of the environmental rules and regulations that are required for us to dredge and to place dredge in the Columbia River. So it will all be done under environmental rules and regulations.

Hales: Thank you. Anyone else? No, we won't have a debate.

*****: [inaudible]

Hales: Sorry, no. We have to move on.

Fritz: You're welcome to follow up with my office.

Hales: Follow up with Commissioner Fritz' office. Thanks, Emily. Emergency ordinance, let's take a roll call.

Item 482 Roll.

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Fish: Aye.

Saltzman: Aye.

Novick: Aye.

Fritz: Thank you for your presentation. Aye.

Hales: Aye. [gavel pounded] OK, now we have two items remaining, and they are the items pulled from consent, which is 465 and 477. Mr. Shaff and his team are here. So if you would read both items.

Item 465.

Item 477.

Hales: Commissioner Fish.

Fish: David Shaff.

David Shaff, Director, Water Bureau: I will introduce the two parties as we work through both of these ordinances. The Alder Creek Fish Passage. In May of 2005, the council directed the Water Bureau to develop a habitat conservation plan to obtain the long term regulatory compliance that we needed with both the Endangered Species Act and water quality requirements of the Clean Water Act. We worked with a partnership that I think you're all aware of, federal, state and local governmental agencies, nongovernmental agencies called the Sandy River Basin Partners to develop a comprehensive and cost-effective set of mitigation actions to address the impacts of Portland's drinking water system on the Bull Run River and then larger Sandy River populations. These are described in the Bull Run habitat conservation plan that the council passed in 2008. It's a 50-year plan for improving fish habitat, and each measure must be implemented following a set schedule. The Alder Creek Fish Passage is one of those projects. And we have a change order, and we've pulled the item from the consent to give a high level review of this project. Now, I'm going to turn it over to Mike Stuhr, chief engineer of the Water Bureau, who can explain a little bit about what exactly the project is and why we had to do the change order.

Michael Stuhr, Water Bureau: So I thought that would be best done with a very short little slide presentation. This project is really kind of a cool project. We're out on Highway 26, going up to Mount Hood in the vicinity of Brightwood, you can see a bridge there on the lower left picture. We're actually underneath that bridge. That's kind of key here. We're underneath an ODOT active highway bridge. What you have is a natural waterfall. One of the deals we made in the HCP was to spend funds to better the fisheries in the area, and we needed basically a fish ladder to get around this little waterfall. The waterfall is right underneath the bridge. So what we're here today to talk about really is over excavation of rock. Doing rock excavation is extremely difficult to estimate what the quantities are going to be in the first place, and in order we would normally do a survey to do this, but we would have to shut the stream off to do the survey. You kind of get an idea what it's going to be like from walking around it with the stream walking in it, but we didn't want to shut the stream down twice. That's a permitting issue. So we made our best estimate of the quantities and carried on. So what you see here is a sandbagged dam. When we came in to it we came in at low flow, built a sandbag dam, ran the water around in a pipe that you can see. The next thing that makes this difficult is, I mentioned two or three times, we're on highway 26, we're underneath the bridge, we can't blast. All of this work here, partly to protect the stream and partly because we're underneath an active highway bridge, was done by hand. You didn't see the usual dose of track-mounted drills like you see when they are redoing I-5. This is all done by hand with a compressor, drilling holes, using an expansive grout, picks, and shovels. That both protects the stream and doesn't endanger anyone above. This is kind of artwork too, it's kind of build it as you go. You don't know what exactly it looks like, and once you do the rock split, you don't know exactly what you got. You just kind of build as you go. Then once we've chopped these pools so the salmon can migrate from one pool on up, you got to put in the concrete walls. And this again is all built by hand, all done with air compressor and drills. Build the form work. It's all custom, not these cool

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things you see that are tinker toy kits like out at Powell Butte. It's all custom-made. Get the site, put the thing in, and there's what you have. Low flow periods we can pass salmon. It's a very difficult project. I think it's a really interesting project. In this kind of a project we do our best shot of what we think quantity estimates will be. We recognize there will be more. I don't mind coming back across the street and explaining to you what we did. I think it's pretty good.

Fish: Essentially, this project is so we can put fish back in the water?

Stuhr: Right. I really wanted to get a trained salmon to show you -- [laughter] I was told I couldn't do that.

Fish: Rhetorical comment, I'm sorry.

Fritz: Insider joke.

Fish: Insider joke.

Hales: Was an insider joke.

Fish: Very inside.

Hales: Questions? OK, I don't think anyone is signed up to testify, so let's take -- that goes to second. [gavel pounded] And then the second item.

Shaff: The next one is Bull Run road 10 mile post .6 to 1.8. With me is Scott Bryan. Scott is the former assistant county engineer at Skamania County. He's got experience in building and reconstructing roads in rural areas, and he's the project manager for this. So he's going to help me if I get over my head. The maintenance of the Bull Run road system has been the responsibility of the Water Bureau since the adoption of the Bull Run watershed management unit agreement adopted in 2007. Road 10, as you probably know, is the primary route into the facility, into all of our facilities. Paving condition index rating shows that this road is in very poor condition, requiring reconstruction, repair, and resurfacing it. There are significant sections of the road through the project limits that do not meet established standards for safe use by large equipment, which we frequently have going through and regular use by Portland Water Bureau and other agency personnel. The project includes the following things: construction of additional road width, reconstruction of failed segments of the roadway, construction of lightweight fill to repair failures where the road crosses several zones, and paving and striping. We're anticipating proceeding in July of 2014 with construction complete in the summer and early fall of this year. We'll be putting it out to bid in June and back to council with the contract sometime in June or July. Total budget cost is around 930,000. This includes the design, the construction, the management, the inspection, and the construction contract itself, which we anticipate to be around \$685,000 with a moderate level of confidence at this point. Any questions?

Hales: Anyone to testify on this one? If not moves to second reading. Thanks very much for your report.

Shaff: Thank you very much.

Hales: We're adjourned until tomorrow afternoon. [gavel pounded]

At 4:02 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, 2014 2:00 PM

Hales: Good afternoon, welcome to the May 22nd meeting of the Portland City Council. Karla, would you please call the roll.

Fish: Here. **Novick:** Here. **Fritz:** Here. **Hales:** Here.

Hales: We have three items this afternoon, all on rates. If you would start with 483, please.

Item 483.

Hales: Good afternoon. Please take it away, Michael.

Michael Armstrong, Bureau of Planning and Sustainability: Good afternoon, Mayor, Commissioners. I'm Michael Armstrong, I manage sustainability programs for the Bureau of Planning and Sustainability. With me is Bruce Walker, who oversees our solid --

Fish: Move the mic a little closer. We can't hear you.

Armstrong: Better? OK. As I think you all know, but for the benefit of others watching -- in Portland, solid waste is collected from residences, by which we mean single family houses through four-plexes, by 18 different private hauling garbage companies. Each year, the Bureau of Planning and Sustainability goes through a rate review process to establish the charges that those haulers are authorized to collect from residential customers. And that's for garbage, recycling, and yard debris collection, including food scraps. The review process includes CPA analysis of the hauler's financial records, and we work through the Portland Utility Review Board for discussion. We take a look at all of the different factors that affect rates -- so that's labor, equipment, fuel, the average weight of the garbage can, disposal charges for the solid waste that's collected, disposal charges for yard debris and compostable materials collected. And the rates also include a credit to customers for the value of the recyclables that are in their collection containers. This year, several of those factors are putting upward pressure on rates, and that includes labor and the purchase of vehicles to reduce diesel emissions. There are other factors that are pushing down on rates. That includes fuel, for example. The largest single factor is the operating efficiencies of haulers. We want to recognize that their role in this system is critical, and when they achieve efficiencies through this process, we're able to pass those savings on to customers. One of the other factors that's putting downward pressure on rates is that the roll carts that customers have are now largely depreciated, and so essentially the charge to the customers for the roll carts is lower. And that accounts for the difference you'll see in the charges for the 32-gallon can and the 35-gallon cart, which are the two most common levels of service. So we have a decrease for the 35 gallon cart, but a slight increase for the 32 gallon can. If you look across all the rate classes, 60% of customers will see a reduction in their rates, 20% see rates staying the same, and a little under 20% of customers will see a slight increase in rates. That's the result simply of cranking through the math on the cost of serving the different levels. As in the past, the rates do include a slight incentive for customers who have less garbage to throw away, have lower levels of garbage service, smaller cans. It includes a slight disincentive for the largest size carts. Those incentives and disincentives have narrowed somewhat. We've narrowed them last year and again this year. But they are still reflected in the rates. I want to call attention to the fact that all of our residential customers have choices in the level of service they receive. Anyone can sign up for whichever level of service best meets their needs. You can change that by calling your garbage hauler. Different rates have difference charges, so we want people to

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choose the service they need. Don't get more than they need and pay for things they don't need, but certainly have enough capacity in the garbage to take care of whatever their household needs at a given time. The last thing I want to call attention to is that Portland residents continue to do a great job recycling. Before we added food scraps to the weekly yard debris collection, the residential recycling rate was in the neighborhood of 50%. Today, that rate is around 70%. That's really great for resource conservation. It's also good for rates. That's one of the things contributing to the downward pressure on rates, and it's one reason the proposed rates here are flat or down for 80% of customers. So with that, I would invite questions. We will do our best to answer them.

Fish: Commissioner Novick, I have a question for you. I live in inner northeast Portland. And the carters -- like on Thursdays, when there's a lot in my neighborhood -- like on Knott, when they're collecting trash -- carters will cross over to the other side of the road against traffic and double-park facing the wrong way. It always struck me as a dangerous thing to do, but I didn't know whether code addressed whether a carter had the right to do that or not.

Novick: I'm not aware of any special exemption for carters, but I can check.

Fish: I would be happy then, whatever the law is, to give a friendly reminder. It does seem especially dangerous to be facing the wrong direction, double parked on the other side of the road. Particularly when you pull out, you're pulling out into traffic. And while I appreciate some of the challenges of collecting garbage, the alternative is to go a block, turn around and coming back like the rest of us. So, I wanted to pose that question.

Novick: Thank you.

Hales: One question that I wanted to pose is in terms of feedback to the bureau about both the collection schedule and the rate system. What are you hearing these days compared to a year ago or two years ago when there were some changes afoot?

Armstrong: Certainly two years ago, we had a huge spike in calls with questions of all sorts. Some of them commenting on how they felt about the changes in adding food scraps to their yard debris, the change to every other week garbage, some of them questions -- just practical, how it works. We've seen calls return to normal levels. We continue to get inquiries about how to recycle different things, who's my hauler being probably the number one call we get. In terms of feedback, I don't know. Bruce, would you care to generalize?

Bruce Walker, Bureau of Planning and Sustainability: It's primarily questions about some of the hard to recycle items, but the normalization, if you will, of the new collection program has really improved. And as Michael pointed out, calls dropped off significantly.

Hales: Mm-hmm. Normalization is a good word. So you feel that is what we have achieved by now?

Walker: Yes.

Hales: OK. Great.

Novick: A question I had last year was, would it be possible to reduce compost pick up during the winter months? You know, when you're past leaf season and before you get to the hot season, when things smell bad if they're left too long. It seems silly to put out the whole compost bin when you've got three chicken bones in it for a week. I think the answer was, logistically, it might be difficult to arrange just to have the compost pickup go to every two weeks during the winter, but I'm curious what the answer is.

Armstrong: I'm trying to recall. We did take a look at it last year, and it actually might be a good question to have someone else from the haulers address as well. I think, logistically, essentially turning on and turning off that service -- both operationally and in terms of communications with customers so that they know what to expect -- would be probably not insurmountable, but would be a challenge. As it stands, we strongly encourage people to sign up for email reminders of which week is garbage week versus every week, and we've gotten 10,000 people to sign up for that. But we've got 145,000 customers, and the calls we get are often, is this my garbage week or not? And so

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I don't want to underestimate the challenge of helping remind people what's picked up when. But I think it is something we're happy to continue to talk about and look at again. I would welcome all responses to that question, as well of how practical would it be.

Fritz: Commissioner Novick, I have thought of you every time I have put my little bag of scraps into the big can over this winter.

Novick: [laughs] I'm touched to hear that. Another curiosity question. I went out to a recycling place where they said the amount of recycling volume they have gotten over the years has diminished because people aren't getting as many newspapers, and newspapers make up a large percentage of recycling. I'm curious, since the Oregonian has gone to four-day-a-week delivery, have you seen a reduction in newspaper recycling volume?

Armstrong: Have you looked at those numbers? We talked about exactly this. Because it has diminished substantially over the years. I don't know if we've seen numbers yet.

Fish: I think we should note for the record that the Tribune has gone to twice a week, and Street Roots is about to go weekly.

Walker: That would boost the paper level. But there's been a drop because of the reason you mentioned. So, by that I mean a drop of the newsprint that's set out in the cart. We've done some sort of what constitutes the recycling in the cart.

Novick: Has there been a further drop just in the past couple of months? Do we know that yet?

Walker: Yes, since the change last fall since the reduced delivery.

Novick: Thank you.

Hales: Great. Anything else you want to cover?

Armstrong: I think that's what we've got.

Hales: Great. Further questions for the team? Thank you both. Anyone signed up -- we want to invite the utility review board and BAC members up first, and then we'll take public testimony after this. Good afternoon, welcome.

Gordon Feighner: Good afternoon. My name is Gordon Feighner, I'm the interim chair of the Portland Utility Review Board. We have a brief prepared statement that we submitted to council written several weeks ago. We recommend that the mayor and city council adopt the proposed solid waste and recycling rates as proposed by the Bureau of Planning and Sustainability. The bureau has done a thorough and in-depth analysis of multiple factors to arrive at these proposed rates, and we feel they're both fair and equitable to all users of the system, including the ratepayers and the haulers. We'd also like to recognize that due to the solid waste franchise system and the management of BPS, residential rates have remained flat and even decreased over the past few years. That's definitely a good thing.

John Gibbon: I'm John Gibbon. I'm -- by about three minutes -- senior member of the PURB. Gordon signed after I did four years ago. I would point out, the one thing that we took a look at in PURB -- and I feel we thoroughly discussed -- was the little bit of differential that you see between the cost for the 32 gallon can and the 35 gallon cart, with there being a slight increase to the 32 gallon can. And I'm pretty satisfied from conversations with the haulers that that's directly related to labor costs, which is completely understandable in this situation. So, that kind of increase in rate is just one of those things that -- I'm one of those people that needs to call up my hauler and have the 35 gallon cart delivered and retire my 32 gallon can. I will get to it. On your issue, Commissioner Novick, about cutting back recycling during the --

Novick: Compost specifically.

Gibbon: Yeah, compost specifically. I'm different than a lot of people. I compost all of my leaves, and I've got a very big yard. My biggest push of materials going in the compost can is in the early spring when the weeds start to come up and I go around and clear out my yard and deal with the leaves -- or I mean, the weeds, and the sometimes branches down. So I'm not sure that I'd be really

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happy. I think it really has been better for me to have a come week by week. Just my impression. And this morning, I just dropped one green bag in my compost bin, too.

Novick: Yeah, I was kind of thinking like December, January, February. That might be a time when you aren't dealing with the spring weeds or fall leaves.

Gibbon: Yeah. Boy, I tell you, I live in a place that has a lot of trees. It's called Quail Park in southwest Portland, and because we're private streets, we're in the situation where we have to move a lot of leaves off of our property. And over the last few years, we've been bringing in dumpsters, and it's the end of December into January, we are still cleaning up leaves. So, you know, I -- and we use -- we push everybody in the neighborhood to use the carts to get them hauled out. So, I think the weekly is really better for us.

Hales: Fair enough. Good. Any questions for these two great volunteers? Thank you both. Anyone signed up to testify on this one?

Moore-Love: Yes, one more person, Dave White.

Hales: Come on up. Good afternoon.

Dave White: Good afternoon, Mayor Hales and councilmembers. My name is Dave White, and I am regional representative for the Oregon Refuse & Recycling Association. And in that position, I represent the Portland haulers association, and you might hear that as a new name now. We were formerly the tri-county council, and this past year we changed the name to the Portland haulers association. It made more sense. That association made up of the city of Portland's residential solid waste and recycling collection companies. The Portland haulers association supports the rate ordinance before you today. As noted in the staff report, rates will stay flat or slightly decrease for 80% of Portland's residential customers. We are proud that the report acknowledges that this is in large part due to the haulers operating efficiencies. We also appreciate that the Portland Utility Review Board has recognized the haulers' efforts to contain costs and increase efficiencies. These proposed rates that are before you implement a couple of changes that we have been advocating for some time. One is the disincentive in the 60 gallon and 90 gallon roll cart has been decreased, and that has caused a slight decrease in rates. And we think this is a move in the right direction. It will help customers subscribe for the service that meets their garbage disposal needs, and will thereby help reduce -- somewhat -- contamination in the recycling cart. The second point is the rate difference between the 32 gallon can and the 35 gallon cart is reduced, as the member of PURB mentioned. This will provide an incentive for customers to subscribe to cart service, which is more convenient for customers and safer for our workers. In closing, the Portland residential haulers are committed to working in partnership with the Bureau of Planning and Sustainability to maintain and improve the city's solid waste, recycling, and organics collection program. They're always looking for ways to increase their efficiency and contain their costs, and they're doing it in a way that allows them to achieve their goal of excellent customer service, sustainable results, and operational safety. If you have any questions, I would be glad to try to answer them.

Fish: First, I want to say that the haulers who service my neighborhood do a great job. But when we get an answer to the question I asked the transportation commissioner, we'll furnish it to you so you can get the word out.

White: I'm hard of hearing. It's kind of hard to hear in here, but were you saying there are companies that drive on the opposite side of the road to do the collection?

Fish: Correct.

White: And that's the question you have. I can get you information on that also. I've not heard about that in more urban areas. But I can tell you it definitely happens in more rural areas. Last week, I'm driving along and this garbage truck ended up on the other side of the road, like you mentioned. My understanding is -- I don't work at the state level, but our association does, and this past legislative session, there was actually a law passed that allowed that, and it was probably more for liability reasons, etc. Obviously, we try to be very cautious in doing that. But in more rural areas,

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I know it happens. But I can get some information for you on that also. I'm surprised that it is happening in urban, because to the degree that we are automated, the lift arm is on this side. And if they drive over here, they can't lift it. So it must be --

Fish: Yeah, and let's be clear about the consequences. Because they're double parked facing the wrong side -- facing against traffic on the wrong side of the street. When people get backed up because they can't pass the truck, you create that hazard, and they're passing the truck the wrong way. And second, when the truck pulls out, they're heading against traffic and crossing over, which is actually not how the roads were structured. So I just -- my guess is there's a hornet's nest of liability issues involved, and it's easily cured by going to the nearest street, turning around and going the right way with the traffic.

White: This is the first I've heard of this in the city of Portland. We had a Portland haulers meeting yesterday and I would have been glad to talk to them about it. But I will be follow up on that.

Hales: It will be good to know. Obviously, you have seen it --

Fish: On Knott, for example. I assumed it's so pervasive that people thought they could do it. Maybe they can. It would be good to know.

Hales: Other questions for Dave? Thank you very much.

White: Thank you.

Hales: Only one signed up on this one, Karla?

Moore-Love: Yes.

Fritz: I have a comment. And that is, thanks to the Portland Utility Review Board and to the Bureau of Planning and Sustainability, and to the haulers association for really great work on this. And thank you to KATU for covering it. I'm very hopeful that this will be on the news, and I'm very glad they're covering this good news story of decreasing the rates and holding them steady for two years. Thank you.

Hales: Hear, hear. Thank you. This moves to second reading next week. [gavel pounded]

Novick: Mr. Mayor, may I add just one more comment?

Hales: Please.

Novick: I want to add my thanks to those of Commissioner Fritz, and I think we can say you have all done the city a solid.

Hales: Nicely done. This was great work by the bureau as well, so thank you.

Item 484.

Hales: Commissioner Fish.

Fish: Director Marriott.

Dean Marriott, Director, Bureau of Environmental Services: Thank you, Mayor Hales, members of the council. Dean Marriott, Environmental Services. With me is Jim Hagerman, our business services manager for BES. And we have a very few slides to walk you through, and I will talk about them quickly. The proposed rates will fund actually two utilities, wastewater and the stormwater utility, and provide operating and maintenance funds to manage the more than \$14 billion of assets that we run on behalf of our ratepayers. As you know, we have two wastewater treatment plants. We have 2500 miles of pipes below city streets. We have 96 active pumping stations, and we have over now 1500 green street facilities in Portland that we manage. We're also the lead department in city government coordinating the Endangered Species Act compliance and Portland Harbor superfund response. Our operating programs have essentially remained flat, putting little or no upward pressure on rates. We're making reductions to this year's operating budget, just as we have for the last four years. The experience -- some of the cuts you see summarized on the slide are a result of our experience operating the combined sewer overflow abatement program. We're able to cut our utility usage, which is good news. We're coming out of the planning cycle for some of our facilities, like the Tryon Creek treatment plants, so we're able to reduce the cost of facility planning, and we're able to cut back on some of our contracting work as well. The biggest driver for rates is the

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capital program. Post combined sewer overflow abatement, maintenance and reliability drives two-thirds of the capital budget for us. Let me give you an example. If you were in town on Sunday, you experienced quite a rain event. We had one inch of rain in seven hours. But for a period of 30 minutes, depending where you were in Portland, you experienced what we call a 25-year storm -- it rained, and it rained really hard, at least where I was. So how did this system fare during that? That really puts the stormwater and sewer collection system under a lot of pressure. So the CSO collection system, the tunnels and all worked perfect. There were no discharge of sewage to the river. So we can be happy our investment is paying dividends there. The treatment plant went from a typical flow of about 80 million gallons a day to over 460 million gallons on Sunday. So, it was pushed to the limit of its ability to treat wastewater without discharging to the Columbia. And it worked. But, we had 40 reports of sewage backing up into people's basements. And our experience is, if we get 40 reports, there probably were more. Let me just point out to you that we didn't get any reports from neighborhoods in which we've done our sewer rehab and rehabilitation work. The reports came in from places we haven't gotten to yet. It sort of underscores what's next for us is this investment in our older infrastructure, making sure that it is up to date and modern and that we're not putting sewage in people's basements. The revenue requirements necessary from rates for the coming year are shown on this slide. More than half of the revenue requirements are to provide for debt service, which is a legacy of the successfully completed combined sewer overflow projects. The operations are not a significant source of rate pressure. Rates, again, are primarily capital-driven. So, let's talk about the proposed rates themselves. This slide deals with residential. And, again, I mentioned we have two utilities here, the wastewater and stormwater. You can see them split out here. The sanitary sewer costs -- that's the wastewater part of the business -- \$38.79 a month. The stormwater charge is listed here, \$24.86. There's a small Portland Harbor line item on the bill, 41 cents a month. And the low-income assistance program costs typical ratepayers about \$1.19 a month. I wanted to call that out because the low-income assistance program is really important for 8900 Portland families that have signed up for this program. Qualifying families meet 60% or less of median income, and they qualify through the county. When the county says they qualify, we process them as low-income assistance. It provides a \$29.19 a month credit. So it reduces a typical residential sewer and stormwater charge from \$65 to about \$36 a month. So it's very meaningful for the families that are affected.

Novick: Director Marriott?

Marriott: Yes.

Novick: That sounds like a rather low number of families participating in the program. Do you think that there's are a lot of folks that just don't know about it?

Marriott: Well, I think the experience -- and really we should get the folks from the county in here who process the applications and so forth. My suspicion is that they would tell you it is much like other assistance programs, not everybody wants to apply for it.

Fish: Let me jump in on this. Commissioner Novick, I think that's a great question. And what we will do is check with our county partners to find out, based on their categories of poverty and who is eligible for certain programs they offer, we will see if we can cross-tab that with who we serve and find out if there are customers who either don't know about this or, if there is a barrier -- and I would hope there's no barrier around language or paperwork, but that could be a barrier for like an older adult in their home. So, it's a splendid suggestion, and we'll take a look at it and report back to the council if we see a gap. And if there is a gap, we'll take a look at ways we might go to sign up more people who are eligible and who would benefit from this program. So I appreciate the question.

Novick: Thank you, Commissioner.

Fritz: Is it available to multifamily dwelling residents or just single family?

Marriott: It's just single family.

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Fritz: Thank you.

Marriott: So, the next slide is deals with commercial industrial rates, and just -- you can see for yourself here the effects of the proposed increase. We've talked about the typical residential customer will face a 4% rate increase this year. This shows you that the components, for instance, sanitary volume for commercial industrial would be up 4.3, stormwater up 1.9, industrial biochemical remain, and suspended solids 3.5. Superfund is being reduced. So, again, each one of the individual line items will vary, but still staying within the 4% target range. Other charges. The SDCs, sanitary system development charges, increased about 5%. Stormwater system development charges increased about 4%. Plan check land use review fees will average about 5%, which is still only about 50% cost recovery. Everybody is always interested in comparing us to everybody else in the country. This chart, I think, is a rather simplified version. You can see how we stack up. I do have for you some late news from some of the cities on this chart. As I said, our residential customer will face a bill increase of about 4%. Washington, D.C. is adopting a 9.4% increase. Kansas City, almost 12%. Cincinnati, 6%. Seattle, 4.5%. So, we have demonstrated our commitment to clean up the Willamette and the Columbia Slough through the combined sewer overflow program. These other cities that I mentioned and others in the country are still working on their solution. It's an explanation for why they are going to be passing us on that chart soon. Here's a chart that shows you the trend. And it's really positive, I think. The trend has been drifting downward and it will continue. You will see us there at the 4% rate and then drifting into the 3% range. I should tell you that the National Association of Clean Water Agencies reports that for the next five years, the typical municipal wastewater, stormwater charge will increase by 5% or more. And we're headed below four. So, the trend is very positive, I think. The final chart is just a comparison, because there's a lot of interest in systems development charges and where we stack up in the region. And this shows even with proposed modest increases to our systems development charge, we're still very competitive in this region. So, with that I'd be happy to answer any questions that you might have.

Hales: Go ahead.

Fish: Mayor, if I could make a comment. Thank you, Dean, for your excellent presentation. Three things. The first is just to frame our discussion. The sewer, stormwater piece of our typical residential customer is about two-thirds of their bill. About eight months ago, we made a change in the bill we send our customers. It actually says combined water and sewer stormwater bill, because there was a lot of confusion among the customers as to whether they were getting a water bill or something more than a water bill. So just to be clear, we used a rough approximation of a third for water and two-thirds for sewer stormwater on the typical residential customer's bill. The second is, this is the second year that the rates that will go to the council for a vote are significantly below the forecast. And last year, they came down about 50% from the forecast and the rate, Mayor Hales, that you recommended. This year, the water is coming down about 50% from the forecast, and sewer about 23% below the forecast. In order to stabilize rates, though, we asked both bureaus to take some operating cuts. And this year, when all other bureaus had a flat budget, water and sewer both took 2.5% operating cuts. Those are difficult cuts, and they're probably in the long-term not sustainable to keep cutting on the operating side. But that's how sewer was able to go from a rate forecast above five to 4%. When you combine that with water going from 14% to 7%, the combined rate is under 5%, which was the goal that the council set for this. I just wanted to note that. And third, I was in Kenton attending the Kenton Street Fair on Sunday when a torrent hit -- and probably the hardest rain I've ever seen. And unfortunately, there were some tents and open-air vendors, so the timing was awkward. There was a flood of water on the street, and I had a bird's eye view sitting in a pizza parlor of the water coming off of the street into one of bioswales. It was like a river, a gusher coming in. The good news I want to report is that the bioswale performed marvelously. Somehow handled all that water, and it headed south. So, the system worked.

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Marriott: Commissioner, that's what I meant when I said where we've done sewer rehab, where we've done the green street elements and the green elements associated with the improvements to the sewer collection system, the reports of basement flooding are either zero or way down. So it is showing that the green elements are really producing the results that we had intended.

Hales: I had a couple of questions. Not so much in the fundamental rate base itself, but there are a couple of areas where the bureau has experienced enhanced revenues through other means, namely the fats, oils, and grease surcharge and the assumption of stormwater responsibilities in the Columbia south shore. Can you explain what that's doing in the revenue base and your costs of operation?

Jim Hagerman, Bureau of Environmental Services: Yeah, I'll take that. You'll see it reflected in the rates. If you look back at the rate table. Let's see. You'll see the stormwater management charge is increasing at a much lower rate than the sanitary volume charge, and that is reflective of bringing on the drainage districts.

Hales: We added a bunch of new ratepayers.

Hagerman: Right.

Hales: Who were paying the district, and now they're paying us.

Hagerman: Right.

Hales: That is, in effect, flattening everybody else's rates, by having them pay our rates.

Hagerman: Yes. We incorporate that into the forecast, so that it doesn't increase our revenues. It simply lowers the unit rate, because we're now billing for more units of impervious area. You'll see this similar effect on the extra strength side there, the BOD biochemical oxygen demand and suspended solids, at 3.5% increase relative to an approximate 4% increase. I think we've hit the greatest share of that market, and so you're seeing a similar effect, but it's attenuating a little bit this year and it shouldn't be as pronounced in the following years. What has been the case is, on average, over the last three years that has increased much more slowly than sanitary volume rates.

Hales: OK. And what's happened on the cost side? Obviously on the stormwater side, not as much as the new revenue, because that's why we were able to flatten rates. What about on the fats, oils and grease side? Are we doing more inspections or cleaning work?

Hagerman: We are doing more inspections, we're enforcing the regulations a little more tightly. So we're keeping more BOD and TSS out of the system. I can ask our folks that. I can't answer the question how much cost we've avoided from keeping fats, oils, and greases out of the system, but the additional administrative costs is reflected in those rates. But it's more than offset --

Marriott: Mayor, it's a great question. And we have asked our folks to keep track of the call-outs for sewer blockages, and if they're caused by fat soils and grease, documenting where they are. Our hope over the next few years will be that they will diminish.

Hales: Presumably we will get less.

Marriott: Yes, exactly.

Hales: It's supposed to be accomplishing something, and I think it is. It would be nice to measure that.

Marriott: Exactly. And our task is to measure that, because we want to do with what Los Angeles and Dallas and other cities have done. It's similar work. They have tracked reductions in the blockages of their collection system.

Hales: There's a lot of customer unhappiness when the fats, oils, and grease surcharge was adopted. What are you hearing now in terms of customer service calls? Are they declining, are people still reacting strongly to that surcharge? What are you hearing?

Marriott: That's a great question. We are still working our way through the inventory. There's still a few folks that have not yet been brought on, because our commitment was always we will not bring you on until you've had a visit from us, you've met our staff and we've walked around the

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facility with you. We still have some to go. Overall, I think the reaction is now that they have been visited, and understand what has been expected of them --

Fish: Mayor, I could add two comments. I was out at Midway the other day for the raising of their banner, their new business banner, and there was a small business person who had some concern about the cost, but noted that someone from the bureau had come and walked through all of the discount programs. So, one thing I believe is happening is we're getting better at communicating the program and the options. We're still going to get push-back from people when they get a bill. And one other thing that has changed is our office has been working with the bureau on a pilot basis. And one example is Starbucks had some concerns about the cost structure. Rather than just deal with individual franchisees or individual stores, we had Starbucks come in at the corporate level and sit down with Jim Blackwood and others, and lay out their concerns. And what we're able to do is address their concerns system-wide, and we then got a letter from the company saying that it was an unprecedented level of response from the city, holistically to a set of problems. Obviously, most small businesses are not part of a national chain like that. But every time we do that, I hope what we're doing is learning how to do a better job communicating the program, making sure that discounts and other programs are available, and then working with the affected business so that this doesn't become an undue financial burden.

Marriott: I want to just mention -- the commissioner mentioned discounts. Discounts are to encourage behavior that is what we want to encourage. When they figure that out, they realize, hey, I can cut my cost by installing this equipment, which benefits the collection system, which benefits all ratepayers. And that's a win all the way around.

Novick: Director and Commissioner, I've actually been hearing a lot recently about fats, oils, and grease in conversations with businesses about the street fee. And I'd had a briefing on the program and I understood the spectacular level of customer outreach that you are doing. I think it might be interesting, if it's possible, at some point to be able to tell people, here is how much less residential homeowners are seeing on their bills because we have this program. Both because you've got the restaurants picking up more of their share, but also over time the costs are actually diminishing because the restaurants are reducing their input into the system. I don't know if that's feasible, but I think that would be ideal.

Fish: We'll take a look at that.

Marriott: Yes, thank you.

Hales: Other questions? Thank you both. Again, let's call up representatives of the Public Utilities Review Board and Bureau Advisory Committee -- or both -- for your comments. And then I will call up CUB next.

Fish: Do we have BAC members here?

Hales: Welcome back.

Gordon Feighner: Good afternoon again. Gordon Feighner, and I did serve as a non-voting member of the Budget Advisory Committee as well. John did, too. So, we have recommendations on BES rates that were submitted and written testimony earlier. PURB recommends that the mayor and city council accept the 2014 proposed budget from Bureau of Environmental Services. This proposed budget will lead to a rate increase in fiscal year of 2014 of 4%. That's \$2.51 a month for the average residential customer. Second recommendation is that members of the PURB BES committee attend the Budget Advisory Committee as non-voting members. Bureau staff presented thorough and substantial documentation for the committee to review and were quickly attentive to requests for additional information. While an improvement over past years, BES still seems to be presenting information to the BAC in a format that is less user-friendly than that provided by the Water Bureau. So the PURB BES committee members urge council to encourage BES staff to consult with Water Bureau staff to harmonize the two bureaus' approach to providing information to the BACs related to CIP projects. This is not the first time we've made this recommendation, and

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the gap seems to get smaller every year, but it's still not quite even in terms of the information that's available there. The third recommendation is that the nature of the BAC process only allows for input from the BAC on a minimal amount of the budget, namely add and drop packages. It's clear that the larger items that affect the bulk of the bureau's budget are decided by the CIP process. While this approach certainly makes sense from a long-term planning perspective, the functionality of the BAC is largely one of reviewing expenses on the margin and not necessarily having an impact on the final rate adjustment. PURB BES committee members request that discussions regarding the CIP consider the impact of rates in the CIP decisions. And we also have a recommendation the applies to both BES and the Water Bureau, I can give that now --

Hales: Sure, please.

Feighner: We would like to recommend that the mayor and city council consider changing the rate-setting process to longer than a one-year interval. Because the bureaus already have multiyear financial plans, this is not creating a new process, it is refining an existing one. We feel that a two year process at minimum would provide a far greater level of comfort and stability in the rate-setting process for customers. And a well-defined process would allow for minor adjustments as needed by the bureaus to continue operating at a high level.

Hales: Thank you, good suggestions.

Fish: On both suggestions, on how to make the BAC process more fruitful for participants and opening it up, your suggestions and other suggestions that we have received are very thoughtful and we will be talking to you about ways to change the BAC process. Frankly, I'd like the BES BAC process to more mirror the Water Bureau BAC process, and you've given us some thoughtful suggestions and we will be talking about that. On the question of two-year rate settings. The one comment I would make on that, based on what I've learned now, one year into the new assignment is that each year, we see significant variations from forecast rates based on a whole myriad of factors. Interest rates, labor costs, costs of living. There's all these variables which in turn have an impact on rates. And so, the question I would have is, how do you do two years of rate-making when you have year-to-year so many variables that impact the actual adopted rate? I think it's a great idea in concept, but I'm just less clear about how we would get there. But I think it's something for us to ponder and perhaps it's something the Citizens' Utility Board at some point could weigh in on. There may be a model we could draw upon where it's feasible.

Hales: Andrew Scott was taking careful notes of that thought. The subject has come up.

John Gibbon: This was the first year since I've been on PURB that we had a couple of members, myself and Mr. Bodrick from east Portland, switch BACs. And it is a different -- it was a change in culture. I'd been on the Water BAC for three years, or been on the PURB subcommittee that attended the BAC meetings. And it is not a criticism of BES, I want you to understand. They've got a lot bigger, more complex problem that they're dealing with than I think the Water Bureau has. Tom and I were talking about the stormwater side of the thing. And I said, well, right off the top, they've got three different systems in the city that are running, which is the underground injection system in east Portland, the MS-4 stormwater through the stream system in Johnson Creek on and the west side here, and then the combined sewer situation. And Tom's point was, well, really when you take a look at it in east Portland, there's maybe eight systems because we've rolled the drainage districts in, and that's another challenge for stormwater. And then where the underground water goes, which system it goes into, is another complex problem. But I really do think -- Director Marriott talked about what they're focused in on, the individual projects, the reliability projects. Those could be described in a manner that's pretty similar to the book that the Water Bureau is putting out. So that every decision maker would know what area of the city and what they were looking at and the magnitude of costs and project, and those could be laid out in that pretty similar format. And I think that would help decision makers across the board make a good decision on those kind of things.

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Hales: Other questions for Gordon or John? Thank you both. OK, we want to save CUB until after we've done both hearings?

Fish: Yeah.

Hales: OK, that's fine. Anyone signed up on this other than the CUB folks who are here?

Moore-Love: Just Janice Thompson had signed up.

Fish: She'll defer.

Hales: OK. Unless there's anyone else to testify on this item, we'll close that public hearing and set it for second reading, and then move to the final one.

Item 485.

Hales: Good afternoon.

David Shaff, Director, Water Bureau: Good afternoon, I'm David Shaff. I'm the director of the Portland Water Bureau, and with me is Cecelia Huynh, the finance director for the Portland Water Bureau. The Water Bureau, just as a quick reminder, has the two largest finished drinking water supplies in the state of Oregon, the Bull Run watershed and the Columbia south shore wellfield, both capable of providing our average daily demand of around 100 million gallons a day. Like BES, we have a lot of pipe. We have about 2200 miles worth of pipes, although we're mostly gravity-fed, we have 38 pump stations. We supply water to approximately a quarter of the state's population. We have 63 tanks and covered reservoirs, we have 177,000 meters and 14,000 hydrants, and we have 143 Benson bubblers. So, let's talk a little about our budget. Our overall budget for this coming fiscal year is \$177 million. Operating expenses of around \$80 million. We have an ongoing reduction this year of about \$1.4 million. Commissioner Fish mentioned that 2.5% operating budget reductions that we made. Most of those are trying to reduce the budget by realigning the proposed budgets to our current spending levels. Some of the impact of that, though, is our reduction in our ability to respond to unforeseen circumstances. So, we did not have a particularly bad main break season this year. We didn't have a turbidity event. Those were things that were a little closer to the margin, and we'll have to stretch harder if we have those events next year. We reduced the number of positions. We're eliminating 11 positions, trying to absorb those duties or redistribute them among staff. We've reduced part-time funding, we've reduced our travel and training budget. We've made some changes to our funding levels, things like the lead hazard reduction program, our condition assessments, and realigned our budget to fit maintenance and repair activities that can't easily be capitalized. On our capital improvement plan, we have a CIP of just under \$97 million. It reflects a reduction of \$14.1 million. We've pushed out about \$8 million worth of conduit work to allow for planning to be completed and construction of conduit interties before we attempt to do rehabilitation. We moved out about \$2 million in habitat conservation plan work. The rest is related to revised project timing and cash flow. As I said, we eliminated 11 positions in our overall budget as well. Our revenue is \$149 million. Of that, retail is 126.6. Wholesale, 16.6. Other fees and charges are 4.3, and our SDCs are \$1.8 million. Our total staffing is 564 with that reduction of 11 positions. So, the primary rate drivers for us in this upcoming fiscal year. We have the surplus fund balance. Our prior year savings and increased revenues from SDCs, mains, and service installations. The economy is clearly coming back, we can see that in the number of services providing, the number of mains we're installing -- what we call petition mains. We have seen a decrease in the operating budget savings. We've seen savings in our operating budget, and, as I said, those increased fees. We've had to adjust to a higher cost of living component, as you know. We are still adjusting to lower retail demand. This year, we're projecting a 2% reduction in our overall demand. That's about 375 million gallons.

Fish: Is that mostly because of conservation efforts?

Shaff: Conservation, price, plumbing code, all of those things together. You cannot buy the old-style toilet tank anymore. Most people are buying front-loading washers. All of those things are water-saving devices. We are still lowering our demand projections. We have one more year where

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we are going to lower our projection by another percent, and then we hope to see our demand more or less flattening out. On our capital improvement plan, we are still working on distribution system repairs and rehabilitation, replacement of those pipes. The hydrants, the pump stations, services, that sort of thing. And, of course, we have our reservoir projects and the interstate facility rehab. So, our rate summary for 2014-15. We're looking at a 7% increase, about \$1.93 a month for our typical residential customer. Our system development charges are more or less flat. For our most common meter size, we're seeing a \$2 increase. For our larger meters, we're actually seeing decreases. From our fixed fees and charges, many of our fees are lower. We've had a lower billable overhead rate, and we've made a number of organizational efficiencies that have enabled us to bring our charges for other things down. So, how does our rate affect our typical customer? One thing, Commissioner Novick, we actually have seen an increase in the number of low-income participants over the last several years, and I think that's pretty obviously due to the recession. We used to budget for 10,000 participants and came nowhere near that. And now we're coming closer and closer to the expected numbers. And Commissioner Fritz, you're correct. The low-income discount applies only to owner-occupied. So there is a group of people that we do not reach. If you live in an apartment building, you're not a customer of the Portland Water Bureau. It's the owner of the properties that's the customer. And we've struggled with that, and have tried to work on ways to extend some sort of low-income discount to multifamily residences, but frankly, we have not been able to solve that particular problem.

Fish: David, is the principle challenge there that in a multifamily low-income property, the individual units are not metered?

Shaff: That, and of course, there's no way to guarantee that whatever discount we give to the owner of the property gets passed along to that low income resident. But yes, there's typically one master meter at those sites.

Fish: I will say that the industries representing developers of affordable housing have been interested in engaging us in this conversation for a long time. And while there are some technical reasons why Water Bureau hasn't done it in the past, I think it's worthy of a discussion about seeing whether -- just like we did a little work around to start moving to monthly billing, generally without replacing everyone's meter, there might be some best practices that we can grow upon. So that's on my list for the next year as something to take a good hard look at, and I hope to also engage Commissioner Saltzman in that discussion.

Novick: David and Commissioner, since we are on cable TV and since Channel 2 is here, it might be worth just sort of reading out, if you're a single person who makes under \$1809 a month, you're eligible for a discount. If you're a couple making under \$2365 a month, then you're eligible for a discount. If you're three people making under \$2922, you're eligible for a discount. If you're a family of four making under \$3478 a month, you're eligible for a discount.

Shaff: Thank you, I didn't bring that with me. I appreciate that. So, our typical customers. We use 500 cubic feet, and that's approximately 3700 gallons a month. Our typical residential customer will see their monthly bill go up by about \$1.93. The typical qualifying low-income residential customer will go up by 97 cents. Medium-sized commercial customer, and that's a grocery store like an Albertson's or a chain restaurant like McDonald's that uses 100 CCF, that's approximately 75,000 gallons, will see a monthly increase of \$26.30. A large commercial customer, like the port of Portland, uses about 11 million gallons a month, they'll see about a \$3500 increase. And our largest retail customer, siltronics, will see an approximate \$14,000 a month increase. But that's for 44 million gallons of water every single month. So, Portland water bills represent only about 5% of the typical monthly utility services for residential customers. I was hoping that Michael was going to be presenting something that would lift them just higher than us so we'd be at the bottom, but they managed to sneak in just under us. But as you can see, of all of the critical utilities that one has to have, we are the cheapest. And when you compare to those things that people don't have to have,

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like cell phones, cable TV, internet service, we are a bargain. How do we compare? We look at a variety of metrics, but as you can see from a regional standpoint, we are right about in the middle in comparison. When we compare our typical customers to typical customers of other jurisdictions, if we use the exact same metric where our typical customer and we apply our customer to some other utilities rates, we're still right about in the middle. And although we didn't bring this chart, you've seen the chart in our rate hearing. When you look at us from a national standpoint, we're right about in the middle from a customer standpoint.

Hales: Just curious, while we're on this slide, how many of those other providers are wholesale customers of ours?

Shaff: Rockwood, Tualatin, TVWD, parts of Beaverton, probably, Gresham, Tigard -- so, most of them.

Hales: Thank you.

Shaff: And then we did look at the combined chart, and you can see that here, and as you can see, regionally, that does push us up towards the upper end when we're looking at our overall water and sewer and stormwater rates combined. And then, finally, I've never understood this, but everybody likes to compare our system development charges. I know why I like to compare it, because we're probably one of the lowest in the region. There are very few -- there's only one water system in the state -- or regionally -- that has a lower SDC than we do. So we're very proud of that. And with that, I'm prepared to answer questions.

Fish: Mayor, a couple of comments. The Eugene water district, which was over the last six, seven months used as a model in another public debate that we had, recently announced a 6% increase in the water rates. That gives you a comparison.

Shaff: And we are currently just slightly above them at our proposed rate of 29.54. They are at 24.85. So they're working hard on catching up to us.

Fish: A question that I had builds off of a question that the mayor just asked about wholesale customers. In one of the earlier slides, you indicated that we get about \$16.6 million of annual revenue from our wholesale customers. And David, you've explained to me that long term, one way that we can help to stabilize rates is by selling more water to our wholesale customers. Can you just give us a quick primer, how many wholesale customers do we have and just the math as to why that is an important growth area for us if we want to stabilize rates?

Shaff: Dean -- actually Mike -- no, it was Dean that talked about it. Jim was talking about it. The more units you sell, the smaller the rate can be. So the more customers, the more water we're able to sell, the more customers we have, the more we will be able to spread it out among a larger base. We sell about -- looking at customer class, we have revenue of about \$141 million. 42% of that comes from our residential customers. 13% of that comes from our residential or multifamily customers, and that's clearly what's growing these days. That's what is being built in Portland, multifamily residences. Commercial and industrial accounts from the tiniest commercial building, that has just one bathroom and a sink, up to siltronics, makes up 33%, but wholesale customers make about 12%. And we have 20 wholesale customers right now.

Fish: One of the things we're hearing regionally, Mayor and colleagues, is some of the wholesale customers would rather own than rent, and are going their own way and making enormous bets on new capital equipment so that they can pull water from rivers and own their system. One of our tasks, it seems to me, is to convince wholesale customers that being a long-term renter off of our system, accessing some of the best water in the country, is it's in their long-term interest and can keep their rates down. In terms of our business model, that's what we are going to pay particular attention to. David, in a typical hot summer's day, how much water do we sell?

Shaff: Well, our peak days have been the last several years in the 150 million gallon a day range. When I first started, they were close to 180 million.

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Fish: OK. And if you take our capacity off the Bull Run and you add the extra 100 million gallons a day that we could sell folks from Columbia well water, what's our total capacity?

Shaff: If we are rocking and rolling, we could do over 300 million gallons a day.

Fish: That's the good news side of the equation, plentiful water. And the challenge is, how can we sell more of it to our wholesale customers in order long term to stabilize rates? And putting it cup half empty, how do we discourage some of our wholesale customers from leaving the system which has the effect of shifting the costs to everyone else?

Novick: Commissioner, I think I've said this before, but I think the obvious answer is negative advertising. If the Water Bureau would just simply run ads attacking the water supplies that our neighboring jurisdictions either have or are considering and say they have the alternative of good, clean, Bull Run water, I think their populations would rise up and we'd get what we need.

Fish: Thank you.

Hales: Marketing a municipality you probably can't do.

Shaff: I think I'll pass, but OK.

Fish: If I go to the grocery store and buy a gallon of water, depending on whether it's no brand or high end, I can pay anywhere from \$2 to \$4 a gallon, or something like that. What does a gallon of water cost our typical residential customer?

Shaff: Commissioner, I'm so glad you asked that. I spent a whole day with the 7th day science class at Beaumont Elementary and that was one of the questions that I was posing to them. And I just happened to have 2.17 gallons with me, two gallon jugs and a liter jug. I said how much does this cost? I can tell you if you buy it off of the shelf at Fred Meyer, the cheapest you will pay is 99 cents for that gallon. How much do you think it costs for me to deliver it your parents' faucet, wherever there is a faucet in the room? I had \$50, \$20, \$30, \$10, \$5 -- come on, you guys. Think, it's a lot lower than that. I got down to 15, 20 cents. It is 2.17 gallons per penny. Water is cheap.

Fish: Delivered to someone's house.

Shaff: Delivered to your door to every single faucet in your house. 2.17 gallons per penny. If you have more questions?

Hales: That is a good one. Any others? Thank you both. Let's see if our team from PURB is ready.

Gordon Feighner: Good afternoon again. We have a couple of brief written recommendations.

John Gibbon: PURB recommends that the mayor and city council accept the 2014 proposed budget from the Water Bureau. This proposed budget will lead to a rate increase in the fiscal year of 7%, 1.93 per month for a typical residential customer. Members of the PURB water committee attended the Budget Advisory Committee as non-voting members. The Portland Water Bureau staff presented a substantial amount of information on every capital improvement project for the committee to review. We want to thank and acknowledge the Water Bureau staff for being so well-prepared for this process, for being very responsive for the requests from both BAC and the members of the public who attended, and for their transparency in the process. And carrying on the thought that I gave you a little bit earlier, I would say that transparency is in the work that the Water Bureau staff has done to make a lot of their material very understandable. And they need that. They should be complemented for it, and BES is working at it and they need support to get to the same level. I'm just going to hit a couple of comments. My law office is out in Tigard, so I live in Tigard, if you know what I mean. I think the people in Tigard are really going to -- we're not going to have to do negative advertising when the water bill comes due in city of Tigard. Where they're headed on rate increases by abandoning our system and owning, along with Lake Oswego, is going to be a shock to those people. Because the numbers that I've seen are going to put them way up high -- I don't want to quote them exactly -- but they're going to be significant. And the other thing -- and this is the old water lawyer in me talking -- is if you look at what they've got, the call they've got on the Clackamas River, when Lake Oswego and Tigard get down into a hot, dry September, and what they're going to have to be saying to the people trying to maintain their lawns out in Tigard in the

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next couple of years when they're plugged in, it's -- you know, they have a real low call on that river, and that river is basically an uncontrolled river, and so they're not going to be looking at a real vigorous source of supply when it gets right down to it. So, if we just keep -- play our cards close and just say, look, we've got something where we can bring the 300 million when we have to, I think in a few years people will appreciate it in Washington County.

Hales: Interesting. Thank you.

Feighner: I would like to add a comment, not directly related to Water Bureau or rates at all, but I know in our work session a couple of months ago, we discussed at length the issue of PURB membership, and I'd like to bring that up again. Simply because there are only four of us serving out of nine possible slots. I think we may have had a couple of applicants recently. So we may be able to grow in membership soon. But, I would like to reiterate and encourage councilmembers to provide assistance to us in recruiting. It's a lot of work to do and having only four of us to do it gets to be a bit burdensome. And to that end, I know that Mayor Hales, you've talked about assembling the Blue Ribbon panel for investigating future oversight of Water Bureau and BES, and I kind of would like to stress that the infrastructure is in place for oversight if it's done right. If the PURB becomes stronger through greater membership and through the involvement of CUB, it's -- I don't think there are a lot of changes that need to be made if we utilize what we already have more effectively.

Hales: Good point. Thank you.

Gibbon: One last thing on that subject, and it was really on the solid waste thing. In order for us to function in the last couple of months, there's a couple of former members of PURB, that was Janice Adler who was our chair for a significant period of time, and then Vince Siwoski who did the yeoman's work on the solid waste part of this thing. In the spring, in order for us to have a quorum, even though their terms were -- they were interim members. They came back and helped us vote and look at these issues, and they deserve a compliment after their service coming back and helping out. So, thank you.

Hales: We really appreciate your time and effort. Thank you. OK. Let's take public testimony and then PURB, or PURB first -- I mean, CUB. So, let's have the panel from the Citizens' Utility Board come up and talk to us about both of these great ordinances, and we appreciate your oversight very much. It's going to be a panel of one, but we appreciate you being here.

Janice Thompson: A panel of one. Jeff might come up later. And there is a handout. I'm Janice Thompson with the Citizens' Utility Board of Oregon. For 30 years, CUB has been protecting the wallets of residential ratepayers with a focus on the private, phone, and energy utilities. And we're very pleased to turn this experience towards analysis and repair advocacy on Portland's water and wastewater utilities. We take a systems approach that recognizes the need for cost-effective management overall, and that seems particularly important here given the range of customers of the Bureau of Environmental Services and the Water Bureau. So, I want to start by asking you to think about two numbers: 1085 and five. As I read the budget, there's about 1085 positions at the Water Bureau and BES. Now, no big organization in either the private sector or the public sector only has ideal, perfect employees. But I just want to -- you know, as I've jumped in on this and have been talking with folks, I've just been really impressed with their level of interest, knowledge, and commitment, and just want to thank them for answering questions and providing information. The second figure, five, is the number of people on the city council. And obviously, this is a decision-making body that has made inappropriate decisions about use of ratepayer money, and in some ways, have made the lives of 1085 people a little bit more challenging. And I think you're all on the way towards restoring public confidence about the use of ratepayer dollars, and our goal at CUB is to try to help move that along. Now, there will be really serious challenges, since, as the earlier presentations mentioned, the major drivers of rates in both arenas are the environmental regulations and infrastructure, maintenance, and replacement costs. Now, there are positive developments. So just to kind of give you an outline of the initial set of findings. There's some positive developments

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mentioned on page two, on page two and three there's some discussion, some budget concerns, construction issues kind of on three and four. Pages four and five, there's some history outlined. Anybody who has corrections to that history, I would be happy to hear it, but it's kind of what I've been piecing together. And it's included to inform suggestions for process improvements along the lines of strengthening the PURB. Beginning on page six, there's an initial set of longer-term budget issues that are identified with some preliminary discussion. It's just the beginning of the list. More will come up, and in particular, one that is not here partly because I kind of knew it was already on your radar screen, but I'm also just -- it's one of the next topics that I'm moving into, and it relates to the wholesale side of things, which is a huge piece of this puzzle. And then the final section highlights some upcoming issues that may not otherwise be on your radar screen. By no means am I going to go through everything, but just to give you an overview of what is in here. On page two, just to highlight only one of the positive developments -- it was really striking to me to kind of go back and to see how infrequently there's been one commissioner-in-charge of both the utility bureaus. And I think that was a really good move. And it might seem really simple, I just think it is going to pay off in ways that we're going to yet to see its advantages. But I wanted to highlight that. In terms of the budget concerns. In the requested budget, BES did want to cut a contribution of a little over \$400,000 for street sweeping work done by the Portland Bureau of Transportation. But the green streets projects and other efforts of BES have significantly reduced the street sweeping role in addressing water quality concerns and stormwater management. And I know that initial request got whittled down, and it was cut in half. And I just need to identify that I think on a scientific basis, even though, you know, that trimming of that cut request just really wasn't justified.

Novick: Ms. Thompson?

Thompson: Yes.

Novick: I can't help but jump in here. I mean, a lot of what we pick up sweeping streets are leaves. And when leaves cluster around the grates, then they can prevent water from flowing into the storm sewer grates, and I think that has some effect on the ability of the storm sewer to avoid flooding. Also by virtue -- BES is doing a lot of green stuff and adding more vegetation to help control stormwater, and that's good, but we're the ones who wind up picking up the leaves.

Thompson: Mm-hmm.

Novick: And finally, BES only pays a small fraction of the overall street sweeping budget. And it's kind of hard for us in PBOT to believe that if we did nothing in terms of street sweeping, that would have no effect in the overall cost to BES in dealing with the stuff that gets into their sewers. So, that's all I'm going to stay, but I couldn't resist making that comment.

Thompson: Right. But it just speaks to -- I mean, I think it's good that we're seeing a relatively small concern about this whole, oh, is this something that is verging into the use of ratepayer dollars that's just a little off track. And it's helpful to get that additional information. Like I say, I think on one hand, it's positive that it is relatively small piece of the puzzle, but it does seem like a trend that should be continued. The other note is the mayor's budget note directed to the Water Bureau to implement monthly billing to all residential customers with absorbing increased costs within the existing rates. Now, this is really a great goal and it's one of particular concern to CUB, given the financial burden of quarterly bills that face most residential customers. But this is a big task, and it needs to be done in ways that avoids setting off bigger problems that maybe weren't anticipated. The goal needs to be clarified, background from the Water Bureau needs to be pulled together, and in general, a range of options identified rigorously assessed and final selection based on the best balance between cost and benefit. So in the written testimony, included a few more details. I do want to highlight the suggestion that I know kind of has come up in the past, and seems to have dropped out of the picture. And maybe there's good reasons for it dropping out of the picture, but I want to renew a thought that pulling all of the staff working on water and wastewater billing into the Water Bureau's customer service unit maybe needs to come back up into consideration.

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Hales: Just pause on that for a second, if I can. I appreciate your highlighting that and we may need to clarify the language, but the intent of that budget note was to make sure that the Revenue Bureau, the Water Bureau, and BES develop an actionable proposal this year for moving the monthly billing, not monthly meter reading.

Thompson: Right. No, no, and that's --

Hales: Big difference.

Thompson: Exactly.

Fish: And I think from our point of view, since we've already debuted monthly billing, and it's available for people willing to pay electronically. If the purpose of the budget note is between now and January to come up with a plan to build it to scale, which our shared goal, that's one thing. If the goal is in a budget note to have, you know, 180,000 customers using monthly billing, it's a recipe for disaster. My hope is that we can find some balance between the aspiration which we share, for utilities, for getting the monthly billing -- frankly the chart David had in his presentation about other utility bills, if I got a quarterly bill from Comcast, I'd have a lawyer on retainer. It would be shocking.

Hales: That's why they don't do it.

Fish: This is a helpful discussion. The mayor knows that the bureaus, that the utilities are committed to getting to monthly billing. We've been a little conservative in our rollout in part because there have been computer glitches in the past in this and other bureaus, which we wanted to avoid. But there's also a cost factor. And there are technology issues. And if we shift to paper, there is another cost factor. And we are reluctant to shift to ratepayers some of these costs. But if the goal is between now and January to have a plan, I think that's more workable, and something that we can get broad agreement on.

Thompson: The other reason I bring it up, the monthly reads are like a whole different beast. Maybe it never makes sense to go there. It just seems like some short -- you don't want to have something because you're kind of under the gun to do something. So we're going to this, and then you discover that well, you know, now we've gone down a road and it's harder to do this next thing. I know there has been lots of discussion about this, and just -- it's a laudable goal, but all of the definitions need to be defined and make sure that it moves forward in a workable way that also doesn't cut off options for the future. In terms of construction concerns, obviously there's been the BES building cost overruns in the news. And it does sound like that the council has requested an audit in that regard. Removing contract adjustments from consent agendas also seems like really a good move. That's one that is going to be particularly monitored by us, since this is a practice that can be rolled back by a subsequent city council. But on the top of page four, you know, the whole issue of the concrete leaks with the new reservoir -- it's just a really challenging issue. I mean, in terms of just having the technical knowledge -- the little bit of checking that I was able to do, leaks in concrete are not a surprise. The question is, how much is too much and what needs to be done to make sure that it is fixed, etc., etc.? I wanted to toss out an idea to potentially form a construction oversight committee, similar to the technology oversight committee that assists the city council in reviewing technology projects. And even though, given the number of capital improvement projects these two bureaus do, it actually could be a committee that helps, in this case, kind of deal with, oh my gosh, there's post-construction glitches, do we need some independent analysis to help us think through what we need to kind of go after a contractor to fix or what not? But it seems like it could also potentially help with contracting procedures.

Fish: Can I jump in on that?

Thompson: Yeah.

Fish: Because I think it's a terrific idea. I think one perhaps follow-up point is to get a sense if there are some other public utilities that do something like this, or best practices. One of the things I've learned in the last year is that we need to do a better job describing the construction process, the cost

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structures, and other things. And a great example is we sometimes get dinged for so-called cost overruns. What people do is they look in a file and see the back of an envelope estimate by an engineer before you've ever really thought through the vagaries of these kind of one-off construction projects. Then there's an ordinance where council authorizes, you know, where there's an estimate and we're given a sense of whether it is a high confidence, or low confidence. Then we bid, which is where the rubber hits the road, because that's people telling us what it costs to actually do it. And then there may be changes in the scope of the project which goes forward. From time to time, what will happen is someone will look at the file and say, gosh, the original hard-cost estimate was the back of the envelope engineer's estimate. The end cost is why, my god, this is a monster, it has gone amuck. And yet, the reality is they're all the wrong numbers. It may be that the change in the scope of the project were not cost overruns, but along the way they said, well, we're going to build a building but do something else. So, we have some other challenges in just being better able to explain to the public the cost structures, why we make certain changes, what is a cost overrun, what isn't, what's the baseline price to look at. I think having a group like this or something equivalent with some independent oversight might be a very interesting thought for us to pursue. So I'm certainly interested in knowing more about that.

Thompson: Continuing through this, on page four, there's two past history points that I'll let you take a look at. But they do identify some good practices that are underway and some helpful context that I just wanted to mention because it seems like they have been missing in many of the recent discussions about utility agency issues. There's other history kind of related to the PURB and how well -- what the background is or isn't on interaction between the PURB and the overlay that came later in terms of introducing the BAC process. And also identifying that in the past, there's been much more utility-specific, utility review team within the financial -- very detailed financial analysis that from people who have that experience. And that team in the past both provided technical assistance to the PURB, which I think is part of strengthening the PURB and having it be a more attractive body to attract more membership and what not, but then it also provided information. So, these are just some ideas informed by this history to, again, just kind of recognize that the city council does need high level analysis of public utility operations, and that these are just really different bureaus than the other bureaus.

Fritz: I'm very, very, very happy to see that recommendation in your report. Because we started talking about that return of the utility review team I think it was back in 2011 with the charter review discussions, and I agree it's imperative.

Thompson: Yeah, I remember hearing something about that. However, I will highlight that even though I think there's been past discussions and resources available to also deal with some of these timing issues that came up. But you know, the most important thing is to make sure you're getting better information to you after work. Obviously, you're the group that needs to listen.

Fritz: Let me just ask you a question, though. If we were to revisit the utility review team in the budget office, would it be appropriate to fund those positions with rates?

Thompson: I think so. I'm pausing a little bit because I want to circle back with you to think about it some more. But my initial reaction is yes.

Fritz: Thank you. I'd appreciate you thinking about it and giving your advice. Because the reason we weren't able to do it is because we were trying to do it with general fund and we didn't have enough. And also trying to keep the rates down, of course. But I think the investment of those particular staffing to me would make it worth spending rates on them. I'll look forward to hearing your considered response.

Thompson: So in terms of the wider term concerns, I'm not going to touch on all of them, but on page seven, the first full bullet there. Certainly an intriguing issue that I was pleased to learn about that is occurring at BES that I want to dive in and learn more about is use of this net benefit cost ratio methodology with regards to some of the hard infrastructure and kind of moving that into the

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green infrastructure. That is a new field across the country. It does seem like BES was particularly well-positioned to be a leader in that. There's lots of work in process on developing the next round of CIP planning with a lot of green infrastructure. I think for CUB, the key factor is continuing to document that it's cost effective. All indications are that it is, but that is just a concern.

Fish: Janice, on that point. One thing we're trying to do now that's different is on some of our significant projects like Tabor to the river, we've actually come to council and given a briefing on the cost. One cost estimate based on mostly gray, traditional, and one gray and green, with an effort to quantify what the cost savings are over time and why. I think that serves a couple purposes. One is that it underscores the value to ratepayers of investing in nature, which saves money. But two, it educates the public about why green infrastructure is in the long term interest. I think we're going to try to institutionalize that so that as big projects come forward, we give council both sides of the ledger and show why we're opting for a gray and green approach, and what the positive benefit to ratepayers is.

Fritz: Before you move on, you skipped on page six the suggestion that the city council have a city-wide education program.

Thompson: Well, I just wasn't going to necessarily touch on absolutely everything.

Fritz: I know, I wanted to highlight that.

Thompson: Got it.

Fritz: Because I don't get to speak with you often as Commissioner Fish does, perhaps. I like your assessment and advice on whether that is appropriate use of Water and Environmental Services money. Because I had actually asked Parks, we're looking at the same question. And also the overlap. We've been asked to fund outdoor school, we have in the past. We aren't funding it this year from general fund. So, there's overlaps with the city programs too, and I'd be very interested to hear CUB's assessment of not only the work the city bureaus do, but also the work we contract with watershed councils and others to help us with.

Thompson: Where I did want to go next in terms of, like I say, not touching on every single bullet items, is the conservation discussion on page seven. Now, you know, it's very counterintuitive for CUB to be saying this because, in terms of advocacy on the energy arena, ratepayers definitely benefit from conservation. It's just really different with regards to water. I think it raises some questions of, yes, there are conservation planning requirements out there. There's obviously interest from consumers, though a lot of so-called passive conservation is already occurring. But something we're going to take a look at and have some meetings in the process of being scheduled with the Water Bureau to learn more. But just to raise the idea that we may need to think about, yes, you need to do reactive conservation work, what customers want, to respond to that and what's required. But what, if any, proactive conservation work really does make sense? It's just something else we're going to be thinking about and getting input on. Like I say, it's good that that's not -- that could be surprising to people, given the conservation ethic that holds in Portland, but I wanted to highlight that. Then a final of the list to highlight is just the bullet that begins on the bottom of page seven, continues to the next page, about the retail water rate structure being very simple. Now, simple can be really good, and I want to stress that after looking at this, we may end up still suggesting that simple remains good and let's just keep it the way it is. And that could be particularly true in terms of like the volume rate issue and having one rate in terms of the water use, because so many times different rate structures on that side are linked to conservation, which, like I just said, isn't as much of an issue. But it is kind of striking regarding base charges that Portland has moved away from standard industry practice of setting base charges on a cost of service basis. And history there, lots of things to think about. So that's just identifying another topic that we will be reviewing, and may come up with some suggestions. Like I say, might end up saying, simple is good. When you think about it, simplicity to a complexity scale from one to 10. Portland really is at a one. All we're talking about is a two or three. There are utilities that have very complicated rate structures, and

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primarily in those areas where conservation is a big issue and the rate structures are helping drive that. That's why, even if we do some tweaking, I think we're still going to end up with a rate structure on the simpler end of the thing.

Fish: And I guess one of the things we'll be looking at closely is a potential consequence of changing base charges is cost shifting.

Thompson: Right.

Fish: So we'll be looking closely at who the winners and losers are when you do that, with a particular eye to our residential customers.

Thompson: Right. That is indeed why the whole shift kind of occurred in the first place, and that is a big concern to CUB. So yeah, I'm with you on that. So those are the things I wanted to highlight from that list. I did at, the tail end, identify three upcoming issues that just may not yet be on your radar screen. For example, the superfund is not on that list. It's definitely coming, though the timeline seems to keep moving. But the only reason it's not there is because I strongly suspect that that is already on your minds. So these are just trying to potentially be some things that may not already be on your radar screen. So with that, that's kind of things I wanted to highlight. And, thanks. Happy to answer other questions.

Hales: This is very helpful, and obviously all of us will want to read the full memo. I would add one more to the upcoming issues list that, unlike the superfund, probably has not fully gotten on to all of our radar screens, and we're not sure what that is yet, but that's the recertification of the Columbia River levees. Since we have assumed storm drainage responsibilities, or partially so, for that part of the city now, and we are funding a portion of the engineering work with general fund dollars, the question will arise, what's the cost, how does it get paid for, and to what extent is it rolled into stormwater rates. We don't know any of the answers to any of those questions, but we, like superfund, have to start thinking about them.

Thompson: Any other ideas along those lines -- keep me posted.

Fish: Janice, first of all, this is a superb report. There's a lot of tough love in here, a mixture of recommendations and admonishment. I think what people need to remember is you and CUB are completely arm's length of the city. We don't fund you. While we invited you to come in and perform this role, you're funded by ratepayers who see a value in this service, and you perform a completely independent arm's length process. In fact, Janice and I have spent virtually no time together in the preparation for this, and I had not actually seen this before it was issued today. And that is to protect the independence of this process. As I was listening to your report and reading it, though, I thought back to the person who had the idea of beginning this conversation, that's Commissioner Novick. I'm the fourth commissioner in charge of the Water Bureau in the last two years. Commissioner Novick is the second of those four. It was really his idea, and then the council embraced it, and I want to do a shout-out to Steve. Because I think this first hearing in what's going to be a long and productive relationship vindicates why this is such a great idea.

Novick: Just to clarify, it was actually Bob Jenks' idea at CUB. And Bob walked into my office and said, so Steve, I get all these people complaining about water and rates and I want to know what I'm going to do about it, and I can't, because I'm not part of your process, so what about just bringing me in? So actually, I think the ultimate credit goes to the ratepayers of Portland who recognize the value of CUB and just assume CUB is already doing something with water and sewer.

Fish: Lot of love to go around. I have a process question for you, Janice, because we're sort of creating the rituals that we'll observe on an ongoing basis. Here we are, the first hearing where you've come forward with a comprehensive set of recommendations and critiques and questions. How would you -- what would be, in a perfect world, the response you get to this written document?

Thompson: Well, some of these ideas that are specifically targeted to the bureaus, and suggested circling back to your office. So it would be great to hear if that occurs. But many of these are just mapping out kind of the areas of research that we're going to continue, and the discussions are

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preliminary. So I think a lot of it is just kind of starting to provide a little bit of a road map of where we might want to go. That's why suggestions for other lanes to explore are welcome. So I think there's a whole set of this that is going to be more identifying for you -- we're looking at this, looking at this, you know. I think as we get information at a timely -- I'll just work presumably with your office as the point person for these bureaus. I'm like, OK, we now have like on this topic this is identified in the spring of 2014, we now have this set of findings. So it's going to be a little bit of a mix.

Fish: Sounds like there's a couple of things here. First, I think there should be an official response, Mayor. That the bureaus prepare, circulate to council for comment, and then goes back. That would be the first thing, acknowledging receipt and, where appropriate, providing a response. Yes, we embrace this. Yes, this is worth considering. Yes, we'll work with you. Whatever. Then there's clearly some things which CUB has identified as longer term projects. I think it might be useful for us to create a little grid that identifies what's in the pipeline, what they're working on, and have some way of giving the council periodic updates on where we are in that process so that there's a reasonable timeline and set of expectations. All this we're going to make up out of whole cloth, although you do have the experience of working with private utilities statewide. What I will commit to on behalf of water and sewers -- we'll work with you to come up with a format, a written format for responding to suggestions, for creating a matrix of next steps, and for doing so in a way that ensures the whole council is engaged in that process. Because you're not directing it to me, per se, you're directing it to council as a whole, which has the oversight role. Then I think there's the related question, Mayor. Which is, it strikes me that a number of these thoughtful suggestions are ripe for consideration by Blue Ribbon Commission.

Hales: Mm-hmm.

Fish: And we may get a second bite at the apple at getting some feedback from the commission on these, which we'll want to talk about. But I want to just begin by thanking you for the thoughtfulness to these suggestions, the comprehensive nature. I know I've been getting good feedback from staff about the early dialogue, and I'm pleased that you called out that you're getting the cooperation you need. But I would say this is a very promising start to this new relationship, and I want to thank you for your work.

Hales: Same here. I think the other thing I would like you to think through is how does the CUB report get reviewed or interact with the work of the PURB. We have citizen advisers engaged through the Bureau Advisory Committees and the PURB, they are doing great work. They are not wholly independent of the city, but they are citizens. And then we have CUB playing its role as a wholly independent watchdog organization. So I think all of us are interested in how we think that should work. Provide the maximum amount of credible oversight of what we're doing at the city. Your attention to that question would be appreciated as well.

Thompson: Certainly. And just to circle back on your matrix idea, what would also be really helpful as that matrix is built is I'm having really just gotten started, I'm not going to be at all surprised if the bureau's report back to you is like, well, here's this that we're already doing, blah, blah, blah. So I don't pretend to have at this early stage gotten up to speed on absolutely everything that's going on. These are big, complex agencies, it's a lot of really hard-working staff. Making sure they get a chance to fit things in is very critical as well.

Fish: In respect to its relationships with other utilities, does CUB find that it is best to have a single point of contact with the bureau or is it vary with the issue and the context? Jeff, you want to opine on that?

Thompson: Yeah, he's a guy who has been around a little bit --

Jeff Bissonnette: Good afternoon, Mr. Mayor, members of the council. For the record, Jeff Bissonnette with the Citizens' Utility Board. Commissioner Fish, I'd say that generally the answer is a lot of points of contact is probably helpful. Because whether you're talking about these bureaus or

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other private utilities, they are complex organizations and people really specialize. And so if you need some specific information, it's good to know who to go to to get that information that you need. So we're generalists, and we can -- but rather than having a bottleneck and trying to figure out and have everything go through, we've found it helpful just to have the ability to have relationships with people throughout the various companies that we work with and here at the various bureaus to get information needs on behalf of ratepayers. So that's what we found to be useful.

Fish: Well, that's great. My sense is, the way we're structured as a government, you'll have direct relationships with people in the organizations who have expertise and information. And you'll always be able to come to Jim Blackwood or Sonia Schmanski at the policy level if you're not getting the information you need, or you need to know who to speak to, or whatever. So that will be our oversight model in my office making sure you're getting what you need.

Bissonnette: I think that's right. I think that's very analogous to what we see. If for some reason we aren't getting -- either formally or informally -- information from utilities, then we go to the PUC, and either they have it or they can basically say, let's provide this information. That analogy I think is very workable.

Thompson: I haven't run into problems. The way it's playing out is on both bureaus, it seems I have a point person who often directs me who to talk to. And as I establish those relationships, I'm contacting them directly, typically letting my point person know -- not necessarily copied on every single email but the initial email, the point person's copied so they have a sense of what's happening. So it will continue to evolve, but there haven't been issues thus far.

Fish: Yeah and I think we want to encourage this decentralized process as much as possible, so you're getting what you need with the least resistance.

Hales: Other questions? We really appreciate it. Thank you very much.

Bissonnette: Thank you.

Hales: Do we have folks signed up to testify?

Moore-Love: Yes, we have two others.

Hales: Come on up.

Mike Ellis: Commissioners, I'm going to be very short. I'm a member of the Budget Advisory Committee. I'm not going to repeat what I told you at Parkrose when we conducted a hearing, but I did want to follow up on a comment here. The citizens who are generalists, just like the CUB people, are dealing with two sets of balancing acts. The first one is simple logistics. We work over a very short and intense timeline between the end of fall and the beginning of spring to deal with huge and complex issues. So that's the first balancing act. I was intrigued by the notion brought forth by PURB that we have a budget that runs for a longer period of time so we could spend more time with the specialists within the agency, which mirrors what the CUB person has just said. That's just intriguing to me, because I found everything very intense, and the staff made it as easy as possible for people like me to feel that they'd made a sensible decision. This is my ninth year working on community resource planning. Three years here, and six years somewhere else. The other balancing act, which worried me all the time, was the notion that we have to keep the cost as low as possible, but at the same time we were juggling the fact that we were kicking the can down the road on our asset management. In other words, we're playing the old, old game which is short term comfort rather than short term intense discomfort necessary to really update and modernize our huge infrastructure. Those are the two balancing acts and I'm going to get off the line here.

Hales: Commissioner Novick and I were looking at each other because we can relate to that question on another front. [laughter]

Novick: And actually on this front, I wanted to comment that one part of the CUB report was commenting on deferred rate increases being a problematic strategy, because if you defer them, that means you have to have bigger rate increases down the line.

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Ellis: As one of the citizens on the BAC, we were very conscious of that. And felt a pressure all the time to move towards lower rates rather than responsible higher rates. I don't know how you deal with it. That's what you guys do.

Fish: If I could also add on the question of resilience. The Tribune ran a story last week on ideas that a reporter had developed on how you could defer or reduce costs. One of my least favorite was: defer moving on a new secure pipe under the Willamette, it's resilient. And it turns out, our current pipes are not resilient. And it's not because we say so, it's because regulators told us, so we have that challenge. It did strike me as interesting that the two people that proposed that particular cut or deferral lived on the eastside, not the westside. And I think you'd have a different view if you lived on the westside or were one of our wholesale customers, and, as I put it, you were looking at playing Russian roulette with their water supply. But those are the kinds of tough decisions. Do you keep sort of rolling the dice and saying you can defer putting a pipe that's resilient, hoping the big one doesn't hit? And then what happens when it does?

Ellis: Yeah. Thank you very much.

Hales: Thank you. Appreciate your help. Good afternoon.

Everett Jaros: I'm Everett Jaros. I'm at 401 N Blandena Street. I have a handout.

Hales: There we go. Thanks, Karla.

Jaros: I have been in the water bill discount program a couple of times, and I found it very helpful. It made my water and sewer bill actually affordable. Unfortunately, I lost the discount when our housemate moved in whose income put me over the eligibility for the program, even though of course we don't generally share our resources. So it was basically more money that I have to pay out of my pocket. I would ask, however, why should anyone have to pay for those extra expenses that people on the discount program are forgiven? The expenses that are caused by what I understand are insider contracts with including ch2m hill. What's been referred to as slush funds for various expenses that are not related at all or only tangentially related to water and sewer, and our elected officials choosing to surrender to the demands of the federal government for costly projects that seem to be driven by the anti-terrorism industry? I realize that none of you directly created any of these problems, either in the city or the impositions that have been placed on the city and our water system. However, it's your responsibility to deal with them and correct them. You testified earlier that the water is delivered to our homes for just a few cents per gallon. Well, if the water can be delivered so cheaply, why is my water bill so high, and why is it so incomprehensible? I passed out pamphlets, there's four pages in each, they're chronological in how I ordered them. The first page is the itemization of my water bill, which is January 23rd through the 4th. It's handwritten because I don't have a working printer, and I can't access the online system because every time I go in there -- it used to just take my password, which I used for a couple of years, and now if it gives me a new password it accepts it once then it requires a new password. So I can't reuse the password. That's basically my experience with the billing system. You look at that, look at that bill, there's about six charges for the January bill, I think it was, I think for late fees. None of them are called late fees, but the most expensive one being a 70-some dollar charge for pre-cutoff notice. I would just ask you, is that conscionable? Please explain how that is conscionable. And yes, some of those were forgiven. A couple \$10 and \$15 ones were forgiven. The \$70 one wasn't. That was imposed after we'd already contacted the Water Bureau trying to find out what was owed. I don't seem to get the bills. These I got recently. I don't seem to get a bill every quarter. I know I'm not on top of everything, and sometimes I misplace them, but as I say I can't get it online -- I don't know. I would just ask you not to raise the rate until you fix your billing and accounting and collecting for payments.

Fish: Mr. Jaros, first of all, thank you very much for coming today and testifying. Before you go today, we're going to pair you up with someone who's going to take a look at your bill and follow up with you on your concerns, including the cover memo. So thank you for bringing that to our attention. One thing I do just want to note on the bill you've given us, your quarter bill was \$55.

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Which means, if my math is correct, that's about \$18 a month, which puts you well below our typical customer. So that's good news. Your sewer charge is actually -- may or may not be in line with others. We can take a look at that and apprise you of anything that we can do differently. In terms of late charges and other things, if there's a problem on our end in terms of billing you or communicating with you, we'll fix that, because we don't believe in dinging people for honest mistakes. And finally, I just noted, because you mentioned a couple of other things, characterizing some prior decisions of the council. Again, your water bill is well below the typical monthly. And that's not what's driving your rate. It's on the sewer side. When you mentioned we had surrendered to the federal government -- I understand that's a familiar tag line. I get lots of emails from people who say that. I just want to reassure you that no city in America, not one, not even New York, has received relief from the federal government on the rule that you and others feel strongly about. No city has received a waiver or variance. The only city in America that has received relief on the other side of that reservoir rule, which is the treatment rule, is the city of Portland. So when we say surrender, I think we have to put it in the context. We're the only city that got relief on one side of the ledger. No other city was able to pull that off, which to me speaks to a certain dogged perseverance on the part of Portland. And on the other side of the ledger, the surrender you're referring to would, if it's applicable to our city, it would be applicable to every city in America, because not a single city or jurisdiction in the country has received the relief you and others seek. And I'm not questioning whether it's appropriate to seek that, it has not been obtained by anyone else. So I don't want you to think that we're in the business of putting up the biggest white flag out there in terms of surrendering. No city has been able to get that relief. We will meet with you privately right after this hearing and address your concerns about your bill and we appreciate you coming.

Jaros: Thank you very much. I appreciate your comments. I do want to say, do notice a few cents a gallon. And as you note, my water usage is apparently below average, and yet \$370 on the last bill. So no, my problem isn't the charge for the water. And please keep it clean as it is now with Bull Run. What are all these other charges?

Fish: Can you stick around for a few minutes after the hearing?

Jaros: Yeah.

Fish: And we'll have two people sit down with you, sir. And thank you for bringing it to our attention.

Hales: We appreciate it. Anyone else signed up to testify?

Moore-Love: That's all I have signed up.

Hales: This also moves to second reading. [gavel pounded] We will conclude and we are adjourned until next week. Thank you.

At 4:02 p.m., Council adjourned.