



CITY OF
PORTLAND, OREGON

OFFICIAL
MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 6TH DAY OF AUGUST, 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; Linly Rees, Deputy City Attorney; and Wayne Dykes, Sergeant at Arms.

Item Nos. 816 and 819 were pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

The meeting recessed at 11:55 a.m. and reconvened at 11:59 a.m.

	Disposition:
COMMUNICATIONS	
807 Request of Katherine Smith to address Council regarding issues with Tigard and Portland Police (Communication)	PLACED ON FILE
808 Request of Allan Lazo to address Council regarding work of the City of Portland Human Rights Commission (Communication)	PLACED ON FILE
809 Request of Mark Schlesinger to address Council regarding City livability challenges including sidewalk management (Communication)	PLACED ON FILE
810 Request of Joseph Beehler to address Council regarding City livability challenges including sidewalk management (Communication)	PLACED ON FILE
811 Request of Arin Marcus to address Council regarding Dojje's Law for a Safer Oregon 2016 (Communication)	PLACED ON FILE
TIMES CERTAIN	
812 TIME CERTAIN: 9:30 AM – 2014 Major League Soccer All-Star Game Presentation (Presentation introduced by Commissioner Fish) 30 minutes requested	PLACED ON FILE

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<p>813 TIME CERTAIN: 10:15 AM – Accept Venture Portland 2014 Annual Report (Report introduced by Commissioner Fish) 30 minutes requested</p> <p>Motion to accept the report: Moved by Fish and seconded by Fritz.</p> <p>(Y-5)</p>	<p>ACCEPTED</p>
<p>814 TIME CERTAIN: 10:45 AM – Accept the Report of the Socially Responsible Investing Committee (Report introduced by Mayor Hales) 1 hour requested</p> <p>Motion to accept the report: Moved by Fish and seconded by Novick.</p> <p>(Y-5)</p>	<p>ACCEPTED</p>
<p>CONSENT AGENDA – NO DISCUSSION</p> <p>Mayor Charlie Hales</p>	
<p>*815 Accept and appropriate a grant and authorize a grant agreement in the amount of \$47,189 from the State of Oregon, Youth Development Council for the Gang Impacted Family Team Coordinator (Ordinance)</p> <p>(Y-5)</p>	<p>186739</p>
<p>Office of Management and Finance</p>	
<p>*816 Pay claim of Leona Dekat in the sum of \$85,000 involving the Parks Bureau (Ordinance)</p> <p>Continued to August 6, 2014 at 2:00 PM.</p> <p>(Y-4)</p>	<p>186745</p>
<p>*817 Change the salary range for the Nonrepresented classification of Electrical Supervisor (Ordinance)</p> <p>(Y-5)</p>	<p>186740</p>
<p>*818 Ratify a Letter of Agreement between the City on behalf of the Revenue Bureau and the Portland Bureau of Transportation and the American Federation of State, County and Municipal Employees, Council 75, Local 189 for Recruitment of a Regulatory Program Administrator (Ordinance)</p> <p>(Y-5)</p>	<p>186741</p>
<p>819 Create a new entry level, represented classification of Water Meter Technician I and establish an interim compensation rate for the new classification (Second Reading Agenda 798)</p>	<p>REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION</p>
<p>City Auditor LaVonne Griffin-Valade</p>	
<p>*820 Authorize permanent bonded lien interest rates for installment payment contracts financed by the Limited Tax Improvement Bonds, 2014 Series A (Ordinance)</p> <p>(Y-5)</p>	<p>186742</p>
<p>REGULAR AGENDA Morning Session</p>	

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<p>821 Direct the Portland Revenue Bureau to transfer the City of Portland's portion of transient lodging taxes collected from short term rentals to the Housing Investment Fund starting July 1, 2015 (Resolution introduced by Commissioners Saltzman and Fish) 45 minutes requested (Y-2; N-3 Fritz, Novick and Hales)</p>	<p>FAILED TO PASS</p>
<p style="text-align: center;">Mayor Charlie Hales</p> <p>822 Authorize a grant to Portland Business Alliance for Downtown Marketing Initiative Holiday promotions for \$170,000 (Second Reading Agenda 800) (Y-4; N-1 Fritz)</p>	<p style="text-align: center;">186743 AS AMENDED</p>
<p style="text-align: center;">Portland Development Commission</p> <p>823 Accept the Old Town/Chinatown Five-Year Action Plan and authorize modifications to the System Development Charge Exemption Program (Second Reading Agenda 782; amend Code Section 30.01.095) (Y-3; N-2 Fritz and Fish)</p>	<p style="text-align: center;">186744 AS AMENDED</p>

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

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS 6TH DAY OF AUGUST, 2014 AT 2:15 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz and
Novick, 4. Commissioner Novick arrived at 2:16 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Lisa Gramp,
Deputy City Attorney; and Greg Seamster, Sergeant at Arms.

	Disposition:
<p>*824 TIME CERTAIN: 2:00 PM – Amend Code to reflect changes to the organizational structure, positions and responsibilities of the Office of Management and Finance (Ordinance introduced by Mayor Hales; amend Titles 3, 5, 7, 14 and 16) 30 minutes requested for items 824-827</p> <p>Motion to amend Exhibit B to add “and advice” and delete the last four words in 3.15.010A and 3.15.040A; add “equity” to 3.15.050A: Moved by Novick and seconded by Fritz. (Y-4)</p> <p>Motion to amend Exhibit B to change the wording to “promoting diversity and equity in outreach” in 3.15.050A: Moved by Fritz and seconded by Fish. (Y-4)</p> <p>(Y-4)</p>	<p>186746 AS AMENDED</p>
<p>*825 Create a new Nonrepresented classification of Revenue and Financial Services Director and establish a compensation rate for the new classification (Ordinance introduced by Mayor Hales)</p> <p>(Y-4)</p>	<p>186747</p>
<p>826 Amend City administrative rules to reflect the transfer of program responsibility for Title II ADA and Title VI Civil Rights compliance programs from the Office of Management and Finance to the Office of Equity and Human Rights (Ordinance introduced by Mayor Hales; amend ADM 18.01, 18.02, 18.20 and 18.21)</p>	<p>PASSED TO SECOND READING AUGUST 13, 2014 9:30 AM</p>
<p>827 Adopt and amend the City Comprehensive Financial Management Policies and Procedures (Resolution introduced by Mayor Hales)</p> <p>Motion to amend Exhibit A FIN 2.07 #3 to remove the words “growth in”: Moved by Hales and seconded by Fritz. (Y-4)</p> <p>(Y-4)</p>	<p>37086 AS AMENDED</p>
<p>REGULAR AGENDA Afternoon Session</p> <p>Mayor Charlie Hales</p> <p>Bureau of Transportation</p>	
<p>*828 Establish rules for use of the Duckworth Dock Moorage (Ordinance; add Code Sections 19.16.500 and 19.16.515)</p> <p>(Y-4)</p>	<p>186748</p>

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<p>*829 Amend Cooperative Agreement with the Oregon State Marine Board to restrict nighttime use of the Duckworth Dock except on certain days for a trial period of one year (Ordinance; amend Contract No. 50925) (Y-4)</p>	<p>186749</p>
<p>Commissioner Steve Novick Position No. 4 Bureau of Transportation</p> <p>*830 Authorize contracts as required with eight service firms for Right of Way Appraisal and Acquisition and Relocation projects that are funded through Federal Aid (Ordinance)</p>	<p>REFERRED TO COMMISSIONER OF PUBLIC SAFETY</p>
<p>831 Vacate a portion of SE Grand Ave subject to certain conditions and reservation (Second Reading 804; VAC-10090) (Y-4)</p>	<p>186750</p>
<p>Commissioner Nick Fish Position No. 2 Bureau of Environmental Services</p> <p>832 Authorize contract and provide for payment for the construction of the Lower Slough Refugia Habitat Enhancement Project No. E10176 for \$2,016,000 (Ordinance) 15 minutes requested Motion to change Watershed Investment Fund to Sewer System Operating Fund: Moved by Fish and seconded by Fritz. (Y-4)</p>	<p>PASSED TO SECOND READING AS AMENDED AUGUST 13, 2014 9:30 AM</p>
<p>833 Authorize a contract and provide payment for construction of the SW Ventilation & Capacity Improvements Project No. E10121 for \$2,700,000 (Ordinance)</p>	<p>PASSED TO SECOND READING AUGUST 13, 2014 9:30 AM</p>
<p>834 Authorize an open and competitive solicitation for a contract to purchase Sodium Hypochlorite to disinfect treated wastewater in the amount of \$650,000 annually (Ordinance) 10 minutes requested</p>	<p>PASSED TO SECOND READING AUGUST 13, 2014 9:30 AM</p>

At 3:48 p.m., Council adjourned.

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland



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

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

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

AUGUST 6, 2014 9:30 AM

Hales: Good morning, everyone, and welcome to the August 6th meeting of the Portland City Council. Karla, would you please call the roll?

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

Hales: Welcome, everyone. We'll begin in a moment. With council's indulgence, I'll try to manage the agenda this morning so we have a quorum here for the action items, because I have to leave at 12:30 for a personal appointment that I don't want to miss. We'll try to manage everything so that's doable. For folks who are here to testify, we have some communication items up front. Those folks have signed up for the opportunity to speak and we'll give them the opportunity. Then we'll take the council calendar, not in the order in which it's printed, as again, I'll be trying to manage the agenda so that we have a council quorum for the action items where there needs to be one. If you're here to speak on one of those council items, you have typically three minutes, though we may limit testimony. If you're representing an organization and are a lobbyist, let us know that. If you have materials to present, please give them to Karla, our clerk. We ask that people do not engage in vocal demonstrations in the council chambers, but if you agree with someone you can wave your hands or smile or otherwise indicate nonverbally that you like what they're saying, but we want everyone to have their say in a way that is not in any way limiting to them. So thank you all and welcome this morning. We'll begin with communication item 807.

Item 807.

Hales: Good morning.

Katherine Smith: Good morning. Do you want me to state my name first?

Hales: Just your name, that's all.

Smith: Katherine Smith. Dear Mayor Hales and Portland City Council members, I'm here today to ask you, Mayor Hales -- because you are also the Portland police commissioner -- to make Portland police officers, including Police Chief Reese, Commander Day, Sergeant McCormick, Officer Sean Christian, and other officers, to do their job to stop the daily 20 to 24 hours a day microwave and ultrasound harassment weapon and voice to skull weapon, leading to sleep deprivation, weapon assault that some Tigard cops are doing to me. They also still tell me every day they are shooting my son with these when he's sleeping to give him cancer. They set up these weapons remotely in many businesses and residences including safes, shelters, TPI, Starbucks, public restrooms, Peet's Coffee, Multnomah County library, Multnomah County Courthouse, Whole Foods, St. Michael's and First Baptist Church, the Portland Building, City Hall, and other places. The last time I testified here, May 21st --afterwards, Rachel gave me the number for Project Respond. I told her, though, that Project Respond doesn't have the authority to arrest those Tigard cops, nor my ex-Tigard neighbor lady who is friends with those cops and also participates in these assaults and attempted murder. You have the authority, Mayor Hales, to make Portland police officers investigate thoroughly and arrest and prosecute those officers and my ex-Tigard neighbor lady. I have enough evidence for this. If you or someone else asks these cops if they are really making a good effort to stop these assaults, they will probably make some excuse or justification or deny they did anything wrong so they don't get in trouble with you or charged for being accessories to these crimes. I've requested a meeting with you a few times, but your office never has given me that. To stop these assaults requires more

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than a three-minute testifying by me. This should be a priority. Other cities' cops have said they follow the requirements of evidence of assaults to prosecute people who shoot people with these kinds of devices. Many Portland police have a consistent pattern of cover-up and intimidation and slander campaigns, including falsified police reports about us people who report being burned, skin destruction, other injuries, psychological harassment, manipulation, and incrimination with these weapons. Thank you.

Hales: Thank you. My staff is here, so if we can get you any help, we will. Thank you. Good luck.

Item 808.

Hales: Good morning.

Allan Lazo: Good morning, Mayor and Commissioners. My name is Allan Lazo, I am a member of the City of Portland Human Rights Commission. We want to take this opportunity to provide you with a few brief updates about our past and upcoming activities, as well as continuing to find both public and in-person opportunities to serve you in our role on issues related to human rights and civil rights in the city of Portland. One of the past activities for which we wanted to provide you an update was our commission meeting held in east Portland earlier this spring. We hold a regular meeting with community stakeholders -- service-providers and other city representatives, including members of some of your staffs -- at Ron Russell Middle School in the David Douglas School District. This meeting was an opportunity for our commission members to better understand the dynamics in east Portland, especially as they relate to residents that have been displaced to east Portland from closer-in neighborhoods. Hearing from community members and service providers in that area, we know there are consistent themes, such as housing displacement, lack of services, increasing numbers of those without housing, and issues around economic development being discussed in east Portland that we would encourage you to continue to consider as you move your work forward. The right to adequate housing has been an important issue for the HRC and for many in our city. Last month, the Human Rights Commission in partnership with the monthly Race Talks dialogue series sponsored two public bus tours operated by the Fair Housing Council of Oregon that highlighted the sometimes hidden and not often talked about historic housing discrimination, segregation, and displacement here in Portland. I believe the Mayor's Office has expressed an interest in going on a similar tour, and I would highly encourage all of you and your staffs to take part in this experience. We've also been working with organizations involved in providing services to the homeless community, and I've heard hopeful comments about the inter-jurisdictional coordinating efforts between the City, Home Forward, Multnomah County, and the City of Gresham in the new Home for Everyone boards. We've also been visiting with those organizations about bringing forward a public forum promoting viable solutions to creating and maintaining long-term affordable housing in our city. In those conversations, we've heard consistently that one key element in successfully housing members of our community is creating and maintaining long-term affordable housing stock. As such, we would support the resolution you'll be discussing later today that would dedicate all of the transient lodging taxes collected from short-term rentals to a housing investment fund aimed at developing and maintaining affordable housing. The HRC has also been active in assisting victims of human trafficking, especially the extremely vulnerable foreign-born members of our community, and recognize the council's support for human trafficking victims. And we join those in support of our new Portland friends and neighbors who are feeling under attack by recent demonstrations at the Immigrant and Refugee Community Organization facility in east Portland. As you're also aware, we have a very active community and police relations committee that is working in partnership with members of the Portland Police Bureau. There certainly continue to be numerous opportunities for us to engage with you and the greater community about Police Bureau issues, from how our community would ideally like to interact with the Police Bureau to accountability issues. We always hold open our offer to engage in constructive dialogue with you and with our community. So thank you again for your time this morning.

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Hales: Thanks, Allan. Thanks, Linda. Thank you and all of the members of the commission for your service. It's a big volunteer job making a difference, and we appreciate you. Thank you.

Item 809.

Hales: Good morning.

Mark Schlesinger: Good morning. My name is Mark Schlesinger. Mayor Hales and distinguished commissioners of City Council, my name is Mark Schlesinger, just as I said. I'm a principal partner at the Schlesinger companies, a fourth-generation family real estate development and holding company that's been doing business in our wonderful city since my grandfather first acquired his first parcel of commercial real estate at the corner of SW 6th and Washington in 1935. By the way, that piece of dirt is still part of our family real estate holdings today. I'm here today to share my concerns with all of you regarding our city's livability challenges, including sidewalk management. I walk the streets of our wonderful city and constantly find myself having to step around and pick up after groups of aggressive panhandlers, oftentimes with unleashed, unlicensed, and sometimes aggressive dogs. Oftentimes, they leave garbage and debris, including their "Why lie? I need spare change for drugs and beer" signs behind as they move on to new locations. Our company has supported -- and will continue to do so -- the incredibly successful programs offered by Central City Concern, Downtown Clean and Safe, as well as other service providers who work with individuals who want to make a change in their lives and the community they live in. These types of programs deserve our support, both through taxes and donations, because they assist the individual that wants to make a change in their life but needs programs and tools to effect change. The city and you as our governing body do need to address the elements in our society that do not want to make change in their lives, but are here solely to prey upon innocent victims, to vandalize our properties, and to take advantage and abuse the services and systems set up to help those that truly need it. Within the past few weeks, once again I had the opportunity to personally trespass two street people shooting up drugs on our private property. In order for property owners such as ourselves to continue to pay our share of city taxes and special assessments which afford the community the services and programs to help the people who want it, we need to have an active and safe and inviting city where businesses want to be located. We need the rental income. No tenants, no income, no tax base and assessments to fund the programs and support services. It's that simple. Mr. Mayor and members of council, please show good stewardship and be proactive leaders and give Portland, social service organizations, the police department, and our community at large better tools such as a stronger sidewalk management program in order to assist making Portland a vibrant, safe, and thriving city we can all be proud of. Thank you.

Hales: Thank you. I think you may know Central Precinct has been assigning more officers to foot patrol downtown, we hope that -- along with Clean and Safe and everything else we're doing -- is doing a better job of dealing with actual law breaking, like what you're talking about. Obviously, the social services is the other piece of this for folks who need help. But hopefully, what Commander Day is doing with having more of his people out of cars and on foot will help make a difference.

Schlesinger: He's a great asset, thank you.

Hales: Thanks very much.

Item 810.

Hales: Good morning, come on up.

Joe Beehler: Good morning. Distinguished members of the City Council, my name's Joe Beehler, and I'm a commercial real estate broker here in Portland. I'm one of the top brokers in downtown office space, and many of my clients are landlords of landmark buildings in Portland. As a native Oregonian, I've enjoyed watching Portland grow and change to become one of the top desirable places to live. Every day, I walk the streets and promote all that Portland has to offer to investors and business owners alike. In many ways, I'm an ambassador for Portland. Over the past several

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years, Portland has rapidly become the market of choice for entrepreneurs to start new businesses, establish a strong regional office, or relocate their businesses altogether. Portland is now the top of the list for regional institutional investors looking for opportunities, and I'm often called upon to provide market data, discreetly conduct tours, and meet with investors to provide commentary on our market and city. People love our city, and I do, too, but we have a serious problem, and it's a glaring blemish on our city when would-be investors, employers, and tourists come to town and are confronted with it head-on. It is the city's current approach to addressing and regulating sidewalk space in Portland neighborhoods. It's not effective. Our lax regulations regarding management of sidewalk space is causing various markets to be unsafe. And it's an issue me and my property owners are constantly back-pedaling on when trying to market various properties for lease or for sale. It becomes even more cumbersome when it's in your face. Three weeks ago, I was with an out-of-state investor who is buying a property near Pioneer Square, and I was accosted in front of this group by a road warrior. This road warrior got up from his spot on the sidewalk where he was panhandling, got into my face, and stated: my friend over there just told me guys like you wouldn't give me a nickel. In another instance, with a different group -- there were four of us -- we witnessed in disbelief as two street people fought in the crosswalk in the middle of the street in oncoming traffic. How do you explain these confrontations on the street to out-of-state investors and business owners? How do you sell Portland's livability after witnessing that? How do we attract people to our city? The future of Portland's rebounding economy and livability is tied to the city's ability to attract new and growing businesses. Many of the landlords and business owners and signature downtown Portland buildings live in our community and pay taxes, but how are these property owners supposed to pay taxes and fees that are assessed if we have empty buildings because of unacceptable street activity? I could go on and on, citing more and more of this activity, but I think you get the point. The city of Portland has tremendous momentum and buzz surrounding it. Every week, a top 10 list or article comes out touting the livability and cool factor of Portland. But the perception of Portland versus the reality is quickly harming the future of our city. Let's deliver a message as community that we will no longer tolerate this aggressive behavior and activity on our streets with action. I challenge the city to address this escalating problem by giving property owners the tools and backing they need. Let's work together to make the perception of Portland a reality. Thank you.

Fish: Mr. Beehler, before you go, I just have to -- in defense of the mayor -- just make a comment. I had lunch the other day with Greg Goodman, who's a frequent critic of the city on many issues, including downtown management. And he was particularly complimentary of the program the city's initiating, putting more police officers on the street and doing sort of old-fashioned community policing downtown, building relationships with businesses, with transients and others, and particularly the connection of getting people the services they need. Now, there's some people that are resistant, but a lot of people do need our help, and the police are actually quite good at linking folks up with services. We recently learned that we're one of the fastest-growing regions in the country in job creation. We have one of the lowest office vacancy rates in the country. And we keep making top 10 lists, so we're doing something right. I understand we can do more, but I want to just state -- from my perspective -- that we keep going on the dead-end conversation about changing the law of the sidewalks. And we can have that conversation, and we can continue to frustrate you. Or, we can talk about the changes that the mayor and the Police Bureau have made by putting more officers on the street engaging people. The vast majority of people I've talked to -- and Dan and I were just candidates for reelection, so we talked to a lot of people -- said that it's working. That having people downtown engaging the public in a constructive way is working. So I keep sensing there's a disconnect on this. And obviously, we have to do more. But I don't want you to feel -- you can challenge us, and it's appropriate to challenge us. But this council is actually doing a lot, including making significant new investments in housing. So, let's find a way to work together on

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this. Because I think you're missing part of the story here about actions that council has taken constructively to address the problem. When I hear we've got this big problem, and at the same time I hear that there's no available space to rent downtown, that we're leading the country in job creation and other positive indicators -- I can't reconcile the two. I want to get beyond these symbolic actions where people come and tell us the city is going into the toilet, and talk about ways we can strengthen our existing programs. We all share a concern about helping people get off the street. And none of us tolerate illegal activity on the street. But I sometimes think we're talking past each other at these forums, and I hope we can change that.

Beehler: I would agree with you. We are a very popular place right now. And that's the big head-scratcher, because everybody's going wow with the job creation, with the unemployment down, we're in single digits in our vacancy in the central city, and we've got all these factors coming into play. But we've still got these issues. So I don't doubt that. It's almost like we're to a degree ships passing in the night -- it's not a good analogy to make, but I agree, there's more that can be done.

Hales: I think what I hear -- I was in central precinct yesterday. What I hear from Commander Day and his officers is the most intractable problem -- and I hear this from Marc Jolin and from others that are service providers on the street -- that there's a cohort of folks here typically every summer that are offered services and refuse them. And some of those are folks causing the most friction out on the streets. So it's a puzzle and a vexation for the service-providers, that they're there and ready with services and they are refused.

Fritz: The fact is, too, though, we don't have enough services. I meet regularly folks that are in the Right 2 Dream Too rest area, and they are folks who have been waiting for months. Just before I came into council, I read an email from an out-of-state mother who last year, I had helped locate her son who was living on the streets, and he was able to go home. And I can tell you that we are being tough on crime, because this young man allegedly was beaten with a baton when he tried to pick up his stuff when he was sleeping in a doorway by a private security and required seven stitches in the back of his head. And he has told his mother that he can't even prosecute that because nobody will believe him. So there's always more than one side to the story. And I know from talking with folks who desperately want to get off the streets and have nowhere legal to sleep at night because Right 2 Dream Too is full and there isn't anywhere for them to go.

Beehler: Yeah, there's no question -- you, as somebody who's walking the streets as much as I am on a daily basis -- it's very easy to identify those people who are in need of services, and who really don't know where to go --

Fritz: There isn't anywhere for them to go --

Beehler: -- and they don't know what to do. But they -- what I've found is they tend to be more noninvasive, for lack of a better term. They're not really bothering you. There's an element, and they are -- like you said -- they show up at certain times of the year, or they are here all the time, but you know who the problem people are --

Fish: We're going to get sideways with the mayor's spouse in a second -- [laughter] -- for other reasons. But let me say, I was down in LA for a week getting my daughter settled for college. 50,000 unsheltered people. Every street corner in the city that I visited had people in distress. It's a national problem. Number two, I watched a documentary that ran nationally while I was there that pointed out that we're also going through a bit of a crisis here because there's been a big spike in heroin use -- and not good heroine, bad heroin -- and there's gang activity around that. We've got kids -- we've got some folks on the street with addiction problems, that have poverty problems, that have mental health problems. So all I'm saying is you have every right to come here on an annual basis and challenge us to do something. The way we're going solve the problem is by linking arms and addressing the underlying problems of the folks that are on the street. And that's going to take resources and will. So let's change the conversation at some point and figure out how we can do that

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together, because just challenging us is more in the nature of two ships crossing in the night, in my opinion.

Hales: Thank you, appreciate you coming.

Beehler: Thank you for your time.

Item 811.

Hales: Not here, OK. We'll have to give Mr. Marcus -- I think it's Mr. Marcus -- an opportunity to come back. OK. Let's move to the consent calendar, please. We have one, maybe two -- we have a request to pull item 816 to regular agenda, which we will do. And we have a request to pull 819 and refer back to our office for more work.

Fish: Mayor, with 816 -- will take it up this afternoon?

Hales: Yes. Anything else to remove from consent calendar? OK, then let's take a vote on the balance of the consent calendar, please.

Roll on consent calendar.

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

Item 812.

Hales: Commissioner Fish.

Fish: Thank you, Mayor. It's a great honor this morning to welcome two people who are in the trenches making this all-star week a big success, Dan Courtemanche from Major League Soccer, who's here from New York City; and Chris Metz, who's part of the local team and the Timbers. What a source of pride for all of us this morning to see that all of the local newspapers are featuring this all-star game and what's happening here. This morning, we wanted to celebrate what it means to Portland to have an all-star game and also to thank the people that have been working so hard behind the scenes. And I'm going read the list in a moment, Mayor, particularly of the community partners, and I would say most importantly, the city partners who have knocked themselves out to make this a success. Primarily, this is our chance to tell our friends at the Timbers and Major League Soccer what a tremendous honor it is for our city to host this game. Whatever the outcome of the game tonight, this has changed the city for the better. And we wanted to have a chance to say thank you, and give you a chance to say a few words about your experience with the city and this event. With that, let me turn it over to Chris and Dan.

Dan Courtemanche: Thank you very much, it's a pleasure to be here, it's an honor. Personally, I love Portland. Before I get started on the all-star -- I love it so much I brought my wife, my 3-year-old son, and my in-laws -- who, by the way, are shopping for real estate in Portland this week. After hearing some of the discussions there. Before I get started, we have a brief video that kind of focuses on the all-star game if we could take a look at that.

Hales: Karla will queue that up for us. In our somewhat high-tech --

Fish: We've updated all of our technology, so nothing works.

[video] [music] [end of video]

Hales: Kind of makes you want to go to a soccer game or something -- [laughs]

Courtemanche: Yeah, if you weren't awake yet, you are now after that one. But look, I appreciate you inviting Major League Soccer. It's an honor to be here, and so thrilled to be in Portland. As you can see from the video, we're really continuing the momentum of the World Cup, an event that captured the hearts and minds of an entire country this past summer. We've got 17 players who competed down in Brazil -- just in the U.S.-Germany game -- and many more from other national teams such as Switzerland, the Netherlands, Brazil -- coming to Portland. We have six players who actually arrived today who won the World Cup for Germany. It's a global event. More than 150 countries will be watching tonight's event, and the spotlight will be on Portland. And we appreciate Portland really rolling out the red carpet and welcoming all of us from Major League Soccer. We're in seven hotels in town this week, and the welcome has been incredible. What I will say is that there were really four key factors that were driving why we came to Portland for this all-star game. First

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and foremost -- well, maybe not foremost, but very important -- clearly Merritt Paulson and the Timbers organization. They are a model organization, and everyone in Portland should be proud of the club. Second, the great support of government officials. It's been incredible what the city has done, how the all-star game and all-star festivities have really taken over Portland in collective partnership with the local government officials, so thank you very much for that. Our great partners, Adidas. It's incredible to have them here. They've been a partner with Major League Soccer since the league started back in 1996. We're thrilled to have them. They have minority ownership in Bayern Munich, the club that's here tonight. If it wasn't for Adidas, Bayern Munich would not be in Portland, and they are one of the biggest clubs in the world. And then finally -- this should probably be first and foremost -- the incredible fans that we see each and every week out at Providence Park supporting the Timbers. When people ask me -- they don't ask me too much any more this question after the World Cup, but for many years they would ask me, hey Dan, when is soccer going to make it in this country? And I would say, you know what, it might not be something you pay attention to, but do me a favor: go to Portland, check it out, you will never ask that question again. So the incredible passion of the Timbers Army and all of the fans here in Portland. So it's a pleasure to be here. I appreciate you having us, and we're just thrilled to be here in Portland. Thank you.

Fish: Thank you, Dan. Chris?

Chris Metz: As Dan said, we really appreciate you making the time for us today. Obviously, just a very exciting day for not only the sport of soccer in the city but for the city in general -- a real showcase. We've talked a lot about what bringing Major League Soccer to Portland would do. And you've seen the spotlight that it shines on our city and our community, and really puts it on a world stage. Can't probably get bigger than tonight in terms of taking on arguably one top club in the world. Obviously, very excited about that. Hope you've all got your tickets, by the way, so we'll see you out there. It really is more than a game -- as you've probably seen walking around town or being at the airport -- it's a citywide celebration. I'd like to extend on behalf of the organization our thank you to the city and the various bureaus that helped put this together, and the collaboration involved with really putting on a massive event here in Portland. We had concerts -- there was really something for all ages -- concerts and community events, and Flicks on the Bricks, and just all sorts of stuff. And it was very tangible. We're very proud of the way the city embraces everything that's involved with this week, and obviously looking forward tonight to put a cap on what's really been a great few days here in our city. One thing I wanted to put out there is -- you know, Portland is known as Soccer City, USA. Tonight, Timbers captain Will Johnson will set aside his usual number four, and he's going to be wearing uniform number 75 in honor of the Timbers' first season, which really started this growth of Soccer City, USA. As somebody that's worked for the team for a number of years, and worked alongside Merritt and the various people in our group -- we're very grateful of that support that's grown so much over the years, and we're thankful that we've got such passionate support here in Portland. Fans and even casual fans alike, I think everybody's really chipped in this week to make it a very special week for the players and all the various people that have come in. We've had ticket buyers for 44 different states and 10 different countries.

Fish: Media credentials for how many?

Metz: We've got approximately 400 media credentials, a lot of international press is here. Landon Donovan, within the MLS side, he's been to a dozen or so of these --

Courtemanche: 14.

Metz: He's been to 14 all-star games, and he had some really glowing comments about Portland yesterday, saying he's been to a lot of them, does it get old? He said, no, this might be the most excited I've ever been to participate in one. And he said, I can basically talk on behalf of all the guys that the guys love playing in Portland, and this is a great thing for them. So I know they are all having a good time. Again, thank you to the city and all the various bureaus that really helped make this happen.

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Fritz: Well, on that note, Landon Donovan was one of the players who chose to come out to Montavilla Park a couple of days ago in very hot weather. They weren't required to volunteer their time -- both he and Diego Valeri of the Timbers came out to help and helped dedicate the Portland Timbers field, and we appreciate this partnership as well. So it was inspiring to see someone who's been in 14 MLS all-star games choose to come out to a community event. The kids really enjoyed it. I really enjoyed it, too. Thank you very much.

Courtemanche: You know what the great thing is there? Well, you said it's a requirement -- to Landon Donovan, it's is not a requirement, he wants to do that. That's one of the things we're most proud about at Major League Soccer and certainly the Timbers -- is the character of our players. It's amazing what they'll do. And I wanna say they'll go above and beyond the call, but that's not above and beyond the call for Landon or Diego, and we're thrilled that we could do that.

Fritz: My brother -- who lives in England -- and I email back and forth, and he was noting how much more eloquent the MLS players are than some of the soccer players in England. [laughter]

Courtemanche: I'll leave that commentary to you. [laughter]

Hales: And eloquent in terms of action, too, I mean, the things that the Timbers have been doing in terms of community support and service I think have reinforced that virtuous circle of the affection that the community has for the team and vice versa. And it's not a transactional relationship, it's a genuine one, and I think that's what everybody feels. I told the story the other day -- told it a couple times -- about standing next to MLS commissioner Don Garber at the opening night game at this year's Timbers season, and he was just looking out over the crowd and shook his head and said, I just wish we could bottle this and pour it over the heads of all those other cities. Of course, if that was possible, they would do it -- but it's unique and it's here. He recognized that, just as we all celebrate it every time the Timbers play. It's really been a wonderful evolution of our city into being Soccer City, and it's a durable thing, I think.

Metz: And it's tangible. I'd be remiss if I didn't point out the Portland Thorns had a game on Sunday night, an unofficial kickoff, but a record-setting crowd of more than 19,000 people. Had a lot of people, early arrivers, media-wise, and fans that came out to that game and set the stage for an incredible week.

Fish: Mayor, on last Friday, I flew back from Los Angeles after getting my daughter settled in college and I landed in our airport. The first thing I saw was the all-star game stickers and banners all over our airport. As I was leaving the airport, the first big sign that I saw coming out of the airport said, welcome to Soccer City, USA. Got to Portland, and over the last five days, I've had a chance to go to a number of public events including an open practice at the University of Portland, where the public was invited to come out and watch Bayern Munich practice. There have been events in our parks -- soccer games, public events. The thing that I've been the most proud of is this is an event open to everybody in Portland. Commissioner Fritz and I and the Mayor were at the dedication of the new field in Montavilla. And the truth is a lot of people living in Montavilla probably were unable to buy tickets to tonight's game, you know, only 20,000 tickets. But as a consequence of this game, they got a new field, a field that was made possible by a unique partnership of Major League Soccer, Adidas, the Timbers, and others. So I feel a real sense of pride that is shared -- all my colleagues feel -- about this game being here. But what we also know is a lot of hard work went into this. Mayor, you were in a press conference I think a little over a year ago where the announcement was made. And the city at that press conference, the mayor made a commitment this would be the best all-star game that had ever held. And the city made a commitment that we would be a full partner. What that meant was starting a year ago -- August -- we started convening both at the city level and with our partners just to ask the question, what do we need to do to make this event a success? Today, I also want to acknowledge the folks who worked hard at the city side to be good partners with the Timbers and MLS. I want to thank Portland Parks and Recreation. They set aside and locked up parks a year ago so that you'd have the first-choice

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venues, and they've gone above and beyond to make sure all those events were a success. The Bureau of Development Services. Time and time again, unique issues have come up, like putting a soccer ball on top of a building, or a banner, or whatever. And they have delivered concierge service, quick response, always with the goal of getting to yes. The Portland Bureau of Transportation. Tonight, we're actually closing the streets to give the public a safe route to the game. That's a very complicated thing, it does not happen very often on a weekday. It's an example of the leadership of Leah Treat and Commissioner Novick saying, we're going to make this happen and we're going to do it safely. The Portland Police Bureau. I was at an event the other night where we were honoring both the MLS all-stars and Bayern Munich players, and there were officers keeping the peace. The police have done a wonderful job being full partners in this. City special events coordinator Allison Madsen, I want to give a special shout-out to you. Allison, would you please stand? Mayor, can we --? [applause] There's going to be an MVP of tonight's game, Allison is the MVP of our team -- and Allison, thank you. And I want to thank Mayor Hales, his chief of staff in his office. I also want to thank each of my colleagues and that staff that they dedicated to this, because this again was a coordinated effort. I want to thank Liam Frost on my team who is a long-suffering Swansea fan. I also want to acknowledge the external partners -- Portland Timbers, the Timbers Army, Providence Health, Port of Portland, Alaska Air, the Oregonian, the MAC, JELD-WEN, Washington Trust, Gallatin Public Affairs, KGW, and the list goes on and on. There were also meetings held at that level to coordinate things. This is a special event for Portland. We hope it's a special week for MLS and for our visitors. We hope this also signals clearly to the world that when Portland rolls up our sleeves and says, we're going to host a world-class event, we can deliver better than any other city in the country. And it's a point of great pride that you chose this game. As further proof of it, our senior senator put a statement into the congressional record saying how proud he was that Portland was the host city. And Mayor, if you could give that to our friends, and let's get a picture with them.

Hales: Yes, let's do, please.

Joe Walsh: How much were the tickets? How about three to four hundred dollars? You can only afford to do that if you make a hundred grand. Tell the people what the price of the tickets were, people. You did such a good job. Ask the people of Montavilla if they can afford 400 bucks. You're out of order.

Fritz: Thank you. So before you go, I just want to show -- this is one of my prized possessions from the event. This was from a free event in Pioneer Courthouse Square with the men in blazers, and at the end, they threw these tiny bananas as a memento from Brazil and my son happened to catch one. I do appreciate that so many events that have been in the program have been free to participate, and we just very much appreciate your partnership with Commissioner Fish's leadership in this whole event. Thank you very much.

Hales: Hear, hear. Thank you, Nick. Great work.

Fish: Thank you, gentlemen.

Hales: Thank you all.

Item 813.

Hales: We're a couple minutes early, but it looks like your team is here, Commissioner Fish. So, we'll proceed.

Fish: Thank you, Mayor. It's a great honor to welcome Heather Hoell and the team from Venture Portland to give us an annual report. You have that in your packet. I want to just start with a couple of key themes. Venture Portland is our key partner in working with our 50 neighborhood business districts to help build prosperity and to strengthen community. And interesting statistic that Heather Hoell -- of course -- never tires of sharing in events like this is that 98% of the businesses in those 50 neighborhood business districts employ five or fewer employees. So this is really the core of the Portland local business movement. Venture Portland is their advocate. They have been working hard

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on a number of issues, including convening city representatives to create some better coordination on the street fair permitting process, being the voice of small business as we take up issues of concern. They've also been working to make this Major League Soccer all-star week a huge success. They gave some grants to some partners that held events that were wildly successful throughout our community that had a soccer flavor. Today, we're going to hear from Heather and the board chair more about the work they are doing and the work they are poised to do in the future. And it's my honor today to introduce executive director Heather Hoell.

Heather Hoell: Thank you. And I'm going to turn it right over to Brian.

Brian Alfano: Thank you, Commissioner. You stole a little bit of my thunder in my talking points, but that's great. Thank you, Mayor Hales, for having us, and the rest of the commissioners -- we really appreciate it. Again, my name is Brian Alfano, and I'm the president of the board of Venture Portland. Since 1986, Venture Portland has invested in the strategic growth of Portland's unique business districts. In fact, we were the only entity in Portland that works exclusively at the district level, making us the support system for all of the city's 50 unique neighborhood business districts. Together, neighborhood business districts contain 19,000 businesses and provide 250,000 jobs. 98% of Portland's 19,000 neighborhood businesses have five or fewer employees. As those dedicated business owners know in Portland, small really is big. For almost three decades, Venture Portland has promoted these critical commercial corridors and supported the dedicated volunteers that manage them with training, technical assistance, and grants. In fact, over the last 15 years, Venture Portland invested more than one million in business district growth, leveraging an additional 3.3 million in private business district investment. The reality of today's economy requires creativity and a commitment to work together from business owners, residents, and community and government partners alike. While serving the diverse communities that surround them, Portland's neighborhood business districts also meet regional, national, and international demands for goods and services, and contribute to the high quality of life we all enjoy. We know that successful neighborhood businesses create healthy, connected neighborhoods and contribute to an equitable and prosperous city for all Portlanders, which is why Venture Portland is so proud to partner with the city council. Working together, we can grow businesses and connect neighborhoods. At Venture Portland, we know that the business of Portland is about more than business -- it's about people, neighborhoods, and culture. It's about finding the right space, raising capital, creating jobs, and being flexible. It's about passion and dedication, and starting something because you believe your idea is the idea. It's about a vision for our city that business owners, residents, and elected officials share, a vision that celebrates the individualism and distinct flavor that makes Portland, Portland. The knowledge that our diverse neighborhoods and unique views make up the very fabric that binds our city together. The business of Portland is about more than business, it's about building capacity to build the city, growing the economy to grow with prosperity, and connecting capital, creativity, and community. Yes, the business of Portland is about a lot more than just business, it's about growing business and connecting neighborhoods, and making more out of business districts we call home. Venture Portland means business, and so do all of you. So I'm going to turn it over to Heather, and she's going to discuss some of our fiscal year 13-14 accomplishments.

Hoell: Thanks, Brian. Good morning, Mayor Hales and Commissioners. As Brian said, my name's Heather Hoell, and I'm the executive director of Venture Portland. As you've seen, we've had a little bit of a slide show here, giving you a sense of the photos, the volunteers, and the events that occur in neighborhood business districts with Venture Portland's help. As Brian noted earlier, Venture Portland supports neighborhood business districts with training, technical assistance, and grant funding. The following overview, along with the bound copy you all have, represents our annual report for fiscal year 2013-14. After three years of sustained growth, Venture Portland once again expanded access to our capacity-building services. We increased participation in our training and technical assistance program 13% over last year, with 422 business district leaders attending

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one of 27 trainings that covered everything from the legal responsibilities of nonprofit officers, compliance with Portland's sick leave ordinance, and how to successfully manage online assets in the changing media environment. However, as more business districts started to provide their own hyper local training programs -- which is something we've helped do with our funding -- we transitioned needed resources to technical assistance, addressing more than 300 district-specific requests from business districts citywide. That's a 57% increase over last year. This in-depth personalized support helped district associations successfully navigate major leadership transitions, and -- like Williams district and Division/Clinton -- respond to significant change in diverse and rapidly-evolving neighborhoods. We awarded two start-up support micro grants, and helped five other emerging districts like Goose Hollow, North Tabor and Portland International assess formation readiness. Recognizing the wealth of expertise in neighborhood business districts, Venture Portland continued business district sharing, facilitating 41 mentoring connections -- that's an 11% increase over last year -- linking leaders from business districts citywide to discuss best practices around district formation, IRS filings, grants, insurance, banners, membership, personal branding, website events, and filling storefront vacancies. Venture Portland brought together leaders from the city's four industrial district to discuss shared issues, and hosted regular interest group meetings for business districts, officers, and staffers to increase collective leadership skills and connect colleagues across districts. And although it didn't happen in our last fiscal year, just last night we facilitated a gathering of our president's council which brought together presidents from business districts citywide to talk about personnel management, board and volunteer recruitment, and diversifying their business district leadership. In total, Venture Portland provided 1478 hours of training and technical assistance to business district leaders from emerging and established districts, an 11% increase over last year and a 71% increase over fiscal year 10-11. We also significantly expanded access to our grants program, funding 45 individual projects in 31 business districts. Notably, those projects included six first-time applicant districts, eight districts that hadn't received funding in at least three cycles, and 29% of our total grants went to business districts in east Portland, like 82nd Avenue. We helped them create a brand-new multilingual website to better reach out to the diverse businesses in their community. We helped Foster right-size their business district, bringing the community closer together and creating for the first time a shared vision of what that neighborhood business district could look like that resulted in a membership increase of 20%. We helped Midway invest in banners for the first time, as well as a brand for the district, bringing significant attention to one of the largest and most unrecognized communities in our city. And we helped Parkrose create a Shop Parkrose campaign with banners, branded reusable tote bags, and coupons in a nontraditional retail district. Just a couple weeks ago, we helped Woodstock host an event called, what's your district worth?, bringing economic and planning experts into the district to talk about the economic assets of that changing community. We helped University Park launch an innovative partnership with the University of Portland to create an incentive shopping card that is currently in use by more than 5000 students and alumni, encouraging them to spend their money in north Portland businesses. We helped Columbia corridor significantly expand their resourceful use program, which links industrial waste products with users, saving both parties money, diverting landfill, and in the last year, resulting in the reduction of 27 metric tons in greenhouse gases. We helped Swan Island brand their district with the tag line, we build the future, bringing great recognition to those industrial businesses including Daimler, as they're building their new headquarters. Last but not least, just last week on Sunday, we helped Hawthorne implement kick, kick, score, which was a program that brought more than 200 people into the business district to capture the soccer fever that is gripping Portland. The overwhelming theme of all of these grants is focused on place-making. We have worked incredibly hard to highlight the individual and unique identities of each of these neighborhood districts, and to help them capture them, use them as tool to bind their community together, and to support the overall economic goals of our city. In total, last

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year, Venture Portland awarded \$87,450 to business districts, leveraging more than \$354,000 in additional private business district investment. That's more than four to one match, meaning for every one dollar we give to districts, they match it with more than four dollars of additional investment. And that's a 142% increase in private leverage over the last four years. As you've already heard us say, the overwhelming majority of Portland businesses are neighborhood-based, which means that neighborhood business districts truly power Portland's economy. Venture Portland helped ensure cash registers rang citywide over the last year. As part of our three-year partnership with the Little Boxes program, we incentivized 4700 holiday retail purchases in the 48 hours of Black Friday and Small Business Saturday, generating a quarter of a million dollars in retail sales for neighborhood businesses. After four years of nurturing Multnomah Village and Hillsdale's Golden Ticket program, that holiday retail effort brought in \$4 million in retail sales just in those two neighborhoods in the four weeks between Thanksgiving and Christmas. And last but not least, thinking about the season of summer street fairs. Each summer, there are more than 50 street fairs. And for example, NE Broadway's summer super sale increased revenue by 65% over the previous year for neighborhood businesses, and increased pedestrian traffic by 80%. But it's not just about the revenue that happens in businesses, it's also about the revenue that happens at Venture Portland. Over the last four years, we have increased our own private revenue generation 554%. And in fiscal year 2013-14, we leveraged more than \$400,000 in additional investment, a 1.5 to 1 match with a contract that you so generously provide us. We are a very proud partner of the City of Portland, and take seriously our role connecting commissioners and city bureaus with neighborhood business leaders. Over the last year, we've facilitated a series of business-focused town halls, including a sick leave town hall with Commissioner Fritz to help neighborhood businesses write the administrative rules for the sick leave ordinance. We co-hosted two street fee town hall conversations with Mayor Hales and Commissioner Novick. We worked with BES and PBOT to mitigate the impact of construction on neighborhood businesses and in business districts. And this year, we brought together all of the permitting entities in all of the bureaus to talk about how we could best streamline the street fair permitting process, making these events easier for business districts to implement, and limiting some of the impact on city staff. I want to give a special shout-out to the staff from PBOT and Commissioner Novick's office for their yeoman's efforts at the 31 year anniversary ensuring that in two weeks, the Hawthorne Street Fair will have a closed street. Thank you very, very much. [laughter]

Novick: Thank you, Heather. And I wanna say that we wish we could have done it last year, but due to traffic conditions and work by various bureaus around the city, we just weren't able to.

Hoell: Totally understand, but we're thrilled we got it this year. That's not all we do with the city. We also serve on the NED, Neighborhood Economic Development leadership group, and provide significant support to the PDC-funded programs NPI and Main Street. We helped ensure that as the MLS soccer game came to Portland, the impact of that was positively felt in neighborhood business districts. Through the funding we provided for the sustainable southeast map that Hawthorne spearheaded, we helped the Bureau of Planning and Sustainability significantly increase the number of sustainability at work certified businesses in Portland. And again, although it didn't happen in the last fiscal year, yesterday we met with Elders in Action and have started plans to increase a partnership over this coming fiscal year to increase the number of age-friendly businesses that are certified in neighborhoods. As the support system for Portland's neighborhood business district, Venture Portland's small but mighty staff -- and I'm going to take a minute and recognize Ryan, Jacob, and Megan and ask them to stand. We spend significant time in the field. Last year, we visited business districts 115 times. That's official visits, not the amount of time we spend going out to dinner and things. We attended 72 events and 43 meetings to increase our understanding of each district's unique character, issues, and volunteers so that we could better deliver services and share best practices. Last but certainly not least, I want to recognize Venture Portland's exceptional

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volunteers. Our board, which is made up of one representative of each business district -- and now, I'm going to ask those here from the Venture Portland board to stand --

Fish: Let's give them a round of applause -- [applause]

Hoell: They contributed a whopping 1784 volunteer hours last year to build organizational and business district capacity to market and promote business districts.

Alfano: We had a number that sent their regrets, as well. They're actually busy running their businesses right now, so they couldn't make it down at this time.

Hoell: These volunteer hours that they contribute are equal to .86 FTE, or 34.4 hours a week. Without their incredible effort, we would not be able to do the great work that we've been able to do. Working with our partners to align and coordinate resources, we have been incredibly proud to serve and support the city's neighborhood business districts this year. And we have helped to very clearly strengthen districts. Between the end of 2009 and the end of 2013, neighborhood business district membership increased 76%, and revenue increased 487% across districts citywide. Once again, thank you so much for your partnership and your financial support, and we're happy to answer any questions.

Hales: Questions?

Fish: We have two people signed up to testify, Mayor. I just have one question. Heather, in the next budget cycle, I intend to bring forth or to initiate another conversation about how we can invest in the success of east Portland businesses. And the reality is that places like Mississippi and Alberta and even Montavilla have sort of brand identity, and people sort of naturally go there. But some of our emerging east Portland businesses I think need care and feeding to grow -- like Parkrose and other places -- so they are just as successful. Any thoughts?

Hoell: Yeah, absolutely, you are exactly right. The districts in east Portland have a number of challenges that districts in the central city do not. Most notably, they have a very challenging geography. They are not considered easy walkable districts, which means that they need really unique solutions that can be used to help ensure there's an identity for those districts, that the businesses there are having the support that they need to grow, and that we are not simply taking the street fair concept that exists incredibly well on Mississippi and Hawthorne and saying, you should put this in Gateway or Midway where it doesn't make sense, but helping to find unique solutions for those districts.

Fish: I just want to say before we take some testimony, Brian, you know, you and Heather are a terrific team. You're the volunteer board chair. But in the year in change since the mayor designated me the council liaison of Venture Portland, I've really been impressed with the way you both work together, the way your board functions, and your outcomes. We're very proud of the work that Venture Portland does. Frankly, I've been impressed with the way that you've asked us to become better partners with the 50 neighborhood business districts. Historically, we've heard complaints over the years about the fact the city could do a better job coordinating. Commissioner Novick has launched a program where we're going to have our city's utilities -- PBOT and the two utilities working better together, so we're not digging up streets and working at cross-purposes. So we're trying to get it right, but you've been pushing us to get it right. And your leadership is palpable. I want to thank both of you for the service you give to the city, and tell you how proud I am of your work.

Alfano: Thank you.

Hoell: Thank you.

Hales: Let me flag a couple of things where we need your help. Obviously, there's lots of near-term stuff, whether it's this Christmas promotion or that street fair, and you're doing great work on those fronts as well. But there are two things underway, or getting underway, where we really need your counsel. One is obviously the update to the comp plan. The economy is changing really fast, and what we think makes sense or what used to make sense as a zoning pattern for the city may or may

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not make sense five years from now. We're trying to see around that corner, and we really need your membership to look as far as they can see and try to help us with those decisions.

Hoell: And we're actually facilitating a focus group tomorrow morning for BPS, bringing some neighborhood business owners from across the city together to talk with planners about proposed zoning changes and what that impact would be.

Hales: Yeah, so we really appreciate that. Keep that up, keep trying to get more people involved. Because this is a case where we do have to try to get it right, as Commissioner Fish expressed. The other that is we're now starting a five-year strategic plan for the Portland Development Commission. You work with them all the time. We want your advice there as well. Jillian Detweiler in particular -- Heather, we'll be talking with you about that today, assuming you're reachable, and I bet you are --

Hoell: Yes, I am.

Hales: So that's just getting started. We have a consultant on board. We want to take a careful, focused look at what PDC should be doing more or less of over the next five years. I know you and your leadership have opinions about that. We want them. So that's another place where we need to call on you and other volunteers as well as your staff to gear up and really engage, because this, again, is a case where we need to get it right, and where we know where the economic activity is. That isn't necessarily correlative with where PDC spends its time and resources. So you can help us there. Please do.

Hoell: We'd love to.

Hales: Thank you. Other questions or comments? Thank you two. Let's take the two folks signed up to testify.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. People watching this on TV must feel a little psychotic. We had two business representatives here this morning telling you how bad everything was. And then you have the Venture people come in and tell you how wonderful the city is and how wonderful we're doing. And they throw around figures, 10% here, 400% there, we're doing great, we're making lots of money. You also talk about the soccer. And even though nobody from the public was allowed to speak on that, those tickets went for three to four hundred dollars. And my point for shouting out was that this city is becoming elitist. And I see the commissioners shaking their head, I'm sure they will say something when I've finished. I would really appreciate that. If that report is in error -- my understanding is this, is that those tickets were sold to 42 different states. An activist would ask the question why are they going out of state to sell these tickets?

Hales: Joe, I need you to focus on the issue in front of council.

Walsh: They brought it up, Mayor. Both people brought it up about the soccer. They bragged about the soccer. So let's talk about the soccer. I am allowed to speak if they bring it up. They opened up -

Hales: Proceed, Joe. Proceed.

Walsh: Thank you. If I'm wrong on that, Commissioner, please correct me. My understanding is that you are on a path with the city to make it elitist, Mayor, and you are excluding people. If the tickets went for \$200 or \$300, it's too much money for the average person that works 40 hours a week at the minimum wage, which is \$9.25 and should be 15. They can't afford that. So what are we doing? You represent the people of this city. Now, when the business alliance comes to you and they tell you how wonderful things are, it's on the west side. And you're right, Commissioner Fish. And I don't like agreeing with you, but you're right on this one. You have to point out the east side time every time the business alliance comes here, you need to talk about the east side because they are left out all the time. Thank you.

Hales: Mr. Walsh, you're incorrect about the ticket prices, and you can look it up.

Walsh: I don't want to look it up, tell me.

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Fritz: Ours were \$55, plus the \$8 fee. And we got them probably like the people in the 40 states did, by going online.

Walsh: Then I apologize. It was on the news that those tickets were going for as much as \$300 to \$400. I will look it up, and if those tickets --

Ben Pickering: Last-minute tickets.

Walsh: If there were a block of tickets for \$50 and \$60 and there's 20,000 tickets, and those were \$10,000 or 50%, I will agree with you. But if you have \$40 or \$50 tickets and there's only 100 of those, then I have a problem.

Fritz: So we're talking about secondary market of people reselling them -- our same tickets, were we to sell them on stub hub or another company, they would be \$215 today. So yes, if you didn't get in on the first offering, they become more and more expensive.

Hales: OK. Next, please.

Walsh: Yes. OK, so what you did was you got me on a technicality.

Hales: We're done. Go ahead.

Pickering: Talking about the money issue going back and forth or whatever I've been hearing you guys about -- that facility up here in this Portland, it's like a military --

Hales: We're here to talk about the Venture Portland report, OK?

Pickering: Yeah, about the money --

Hales: No, about the Venture Portland report about small businesses.

Walsh: Yeah, small businesses and stuff. Anyway, this is a military -- when I was forcibly dragged went into this facility --

Hales: Sir, you need to talk about --

Pickering: It comes to it. Anyway, I had asked for a brochure and I had walked into a military base when I was clean cut. I went in and they said, oh, we want to clear-cut 177,000 acres to put something in over here in the state of Portland, over in the valley. But you guys got all this money issue you're talking about, like companies coming in and talking about, you know, that you guys get a percentage off because they are doing in your state of Portland -- but I'm kind of unsure about what's all going on. It gets brought up but, like, does everybody in the whole city -- does that go on a ballot or something? Do you go vote for that? If you're registered in Oregon, does everybody just want to drive by that facility and say, oh, that's something we want to look at? Is it something that's helping the community?

Hales: Thanks very much. Take care. Anyone else signed up on this item?

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

Fish: Move to accept the report, Mayor.

Fritz: Second.

Hales: Any further discussion? Roll call on that, please.

Item 813 Roll.

Saltzman: Thank you for this great report. And Venture Portland, I'm very impressed with both your leadership and your impressive statistics about how you're increasing participation by business districts and providing them with technical assistance, training, and things that they need to grow and prosper. Thank you very much. Aye.

Novick: I appreciate the report and the work that Venture Portland does, and the strength of the small business community in Portland. Aye.

Fritz: In particular, thanks for your participation in the sick leave issue and ongoing involvement in helping make that work. I also want to especially acknowledge Heather Hoell's leadership of the group that's just gone from strength to strength while she's been their executive director. And their new location on Madison Street in southeast is just wonderful. I liked the presentation with the slide show of all of the different districts. Portland's neighborhoods are unique, and the more people can

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shop locally at small businesses, the better our economy booms, and the more people can work their way out of low-paying jobs and be successful business owners. I very much appreciate that. Aye.

Fish: Heather and Brian, again, thank you for your tremendous leadership. To the board members that are here, thanks for taking time out to join us and for your good work to the staff. I was delighted to be at the ribbon cutting for your new office space, which is now on the inner southeast. And you're doing great work. I think an example of the voice you bring really has to do with Major League Soccer and this all-star game. Because Heather's constant refrain during all the planning meetings was, how does this benefit the larger community? And the reality is, with the training sessions that were open to the public at the University of Portland -- and one of the events I went to was actually hosted by the local business association -- with the events in Hawthorne and throughout the city celebrating the game, with the free concert on Waterfront Park, all the free events in our downtown parks, with the games that have been played at the parks, at Providence Park, which have been open and free to the public, where you get to see the next generation of great stars -- all of these things were free and at no cost to the public. And Heather's refrain was, it's great to have this in Portland, how will all of Portland benefit? And that's the voice she brings to the small businesses as well. So I want to thank you. I want to thank Liam Frost on my staff who works with me as a dedicated liaison. As I mentioned, in the next budget, I will initiate a conversation with my colleagues about what an additional investment would look like in east Portland. We'll be asking to you come in with some ideas. As you've heard from my colleagues, they're going really want to know how each dollar gets to an outcome that is verifiable and ultimately creates prosperity and new jobs. We'll have that conversation during our budget cycle. But today, we get to thank Venture Portland to the great work they do on our behalf. Thank you, and I'm pleased to vote aye.

Hales: Both Commissioner Fritz and I were at the Powellhurst-Gilbert national night out event Saturday night, and I hope you got to taste the wonderful Salvadoran delicacies that were being prepared by a woman there, sort of an informal pop-up one-night business. And they were really good. She has a dream of opening a business based on her amazing ability to produce great food. So the question is, if Portland's working very well now at a small business level, there are lots of successful entrepreneurs, there's not really high barriers to entry, but they're not inconsequential. So how do we create an environment in Powellhurst-Gilbert -- and elsewhere, too, but take that as a test case -- an environment in Powellhurst-Gilbert where the land use plan, the business district, and the city's entities, and maybe others like Portland Community College all work together to allow her to graduate from a folding table at a community event to maybe her first food cart to maybe her first storefront. That's I think the next front for us now as a much more diverse city with all kind of entrepreneurial ideas springing up as she did that night. I just want to use her as a case study as we think about the future of PDC, as we think about the focus that Venture Portland is trying to bring to east Portland, and as we think about what kind of city we are now. If she can succeed like a lot of other folks have, then I think we'll really know that we're there or that we are where we need to be. That's a challenge for her. Not every business will succeed. But it's also a challenge for us, because not every city creates the conditions where she could. So, let's keep her mind -- I've got her business card -- and see how we can do for her as well as all of the other successful small businesses all over the city. So far, so good. Thank you, aye. I know we have a time certain coming up, but I want to take 821 next and return to that if we can.

Moore-Love: 822?

Hales: 822 and 823, sorry.

Item 822.

Hales: I think we have a staff presentation here on this.

Moore-Love: It's a second reading.

Hales: Sorry, I'll catch up with my own script in a moment. Second reading, roll call.

Item 822 Roll.

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Saltzman: Aye.

Novick: I just want to note as background that for some years, the city has helped to fund the Downtown Marketing Initiative based on what downtown business groups felt was an agreement they had with the city that in this metered parking district from which the city gets some money, the city will make an investment in that district. And they had asked for an investment in downtown marketing. Last year -- there's been some back-and-forth between whether this has been funded by the general fund or by PBOT or a combination of both. Last year, PBOT actually paid the full fray. And I included that, given our deficits in terms of street maintenance and safety, PBOT was not in a position to continue doing that. And I suggested the general fund picked this up. The mayor concluded the general fund also was not in a position to continue paying the full \$800,000 we had the previous year. What the mayor proposed doing here was paying a fraction to fulfill what the downtown business community perceived as previous commitment. So that is what we're doing today, committing a fraction of what previously the city had committed to this function. Aye.

Fritz: I very much support the Downtown Marketing Initiative, it's a great program and brings people to downtown during the busy holiday season and makes it very fun to be downtown. However, the council made the decision, as Commissioner Novick just said, that we were not going to fund it this year. And so to come back just five weeks after the end of the fiscal year and to allocate contingency money to fund it is not the right process to me. The budget guidelines that we currently have say that if things didn't get funded in the budget, that they come back in the fall BMP. And then we can look at all the things that might be funded together and decide which things we want to fund and which things we don't. And there's public involvement, and there's that balancing of the budget. We will be discussing that again later today with the transient lodging tax. Well, the transient lodging tax provides funding to Travel Portland. And because there's so much more tourism coming in, they have more revenue, too. That might be another source that might be able to fund the Downtown Marketing Initiative. Making this decision out of context with everything else just doesn't seem to be the right decision. Are we saying we got our budget choices wrong? I can't support this, even though I do support the program. No.

Hales: This is a time-sensitive matter --

Fish: Mayor, excuse me --

Hales: You left out a couple people, I'm sure you did -- [laughter]

Fish: Aye.

Hales: Sure now? OK. This is a time-sensitive matter. Obviously, the holidays come when they come. If we're going ameliorate the decision we made in the budget process, this is the time we have to do it. I think it's an appropriate move in this case. Aye.

Item 823.

Hales: Second reading and roll call.

Fritz: Mayor, the parks board met and asked if they could make a statement.

Hales: OK. Do we have it? Good. Thank you.

Fritz: Because things are being taken out of order, I'm not sure anybody is here to present it. But essentially, their memo to us raises a number of policy issues. In particular, that there wasn't the community involvement with the parks board or the parks system development charge advisory committee or wider committees. Their concern was they feel it would be inappropriate to weigh in on the proposal even, and that they're requesting a delay until the city council can provide the briefings and involvement to their board.

Hales: Thank you. Anything else? Roll call, please.

Item 823 Roll.

Saltzman: I want to thank Mayor Hales for bringing this bold vision forward, I do think it's quite exciting that the prospect of 500 additional units of workforce housing in Old Town/Chinatown through the waiver of SDCs can succeed. It's a big question mark. We don't know if it will succeed,

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but this is a significant inducement for a part of our city that is in dire need of changing the status quo. And if we can bring people into Old Town/Chinatown through this ambitious pilot program, we are going to more than make up the revenue loss through the SDCs through increased consumption, increased taxpaying of property taxes, and I am optimistic this will succeed. Although it is a gamble, but gambles are well-worth taking. Aye.

Novick: I want to also express my appreciation for the mayor's effort here to revitalize this area of city and to acknowledge some of the concerns that have been raised about this mechanism. What we're hoping is that through combination of funding mechanisms, including a limited waiver of SDCs, we can bring development to this neighborhood, and we can have a mix of incomes in this neighborhood, and hopefully we can jump-start something which some years down the road will result in development which does generate SDC funds. I know that some people have expressed concern about the idea of waiving SDCs for housing which is above the 60% of median family income level of affordability. And I suppose we could adopt a policy in this city that until we have housing for everybody below 60% MFI, we're not going to do anything that benefits people above 60% MFI. But we don't have such a policy. For example, early this year -- perhaps it was last year -- we approved an increase in the amount of owner compensation that's exempt from the business income tax from 90,500 to 100,000, which by definition benefits only owners of businesses that are paying themselves more than \$90,500. So we have not adopted a policy as a city that we will not do anything for people with higher income levels until we have housed everybody below 60% MFI. We could adopt a policy that there are no such things as special waivers or exemptions of taxes and fees throughout the city, all taxes and fees apply equally to everybody. But we don't have such a policy. For example, we recently decided to essentially waive taxes for the convention center hotel. I was the one no vote on that. We could decide that although we will waive taxes for some people, we'll never waive SDCs. We don't have that policy, either. We waive SDCs for investment in affordable housing for people below 60% MFI. So I think that some of the principled objections that have been raised to this proposal reflect policies that we do not actually adopt across the board. So since we don't have these across-the-board policies, I think we take each such proposal as a stand-alone discussion. I think that given that we are talking about a neighborhood with highly concentrated poverty which city policies have encouraged, I think that making an effort to have a wider range of incomes in this neighborhood is a reasonable thing to try to do. The Oregonian had an article a couple weeks ago about the increase of areas of concentrated poverty in the country and in Oregon in particular, and talked about a study that showed that living in a community with a concentration of people in poverty adds burdens, particularly to low-income families. People who live in such areas face higher crime rates, poor housing conditions, and fewer job opportunities. These effects are exacerbated when poor people are clustered in the same neighborhood. I think that it is a worthwhile goal to try to have a wider range of incomes in this neighborhood -- that having a wider range of incomes is in and of itself an important neighborhood amenity. So again, I respect the arguments of those who are opposed to this. But on balance, I think that the mayor is engaged in a worthy gamble. Aye.

Fritz: I was on a long-scheduled vacation in England to visit my mother when the public hearing was held. I watched the public hearing live in Yorkshire, England, thanks to the Portland Community Media and Portland Online. I did appreciate the public testimony and the council discussion. Since I wasn't able to participate in the hearing, I have many comments to make as we are voting. And since the mayor has an appointment with his wife at 12:30, I'm going to read them rather than ad lib, because I could go on and on about it -- but still, I have quite a lot to say about it, so settle in. I do support many elements of the action plan. Old Town/Chinatown, Japantown is an important neighborhood which deserves our best efforts to make it vibrant and a special place, as do our other 94 neighborhoods. Each neighborhood has unique qualities and challenges. Every neighborhood could use additional support and taxpayer-funded investment, even affluent ones that

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lack basic services like sidewalks and playgrounds. Community members have worked hard with the Portland Development Commission and city bureaus to identify improvements and strategies that are likely to conserve and improve the special characteristics of this historic neighborhood. I commend you all for your diligence and vision. The primary question is how to pay for the plan. The mayor, PDC, and the plan proposed to stimulate development by excusing developers from paying their fair share for improvements and maintenance in parks and utilities -- improvements that will be needed by the new residents. System development charges are the way almost all new development pays its fair share as compensation for the impacts of development and its uses on the city's services and structure. The exception up 'til now has been system development charge SDC waivers for affordable housing either at or below 60% median family income, or for small accessory dwelling units which also tend to be affordable. Now this plan proposes to change city policy and possibly give millions of dollars in subsidies from median family, middle-income housing. Instead of debating this overall policy, the proposal is to apply the subsidy in just one of the 95 neighborhoods. Commissioner Fish explained at the hearing that the water and environmental services SDCs pay to maintain and replace the existing system. I agree with Commissioner Fish that requiring ratepayers to subsidize median income housing is a policy that raises significant concerns. And Commissioner Fish made excellent points about the impacts on ratepayers citywide. If I had been present, I would have illuminated the planned impacts on the Parks bureau. So I'll do that now. A couple of weeks ago, the council approved the referral of a parks bond measure, asking voters in November to replace the expiring bond measure authorized in 1994 -- without raising taxes -- to provide money for parks maintenance. In order to not raise taxes, we're asking for much less than is needed to do avoid closures, let alone provide all of the improvements needed to do provide park services to every neighborhood. Portland Parks and Recreation faces a gap of about \$360 million in needed capital improvement projects and major maintenance over the next 10 years. The bond measure, if passed, will raise at most about a fifth of that amount, up to \$68 million. Now, that's for maintenance this. This gap of nearly \$300 million doesn't even count the additional \$400 million worth of stuff, park improvements that are needed to provide an adequate level of new Parks facilities for all neighborhoods, including Old Town/Chinatown. I'm disappointed that the plan does not address parks needs in the district. Last night, I attended the movie in the Fields Park in the Pearl District. If this plan is successful in attracting median income families to Old Town/Chinatown, there won't be a neighborhood park like that for them to relax in. There won't be any neighborhood park in Old Town. Expected future needs in the central city area or near the district which we could use systems development charges for to expand capacity include improvements in the greenway, a park opposite the post office, and one in the Conway development, as well as other potential major projects. Tax increment financing funds will not cover the full cost of these improvements. SDCs pay for new facilities needed to accommodate new growth, not for maintenance or repairs, like the bond measure fund or the utility fees. Cutting the system development charge funds further reduces Parks' ability to provide adequate levels of service. We don't even charge the full amount, we're only at 75% of the expected need, and that's something that our SDC committee is currently looking at as to whether we can ask for more from most new development. Based on my 14 months of experience being the Parks commissioner, I can assure you that the new median income residents will be as demanding as the residents of other neighborhoods in asking for their fair share of Parks facilities, and so they should. Let's be clear, this proposal to forego SDCs benefits construction companies and landowners. Future residents will not benefit. They will face widening gaps between the services needed in pipes and parks, and the capacity of the responsible bureaus to pay for those needed services. And the worst part of this financing plan is that there are other options. It's likely that there will be a higher than forecast ending fund balance in the general fund this year. The council could choose to allocate some of that balance to subsidize or provide incentives for development in Old Town/Chinatown. Instead, the plan is to make four

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bureaus bear the burden of encouraging middle income housing here. Whatever forgone revenue in Parks that occurs should be reimbursed in the budget, and I will make this clear in any future budget decisions contemplated by this council. The funding mechanism violates one of my core principles. There must be a reasonable answer to the question who pays, who benefits, and is that fair? Leaving aside who pays, the other core question in this issue is whether or not we should be subsidizing middle income housing, and if so, whether the new policy should apply only in Old Town/Chinatown. We know that the greatest need for housing subsidies is level of 60% of median income and less. We know that we can't afford to help everyone who needs help even at that level, and so 2000 people are living on our streets, as we heard in citizen communications this morning. Even though the desire for middle income housing has validity, can we afford to dedicate resources to something that would be nice but that the market otherwise provides and is not as life and death as housing for people living outside, under our bridges, along our streets and rivers and in our parks? Urban renewal areas have already received additional dedication of taxpayers' dollars intended to stimulate economic development so that more market-based development will be invested. This funding mechanism sends even more money to an urban renewal district that has already been extended and expanded. Just three months ago, Mayor Hales assured us that there is plenty of money in capacity in this URA to cover all future and current needs and therefore it was fine to decrease the size of the district. Now, we are being told that the Old Town/Chinatown plan can only be accomplished by taking SDCs from Parks, Transportation, and utilities. If we are going to institute this funding mechanism as a new policy, why wouldn't we do it first in areas that have greater need for middle income housing opportunities, such as Gateway or Lents? That indeed was the comment I heard at the parks board this morning from Linda Robinson, who works so hard to stimulate good development in east Portland. In Gateway and Lents, there's an abundance of low-income housing and not enough middle-income housing. Local businesses cannot be supported by the neighborhood prosperity that needs to be there. Lents and Gateway don't have the benefit of a Pearl District nearby, with its new parks and vibrant commercial and employment opportunities, so the need is even greater there. Lents and Gateway don't have two MAX corridors or a nearby streetcar loop. But then again, Lents and Gateway don't have longtime developers and land owners sitting on expensive developable assets, waiting for the council to provide millions of dollars of SDC subsidies along with millions of dollars of tax increment financing. Mayor Hales asked a question at the end of the hearing in July, making sure the subsidies would apply to affluent owners of Old Town parking lots. I appreciate that level of transparency, and I hope other strategies will be forwarded to council soon to prompt development of surface parking lots. A study in Florida indicates that waiving fees does not prompt development. So I believe that this new construction will happen anyway as the Pearl is built out and developers look for new downtown sites. It's been said that Parks is not losing any money because no development is currently happening in Old Town. It's interesting to hear again the argument made by my opponent in my re-election campaign that if nothing is done, nothing is saved, and nothing is lost. That assertion didn't convince Portland voters in 2012, and I believe that Portlanders will see through it in this instance also. A hole gets deeper the more you keep on digging, and this funding mechanism will put Parks deeper in the hole in the best case scenario that it achieves the goal of prompting more development. Without a commitment by the council to pay back the lost SDC money from the general fund or from the URA funds, there is no potential scenario in which the Parks bureau, transportation, or the utility bureaus -- and consequently, the city of Portland -- can come out ahead in this plan. The fact is it's a shell game of what Commissioner Fish referred to as the different colors of money. We're talking about taxpayers' and ratepayers' money. The money to improve Old Town/Chinatown exists in tax increment financing, and the majority of the council is choosing to fund seismic retrofits with the TIF money instead of using it to subsidize the SDC waivers. There was no discussion of how the available TIF money could and should be spent at the hearing of this plan in July, or in the budget

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hearings this spring. It's a shell game, and Parks, Transportation, and the utilities lose in the funding mechanism chosen to implement this plan. Old Town/Chinatown is an important part of our downtown core, and we do need to support changes needed to make it a thriving neighborhood and business district. The action plan speaks to many of the issues that will be addressed in the coming years to make this a successful and vibrant area. Connectivity, parking, seismic upgrades, historic preservation, and enhancing neighborhood businesses and retail areas are but some of the goals this plan addresses. And the river district URA is an important part of that renewal. TIF funds are clearly intended for that economic purpose. I again commend and thank those in the community who have participated in the creation of this action plan. I know you all worked hard in achieving this end point. I believe there are many good things that can come out of it and that will benefit and make this an even more successful neighborhood. In England, the famous saying in the London Underground is, mind the gap. This caution seems appropriate in this decision if the majority of council willing to promote middle income housing in Old Town on the backs of Parks and ratepayers. The funding mechanism shows that a majority of the council is willing to widen the gap between what we now have and what is needed for parks facilities and utilities. It's a good action plan, but as a member of that working group stated at the hearing, with all of the intelligent people on this council, we should have been able to figure out the right decision on how to pay for it. I don't believe this is the right decision. We are not minding the gap for our parks and infrastructure needs, and I must respectfully vote no.

Fish: Commissioner Fritz stated more eloquently than I could -- [applause]

Hales: Please, please, sir. Let the man vote.

Fish: Commissioner Fritz stated more eloquently than I could the concerns that I have expressed with this plan, and therefore, I respectfully vote no.

Hales: Albert Einstein, of all people, said that the definition of insanity is to keep doing the same thing over and over again expecting a different result. This district has managed to sleep through two amazing real estate booms without basically anyone laying one brick on top of another. The neighborhood developed this plan. I didn't develop it. PDC didn't develop it. The neighborhood developed this plan and said to us, look at our district, be realistic, make something happen. I hope everyone has done what I've done, which is spend a lot of time walking around this district lately. You see a lot of vacant storefronts in a city that has almost none. You see a lot of plywood on the upper floors of old buildings with U's from the fire bureau -- meaning unsafe for firefighters to enter -- posted on the exteriors of these buildings. I'm ashamed of the condition of Old Town/Chinatown, and I'm amazed that the positive approach that this neighborhood has brought to this isn't met with unanimity. Because they've asked us to step up and do something, and I think this plan is an eminently reasonable step to realize their hopes and expectations. In a neighborhood where 75% of the housing -- 75% of the housing is restricted by income. And in a neighborhood, again, where there are great old historic buildings that need seismic upgrades -- and believe me, the money we have allocated to that is nowhere near enough to solve that problem -- and where we need to make things happen. So, I'm very confident that this is our best shot, and I'm cautiously optimistic that it might be enough to finally start making things happen in Old Town/Chinatown. I don't want to walk around this district two years from now in the real estate boom that we're in and see the conditions that I see there now when I do walk around. I don't want Howard Weiner and the other leaders of this neighborhood come back in front of us and say, why didn't you implement our plan, because we had a shot of finally turning this district around? So I think this is a very reasonable strategy. Hope isn't a strategy. But I think this is a good one. We will, I believe, look back on this and say, that paid off, it was an investment of money that we never would have otherwise received, and it served that neighborhood very well. Thank you. Aye. OK, let's move on to our time certain item, 814.

Item 814.

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Hales: OK, let me get my item, and I think we have staff coming up to talk about this. Yes, we do. So, Commissioner Novick and I impanelled a committee to make some recommendations on the steps that we as a city can take to invest our money in more socially responsible ways. This stems from some earlier calls for divestment -- which is a worthy goal, but not always practical -- and council action today is to hear and accept this report. This is not the development of a list. This is not the completion of our work on this subject, it's really the end of the beginning of our work on it. But it's important work, and I appreciate, Commissioner Novick, your help on this and the team in front of us. And with that, if you have some opening comments as well, and then we will call on our panel.

Novick: Thank you, Mr. Mayor, for that introduction, and thanks to the committee members and staff for their hard work studying this topic. As my colleagues recall, I introduced and we unanimously supported the resolution last October to create this committee. And we said that we wanted to start applying some criteria to the city's investments and corporate bonds, and wanted to look to whether entities were engaged in abusive labor practices, creating environmental harm, imposing on the health of people in Portland and around the world, whether they had problems with corporate ethics, and whether they were engaging in misuse of market power. We noted that while other cities have created some do-not-buy lists for defined industries such as gun manufacturers or tobacco manufacturers, we hadn't found many examples of cities that have looked more broadly of the question of corporate practices, and looking at criteria that could be applied to any company, whatever business it happened to be in. Something that I think I articulated at the time was looking at the limited list of companies that meet our financial criteria for buying corporate bonds. If we adopted a rule that any company that falls short on any of these criteria went on the do-not-buy list, we might have a rather -- a much more limited list of companies from which to buy bonds, practically speaking, in very short order. So, what I envision and still envision is that -- the likelihood is that in developing do-not-buy lists, we're likely to put on those lists only companies that fall short on a collection of these criteria, rather than just one. What we ask the committee to do -- as you said, Mr. Mayor -- was to evaluate how we could start incorporating these criteria in our decisions. And we asked them to take a look at a couple of specific mechanisms, but also to look more generally about what are our practices now, how could we best start incorporating those criteria into our buying decisions, and to create further do-not-buy lists. With that, I will turn it over to Kelly Ball and Ashley Henry.

Kelly Ball, Office of Management and Finance: Thank you very much. Thank you Mayor and Commissioners. My name is Kelly Ball, I'm a principle management analyst with the Office of Management and Finance. And I have a privilege today to provide a brief introduction for the committee. I would like to invite the committee members to introduce themselves for the three committee members who are here.

Barry Bennett: Hi, I'm Barry Bennett. I teach ethical leadership and decision making at the MBA program at Marylhurst University, and I'm concerned with -- [inaudible] --

Hales: Thank you.

Ashley Henry: I'm Ashley Henry, I am the community engagement manager for Beneficial State Foundation. Prior to that, during the time that I was actually appointed to this committee, I worked for a nonprofit organization called Climate Solutions.

Jenny Liu: Hi, my name is Jenny Liu, I'm an assistant professor at the Portland State University Toulan School of Urban Studies and Planning, and I'm also the assistant director of the Northwest Economic Research Center, also at Portland State University.

Hales: Thank you.

Ball: We have two committee members, Felisa Hagins with SEIU, who's not able to be here today, and then Bernie Bottomly. He was a committee member who had to resign for personal reasons partway through. So, the committee, this five-member committee, was -- between them, they had

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expertise in environmental concerns; health concerns, including weapons productions; abusive labor practices; concerns about corporate ethics and governance; tax avoidance, extreme tax avoidance; and an exercise of such a level of market dominance so as to disrupt normal competitive market forces. And so the committee met over this last spring, and today, they are asking council to formally accept their report. With that, I would like to turn it over to Ashley Henry.

Henry: As you remarked, Commissioner Novick, the committee that was appointed did have a very narrow charge, and I want to make sure that the public understands the degree to which this committee was constrained in terms of the recommendations that it was asked to make to council. We were not asked to provide input on the types of investments that you should make. Rather, we were providing a recommendation about the process that you could use to evaluate your investment, the city's investments. And I think there's been a public misperception about that, and perhaps an expectation that this committee would be coming forward with some recommendations about particular types of investments, and that was really not our charge. I also want to point out that Jennifer from the treasury office is here as well, and she would be able to speak to the specifics about any kind of statutory constraints that the city faces in making its investment decisions. I think those of us on the committee were actually -- we got a bit of an education as to the kinds of constraints that her office faces when making these kinds of decisions. And as Commissioner Novick referenced, those limitations are significant and would need to be evaluated. So, we also recognize that there would be an additional cost for providing this kind of evaluation of socially responsible investing, and we were very mindful of that. I would say that pretty much at every one of our meetings, we did discuss the fact that we weren't given any guidance as to what the costs containment would be. We wanted to ensure that we didn't make a recommendation that was going to unduly burden the city or the city staff. And so, we did provide some recommendations knowing that there would need to be an additional cost evaluation around that, and that council would need to decide if that was a prudent purchase to make. So essentially, the process that we recommend -- and this is what our report is about -- is that you take a two-pronged approach. One would be to establish a permanent committee of citizens who bring different levels of expertise based on the types of issues that you want to be evaluated as part of your investment decisions. So those folks would not necessarily be investment professionals -- because of course, the city already has a committee that is comprised of investment professionals -- but rather this committee would provide additional information. And part of the way that they would provide that additional information is by contracting with a data provider, a data vendor that would provide reports to that committee that evaluates companies based on a wide variety of criteria, everything from environmental impact, labor practices, corporate governance, all the issues that Commissioner Novick listed. There may be some criteria that you would have that would be very difficult to ascertain through some of these reports. And so you would need to identify some other ways of gathering that information. One of the options that we did consider was simply hiring a firm to provide those evaluations for you in the absence of establishing an additional committee of citizens. We felt that there would be a risk of additional and higher costs to that, and also that that would not allow for significant public input. And so, what we recommended instead was establishing a permanent committee and having that committee informed with the purchase of these reports. And then of course that committee could recommend a do-not-buy list based on the information that they gathered. So again, I want to reiterate that this committee is very aware that there may be financial implications in terms of the cost of actually going through the process, and so we respect that that decision would need to be made by council and not by this committee. I wanted to leave plenty of time for questions, because I think that the point that I made in the beginning about the confusion around the charge is actually probably the most pertinent point, and I just want to give plenty of time for that.

Hales: Thank you. Jenny, do you have anything to add?

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Liu: I just wanted to say that we received a lot of good input from various sources, and that we did also receive recommendations -- or comments from the investment advisory committee as well, and we did consider all of these recommendations in drafting our report and our recommendations.

Hales: Thank you. So, questions for our committee members and our staff? So you recommended a measured way to step into these issues to develop the criteria, to start applying them with the parameters to be -- frankly -- figured out. I think you've really identified the issues for us very well. Appreciate your work. Other questions, comments for the panel? We will see if we have any public testimony.

Henry: I do have one additional comment I would like to make. And it's in response to some of the questions that you will probably receive today. This committee was established to provide you with recommendations on a process that you could use. But you still, as council, have the opportunity to add additional companies to the do-not-buy list.

Hales: Mm-hmm.

Henry: And since I was appointed in part to represent the environmental constituency and I worked for an organization called Climate Solutions, I would be remiss to not mention the impact of the carbon-intensive investments that the city currently has. And so I just wanted to point out that although we are not making a recommendation about divestment -- that was not our charge -- council still does have that prerogative.

Hales: Good point. Thank you.

Fish: I guess I'd like to ask a question. I'm going to -- notwithstanding what I sense is some miscommunication and misgivings, I'm going to vote today to accept the report, which is a technical function of just receiving your report. But then I think we have some work to do. Let me start with Ms. Henry. Can you give us a sense of other cities or jurisdictions that are taking up this work that you think we would be well advised to look more closely at how they're addressing socially responsible investing? If not other cities, just other entities and your thoughts on that.

Henry: Yeah, there are a number of municipalities that are signing the 350.org pledge to divest from fossil fuels, and I believe there is somebody here representing that organization and she could provide that list to you. I know anecdotally that the city of Oakland, California has signed that pledge, and also Stanford University, which has a very large endowment and made some very visionary choices about signing the 350.org pledge. So I think you could look to those as guides. I also think it would be worthwhile for council to consider learning about the growing movement for impact investing. There are firms that specialize in identifying investments that do have favorable market returns, that economic returns are not compromised. In fact, Wall Street bankers are seeing that in fact, this is an economic opportunity, and they are establishing new firms. Now I realize that would not -- those types of investments would not meet the criteria that the city has to follow based on Oregon state law, but I do think it represents a trend that demonstrates that you can apply socially responsibility criteria and still have positive economic return.

Fish: Well, I'll use an example closer to home. My wife is a public employee. She is covered through TIAA-CREF, they offer a social choice option, which -- and I have been monitoring it over the years -- it actually does quite well. Now it's a more conservative fund, because it's a blend of bond and stocks. But they have a screen -- it may not be the world's greatest screen, but it's a screen -- and it actually has a pretty decent return. Second question I wanted to ask you is, while the debate that I have observed has to do with whether -- about the distinction between not buying securities prospectively and affirmatively divesting from holdings that you currently have which potentially triggers losses. I was just wondering, do you care to add more thoughts on that distinction?

Henry: As a committee, we did not recommend divestment, and recommended that any decisions around do-not-buy lists only apply going forward. Jennifer would be able to speak to the specifics, she briefed us on that and that's not my area of expertise.

Hales: OK. Other questions? Comments?

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Liu: I wanted to add a little bit to Ashley's response to other cities. The city staff did survey a whole bunch of cities around the country regarding whether or not they were engaged in socially responsible investments. And we learned that a few cities do have that written into their investment policies, but very few of them actually implement them, and that most municipalities have primarily their fiduciary duty as the primary goal, and then a socially responsible investment as a sort of secondary goal to that. From what we've learned it hasn't been really implemented. It has been written into policy, but hasn't been actionable, as far as we know.

Bennett: If I could add to that --

Hales: There is a button on your microphone. It sometimes works.

Bennett: I tried before. Hello?

Hales: Fair enough. Just swing that other one closer to you, and the system will pick it up.

Bennett: Thank you. I think Portland -- and really not from our work, from your resolution -- Portland would really be on the cutting edge of socially responsible investing. Ashley mentioned other entities, including Stanford -- and there are many -- divesting from fossil fuels. That's perhaps the easier way to do it, and that's the more typical way. The council adopted criteria that have to be implemented. Divesting from companies that engage in corrupt corporate practices, abusive labor practices, and the like. They're a little more amorphous than simply choosing an industry, so it requires more in-depth research, which is why we're recommending the hiring of a firm. So that really would be cutting edge to look more deeply into that. And we also recognize that it's possible that there will not be off-the-shelf reports that cover all of those principles council adopted. And when Ashley referred to cost, that's really the cost of getting that research. And so when and if the council goes forward, it would have to see through RFPs or other process what that cost would be and perhaps even revisit the principles, if necessary.

Ball: The research that the committee looked at is available online. We would be happy to get it to council. But the committee wanted everyone to be able to see what they saw. That is available online through the Portland website.

Hales: Good. Thank you.

Novick: I'd just like to ask the committee members to elaborate on the recommendation of having a standing committee of citizens. My understanding is part of thinking about that versus in addition to hiring a socially responsible investment firm -- part of it was thinking about cost, but also was a matter of thinking you want to have a transparent process with obvious citizen input. So you thought there was a definite value at having such a public committee.

Henry: Absolutely. I did attempt to address that, but I agree with you entirely. That's exactly why we recommended what we did. Citizen input complemented by professional evaluations of companies.

Novick: And the assumption is that there's off the shelf research that you could buy that would presumably be cheaper than hiring somebody to provide ongoing advice.

Henry: Absolutely.

Novick: Theoretically, it's conceivable that we could investigate and get lucky and find out that somebody is willing to provide advice at a lower price than we envision. But I agree that the assumption that it's cheaper to buy the off the shelf research products seems like a reasonable assumption.

Hales: Good point. Thank you very much. We may have other questions for you after public testimony, but appreciate your --

Novick: Actually, Mr. Mayor, there's one thing I would like to bring up, which is that Bernie Bottomly from PBA appointed as a member of the committee. But it turns out other commitments, transitioning out, so he wasn't able to attend many committee meetings, and Raihana Ansary was able to attend some of them, but not really participate as a committee member. So in recognition of

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that, I'd appreciate it if would you be willing to bring up Marion Haynes from PBA to offer their thoughts.

Hales: Sure, be happy to do that. Thank you very much. Marion, are you here? There she is. Come on up, please. Good morning.

Marion Haynes: Good morning, Mayor, Commissioners. My name is Marion Haynes, I'm with the Portland Business Alliance. Thank you for this opportunity. Bernie was appointed to the committee, but because of the transition, didn't spend a lot of time. I think his understanding of his role there, as Ashley noted, was it was a fairly narrow charge for that committee and to the extent that he did participate, he made clear that he was really focused on that small process charge, but that really the alliance does have some concerns about the direction of this policy generally. And I'd like to just speak to that briefly. While we don't necessarily object to taking some of these issues into account, we do not think that creating a do-not-buy list to put specific companies on is a good idea. It does limit already constrained choices that the city has for investment in corporate securities. Only 35% of the city's investment can go into that. They tend to have higher yields than the alternative, which would be likely treasury bonds, and it could ultimately have an impact on city revenues. The investment returns do get pushed back into all of the city bureaus, and so there could be a negative impact there. I have to note that this would be coming at a time when the city is asking residents and businesses -- some of which may be eligible for the do-not-buy list -- to step up and provide additional funding for services that the city needs. So that's concerning. It also can send a bad message to legitimate businesses, businesses that are complying with the law, businesses that are part of this community that employ people in the city and that pay taxes in the city. So, I think there is just a lot of concerns about targeting specific businesses, many of whom are right here and a part of this community. Thank you.

Hales: Thank you.

Novick: And just to respond to that briefly, I mean, we are talking about investments that I think generate \$1.5 million a year, and there's no danger of losing all of that because we always have the opportunity of investing in treasuries. We are sensitive to the idea that we don't want to reduce the small list to zero, which is -- as I said before -- one of the major reasons that I at least anticipate that rather than putting companies on the do-not-buy list because they violate one of the criteria, we'd likely be looking at those that would violate several. So, that would limit the restriction that this would impose.

Hales: For what it's worth, this is serious subject, but on a slightly lighter note -- while we were having this discussion, I saw a news item, you know, they rank cities all of the time and there are these rankings which you can wonder about the method logical validity of how they ranked us, but turned out that Portland is not the most liberal city in the country. We are the 13th most liberal -- [laughter] -- following San Francisco, Washington D.C., Seattle, Oakland, Boston, Minneapolis, Detroit, New York, Buffalo, and Chicago. There are some will celebrate being 13th and others will argue about it, but for what it's worth --

Fish: Mayor, we were top 10 until you and Novick were elected -- [laughter]

Hales: We could have been a contender.

Haynes: More opportunities to discuss this as we move forward with it. Thank you.

Hales: Thank you very much. Do we have folks signed up to testify?

Moore-Love: Yes, we have three people.

Hales: OK. Come on up. Thank you for putting that back in its place. For that we will give you first dibs, if you'd like.

Sandy Polishuk: Thank you. Yes, I would.

Hales: She did some work there for us, Lightning.

Polishuk: Mayor Hales and Commissioners, I live in northeast Portland. I'm here on behalf of 350 PDX, a local of 350.org, a global network of citizens concerned about the climate change crisis.

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First of all, I want to appreciate the council for the commitment to social responsibility you've shown by creating this temporary committee. I also want to appreciate the temporary committee for tackling the difficult task of recommending the best way to evaluate the complicated work of socially responsible investment. Last year, on June 5th, Mayor Hales said at a world environmental day press conference, I'm proud that our city holds no direct fossil fuel assets in our financial investment portfolio. It's not enough. The city must urge the Oregon State Treasurer, the local government investment pool, and the Oregon investment council to divest all state holdings in fossil fuel. Why take this seemingly risky investment strategy? Because not doing so is a truly risky move. Unquote. We agree with the mayor's statement, except for one error of fact which we understand was only because he wasn't given full information. The city was not then and is not now divested from fossil fuels. At the time, the city held a Chevron bond and has since purchased an Exxon Mobile bond. In July of 2013, Mayor Hales met with 350.org's cofounder, Bill McKibben. We were proud when our mayor made clear his commitment for city to pass a binding resolution pledging to divest from the 200 publically-traded companies holding the majority of the world's fossil fuel reserves, reserves that the world cannot afford to burn if we want to have a planet our species can continue to inhabit. We in 350 PDX spoke with the other commissioners, and were assured that this resolution would pass. Instead, this committee was created. We expected it to deal with the issue, but instead the committee was charged with coming up with a process that would recommend how the council should proceed. We have waited patiently. It has been 10 months, and now we face the even more difficult task of a permanent committee, assuming that the temporary committee's report is accepted. Unlike the complicated evaluations and expensive services of outside data research vendors, the volunteer service of busy people, and hours and hours of city staff time, the mechanics of fossil fuel divestment is simple. Council can direct the treasurer to add 200 companies on our list to its do-not-buy list, just as it did with Walmart. Only two of them are on the city's buy list -- [beeping] -- I only have about three sentences.

Hales: Please.

Polishuk: Thank you. The list of 200 has already been created. Council can easily demonstrate its political will to align the city's investments with the values of its citizens. Portland has been a leader in our state and county. Seattle, Eugene, and probably Ashland -- who has it on its agenda this week -- as well as San Francisco, Oakland, many cities -- particularly in the northeast -- colleges, universities, foundations, and faith-based communities, including the world council of churches -- entities in this country and the world have made the fossil fuel divestment commitment. Oh, and many foundations, including locally the Jubitz foundation. It's time for the council to recognize the urgency of the climate crisis and take this action next. Thank you.

Hales: Thank you, Sandy. Good morning, Lightning.

Lightning: Good morning. My name is Lightning, I represent Lightning Think Lab. This is one of the few times I'm going to agree with the Portland Business Alliance. I think you're absolutely on the mark on this not going any farther than it already has. To me, this is an outright embarrassment. You have this investment advisory committee pulling up data that they know they can't get all of the data and do all of the research. And when you provide this information out and put them on a do-not-buy list, that jeopardizes those business owners of possibly investing in other companies, and other people not doing business with them. I highly recommend you have a very high eno insurance policy placed on you. And these membership people, especially from the team, you are an incompetent group number one, and how you got on this list is beyond me. Dr. Pedosky -- again, my name is Lightning, you are an incompetent economics professor and should not be on this list. Now, referring back to the list on socially responsible investing committee, your information that you provided today basically says Walmart has an excellent environmental record but a poor record in respect to labor. Let me read you a quote and you need to start pulling up the correct information. Washington Examiner, May 30th, 2013, Walmart hit with the second largest pollution fine in

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history. Super retailer Walmart has been slapped with \$110 million in environmental fines after pleading guilty to improperly dumping pesticides, all of it returned by customers in public sewers. This group, you are incompetent. Your data is incompetent and this is an outright joke to the larger corporations out there and you should be sued for even bringing this information properly and not having the proper data before you write down that Walmart has no environmental issues. That is second to the largest oil spill in the world and you can contact the Justice Department right now and get that confirmed. Your data is incompetent, you don't get the right information, and this is what happens. You will be hit with lawsuits if you go any farther on this and you don't do the proper research, and that is stated right in your report as of today. Read it today, and find that out. This is incompetent work.

Hales: Mr. Walsh.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. One of the problems that we have here, activists and citizens coming before you is by the time we get to you, the committees, the staff, the consultants have all done their work. So, it's in a very expensive proposition if I were to give you all of the facts and convince you and you were sitting in your seat saying, you know what, he's right, we ought to turn this over. It would be very expensive. So, what does that mean to the citizens? It means it's very difficult for us to come here and overturn something. So in this process, you're going to set up a citizens committee, which has good stuff and bad stuff. The good stuff is citizens should be involved. We all should agree to that, I think, under a democracy or a representative government. However, it's very difficult to criticize citizen volunteers, because they're giving their time. So when people go to those meetings, it's very difficult to criticize them. We elect you. We want to criticize you, not your staff, not the committees, not the consultants -- you. You make the decisions, but you insulate it by saying, well, we'll set up this committee over here and we'll set up this consultant over there, and when it comes time when the stuff hits the fan, we'll just say we had a citizens committee and they said we should do this. I'm asking you to think about the process. That's what this is, this is process stuff. It has nothing to do with reality. It has to do with creating a committee and turning around and getting a consultant that's going to cost us a small fortune -- again. And then we come here and we say, we don't like this, would you please overturn it? And you're looking at the bills and saying I don't think so, Joe, we ain't overturning this. You're going to vote for this today. We're not naive. But I'm asking you to start thinking of the process. Because the process is wrong, that's why we're in a mess. Mayor, you talk about the top 10. I will give you the top one. This is the most depressed city in the United States. How is that for a reputation? We have more people depressed than any other city in the United States. How's that for a reputation? Thank you.

Hales: Thank you. Anyone else? Any other questions council has for the committee? Let's have a motion, please, to accept the report.

Fish: So moved.

Novick: Second.

Hales: Roll call.

Roll on motion to accept report.

Saltzman: I'm pleased to accept this report. I do want to note some issues that are of concern to me as we move forward on this. One is there were some strong concerns expressed by the investment advisory committee over how the mechanics of this may work, and I think those concerns need to be heeded as we move forward and form a permanent committee. Second, I want to be sure that we have the mechanisms in place to avoid the flavor of the month. So whatever corporation is in the headlines in the Oregonian or the Willamette Week or the Mercury doesn't suddenly end up on our proposed do-not-buy list a week later. So those are the things I'll be watching carefully as this process evolves. But I thank the committee for their work and am pleased to accept their report. Aye.

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Novick: I would like to thank the committee members for their long, hard work on this process. I'd like to thank Kelly Ball and Janet Storm of OMF, and Jennifer Cooperman for their help, and the city's investment advisory committee for their review of the committee's recommendation. And I would like to thank my colleagues for last fall setting us on an innovative path with regard to socially responsible investment. And because it is an innovative path, we're moving quite deliberately, which is why we started with a committee to explore what the appropriate process is for applying our criteria. And very much appreciate that there are people who are willing to step forward and serve on the committee with that rather narrow, technical, and arguably not that jazzy charge. I really, really appreciate that. And appreciate the committee's recommendations, and it is my intention to bring forward a proposal for the next step later this year. It might not be as quickly as otherwise I might have hoped, because I am going to be some of September on my honeymoon, but again, I think it's very important for the city to start expressing its values in our money. And I do think we need to be careful about it because, as people have mentioned, there's a limited number of companies whose bonds we can buy to begin with, and we want a set of criteria that doesn't result -- in a process that results in having none that we can buy. I think we are engaged in a worthy effort here. I really, again, appreciate my colleagues for setting us on this path last fall, and I'm pleased to vote aye.

Fritz: Thanks to Commissioner Novick for starting this off, and to Mayor Hales and others for supporting it, and to the citizens and Jennifer Cooperman and others for your diligent work. It is interesting to me that we're setting up another process rather than coming up with any kind of a list at this time. And we have been working on this for the five and a half years that I have been on the council. We do recognize that where we spend our money matters. Looking forward to the formation of the committee, it's proposed to have a seven to 10 member committee. This past one was set up to have balance in trust groups by Commissioner Novick and the Mayor. I would suggest that in the next one, we have each councilmember allowed to designate one member to the committee. I particularly appreciate that the Technology Oversight Committee where, because I nominate a representative, that person stays in touch with me and gives me regular updates, and I think that's a good model for our citizen committees to make sure that the electeds are in the loop as we go along and not just brought in at the end. So I make that as a formal request. I appreciate the testimony from 350.org. Although we do need a policy for the overall strategy and teasing out how big companies and small companies are interwoven and such, it seems to me that Exxon, for example -- I'm distressed to hear that we just bought Exxon bonds. That's a pretty well-known fossil fuel company and not that complicated to have a small list of do-not-buy that could be done sooner rather than later. And maybe that could be one of the charges that the committee could start off with -- are there some really obvious companies that we don't buy bonds or invest in? The comments from the Portland Business Alliance and others regarding the cost -- yes, there's a cost to spending your money wisely and to investing wisely, and we have the presentation from Venture Portland. We encourage people to shop at their local small businesses, even though it may cost a little more than Walmart or others. The city needs to be no less responsible in how we spend the taxpayers' money and invest it. Yes, there is a cost, but as the 350.org has made out, there's also a cost for not doing it in terms of climate change and the cost of fighting fires because our atmosphere is being destroyed and such. So let's not be short-sided as to looking at what the \$1.5 million that we get from investments -- if I understood your comment correctly -- that's a number that's a fraction of the entire city budget, and we need to be making sure is that we spend the taxpayers' and ratepayer' money and invest it in ways that help us reach our further goals. Aye.

Fish: First, Commissioner Novick, thanks for starting us on this path. I have learned in my six years on council that when you launch a process for which there isn't precedent, it doesn't always go in a straight line. Sometimes when people get exasperated with that, I remind them that until we launch that process, we weren't actually doing the thing they were asking us to do, so give us a little time to

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get it right. I am concerned, however, about the issues that have been raised around expectations and communication. And that's really on us. And frankly, we have to do a better job on both fronts. To Jennifer Cooperman, who does a superb job on the city side giving us great advice; and to Ashley Henry, who came in with a team and briefed me on this, thank you both for your work. These issues are complicated. We start with a values proposition that we want to do socially responsible investing, but there are details here which are complex. While I -- like everyone else up here -- get, you know, anxious from time to time when the room is filled with lawyers and other people telling us what we can and can't do, the reality is when we're managing public dollars like this, we have to do it in a deliberate and thoughtful way. And that's the path I think you have set us on, Steve. I want to echo what Commissioner Fritz said, though. We're talking about establishing investment priorities and policies for the city. And so I would like us to double down on making sure that each commissioner is invested in the next phase of this process. And I think the dividends will reap to your benefit. Thank you for an excellent discussion, and I'm pleased to accept the report. And I will do my homework in looking closer at the experience of both Stanford and Oakland. Aye.

Hales: I want to thank our staff and the committee and Commissioner Novick for getting us this far on this issue. You know, we're walking carefully into tricky ground here, and I think we can do it. We are a progressive city, rankings notwithstanding, we are a progressive city. And we are a city that has actually put that progressivism into action in real ways. We have reduced our carbon footprint. We had a 30% per capita reduction in carbon emissions in Portland because of our climate action plan. That's real. And it's envied around the world, and other cities trying to compete with us on that virtuous competition to actually do the right thing. We recycle more than other cities do, and other cities trying to follow that leadership. So we put our values into action on what we do as a city, not just as an organization but our citizens doing it as well. I'm confident we're going to be able to do that with respect to our investments, that we'll put our values into practice in terms of what we buy and what we don't buy. We also have another ranking that we ought to remember, which is we for 30 years plus have had a AAA bond rating, something that other cities would love to have. And we have a balanced budget, which this council has accomplished in good years and bad. And a pension program that is paid for rather than is a giant liability hanging over our city's head. Believe me, Mayor Emanuel -- whose city allegedly ranks higher on that list of liberal cities than ours does -- would love to have our pension system and our pension situation, versus the one that Chicago has. So, we have managed to be so far, and will be, a progressive city that lives its values, balances its books, and is sustainable financially as well as environmentally. And I'm confident that we're going to do -- we're going to follow those values and that path as we walk into this tricky ground of how do we invest. I think this is the right way to proceed. I appreciate this discussion and the investment of political capital by the rest of the council and the work that Commissioner Novick has begun, and I look forward to bringing this to the next stage in the right way, at the right time, but not too long.

Novick: Mr. Mayor, can I correct an inexcusable error? I forgot to thank Katie Shriver of my staff, who has put countless hours into this. The only excuse I can offer is I have this tendency to rely slavishly on Katie's talking points. And of course, she doesn't put thanking her into the talking points -- [laughter] -- likewise, it's not a very good excuse.

Hales: Hear, hear. I'll second that. Thank you all. I vote aye. OK, let's take a two minute break and return for item 821. Will that work?

At 11:55 a.m. Council recessed.

At 11:59 a.m. Council reconvened.

Hales: OK, we will resume and take up item 821.

Item 821.

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Hales: Commissioner Saltzman.

Saltzman: Thank you, Mayor. This resolution introduced by myself and Commissioner Fish provides a revenue stream for the development or preservation of affordable housing on the collection of transient housing taxes from short-term rentals -- something this council just legalized last week -- and establish a mechanism to ensure that the lodging taxes are being paid. This would start July 1st of 2015, so it would not affect the current year budget that we've already adopted. And I guess I would say I know many of you are saying, why not wait until the next budget season and deal with this then? I would like to submit that this is something that cannot wait. I have been housing commissioner for 14 months. We've had a great discussion this morning on a lot of issues germane to housing and homelessness issues. And I think that one thing I have learned in the 14 months that I have been housing commissioner -- I always say you never know what you don't know until you become the commissioner-in-charge -- it has opened my eyes to the tremendous challenges that we face in this city to meet the needs of many of our most needy residents. And we are undergoing, you know, point A, the rental market is extremely tight right now. Our vacancy rate is one of the lowest in the nation, it hovers around 3%. So there's not a lot of housing choice out there, and a lot of it is not affordable. Second, we are undergoing in Portland the largest multifamily unit construction boom in recent memory, and perhaps even in history. Some 10,000 units are scheduled to come online in the next two, three years. And I'm sad to say that the market share that's going to be affordable to those who make 60% or less of median income, or even those or make 80% or less of median income, is really quite small. We do well in urban renewal areas, where we have 30% set-aside to invest in affordable housing. The council has been generous, it has approved \$1 million in this year's budget for one-time investment in increasing the supply of affordable housing. But we are really behind the eight ball, and this is an opportunity to catch up. I'm going to try to sort of connect the dots on why we should take this action today with respect to the transient lodging taxes on short-term rentals, and then I will turn it over to Commissioner Fish, who probably has some remarks as well. The need is great. The opportunity here is to capture some \$500,000 a year in transient lodging taxes that will now be paid by people who are making their rooms in their homes or their accessory dwelling units available for rent under organizations like Airbnb and other short-term rental organizations. The \$500,000 generated in estimated transient lodging taxes could be used to do revenue bonds to generate \$5 million a year that we can invest in affordable housing. So, that's real money. This is a real opportunity. Because what's missing in most of our actions is a steady state, reliable stream of funding. Other than urban renewal, which is on the decline; federal resources, which are static or on the decline; this gives us a chance to take our own destiny into our own hands with some local resources and start making a serious dent. I know council shares all of these desires. I just hope we will look at this and decide that now is the time to take this action. I would like to briefly mention the organizations, some of whom are here today, who have endorsed this approach. We heard this morning from the Human Rights Commission. That was news to me, but they clearly support this approach. Elders in Action, the Portland Housing Advisory Commission, the Oregon Opportunity Network, the Portland African American Leadership Forum. I know we have an APANO representative here today, so I'm assuming APANO supports it. And then, of course, Israel Bayer, who is the editor of Street Roots, is also here. And I guess I would just close by saying I would urge my colleagues to take this action now. As I said, it will not affect anything in this year's budget. And I'll use the test that Commissioner Fritz just used earlier under her SDC statements: who pays for this? Who pays are the people who now provide short-term rentals to guests that come to our city, and others. And in the process of doing so -- and I have no qualm with them doing this -- but I think we need to recognize that this does displace people who look for rooms to rent, people who look for roommates to share houses with, and people who are being displaced from neighborhoods. That's who pays for this. Who benefits? Who benefits are people who historically are renters. They are roommates, they rent rooms, they rent houses, and they

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want to stay in their neighborhoods. And I think it's pretty intuitive that as the supply of short-term rentals increases, the supply of these historic affordable rental resources is going to decrease. As I say, I think we have heard plenty of positives to Airbnbs of the world. They do provide homeowners additional sources of income, they provide socialization opportunities for people, and they provide good ambassadors from the city of Portland. So there's a lot of positive things about Airbnb, but there is this one dark side that I don't think we can ever expect a PSU research team to quantify for us. We could wait five years before they quantify something -- they're never going to find the people who no longer rent the rooms, they're never going to find the people who no longer rent the accessory dwelling units because they have been converted to short-term rentals. But believe me, they are there. Who pays? The people doing short-term rentals. Who benefits? The people being displaced. Is it fair? I believe it is fair to take this action today. I believe it's fair and it's necessary and it's entirely elegant to connect the dots on this one and to take an action today. I will turn to my colleague, Commissioner Fish, the cosponsor, for any opening remarks he may make. I think we have about six people signed up to testify.

Fish: First, Dan, I'm very proud to cosponsor this resolution. I am mindful of the fact that we are on a tight clock here, and since some of my remarks echo your very eloquent opening statement -- Mayor, why don't we go to testimony and then I will reserve my comments for a closing statement.

Hales: Great. Thank you. Anyone else? Let's take the sign-up sheet, please, Karla.

Moore-Love: We have seven people signed up. The first three, please come on up.

Hales: Mr. Lightning is still here, but the other two I believe have left. Next two, please come on up.

Lightning: Good morning. My name is Lightning, I represent Lightning Think Lab.

Hales: Thank you.

Lightning: Sure. Basically, again, I've stated my concerns on Airbnb in the past on this -- I do agree with this lodging tax. One of the issues I had was in the past, some of the hosts operating illegal and not being assessed fines. I like the fact of this money going in this direction and actually, there has to be replacement for the displacement. And there's going to be a lot of displacement throughout the marketplace because of this. And it doesn't take anybody very long to figure out if somebody is renting a room in their house at \$300, they can maybe make three to four times in one month -- somebody is going to probably get an eviction notice. That's displacement that will take place throughout the city. Now at what percentage, we don't know yet. There's been a lot of studies in San Francisco. They're running about 5500 listings. Now in New York, they have made a complete stance against Airbnb and want them to shut down and that's being negotiated right now. So, we're watching a lot of new things go on. Like I say, I agree with this being legalized in Portland, but we have to also look at the point of where the displacement is going to occur. And this program here is beginning to adjust and understand that money will be set aside to go in that area. So, I do commend Commissioner Saltzman on the effort here. Again, I just want to watch Airbnb real close. And there's been other competitors who have stepped up to the table, Vacasa, property management and other firms that feel they have lost that competitive advantage in the marketplace the way Airbnb has had a strong presence without it being legalized. I still want to watch that close. You know, we were talking about maybe hitting a fine on the host. I wouldn't mind seeing to see Airbnb come to the table and say, hey, we've utilized this many hosts out there this many years, and we're willing to pay a set amount of dollars and place it into a fund like this also. I don't think that's an unreasonable thing to do at this time, because somebody has to pay that fine, either of host or possibly Airbnb. There have been fines assessed in New York on various hosts up in the millions of dollars, and that is a fact. And even they're making a strong example of what has happened in the past on this situation on short-term rentals. I'm hoping that Airbnb recognizes that and understands there has to be accountability on that issue, and get that taken care of. Thank you.

Hales: Thank you. Good afternoon, welcome.

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Cameron Herrington: Thank you very much. My name is Cameron Harrington, I work with the Living Cully coalition, which is a collaborative effort of Verde, Hacienda Community Development, NAYA, and Habitat for Humanity Portland metro east. We are here today to speak strongly in support of dedicating this new revenue to the housing investment fund. Living Cully has a vision of a city where low income households and people of color have housing choice and opportunity in all of our neighborhoods. In Cully, in inner north and northeast Portland, and the city of Portland is far behind the need for affordable housing to prevent displacement and is far behind actions that our peer cities on the west coast have taken to take the challenge of affordable housing seriously. Seattle, for example, has a dedicated housing levy that has been renewed by the voters for several decades.

Fish: Can I just comment on that for a second?

Herrington: Yes.

Fish: Because that's a completely misleading statement. The only reason the city of Seattle went out and did a levy was that the city did not use any of its own funds to fund housing. So they did it with a levy. Now, you and I are on the same side of many fights, but I don't want the public to think that because Seattle chose to fund their investment through a levy and we've chosen to use urban renewal and general fund dollars, that we're behind Seattle. We've spent a quarter of a billion dollars in the last five years of local dollars to invest in housing, which swamps what Seattle has invested. I mean, we are on the same side, and I appreciate your advocacy. But to say that we are behind Seattle on this is a gross distortion.

Herrington: My intention was to say that we do not have a dedicated stream of city-generated funding that is not connected to urban renewal, that is flexible and versatile and that goes on from year to year and that we can count on without having to have budget fights about it.

Fish: With that qualification, we completely agree. But to the taxpayers of Portland who through urban renewal and general funds have invested a quarter of a billion dollars, I don't want them to feel like they have to apologize to the people of Seattle. Because they have made a huge investment, and in some ways, the 30% is a dedicated source of funds. It's not enough. And I'm with you, but we were well ahead of Seattle on that one.

Herrington: Alright. Well, that is correct, we have spent 30% of urban renewal funding on housing. The fact remains that tens of thousands of people have been displaced from our urban renewal areas, and tens of thousands more stand at risk of displacement from those areas and from other neighborhoods. We know that, it's documented. And we know that this amount of revenue will not solve our affordable housing problem, but we know that it can be an important precedent and it can be an important first step in this city saying that when the housing market is being used to provide for non-housing purposes -- for vacation rental purposes -- and revenue is being generated from that and as a result housing is being removed from the housing market, that we can capture some of that revenue to mitigate the displacement effect that that market is having. And so this is an important precedent. This is an important opportunity, an important first step in the longer conversation for developing more robust solutions to housing affordability, both in the urban renewal areas and other parts of the city.

Hales: Thank you. Good afternoon, welcome.

June Johnson: Good morning, Commissioners and Mayor Hales. My name is June Howard Johnson. I have lived in Portland all of my life, for 59 years. Yes, I am a senior. I'm a college graduate. I'm a member of the Multnomah County mental health advisory council, and health share council also. I do prison ministry through Coffee Creek for the women, I'm a certified mentor, and I have 10 years of volunteering for breast cancer. I never imagined someone with my experience would become homeless, but that's what happened last year. I was a tenant at this apartment for 15 years, it was a triplex in inner northeast Portland. I couldn't find an apartment. It was during November. I couldn't find an apartment, and they gave all three of us time to get out, but I had the

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hardest time trying to find placement. I even went as far as Beaverton, Hillsboro -- areas that I would never, ever want to live in. I had applied and I was homeless briefly and it was very scary. Now, I have an apartment again. I'm way out in Maywood, Gateway area -- which I'm really not happy with it because I'm used to the inner northeast area, which I plan to move back soon. And it's good for Portland to grow and develop, but we have to take care of people like me. We need more affordable housing. And just because, you know, I got new landlords, they were from West Linn, so they decide to put us out and they wanted to remodel the apartments, double the rent. They still haven't finished with the apartment I've been out since November. The apartments are still not ready. But they wanted us out so soon. And, you know, I don't think it's fair for us tenants to have to be moved out in the cold, hard, winter when they're not finished with the apartments yet. I think that they need to work more on that, giving us a longer time and knowing that they're not ready to vacate the premises -- I mean, to have renters in there yet. They were turning them into condos or whatever they wanted to do. I'm just saying, I just hope that you guys help us with more affordable housing so we won't have to go way out to these different areas and districts.

Hales: Thank you. Thanks very much. Karla, next?

Moore-Love: The next three.

Hales: Go ahead. Mr. Walsh, go ahead.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice, and we're taking a position, we're opposing this and we're not going to argue anymore because we grow weary of arguing with you. And you're going to do any damn thing you feel like, so just do it.

Fritz: Why are you opposing it?

Walsh: We're opposing it because we think that there's a significant problem on the east side about low income housing, and there's better use of this tax money that you're using. We don't think the people watching this or in the audience listening to this have a complete understanding of what you're doing. Unfortunately, I was out in the hall talking to somebody on an issue that was important. So I missed a lot of the discussion that was going on, and you probably answered some of my questions. However, we've taken the position we oppose this, and I think in the future, unless I'm overridden in one of the meetings, we would take the position that we go on record opposing what you are doing and not argue with you anymore. We just grow weary. There's a recall going on. There is a big battle going on. We think the mayor is leading us in the wrong direction. We think that people are just rubber-stamping everything that's going on, and we grow weary of it. So we're just going to go on record opposing it so that you can't say down the line nobody has opposed it. If somebody in front of me does oppose it, then I will just say second the motion. Thank you.

Hales: Thanks. Welcome.

Todd Struble: Good afternoon Commissioners, Mayor. My name is Todd Struble, and I am from APANO, the Asian Pacific American Network of Oregon. And my role is the Jade District manager, so I manage one of the NPIs in east Portland, right there on 82nd and Division. So my job to be out in the community and kind of hear the concerns of the residents there, people that own their businesses out there, and try to help that area develop economically while preventing displacement. We would like to go and put ourselves on the record as being in support of this motion to fund affordable housing from other revenue from transient housing tax. So, APANO has a base of over 3000 supporters, with a significant number living in east Portland. Our community spans new immigrants and resettling refugees -- members of the Portland community that have been here for generations. Our city is facing a growing affordable housing crisis, and it's disproportionately impacting communities of color. APANO's report with the Coalition of Communities of Color revealed that 52% of our Asian Pacific Islander community members are paying over 30% of their income for housing in Multnomah County, as compared to 40% for white people. Asian and Pacific Islanders are also one of the fastest growing communities in Portland and in Oregon. Asians grew 40% over the last decade, and Pacific Islanders 68%. Total population is now over 220,000, with the

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most significant concentrations in Portland and east Portland. I think it's already been well covered that the short-term rentals and Airbnb are going to drive up the cost of housing and drive down affordable housing. So again, just reiterate that we're in support of a city tax that is 100% dedicated to increasing affordable housing. And then I think also as Cameron from Living Cully mentioned, this is something that we're in support of but it's also an important first step. I don't think anybody thinks that this will be a comprehensive solution to affordable housing where we can just forget it after this. And that's something that, again, I will reiterate in my work out in the Jade International District, it's a significant concern for communities that live out there. We've seen it through our organizing, our leadership development, and a visioning process that we just completed where we interacted with the different communities that live out there -- not just the API community but the Hispanic community, there's a Slavic community and a Somali community out there as well, and that concern is consistent among those groups. So, with that, again, I'll just reiterate that we are in support. Thank you.

Hales: Thank you.

Rachel Gilmer: Good afternoon, Mayor and city council members. My name is Rachel Gilmer and I'm with the Portland African American leadership forum. We are a network of Black leaders and organizations from across the metro region who work together to build a common policy agenda. We're here today to testify in support of Commissioner Saltzman's proposal to allocate 100% of the Airbnb tax toward affordable housing. As has been mentioned, short-term rentals have exacerbated the shortage of affordable housing in other cities. And in Portland, we're already 20,000 units short. So we see this as a small but necessary step towards closing the gap on the shortage of rentals. Since our arrival in the state, African Americans have experienced continued displacement and upheaval at the hand of city policies and decision makers. From the Vanport floods to red lining to the establishment of the Interstate urban renewal area, our local government has not simply failed our community, our local government has seriously eroded and damaged our ability to be successful and our well-being in the state. Over the past year and a half, our organization has been working closely with the community to address the issue of displacement, holding community forums and visioning sessions about the challenges, needs, and hopes in the wake of gentrification which has led to the displacement of an estimated 20,000 people since 2000 from Portland city center. We met with a group of Jefferson High School students over about a month long period to do visioning among youth, and we heard from them that they don't feel safe anywhere -- not in their school, not on the street, not in the New Seasons that just got built. They really don't feel safe anywhere. We did a forum with seniors, and one senior said, you know, if I were to die in my house, none of my neighbors would notice because I haven't built any connections with them. Over and over and over again, one thing we keep hearing is that folks are being forced to couch surf or become homeless because of the lack of affordable rentals. I want to reiterate that it's a serious failure of our government that these individuals are really denied the opportunity to become successful or to have a strong sense of community and belonging in a city that we often boast is a bastion of livability. The statistics in our report that we presented last winter, Unsettling Profile, through the Coalition of Communities of Color, really reiterates these stories and sheds further light on the crisis facing our community. 31% of African Americans own a home in comparison to 59% of white counterparts. 43% of African Americans spend over 50% of their monthly household income on housing, in comparison to just 25% of white people. These disparities, coupled with the inequities experienced in other areas of life -- economic opportunities, education, and health to name a few -- getting worse and really aggravating the already crisis-like conditions facing our community. Portland is 20,000 units short of affordable house, and as our city continues to grow at a rapid rate, we have to decide -- is this going to be a city that only serves the wealthy, or is this going to be a city that promotes livability for all and really centers those experiences the greatest inequity in decisions. As such, we're asking for the city council's support in allocating 100% of the Airbnb tax towards affordable

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housing. Again, this is a small but very symbolic gesture toward serving and prioritizing the needs of the most vulnerable in our community. Thank you.

Hales: Thank you. Anyone else?

Struble: Can I ask a quick question? Can we provide that as a written supplement to our testimony?

Hales: Sure.

Struble: Thank you.

Moore-Love: Veronica Bernier was the last person who signed up.

Hales: OK, come on up.

Veronica Bernier: It's always good to see you. Good afternoon, Mayor, Commissioner Amanda Fritz, Commissioner Steve Novick -- you're looking as nice as ever. He's so handsome -- don't you think he's handsome? [laughter]

Fish: By the way, you used to say that about Randy Leonard, and now I'm convinced it's the person sitting in the chair that gets the love.

Bernier: No, he's the youngest and most exuberant. Good morning -- well, it's afternoon. Mayor Charles Hales, you're always looking well. I like the fact that you brought this up. Commissioner Dan Saltzman, as usual, you provided wise counsel to bringing up a motion that's often overlooked. Commissioner Fish, you're looking well, too, and I know you probably talked to him about it. I think it's so important that our city acknowledge the homeless people that are campaigning and trying to get housing right now. And I think that it's very, very important that we underline the efforts that mothers and fathers sometimes do with their mother-in-law apartments in producing rentals for some of the under-economically challenged homeless people. The average rent for a mother-in-law apartment is probably \$400. That's the going rate, but we still have many, many, many people to house. And many projects like aloha gardens that do serve to rent to people who are in the lower MFI end of the income level. If I were in charge of it, I would basically fall back on a very old routine of floating a bond issue or something to raise money for the homeless housing, but that isn't too good right now because of the incredible big budgets for other things that we need for building and to keep commerce going. To make the homeless seem like a win-win situation, I think it's good to send them to school and try to encourage them. My program is dress for success, it's a seven-step success program for homeless that gets them up off of the street. But I do support using the income-producing apartments and contributing the tax -- I guess what they call the tax allotment or whatever it is -- towards the general fund to raise the homeless dollar so that more people can be housed. And also, from the past, I wanted to bring up the shack program as a wonderful way for rotating church shelter to contribute to the overall market of available housing for homeless. This worked in the past and it can be re-upped, so to speak -- not in a military way but an interfaith council way. Thank you very much for your work.

Hales: Thank you. I believe we are ready to take a roll call on the resolution.

Item 821 Roll.

Saltzman: Well, this council has been generous with its investments in housing. I urge you to indulge your generosity right now, and recognize that with this \$500,000 with this additional on-going revenue, we can bond for \$5 million. That's money that can be invested, and it's not constrained to be invested only in urban renewal areas -- which, I think all of us know, cost to less than 15% of the geography of the city. There's a whole wide city out there that needs more investment in affordable rental housing. I think it's germane to do this today, because we just passed the short-term rentals legalizing and establishing the payment methods for the lodging tax. This seems to be the appropriate time to -- as I said earlier -- connect the dots and act decisively. I urge a yes vote and am pleased to vote aye.

Novick: I think this is a proud day for the Portland City Council, because we're having what I think will be three to two votes where there's good arguments on good sides, and I think that demonstrates that we're not just a body that brings up things that have been previously

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rubberstamped by all of us, that we have lively discussions with good arguments on both sides. On this issue, I am going to vote no for a couple reasons. One is I think one of the banes of American government today is the proliferation of thousands of different funding streams with strings attached, which requires thousands of string tie-ers to keep break of them. And I actually spend a significant portion of my time responding to emails from constituents who say, why don't you take the money from X and put it to Y? And I have to explain, well, the money from X has strings attached to it and so it can't go to Y. So I'm reluctant to add to that proliferation without a compelling reason. There's a couple of reasons why I don't there is a compelling reason for this. One is, it's not enough money. We're talking about \$500,000. This year, I think the city is spending 12 million of general fund on housing, primarily housing services. There's nothing to prevent us from dedicating this source of money to housing today but then only giving \$11 million of general fund to housing next year. There's nothing that would mandate that by adopting this today, we would actually increase the overall amount of money we're spending on housing. Another reason is that I want to preserve the possibility of possibly revisiting the authorization of these short-term rentals, because there have been concerns raised by housing advocates around the country that having these short-term rentals reduces housing affordability. So far, I don't think we have hard data on that. There haven't been peer-reviewed studies of that topic. And I don't share Commissioner Saltzman's pessimism about the idea that there may never be any studies that are convincing. I suspect there's enough interest in this, there will be studies that are reliable over the next couple of years. And if there is a study that shows that this practice is significantly reducing housing affordability, then I think we might want to revisit it and say, no, we are going to re-ban these short-term rentals and assign resources to enforcement. I don't want our hands tied by the fact that we think we've already dealt with this by dedicating the source of funding. I'm reminded of what's happened with urban renewal, where we have dedicated 30% of the urban renewal money to housing, and that is a big enough dollar amount to make a real difference. But the consequence of that is that if you are for housing, you have to be for continuing urban renewal, which I think is a problematic box to be in. I think that, as Commissioner Fritz has said in recent days more eloquently than I can, we need as a council to be making sure that we properly develop priorities for allocation of all our general fund money, rather than making piecemeal allocations. And I think that I've demonstrated that I'm willing to offer up some tough choices in the service of idea of prioritization. I recently proposed in the budget process making one-time some of our drugs and vice positions in the Police bureau and some command staff positions. And Commissioner Fritz joined me in supporting that. That would have somewhat increased the overall pot of money available for everything else, from parks to housing to seismic strengthening of buildings. The police are now doing a staffing study, and one suggestion I have made to the contractor involved in this study is that the police keep on saying although crime is down, they can't reduce their staff, because they're expected to do all sorts of social service work now -- for instance, work with the homeless. And I've suggested the contractor analyze that claim and see if perhaps some of the money we now spend on police would actually be better allocated to providing social services and perhaps even housing for the homeless. So, I agree that we need more money for housing, and I'm willing to engage in discussion of how we prioritize more money for housing. And I appreciate the effort here. I appreciate Commissioner Saltzman and Fish's effort here. I had a conversation with somebody in this room who said, we realize this is symbolic but it's an important symbol. I recognize it's a reasonable position to take. But for the reasons I've just given, I will respectfully vote no.

Fritz: I have participated in many votes on housing. I can't remember one that I voted against before. I sat up there during the 30% set-aside campaign as a community organizer with my little sign. And I supported Commissioner Fish in 2012 when we put a budget note in, directing the council to move ongoing money all of the work that really was ongoing but we had one-time funded throughout the course of the recession. I think it was \$7 million. So when we're talking about a

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dedicated stream of funding, we have a dedicated stream of funding. It's the Housing Bureau budget. I believe I'm correct that last year's budget and this year's budget, we have added back everything we took out. If not, I would be happy to consider additional requests in the Housing Bureau's budget next year. The fundamental problem with this issue is we've already dedicated this money. This \$500,000 was in the city's budget for expected revenue because Airbnb had already said they were going to tax their income regardless of whether we passed the regulations legalizing it. So that 500,000 was in the budget. The council -- because we all care about affordable housing -- allocated \$1.25 million in ongoing money to the Housing Bureau. So there isn't any more money that we know of. Next year, we'll have an accurate assessment of how much money has come in. We'll then have maybe a little bit more of additional money which my guess is all of it will go to housing, if not all. In fact, not more. \$1.25 million was about a quarter, one fourth of all the ongoing money we had to allocate in the budget process. We have a budget process. We have a BMP process so that additional one-time money, additional ongoing money -- citizens are involved in deciding the different priorities. Almost everything that comes to us on a one-time basis? It's really important, because people would not be sitting here if it wasn't important. So that's my fundamental concern. We've already done what we're being asked to do. But second of all, we don't know whether there's going to be an impact from Airbnb. The kind of testimony we heard was from folks who are renting out a bedroom, delighted to welcome tourists from all over the world, doing it when they feel like it rather than full-time, and having a stream sometimes their room is occupied, sometimes not. Those folks are not necessarily going to be people who have already been renting out their room full-time to a needy person. We don't know. We need to be able to study that. We're talking about rooms. The other thing we've done on regulations is stopped renting out of whole houses, and we'll be able to track that now so we'll be able to see in fact do those properties come back to the market or back into the rental inventory? It's not at all proven. And a study in San Francisco showed there wasn't an impact from short-term rentals on the long-term affordable housing stock. So both of those are kind of faulty premises. My primary concern, though, is that we make these decisions in a principled manner looking at the whole budget with all of the needs. We have huge needs in housing, we have huge needs in parks, huge needs in transportation, and we have a whole bunch of other things that also could make a worthy argument for funding. We shouldn't be dedicating ongoing funding in something that's only one month after we're into the new fiscal year. No.

Fish: First, I want to thank the housing commissioner Dan Saltzman for bringing this resolution forward. I remember when he first sat down and talked to me about it and explained it. After a while, the light went on in my head and I thought it was a great idea. At that point, the proposal was 50% of revenue. And through further conversations and some good lobbying from the outside, I think we came to the conclusion that it really ought to be 100%. It was such a compelling argument. So Dan, thank you for taking the lead on this, and I am extremely proud to support you. To the advocacy community that has been lobbying on this issue and making the case, folks who testified today, Street Roots, African American Leadership Forum, APANO, Oregon ON -- all the folks in the trenches dealing with the affordable housing crisis, thank you for your advocacy, your passion around this issue. I want to make a few brief comments in recognition of the mayor's schedule, but I feel like this is an important moment. First, big picture. This council often takes actions which, while laudable on its face, have either intended or unintended consequences that negatively impact low income people. I think the best example I can cite is the commitment that councils have made historically to urban renewal, the idea that we want to revitalize areas that are distressed. On its face, a noble venture and a good use of public resources. But what we've learned -- and the evidence has become very compelling, thanks to census data and research -- is that it often leads to gentrification, often leads to displacement, and displacement negatively impacts people who are the most vulnerable. So, big picture number one, we have some history here. Big picture number two is we are frequently criticized in light of our history of not going upstream and mitigating the impact of

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our decisions before they become acute. That is, we are asked, since you know that it is likely that there's going to be this negative impact, why weren't you upstream in the Albina district, upstream in other parts of our city, building in protections to mitigate the impact? Alright, let's go if big picture to precedent. To me, this is a successor to a very successful experiment in the city called the 30% set-aside. I went back and looked at some of the arguments that were raised when the 30% set-aside was first floated. And I won't limit myself to the skepticism expressed by the then-housing commissioner to the approach. I will talk about the editorial boards that said, for god's sake, you shouldn't use urban renewal money for this purpose, it's an inappropriate use of that funds. Or to housing advocates who said, my god, what if this ends up setting a ceiling and not a floor, are we locking ourselves in? Echoes of what Commissioner Novick has said. Are we tethering ourselves to a source of funding which we may at some point want to withdraw, or worse, are we creating a ceiling? There were some who said, that's not enough money to make an impact. Those were all valid issues to raise, but the reason it carried the day in the council is the council understood that there was a downside to urban renewal. And the downside to urban renewal could be in part mitigated with the 30% set-aside. Now, question. What is the most successful district that we've invested in in the city of Portland over the last 20 years, if we use as a benchmark the percentage of affordable housing and housing options within one district? Answer -- drum roll -- the river district. Now, that's not Nick Fish speaking. Actually, I think Politifact in the Oregonian once pointed that out. And they said that between 20-25% of the housing is affordable. Now, Charlie, that did not happen out of the goodness of the heart of developers. It happened -- and you were back on the council in those days -- it happened because the city had a 30% set-aside policy that had a dedicated source of money to invest in the river district, and we developed a plan that mandated affordable housing to go side-by-side with the market rate housing. I would argue that one of the great geniuses of the river district is that if you take a visitor to Portland through the district, they can't tell what's affordable and what's market-rate. That so successful has been the integration of the housing that I defy you to tell me which building houses the lowest income people in our community and which the richest. Because in fact, many of the buildings are indistinguishable. So, big picture, precedent, now let's go to the always important question about is this good public policy. This is probably the highest IQ council I've ever served on, and frankly, everybody can come up with fabulous arguments. I am not the highest octane person on this council, and that's because my son and my daughter have told me. So I'm now going to say why it's compelling to me from a public policy point-of-view. We know as clear as day that by regulating and permitting short-term rentals, there will be an impact on the inventory of affordable housing. We know it because it speaks for itself. Steve, there's an expression in law called *res ipsa loquitur*. A plane falls, there's an explosion. We can't get in and figure it out but we say it's possible that there was a bomb on the plane. *Res ipsa loquitur*. We know, and the most compelling evidence that we have that says we know there'll be a negative impact in the immediate future of the inventory is the people who testified before us, the small landlords who said, my god, once you allow this, I can make a lot more money. We are affirmatively intervening in the marketplace and creating an incentive to move from long-term affordable to short-term higher income, higher return rentals. We're a market-based system. We are encouraging people to make more money. We hope they make more money. We'll get more revenues. But for god's sake, given that we know that, shouldn't we take at least this modest step to mitigate some of the impact? OK, that's one piece of the policy. The second piece for me that's compelling is nexus. And we're all going to see nexus through a different filter. This is a new revenue stream. It's not a revenue stream that's been -- it's been budgeted in one budget cycle, but in fairness to this resolution, it doesn't kick in until the next budget cycle. So we're not asking for a double dip this year. So, what's the nexus? We think that by allowing this activity that is short-term rentals, there'll be a downward pressure on the supply of affordable housing, and it's therefore appropriate to take the revenue stream that would not occur but for our action in authorizing this

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activity and use it to dedicate it to mitigate the impact. And of course it's not enough money. And of course it's going to give Andrew Scott and his team a headache in tracking it. But by the way, so did the 30% set-aside. All the same arguments were raised then, and a council unanimously said we're going to take that leap because upstream, we want to anticipate the negative consequences of our actions. To my colleagues, this is a very modest step. And if we are fortunate and we have more discretionary resources to fight over in the coming year, I am quite confident that we will all be advocating to put more money into the HIF, which will be Dan's potentially singular accomplishment as the housing commissioner -- that he saw the need to take the HIF, put resources in it, and then recycle those resources for the benefit of our community. But here's my challenge. We can argue on the margins on this, but to me it is as compelling as day. Why not be not just the first city that found a way to regulate short-term rentals in a way that we thought was responsible -- what if we were the first to also acknowledge that there's a negative impact of that activity, so we made a small investment in mitigating that impact? I urge this council to support this resolution. And I have rarely been as proud to partner with Dan on a matter as I am today. Aye.

Hales: I really appreciate, Dan, your leadership, and Nick, your passionate leadership on housing as well. And although we are in disagreement about this proposal, this council is in radical agreement about the need and about the need to do more. Let me just quickly reiterate what we have done in 18 months. In the worst budget downturn in history, when we laid off city employees and reduced the city's Police Bureau staffing quota by 50 positions, we held housing harmless. Then, as soon as we had new money in the fall BMP, we reinvested 1.7 million, we dedicated \$20 million in the Interstate urban renewal area to additional affordable housing over then next five years, and then in this budget we put two and a quarter million dollars into additional housing investments as well. In 18 months. So we are in radical agreement about the need to do more, and I think it's fair to describe us as unanimously supportive of doing more. One of my jobs as mayor is to propose a budget. And I want to particularly subscribe to Steve's comments about strings attached. I want to always give this council the ability to exercise the wisdom that this council exercised in the last few budget decisions. I don't want this council or its successors to be like Gulliver tied down with this little string and that little string the way Congress is. That's one of Congress' excuses for how they fail to perform, I don't want it to be ours. I want to be able to give this council the ability to respond to a housing crisis, and some future council the ability to respond to some crisis that we haven't discerned yet. And that's why although my heart says this is a good idea and I see the nexus, my budgetary head says, give everybody on this dais and those who come after us as much running room as possible to do the right thing then as we are doing the right thing now. And for that reason, I'm going to vote no. With that, we are recessed until 2:15.

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

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Closed Caption File of Portland City Council Meeting

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Key: ***** means unidentified speaker.

AUGUST 6, 2014 2:15 PM

Hales: Good afternoon, everybody. Welcome back, everybody. Karla, would you please call the roll?

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

Hales: Commissioner Novick will be here shortly -- there he is.

Novick: Here -- [laughter] -- sorry.

Hales: And Commissioner Saltzman is on his way. OK, we have one item left over from this morning that we need to deal with and that was pulled from regular calendar, item 816.

Item 816.

Fish: Who pulled this one, Karla?

Moore-Love: Mr. Walsh.

Fish: Is he present?

Moore-Love: I do not see him.

Fish: Mayor, I would just -- a vote on this?

Hales: Let's proceed then. Roll call, please.

Item 816 Roll.

Novick: Aye.

Fritz: I spoke with Mr. Walsh and he was just concerned with it being on consent rather than regular. Aye.

Fish: Aye.

Hales: Aye. OK, approved. Let's move to the afternoon calendar.

Item 824.

Hales: And probably we want to go ahead and read the other three items as well, so that Fred and his team can talk about the whole package.

Item 825.

Item 826.

Item 827.

Hales: Thank you. Some points of context. Again, this is a multi-month effort. These items represent some of the last steps in implementing the reorganization of the Office of Management and Finance. So what's before us today is amending code language, creating a new classification, amending our administrative rules. As the council remembers, we had Moss Adams conduct an organizational and operational assessment of OMF and looked at its structure and key positions, with the advice of a really excellent blue ribbon committee of folks from the private sector and from other large governmental organizations that were here to advise and guide that work. We had a citizen task force working through that analysis with us, and they weighed in on the resulting report and the recommendations of the consultants. Some of these recommendations have already been put into place through the budget process and administratively, but as I said, the rest of these require council action. I understand we have an amended substitute document for 824, is that right? It's here as amended exhibit B. So we need a motion to enter that version into the record.

Novick: So moved.

Fritz: Second.

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Hales: Council roll call on putting a substitute on the table.

Fritz: Could the staff just tell briefly -- for those at home -- what's in it?

Hale: You wanna walk us through what's the difference in the amendment?

Fred Miller, Director, Office of Management and Finance: We added a word on the amended one at one of the commissioners' request that the new director of revenue and finance would not only give information but advice.

Hales: That was one of the changes.

Celia Heron, Office of Management and Finance: And parallel structure, too. That was one of the language of the CAO, serving all of council and providing not only information but the additional words were, and advice to elected officials.

Hales: And then down in 3.15.050 --

Heron: Adding the word equity to the range of BHR functions.

Hales: So those were clarification changes, those additions are changes. So roll call on putting the substitute before the council.

Roll on motion to amend Exhibit B and add "and advice" and delete the last four words in 3.15.010A; add "equity" to 3.15.050A.

Novick: Aye.

Fritz: The reason I asked for the words "and advice" to be added to the charge of the chief financial officer, the revenue bureau director, is that I want it to be very clearly understood that like the budget director, that person has the responsibility to independently go give advice to the council rather than waiting for us to ask the right question, which would be more the information-giving. Aye.

Fish: Aye.

Hales: Aye. Thank you. So, Director Miller?

Miller: Thank you, Fred Miller with OMF, with Celia here who actually has answers to your questions if you have any. I'm hoping that you don't have too many, because we're really implementing decisions that you've already made and discussed. So I'm going to go through fairly rapidly and then see if there's anything you want to slow down on. There may be more discussion of item number four, which relates to the city financial management policies. At that time, Andrew will come up and -- along with Celia -- will respond to your questions. The first item relates to the change in the code language relating to OMF, and it basically creates this new Bureau of Revenue and Financial Services. It broadly states the responsibilities of the director of that bureau -- as you're aware -- transfers some regulatory programs to PBOT and moves EBS to BTS, if you're with me on the acronyms. So that is something that is just necessary to implement the organizational changes that are in the budget and you have already discussed. And assuming there are no questions there, moving to get next one. Basically, what you need to do today is approve a new classification of revenue and financial services director and the compensation rate. There's more work to do as we announce that position and more discussion we can have, but this is just saying, yes, the classification is approved and the pay rate. The third item is, again, something you've already looked at. We've moved the Title 2 and Title 6 programs to the bureau of equity and the changes basically transfer them and authorize the OEHR director to implement the existing administrative rules. Again, I think that's not controversial.

Hales: Questions for Fred or Celia?

Fritz: I have a couple of questions. And I just noticed in the 1315040 A, it refers to the Office of Community Technology -- it's actually the Office for Community Technology. You need to make that as a scrivener's error. The reason I was drawn to that was because the person who's in charge of the Office for Community Technology is a manager, but then under E here, we've got the revenue division shall be supervised by a director who shall report to the BRFS director. And we had some

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conversation about that awkwardness of is the director a director? Is the revenue director still a director? How are you framing that?

Heron: We took the approach in making these code changes to make the minimalist approach. We recognize that a number of the organizations described in code under OMF lack parallel structure. And the issue of taking the Revenue Bureau and now creating it a revenue division did raise that question of, is that position still a director or not? That needs to be resolved. We figured we would do the organizational changes in code that have to be addressed, and then we could look at the HR issues of, can a director report to a director? That said, we also would not be surprised if the new director of this bureau comes in and looks at the organizational structure and may suggest other changes. So we didn't want to presume to make those changes until that person was on board.

Fritz: Do I have in my packet an organizational chart?

Heron: No, you do not.

Fritz: So maybe that would be helpful before the vote next week, if you could just lay out the new OMF who's where.

Heron: The vote next week?

Fritz: Aren't we voting next week?

Hales: Well, two of these are today. And then the administrative rules is next week.

Fritz: The code changes are emergency ordinances?

Moore-Love: Yes.

Heron: We can definitely get you an org chart.

Fritz: Why are we making them as emergency ordinances?

Heron: We were hoping to get a code change so when recruitment goes out for the new position, any person looking online to see what the code is describing position and duties is up to date with what council has directed.

Hales: Other questions?

Fish: Fred, I'll ask you a question, because we've been having a lot of discussion in our office about if we're going to charge you rent for all the time you're spending there. One of the issues we've been debating is the significance of having a CPA credential for the person functioning as the CFO. Why don't you just again state your view on that and why you think you've hit the right balance in the recruitment.

Miller: Well, this job is designed to be larger than what it used to be in the city as a CFO. It has some high-level responsibilities and lots of communication with both the CAO and CBO, as well as with the council. We've listed the requirements for that job. My personal reaction is we don't need preference to particular educational achievements if we're trying to get the best people in the hunt. And I think we will get some good people. My reaction is we don't have to narrow that.

Fish: Let me try to put it in my words to make sure I understand. So, you don't want to limit the pool unnecessarily, that's one of the concerns you had.

Miller: Correct.

Fish: But we're also hoping to have a robust pool from which we could pick a qualified person, and that person might actually have credentials above the minimum.

Miller: Sure.

Fish: The second question I wanted to ask you is we're creating an interesting hybrid here. A lot of what we're doing is a result of compromise and thoughtful discussions that we've had between the second floor and the third floor. This person -- once they're in place -- is going to have to balance three important relationships. A relationship with you, a relationship with the mayor, and a relationship with the council as a whole. We've struck a delicate balance here, but we've done it deliberately. So do you see any risk that the council will not be receiving that kind of unvarnished advice that we're seeking, even if occasionally it means respectfully disagreeing with either the mayor or the CAO?

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Miller: Commissioner, great question, and I don't see the problem. If you look at existing operations, the mayor has told me that I'm responsive to all of you and has never given instructions not to share information or advice or whatever. And I think that Andrew's position as far as CBO works fine. There's a model there where I think people do respond directly, give advice, and hopefully say dumb idea when necessary.

Fish: And we're deliberating encouraging that kind of independence.

Miller: That's right.

Fish: We're not trying to create a culture of insubordination, but I think your example of the independent budget office is a good one. And Andrew is a frequent visitor in my office, disagreeing with things that I care about, because his job is to actually give his professional opinion, not to curry favor. And the difference is he's wholly outside of OMF. Here, we've agreed to do it within the OMF framework.

Miller: Correct.

Fish: My confidence in this has a lot to do with the conversations we've had and your commitment to this approach. But you see no structural impediment to getting the same kind of independence as the council seeking this possession, as we have with Andrew who operates wholly outside of OMF.

Miller: I see no reason why there should be.

Fish: I guess it depends on the person we hire.

Miller: It does. And that's one thing I would look for, actually, in that job, someone who can handle ambiguity. If one is locked into an existing structure and has to worry about talking to someone before talking to you, I think we've made a mistake. I would think there would be a very free flow of conversation.

Fish: I appreciate that.

Hales: Other questions? Do we have anybody signed up on the first three items? We'll take 827 last because Andrew Scott needs to come up and discuss that. Anyone signed up for 824, 825, or 826?

Moore-Love: I had one sign-up sheet for all, and no one has signed up.

Fritz: Mayor, I'd like to ask questions of Dante James, if I may.

Hales: Sure. Dante, why don't you come up and join your colleagues up here, please.

Dante James, Director, Office of Equity and Human Rights: Good afternoon, council.

Fritz: I know since we worked on it quite some time ago that you are supportive of the changes to Title 2 and Title 6. I just wanted to verify if that's still the case.

James: Yes, absolutely. I appreciate the work OMF did in putting this language together and transferring this over to the office. Just as an FYI, we will be coming back probably within the next 30 to 45 days with some additional administrative rules as it relates to Title 2 and Title 6, specifically how to request an exemption to the ADA requirements and things of that nature. It was decided it was best not just to transfer authority from OMF to my office, but bring it back to the council for an understanding of that's what we're asking for in terms of my office's ability to create administrative rules and get the approval of council to do that.

Fritz: Right. Celia, is this the time I bring up the administrative rules? Thank you for reminding me of that. One of the issues with moving parts of the Revenue Bureau to Transportation is that currently, administrative rules on things like taxi cabs are in OMF, and as Mr. Miller pointed out, he was very responsive to all of us. If they go to a particular bureau, there may be less opportunity for other council members to be aware of changes in administrative rules. And although there's a public process in all the administrative rules, currently, the council doesn't necessarily get notified of administrative rules in another bureau other than OMF. I believe that we should just establish --and maybe I'm asking Celia to come back with a resolution -- just to require that when administrative rules are being considered in any bureau, council is copied as well as the public so we have the opportunity to review them. And similarly, any bureau that doesn't currently have the opportunity to create its own administrative rules getting that ability. It's no coincidence that in both the Office of

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Equity and Human Rights and in the City Budget Office -- which my office was instrumental in creating -- neither of those was given that capacity. Although as a practical matter, most of the time both of those bureaus will want to come back to the council for approval of administrative rules, it seems sensible to make it the same across the board.

James: Thank you. I think it's important, certainly as we engage with the public much more as it relates to compliance issues regarding civil rights actions that we have the ability to do that.

Fritz: I'm seeing nods from my colleagues. Thank you.

Hales: Makes sense to me.

Fritz: And then the other just minor detail -- well, not minor detail, important detail I wanted to check with you was regarding inserting the word equity into part of the charge for Bureau of Human Resources and wanted your comments on that.

James: Certainly I appreciate any bureau taking the responsibility to address equity in their charge and their responsibilities. I guess I would offer just a suggestion in terms of the language specifically, given what HR specifically does -- and if I could just read it real quickly. My suggestion would be in terms of specifically just using the words diversity and equity and outreach, etc., that its role is to promote and ensure diversity and equity and outreach employment and recruitment services. I think that would make it a little cleaner about what HR's roles specifically is, and what they will be tasked with doing, since that is in some sense their responsibility, to ensure that outreach and promotional and employment opportunities are done from an equitable perspective.

Fritz: OK, I'm not -- maybe while we hear the other testimony, you and Celia could work on a proposed amendment to that section. It's section 3.15.050A.

James: OK, I'm adding two words. So that's kind of what it is, but I'm getting those looks. Thank you, Celia -- [laughter]

Heron: I'm trying to focus on you.

James: OK, that's what is was, I understand. But I'm happy to do that.

Hales: Yeah, it's just a construction issue in this section. There's a long list of tasks for BHR, Bureau of Human Resources.

Fish: It sounds like a friendly amendment, Mayor.

Fritz: It is a friendly amendment, but actually, I do need to put it on the table so folks can testify on it if you want to vote on all this today. So can you tell me the amendment I need to use?

Heron: What you want to say is -- no, let's go one more page. Excuse us.

Fish: Mr. Miller, while they're working that out, can I just ask you a question? Because we're going to go right to a vote. The last thing I wanted to ask you, Mr. Miller, is -- tell us again what the council's role is going to be in the recruitment process.

Miller: I don't know that it's formally done, but my discussions on the recruitment would be -- let's say we get 25 applications. We have someone screen that, and I think it's someone beyond just an HR screening, and get to -- I'll make up the number -- something like 10. Then I would assume representatives from council offices would be involved at that level. Then I would think that out of that, there would be recommendations to me for one, two or three people to talk to. So the council will be involved at that stage.

Hales: And then the mayor will bring forth the name to the council.

Miller: That's the way it works.

Fish: But that intermediate step would be a chance for the council --

Hales: Yeah, I would like to invite other council offices to be involved and ready for that screening process.

Miller: That's anticipated.

Hales: This position, although reports to the CAO, does need to serve the whole council, which is the whole point of that language. OK, so did we manage to do rapid statutory construction?

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Heron: Absolutely -- [laughter] -- time code writing. And Anna Kanwit, who's not here -- I'm trying to channel her. If you're looking at the phrase it starts, human resources system for the city including labor relations and negotiations, promoting diversity and equity in outreach, employment, and recruitment services.

Fritz: So I move that revised language.

Fish: Second.

Hales: Any further discussion on that? Let's take roll call on substituting that language.

Roll on motion to amend Exhibit B to change the wording to "promoting diversity and equity in outreach" in 3.15.050A.

Novick: Aye.

Fritz: Aye.

Fish: Aye.

Hales: Thank you, Commissioner. Thank you, Celia and Dante. Aye. OK, so we have no one signed up to testify on this package of items?

Fritz: Just ask if anyone wants to go.

Hales: I know. Is there anyone else here that wants to? OK, then we will thank this team for good work. We'll take a roll call on 824 and 825, and 826 will pass to second reading.

Item 824 Roll.

Novick: Aye.

Fritz: This is the whimper at the end of a very long and tumultuous discussion. So I'm pleased that apparently the community either gave up at the end of the process, or is satisfied with the outcome. I am satisfied with the outcome and I'm appreciative of all of the discussion it's gone to get here. Aye.

Fish: Well, Commissioner Fritz, I have a slightly different take on that. We've been collectively working on this for a year. And in the best tradition of this body, working out compromises to get to a place where we can all unanimously support this approach. I just want to acknowledge that there's been lots of twists and turns in this discussion, and different views passionately held by members of council about what the right outcome was. But in my mind, we do our best work when, at the end, we come together around a shared vision of how to move forward. So, from my point of view, when we drafted an ordinance that set forth an initial vision for the CFO -- we have compromised on several key cornerstone things based on conversations with the mayor and with Fred Miller and others, and a view of sort of sharing alternative visions, and hopefully understanding that we had the same goal but a different approach on how to get there. I think that's how we do our best work. It took perhaps a little longer. Thanks very much to the group of outside efforts who gave us a roadmap. I just want to acknowledge that while this particular vote seems anti-climactic because we don't have a room full of people testifying, and we're not going to have a lengthy discussion, it's been -- the hard work getting us here got us to a point where this council together feels comfortable moving forward. And I think we're about to do something which is vitally important to the long term financial health of our city. So I want to thank everyone who's brought us this moment. The mayor, my colleagues, Fred Miller. And Fred has an interesting way of persuading people like me. He first tries the open diplomacy and charm and all that, and then comes in with a folder. [laughs] But Fred, we appreciate the time you've spent. And because Fred occupies an independent position, Fred is never shy about fundamentally disagreeing with our view on things. Through that comes a better understanding of how to get to the same place, sometimes through a different route. Again, I think that's how we do our best work. So I want to acknowledge that, thank everybody, and I'm pleased to vote aye.

Hales: Well, this is a great piece of work. Fred, thank you for all the effort you put into it. And again, we had some great outside counsel in the form of people who really understand big organizations. I think it was a classic case of really pulling in that expertise, having somebody in-

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house who we really trust and rely on as an experienced public administrator, and then the council working together to come up with a set of good solutions. So, I'm really happy about this whole body of work, and this is kind of the last piece of it but very important. Aye.

Item 825 Roll.

Novick: Aye.

Fritz: I'm relieved and pleased that the city of Portland will have a chief financial officer, revenue and financial services director in the near future. I think that the bureau has had challenges, and certainly this will be a good addition both to the accounting and to the budget process in partnership with the budget office. Aye.

Fish: Aye.

Hales: Aye. And 826 passes the second reading. Did you read 827 earlier?

Moore-Love: I did read the title, yes.

Hales: OK. So now we have Andrew Scott here, again assisted by Celia for last-minute amendments, because we have some.

Heron: That's true. So very briefly, the city's financial management policies are a compilation of about a dozen different policies. As you know, the city has enjoyed over 30 years of a AAA bond rating, and I think in some part because of the sound financial management we have -- these policies being an element of them. That said, they were well overdue for a look at and a revision. We've got everything from budgeting to financial planning, reporting, debt management, etc. Over the last year, Office of Management and Finance and the City Budget Office have worked together. Because when we were all in OMF, that was the joint responsibility. Now we've sort of said, Andrew, these are CBO's to manage, and these are ours, and in a couple places we have joint custody. So we've worked together. We've also vetted them. Broadly, our proposed edits -- we took input from city staff, financial staff, bureau directors, etc. And I think their comments were either integrated, or at least we cleared away the confusion. So it's been a good process. Very briefly, I'm going to speak to the OMF set of CFMPs, the financial policies. Andrew will talk briefly about his portfolio. Most of the changes to the policies on the OMF side were really just shoring up best practices, updating technology. We have an electronic payment processing policy, and guess what? Eight years ago, it looked a lot different than the technology we have now. We've clarified some roles and responsibilities regarding cash management, and clarified the responsibilities of bureaus to ensure the city's cash condition. I think maybe more importantly is the overview, we updated the overview of all of the policies. We divided up the responsibilities, but we also added the point that said council and city bureaus can seek clarification and request amendments or changes to these policies. Now maybe you don't have to say it, but what we found in the process of opening up the processes and having bureaus look at it was an excellent learning experience for everyone. So, the destination is not the only goal. The process of opening them up and looking at them and getting bureaus to really understand what's there is invaluable. And I think we'll see that played out as we move through the accounting rules. There are two new policies. One is pension funding policy, which on the surface isn't particularly dramatic -- it sort of says we're going to pay what PERS tells us to pay, and we're going to pay FPDR. But it was in response to some changes in governmental accounting standards. We're going to be looking at a very different kind of bottom line in terms of what the city owes in pension liabilities. And so best practices indicated we really want to establish pension funding policy so outsiders can see what the city is committed to covering and what they aren't. That's about as wonky as I'll get, unless you have questions.

Hales: OK, thank you. Questions?

Andrew Scott, Director, City Budget Office: Andrew Scott, City Budget Director. Again, Celia explained sort of the process we've gone through in giving the vetting. I just want to touch on three specific things in here that I think are worth putting on the table during the public conversation on this after this vetting process that we've gone through. One of them has to do with some of the

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changes in financial policy 2.07, this is the city's reserve policy. Again, this is an extremely important policy, and as most of you know, we reserve 10% of the general fund. But we looked at that as part of this review process, and we wanted to make a couple of updates. The biggest update in there is to create some new triggers. As you may recall -- our reserve policy -- first, there's a primary trigger which is that revenue growth needs to fall below 3% either for prior two consecutive quarters or prospectively, if it's in the forecast. That's sort of the primary trigger that needs to be met. In addition, one of three triggers need to be met for council to access the reserve. I will remind you, we haven't ever accessed that reserve since it was created, but it does provide a cushion and a safety net in some really extreme circumstances if we were to need it. When we looked at those triggers, they were out of date. We really wanted to make some more relevant triggers to things that impact the city. Specifically, we wanted to create triggers that capture the transitions. Because some of the old ones were levels of unemployment and levels of property tax delinquency, and they didn't necessarily capture the transitions, which is really the most important thing when you're looking at a negative fiscal situation. We also wanted to tie those triggers more closely to the city's revenue streams. So, the three new triggers that we've come up with. The first one is that local housing prices would need to fall by more than 10% at any time during a two-year period. The second is if a year over year change in the unemployment rate for the city of Portland rises by more than two percentage points at any time in one year. So again, instead of saying it has to be above a certain level, saying that it has to rise within two percentage points within a twelve month period. And the final one is the year over year metro area employment, if it falls by at least 2% at any time during a 12-month period. Those are the three triggers proposed. I do have one amendment. We found one -- even though it's gone through at least a dozen or more reviews -- there is a typo we'd like to correct. The third trigger as it currently reads is year over year growth in metro area employment, and really that's intended to be year over year metro area employment in total.

Hales: Removing the word growth.

Scott: Right, so it just becomes year over year metro area employment.

Hales: I'll move that amendment.

Fritz: Second.

Hales: Discussion about putting that on the table? Roll call on that, please.

Roll on motion to amend Exhibit A FIN 2.07 #3 to remove the words "growth in".

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

Fish: Andrew, just one question. So the city has a AAA credit rating. People are surprised to hear that Water Bureau has AAA credit rating. But what we know from that is it means third party rating agencies say we do our business in a prudent way, setting aside proper reserves, raising revenue when necessary, making investments. The thing we often get asked, particularly during the down cycles, is why we aren't raiding that money and investing in wealthy causes. And one of the reasons is we don't want to jeopardize our credit rating. And in three sentences, could you just identify what things you'd be most concerned about losing if our credit rating was ever downgraded? What the implication for the city is?

Scott: Well, yeah. And this is more a question for our debt and treasury department, but it would have some cost impacts on the city. All of our borrowing would become more expensive. So really, a very significant impact to lose that credit rating. I would say, Commissioner, in terms of using those reserves, one of the major concerns is making sure we don't lose that AAA credit rating. Another issue with those reserves when you're talking about economic downturns -- and we learned this now as part of the Great Recession -- and actually some national groups, government finance offices and others, are really looking at that historical experience. Cities that use their reserves didn't end up any better, and in many cases ended up worse than cities that didn't. The reason for that is when you're looking at a systemic downturn, it's really important to get out ahead of that and make the necessary reductions because you don't know when the recession is going to end. If you

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could forecast it will end in 10 months and revenues will pick back up, that's a great time to bridge that with one-time funds. But we never know. And in fact, in 2008, we were thinking that maybe it would last a year. Well, it ended up lasting significantly longer in terms of our revenue impact. So those reserves are actually more useful for natural disasters and emergencies, which, again half of our reserves can set aside for. And for those economic downturns, we just need to be really careful about when we tap those.

Fish: Andrew, if I could, let me just use a homey metaphor. Many of us go in and seek financing for a car or for a mortgage. And one of the more important pieces of information banks consider when extending your credit is what your credit score is. The lower your score, the higher the interest rate they'll charge you. They'll give you the money, but they'll make you pay more for it if you're seen as a risk. That's sort of a hidden tax if we jeopardize our credit rating, because if we're using money that we should hold aside, then it's going to end up costing us more to do the borrowing we do and it ends up coming back and hurting the very people we're trying to serve. So thank god it looks like we're heading into a better cycle. But it's good to remind people there is a consequence to raiding that money, and it could come as cost of our stellar credit rating.

Scott: So the second policy I want to draw your attention to is 2.03. And again, there are a number of things in here, most of which are minor. But this is actually where we also deal with operations and maintenance -- and particularly, O&M for new assets that are coming online. What we've tried to do in terms of updating the policy is really to clarify and hopefully simplify the process by which bureaus can request and receive O&M for new assets. And we've had some conversations on council over the last year about this. Really what these changes are intended to do is make sure a funding plan is in place for the maintenance of new assets and that bureaus that do require new general fund resources when they're bringing on a new asset -- whether it's a park or some other asset -- that they have some certainty that the resources are going to be allocated once that asset goes into service, and that council has clarity on what the cumulative -- how your impact is with their asset decisions. Very briefly, the changes here. Every year, bureaus are going to be asked as part of their five-year CIP to estimate what their O&M is for everything that's in that CIP. And as you know with your bureaus, a lot of the things in out years are not things that will necessarily happen, they may be aspirational. But even those aspirational ideals -- you know, we'd like the bureau just to be a rough estimate. And we understand it will be a low-confidence estimate. To say, if we were to get the investment and move forward, this is a rough estimate of what the O&M might be. What we then are also asking is that CAL target changes -- instead of being a one-off basis, will be done as part of the budget process, and we'll do those prospectively. So everything that a bureau expects to contract for in the upcoming year, as part of the budget process, they'll bring a decision package that says, OK, we're expecting to go forward with four new parks, and we think the O&M on each one is \$25,000, and thus we're bringing back a decision package for \$100,000. And council, then, gets to consider that as part of the budget process and prospectively, then, give Parks the certainty to say, yes, we agree you should move forward with this and we're going to build that into the forecast and into your budget. And we can then offset that on a one-time basis, depending on how long it takes. I mean, it may take a year, it may take three years for those parks to come online. But we know with certainty that that's in the forecast and that it's in the budget and the money's available at that time.

Fish: So Andrew, it sounds like a laudable goal. But we know from the last three or four years, we've had big disagreements about what the O&M number ultimately should be. Bureau comes up with a number, you've often scrubbed it, and then you sort of look at assumptions. I'm concerned here that we want to set clear public expectations. The other day, I thought the mayor made a great comment that perhaps some of the estimates our engineers are making -- high-confidence estimates about the cost of construction need to be re-advised in light of the fact that we have a robust economy and bids are coming in well above what we're estimating because there's a capacity problem in the system. So people are saying, yeah, we'll do your work but we're going to charge

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you more it for it. Contrary to what happened during the recession when we got great bids because people were glad to have the work. Without wanting to sound snarky about this, how do we keep the politics out of the setting of the O&M, and what would be the role of the bureau and your office in coming up with the number?

Scott: Right. So we've actually built in to the procedures -- the proposed procedures -- a true-up process once the facility is actually online. So you can imagine, you know, Parks coming in with a low-confidence estimate early in the process and say, well, we think it'll be \$25,000. And council says great, move forward with that, we'll make sure is that money is available. They'll come back with their contract. At the end of that process, through a number of changes -- you know, maybe council's added additional things to the park or asked for some additional programming or other things, the O&M ends up being \$50,000. We would have a true-up process where Parks would be able to essentially true that up. The same would go the other way. To the extent that they estimated something in the actual and it ended up being lower, we would again as part of that review process later be able to go back and say, OK, it wasn't really 25, it was \$20,000 a year and we're going to true up that, as well.

Fish: Just remind me -- because I think Dan was the author of the ordinance -- is capital spending in parks the only area whereby we by ordinance are required that the O&M be set aside?

Scott: No, this policy applies to all bureaus.

Fish: Currently.

Scott: Yeah, currently it applies to all bureaus and will continue. I'm using Parks as an example because they're the most frequent user of this. But actually, as Commissioner Fritz I think has pointed out, there are some other examples of other bureaus that didn't, as part of bringing a new asset online, consider the O&M or they didn't get an increase for it. And we want to make sure that consistently, bureaus are both estimating what that O&M is and then making sure the resources are available if council wants to move forward so that we're not stuck with some of the examples we have of that lack of O&M. So it does apply to all -- I should say, it applies to all bureaus to estimate the O&M. The policy is focused on additional general fund needs, because of course non-general fund bureaus would fund it within their own resources.

Fish: Just foreshadowing -- I hope this doesn't lead to endless debates about O&M in order to get to councilmembers being comfortable voting for the CIP package. That whatever number you give us just for the purpose of our debate and discussion becomes the place-holder number. Because I think what we understand is that one or more councilmembers may not support a CIP investment because it comes with an O&M they don't think we can afford right now. I just think that it's really important that whatever the O&M number that comes to us doesn't become a debating point. It's, this is what we estimate. And if someone wants to vote against that capital expenditure because they don't think we should incur the O&M, it should be based on the number that you give to us.

Fritz: And I see this revised policy as helping in that, in that the question is asked up front: are you going to fund it? Rather than at the end, when we already got the facility done. I would ask, in the utility bureaus, would the projection that the O&M be part of their capital investment lists?

Scott: Yes. And those bureaus already do this. But again, they would be expected to enter this policy.

Fritz: It might be helpful to make sure that it's teased out for the Budget Advisory Committee before they approve the CIP to make sure that the citizen advisory committee understands -- just like the council would understand -- that there will be a cost to bringing a particular wastewater treatment plant or whatever it might be online, and that the budget advisory committee is also buying into, yes, we are willing to raise the rates to do that.

Hales: I'm not sure if I followed your question, Commissioner Fish, or if the language captures the difference. But this does apply to all bureaus. There are capital facilities that we elect to build where the operating cost is variable, or more variable than others. That is, we build a new community

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center or a new pool depending on the hours and the rates charged. It has an O&M cost that moves around. Build a new fire station and we staff it with a single engine crew, we've got a very firm idea of what that's going cost right out of the gate. So I assume the policy applies in both cases, right? Build a new fire station, you get a CAL target increase for the assumed staffing level for that fire station. You build a new community center, we're going to assume a CAL target increase based on what you say you're going to do with that pool and how much you say you're collect in revenue, right?

Scott: Yes. And I think you're right, there are variable O&M estimates, and bureaus deal with those cycles currently within their existing budgets. So I mean, to the extent they are saving, I think we'd be able to capture that. To the extent there are new needs, they might come in and ask for that money. But you provide that sort of base level of funding in both cases.

Fish: I guess all I'm foreshadowing, Mayor, is that we could end up frontloading big debates about O&M that are based on assumptions. And I remember the hearing where Commissioner Novick raised a principal concern about this policy. And to put it -- just thinking about it in another context, it's sort of like he wanted to go out and buy the TV, but he didn't like the fact that there was a maintenance contract that was associated with the TV that he had to buy as well. And he didn't want to make that decision implicit in just buying that TV. So now we're saying we're going to highlight the O&M that attaches to the capital investment. Just the one concern I have is that we've had big debates about what is the appropriate O&M. In Fire, we've had commissioners in charge who would have said you want 100 firefighters at that station. So that becomes not just an O&M issue, that's a big policy question. I'm hoping we can get baseline O&M numbers so we don't spend a lot of time debating that in advance of the asset coming online. In other words, a reasonable way of guesstimating that doesn't frontload policy debates that are not really germane to that question. I see this as more of a sunshine issue about knowing what obligations we're taking on that impact the general fund, but not just creating an endless source of debates about what ought to be the O&M that attaches.

Scott: And I think what you're raising are those level of service questions, which are appropriate for any budget process. And that's true of new assets, that's true of existing assets. At any time, council could ask questions about the level of service in any asset, whether it should be higher or lower, and make the necessary adjustments. So I agree, we can provide sort of that estimate of what the O&M will be given certain assumptions, and then make the decision about the assets. Council can come back at any time and make changes in terms of the overall level of service.

Novick: And if that's spelled out, then when we're voting on it, we can say, I'm supporting this on the assumption that the operational costs are going to be X based on the description I heard today about what's going to be done with the facility. And if the description of what's going to be done with the facility changes, then I haven't made a commitment to fund those operational costs.

Fish: Or you get a second bite at the apple, Commissioner, where in the BMP or at some point you say, well, there's an extra 10,000 that was not anticipated. We can debate whether that comes out of bureau's budget or comes forward as a supplemental.

Novick: Right. I mean, we can always do that. I thought you were sort of addressing of question of when it's uncertain as to what the facility will really be.

Fish: Yeah.

Novick: And there, hopefully, if we have an idea of what it'll be, we'll have a reasonably decent idea of what it'll cost. And if we don't really know what it will be, then we won't know what the costs are to begin with.

Fish: I agree.

Scott: The very last item I wanted to draw attention to is financial policy 2.06 having to do with revenue. And again, there are a number of changes here, but specifically, drawing attention to the carryover of excess revenue. And I think we're trying to do is bring the policy in line with what I

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think original intent was. The existing policy says that bureaus are allowed to carry over any excess revenue above budget. And I think the intent was always carry over any excess revenue above costs. Because again, to the extent a bureau brings in excess revenue above the cost of running that program, what this says is yes, you can carry that over in your bureau and use it in the following fiscal year. What we didn't want to get into was an artificially low budget and then collecting additional revenue and having that carryover. Because again, that requires a general fund subsidy. So this is bringing that policy to what I think the intent always was with the policy, but making that really clear. But that is a change in terms of how we've treated bureaus the last couple years.

Fish: Is there an example of something in our budget that triggered this concern?

Scott: It was more -- over the last couple years, we've have a couple of examples in more than one bureau. And it's nothing nefarious where they've said, we estimated -- I'm going to make this up -- \$100,000 of revenue, budget \$100,000 of revenue, but collected \$150, we'd like to carry that over. We went back and looked and it actually ended up costing \$150,000 to run that particular program. And we've sort of questioned then, wait, if it costs you 150 and you raised 150, it means you spent that money. But they only budgeted 100,000. And so under that old policy, the bureau was in fact entitled to carry that over. That meant the general fund picked up, subsidized that program -- which again, for these revenue-generating programs, is not the intent. This is intended to say, if you're able to collect a little additional revenue above your costs, that's great, we actually want to encourage that. And we incentivize that by saying you can carry that over for a different purpose for the following year. Actually, that purpose is related to that program but you can re-invest in that program the following year. But we want to make sure we're not artificially subsidizing with general fund so that bureaus can carry that over.

Fish: So if Commissioner Fritz collects more revenue because more people are using community centers, under this policy, Parks will still be able to carry that over and keep it within their budget?

Scott: Yeah, if it's above the cost of running those community centers, yes. It would need to go back to the program where it was generated from. But that's what we would do anyway.

Fritz: I think that is very impressive body of work. Is there somebody on your staff who was particularly involved in this, or have you done it all together?

Scott: We worked very closely with OMF. Jeramy Patton on my staff really took a lead on this. And you said a year -- I think it's been two -- it's been a long time.

Fritz: It's very impressive. Just on the details, I'm very happy to see you go with shall rather than will. We had the discussion before, so that does my heart good. I wanted to draw to the council's attention on page six that we're deleting the practice from the budget monitoring process that the infrastructure and maintenance projects to be considered for funding with excess balance will be projects that were requested but not funded in the previous year's budget and projects that are underway but still require funding. I very much support taking that out, because I believe as things come up, we shouldn't be limited to that. And also I think the tended to have bureaus suggest things in the budget that they didn't think would be funded just to be sure they were on the list to get funded on any excess. So I do appreciate that. I do have a question on page nine and the review of council actions. You're deleting the last sentence of that paragraph that says, the fiscal impact statement will be available on the Auditor's Office website in the council filing document section. Why is that deleted? I apologize that I did not raise that earlier.

Fish: [indistinguishable] First build you up, and now look you've thrown him under the bus.

Scott: Put him right on the spot, yeah.

Fritz: I was actually trying to find that previous section that I read about the ongoing projects, and then I saw that and hadn't previously noticed it.

Fish: I think you oughta just write the auditor an apology letter, and we'll just get past this right now.

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Fritz: It may have just been moved, but I want to make sure that the fiscal impact statement is available to the public as well as to council. [speaking simultaneously]

Fritz: As an aside as you're looking for it, it would be helpful to get it a little earlier than last thing on Tuesday.

Mayor: Here you go. It's on exhibit A, page 14, I think. Maybe that's reports.

Fritz: Yeah, it didn't seem like quite the same thing to me --

Jeremy Patton, Office of Management and Finance: We're responsible for fiscal impacts under the -- the regulation is basically saying that we need to have copies of the fiscal impact statements available I think is our policy. Basically saying CBO is responsible for keeping the fiscal impact statements, not the Auditor's Office. So I think it's clarifying that role.

Scott: Yeah, we do post it on CBO's webpage now. And so I think this was just deleting that requirement, because we didn't want to post it on the Auditor's Office -- [speaking simultaneously] -- on the CBO webpage.

Fritz: Actually, I think it would be better traveling with the item. Because a citizen who's looking through the agenda on Tuesday and trying to figure out what it means is not necessarily going know that they need to go to the city budget office and look for the fiscal impact statement.

Scott: And I'm certainly open to that. Jeremy is pointing out that this is one of those changes I think we may have made a year or two ago. I would say that where we post it is probably not appropriate to have in policy anyway. So I would argue that striking it is fine, but let's have that conversation. And actually we can add a procedure -- or add it to the procedures -- in terms of where we should post it. Again, we do have authority -- the budget director has authority to make changes to procedures, not policy. So to the extent we can have that conversation about when you think it belongs, and make sure it gets established in a procedure.

Fritz: Perhaps when we give you the ability to make administrative rules, that could be one you might not necessarily need to give -- [inaudible]

Fish: That wouldn't be burdensome to have it on the auditor's thing and yours, would it?

Scott: No. We would want to make sure it's posted one place and linked somewhere else.

Fish: I agree with Commissioner Fritz, there's the ease -- no disrespect your website --

Scott: No, I love our website.

Fish: -- go to the auditor's website because they have the agenda. And to have that there just means --

Patton: I think it's currently on the auditor's website, and I don't think we actually even have it on the CBO website. It's all about the records retention. And I want to say this might have come from the Auditor's Office, just saying they're not required under record retention rules to keep it. We're actually required to keep that, and it might have been just removing that so it does not look like they are required to do it.

Fritz: I think I agree with Director Scott that it doesn't necessarily need to be in this policy as long as it happens.

Scott: We'll follow up on where it should be and make sure that happens.

Fritz: Thank you.

Hales: Other questions for the team? Anyone signed up to speak on this resolution?

Moore-Love: No one signed up.

Hales: Anyone want to speak? Then I think we might be ready for a roll call on the resolution.

Item 827 Roll.

Novick: Thank you very much for all the hard work. And like Commissioner Fritz, I appreciate the restoration of the word shall. Aye.

Fritz: I think we have a majority of the council who's thoroughly in that pro-shall camp. That's good know for future reference. That aside, it's a very impressive body of work, and very sensible policies. You read it through, and it's like, yeah, that should work. And knowing the good work that

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you've done, I'm very confident that you've found every little glitch and if not, you'll bring it back to our attention. Thank you very much. Aye.

Fish: Prior to the hearing it was my view that I will support it -- [laughter] --After listening to this thoughtful exchange, I shall support it. Aye.

Hales: Great work. There are a lot of reasons big and small why we're a well-managed city. This is one more. So I appreciate the work. And Commissioner Fritz, as long as you continue to spend a few weeks in England every summer, I'm sure we'll all continue to enjoy our affection for the word shall -- [laughter]. Aye. Thank you very much.

Item 828.

Item 829.

Hales: As our team comes up, let me set the context for this. The Duckworth Dock, formally was known as the convention center dock. The council named the dock in honor of our Trailblazer center Kevin Duckworth, who died of heart failure in 2008. It was funded by the Marine Board, envisioned as a place for water taxis. And for that idiosyncratic reason, the dock is considered PBOT or Bureau of Transportation facility, though I think PBOT would be the first to say that recreational facilities are not the core of their mission. The ordinances that we're going to look at today provide a new strategy for managing the dock. Greg Jones and Andrew Carlstrom from PBOT are here. We also want to thank some folks, particularly Sheriff Dan Staton and Lieutenant Travis Gullberg of the river patrol. They have gone to some considerable effort to help us manage this shared public space in a reasonable and sane way. And also, I know Nate Takara, our fire marshal, is here and the harbormaster reports to him. Appreciate their good work, as well. This has been an interbureau effort to try to manage a public space that is a scarce resource and an important part of how Portlanders connect to the river. With that, I'll turn it over to the two of you.

Andrew Carlstrom, Bureau of Transportation: Good afternoon, Mayor Hales, City Council. Andrew Carlstrom, I'm the PBOT employee services division manager, and I'll give you the information for both 828 and 829. Item 828 provides the city with enforcement rules and mechanisms to provide enforcement at the Duckworth Dock, again, which is anticipated to be provided by the Multnomah County Sheriff's Office. Item 828 adds new code sections to Title 19, which is harbors. And the five areas we would like to highlight briefly in the proposed code are one, the code as well as the amendment to the agreement in 829 specifies that overnight moorage of up to 72 hours is only allowed on weekends from Friday noon to Monday noon from the weekend prior to Memorial Day to the weekend after Labor Day. Two, overnight mooring will be prohibited during the remainder of the year. Three, the proposed code also provides the PBOT director with the authority to enter into agreements for enforcement by designated persons in charge with the sheriff's office and other agencies. Four, the code provides the PBOT director of the authority to issue administrative rules and establish fees. And five, the code provides provisions for exclusions, which is a necessary mechanism for the sheriff's office to provide enforcement at the dock. Item 829 provides an amendment to the city's existing agreement with the Oregon State Marine Board regarding this dock for a trial period of one year. Again, the amendment has the same provisions regarding overnight moorage, and the agreement mirrors the code. The agreement amendment will be in effect for a one-year trial period. During this period, the city will collect relevant information and report to the Oregon State Marine Board. In addition, at the end of the one-year period, the city and Marine Board will evaluate the trial and determine whether the restrictions will remain. At that time, the city may request a permanent rule change in the agreement. Finally, if the city's agreement with the Marine Board is not extended after the one-year trial period, the city code in item 828 would need to be amended.

Hales: Great, thank you. Greg, anything to add?

Greg Jones, Bureau of Transportation: Just that the dock was built at the same time we did the steel bridge pedestrian walkway and the esplanade was under construction. It was seen both as a

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recreational service to boaters, but primarily it was planned as part of a river taxi system that never came about. So what we set in place was for a commercial use of that dock, and what we have now is a dock without rules. We're moving towards a system where we're implementing rules similar to the Parks bureau, rules for the remainder of the docks along the river.

Novick: I understand that Uber is hoping to do some sort of water taxi model in the Pacific Northwest sometime soon, I'm sure we'll be hearing from them -- [laughter]

Jones: The email just came in this afternoon.

Fritz: Tax it -- [laughter]

Hales: That's right, we'll tax that, too. Alright, any other questions for our staff team? And then unless the sheriff's river patrol would like to speak or if we have public testimony if anyone's signed up to speak on this. Have we got anyone signed up, Karla?

Moore-Love: Yes. Did you have something else, first? I have public testimony. I have two sheets. I have Lightning and Steve Witter on 828. If you want to come up first?

Hales: Come up. Thanks you guys, stand by if we have other questions.

Lightning: Yes, my name is Lightning, I represent Lightning Think Lab. It's amazing to me this is not considered for recreational use originally. I found that interesting they would say water taxis. I would like to ask anybody, how many do you see on the river right now? One of the concerns I have is that what we're seeing here is that this is really being put into place for people that don't have enough money to maybe stay in a marina and tie their boat up. What you predominantly see at this location is people that -- they would consider maybe homeless type boaters, people that don't have a place to stay. So now they're gonna limit their use here, and basically they'll be dropping their anchors out in the river and then they will be told at a certain amount of time that they need to relocate within five miles from that location. So, they're doing a real good job of cleaning out the people that really need the help most out on the river. Another concern I have is that when boats come into this location -- are they going lock the gate currently at certain time so they can't access back to the boats? And when the boats are left there, I assume they're going give proper notice. And then when they're considered derelict, they're probably going want to take those boat and dispose of them and then have the taxpayers fund for that disposal of the boats -- if they sink or not. I have some environmental issues on this, too. I always have a problem with Multnomah County river patrol on the coordination with the city of Portland. In my opinion, I think that Multnomah County river patrols should be taken over by the city of Portland. And some people may disagree with me on that, but I think that really needs to be looked at very close. Some of the largest overtime hours were attributed to the Multnomah County river patrol and suicide watch, but if you look at river patrol, a lot of the overtime hours were toward that location. I would like to see the city take that over. I would like to see the city have an oversight committee on the Multnomah County river patrol on what they actually do out on the river, have reports provided, and have a close look to see exactly what is happening. Because I really think the city of Portland should take a real aggressive and close look at that, and take control of it. Because I think we're going have some changes on that levee. We might see them completely moved out of there. New Orleans -- it cost close to \$18 billion to rebuild that levee. We're going to see a price tag on this levee along Marine Drive that is going to make people just -- their eyes are going to open, and I think they are going remove a lot of properties through there. And I think it's going to be Multnomah County river patrol. A lot of those properties down through there. And I think the city of Portland needs to get ready and adjust and take that division over. Thank you.

Hales: Thank you. Good afternoon.

Steve Witter: Good afternoon. My name is Steve Witter, I'm a resident of Portland. I'm a frequent recreational boat user and fisherman on the river, and love to get out and really like the idea of public facilities on the river that folks could use. I'd like to commend the authors of this ordinance for actually returning this facility back to the recreational users, as I see it. I had an experience back

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in 2013, due to the fact that it seems like there are lots of kind of permanent boat residents at this facility. I was out boating with my family one day and we had a little minor issue with our equipment. We were cruising downtown and thought the Duckworth Dock would be a perfect place to stop and make that repair. It was fairly early in the morning. And as we decided to stop there, just right before we got there, we noticed that there were lots of boats that seemed to be permanently docked up there. Very little room to have access to get to the dock. It looks like most of the boats were in sort of derelict condition. As we tied up, it seemed like people in the boats were starting to rise and shine, they were in various states of dress, sort of taking care of morning hygiene and things you expect every one of us to do. That made me and my wife and especially my young son very uncomfortable and sort of leery of actually using the facility. I don't want you to think that I'm intolerant and insensitive of folks with housing issues, and actually honor everybody's rights to use public facilities as long as those public facilities are truly public. At that point, that dock felt like I was trespassing in someone's home, or a place where I belong. Because of the convenience of that dock, we were able to make our repairs and get underway. And I haven't been back to that dock since. I suppose I really support the proposed ordinance in redefining the hours and use, and especially the interagency enforcement aspect of it. With that, I'd like to thank you.

Hales: Thank you. Karla, do you have others?

Moore: For 829 I also had Lightning and Mr. Witter. You're good? OK, Joe Walsh.

Joe Walsh: For the record my name is Joe Walsh, I represent individuals for justice. One of the fears that we have is that, again, we're going to see the solution to the problem is to kick people out, move them along, go down the road, get away from this dock. We have nice people coming to use this dock. You just heard it. We always have these stories of people walking on the street being hassled by the homeless. Now we have the docks. There were recent stories in the newspapers about people living on their boats. Our fear is that's what this is about. That we now have to take our intolerance off the streets to the river, and make sure those people on those derelict boats don't dirty up the river. Don't make it intolerable for me and my wife to go and fix our boat. There are other solutions. It's not an either-or problem. You know, when people whine about the homeless and they whine about people using and living on their boats, come with a solution. Just offer a solution. We do. You don't pay any attention to it. You keep giving to the nonprofits and spending millions of dollars and then bragging about it, but do nothing except get caught in the process. You hire new people. So you're going make more rules on the river. Go ahead. You're heading for a wall, people. You're going to run into a wall. Thank you for your time and attention.

Hales: Anyone else? Then let's take roll call first on 828.

Fritz: Mayor, before we do that -- could you just -- I know that you have been looking into alternative places for people to go who are living on boats. Can you give us an update on that?

Hales: Jillian Detweiler on my staff has been working on this issue, so she might be able to talk about that.

Jillian Detweiler, Office of the Mayor: Good afternoon. There's a regular meeting now actually convened by the Mayor's Office -- I'm sorry, by the Governor's Office -- to talk about transient boaters. The direction now seems to be to remain consistent with the priorities that Portland has established for solving homelessness, directing resources to homeless populations. And that means outreach to people on boats. Right now, the group does not seem to be leaning toward acquiring a marina or some sort of facility for transient boaters, but trying do outreach to people and help them into housing on land.

Fritz: But there's a problem, because we don't have enough housing. So where are folks supposed to dock if they can't dock here?

Detweiler: Well, they can anchor in the river -- yeah. They can anchor in the river.

Fritz: Thank you.

Hales: Thanks, Jillian. Let's take roll call.

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Item 828 Roll.

Novick: Aye.

Fritz: Aye.

Fish: Aye.

Hales: I think it's important to remember that although there's a complicated interagency effort underway here -- and I appreciate that actually Mr. Witter's testimony really highlighted this -- the way the Marine Board finances these projects is they charge recreational boaters a license fee every year. This isn't the only dock of its kind, there are docks all over the river system. And it's simply a fee for service. You pay your registration fee, the Marine Board takes your money and builds docks that you use. It's pretty much a perfect ratepayer system for those that register their boats. I think that's a sound system. This was a unique situation in that it was built for a purpose that didn't materialize, water taxis. Then I think rightly needs to revert to that understanding with boat owners that you pay your registration fees, you get to access docks whether they're on government island out in front of St. Helen's or here in downtown Portland. I think there's a lot of justice in the way the system works. Aye. The second one, please.

Item 829 Roll.

Novick: Aye.

Fritz: Aye.

Fish: Mayor, your comments reminds me that Senator Dingfelder worked with the city a few years ago on the other side of the ledger on the point you made, which was we were trying to get a no-wake zone. And because the Marine Board represents the interests just of the motorized community at that time, they didn't see the virtue of a no-wake zone. And there was no representative of canoes and non-motorized boats. And Jackie worked on that. And I actually think the composition of the board has now changed to reflect a broader -- but your point still stands, that people are taxed and services are provided. But there was an ideological problem we ran into on the no-wake zone when we wanted to protect sensitive habitat in the Willamette. Jackie was enormously helpful when she was I think the committee chair. Another great reason you hired her for that expertise. Aye.

Hales: Well, if you visited Ms. Detweiler's office yet, you'll notice she cut a photo out of a story about babies learning to swim, a baby that's been thrown into a pool and swimming with a funny look on his face or her face -- I think it's a him. So we threw Jillian into the pool not long after her arrival on my team here in this office and said, take on this complicated, byzantine intergovernmental issue, and she's done a great job. And I appreciate it, good work. Aye.

Item 830.

Hales: I understand you have a request to pull this and return to it your office?

Novick: Yes, we do.

Hales: Unless there's objection, we'll return that to Commissioner Novick's office.

Fish: Mayor, I think we can get the BES stuff done in under two hours.

Item 831.

Hales: Roll call please.

Item 831 Roll.

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

Item 832.

Hales: Commissioner Fish.

Fish: Thank you, Mayor. We'll try to run briskly through all three matters. This item deals with our obligation by permit to protect endangered fish species. And here to walk us through this is Lloyd Stauning, supervising engineer; and Fred MacGregor, project manager. Gentlemen, who would like to start?

Lloyd Stauning, Bureau of Environmental Services: I'll speak. Commissioners, Mr. Mayor, good afternoon, I am Lloyd Stauning. With me is Mr. MacGregor. We're here to talk about the lower

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Columbia slough refuge project. The project is developed as part of our ESA program. In 1998, salmon were identified in the ESA program, and shortly thereafter, the city of Portland adopted policies to try and develop protection for salmonoid species. This project is part of that program. There we go, excellent. Program goals and objectives are to improve in stream habitat for benefit of native fish communities, improve wetland and riparian areas, to partner with private property owners for increased shade to reduce temperature on the slough, to improve food for macro invertebrates, and lastly to provide nesting habitat for western painted turtles. The primary mechanism we're going to use for that is this, large woody debris. Rivers typically have woody debris along the banks, and that's often not very common along urban streams, so we're going in to actually try and install that ourselves. The mechanism here -- this is a typical schematic. It sort of looks like the pickup sticks of the gods, but it's actually an anchoring system. We've put in some wood and then we pin the wood down with metal pins and chains to secure it to the anchors -- **Fish:** It actually looks to me like a piece of public art that's now placed next to the Multnomah County offices.

Hales: [laughs] This looks better, I think.

Fish: [laughs] Wait a second, that's an award winning piece of art, Mayor.

Hales: Yeah, well, eye of the beholder.

Stauning: Surprising level of creativity amongst our staff. This is actually the second project we've used on this. The first project was also on the lower Columbia slough, it was done near Kelley Point Park. And so this is our second try at this. Highlighting the importance of large woody debris. Smaller fish, juvenile salmonoids like to hide underneath these logs, so it's shelter from predators, it's territory for them, and it's also a food source for macro invertebrates. We're doing this along two areas, the first is the Ramsey Reach, which is approximately in the area where the St. John's landfill would be. It runs about 4100 feet along the slough. We're not putting wood along all 4100 feet, obviously, we're putting it in about 35 locations. There will be about 650 logs total, if my memory is correct. And the second one is right around Wright and Moore islands. We'll be putting large woody debris around the perimeters. To summarize, we're providing refuge habitat for juvenile salmonoids, part of the food web for macro invertebrates. We're providing nesting habitat for painted turtles, we're improving water quality through reduction of sediments and increased shade, and then we're working to try and meet our ESA and our Clean Water Act commitments, as well as our TMDL goals for the slough. With that, I will entertain questions.

Fritz: How much money is in the watershed investment fund?

Stauning: I believe it's a million and a half a year, by my recollection.

Fritz: But this is more than a year's allocation of it. How much is in the reserve?

Stauning: We're getting a grant -- I believe it's worth about \$200,000 -- from the Oregon DEQ. And then we're getting some donations of wood from ODOT and one other organization.

Fritz: Right, but it's still a \$2 million project we're approving today.

Stauning: Correct.

Fritz: So, that uses all the money for this year?

Stauning: I am not certain.

Fritz: Do you know -- does it all come from rates? Is there any general fund money in the watershed investment fund?

Stauning: No, it's part of the capital program.

Fritz: So it's rates. So, do you have a list of what projects are going to be coming online with future projects? I'm just wondering -- this seems like a large amount of money, now I'm hearing it's pretty much the year's entire budget. What's the thinking of putting this particular something here versus doing smaller projects throughout the --

Stauning: We do do a series of projects. We get an allocated budget every year for the year for the work.

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Fish: Would it be helpful if we gave you a snapshot of projects in the queue and maybe a five-year forecast of where we expect to be spending money? The reason -- by the way, you asked a great question. The reason we're using ratepayer dollars here is that this is a requirement of getting our permits, and our permits then allow to us perform functions that are core to our mission. So we're required to do this.

Fritz: And I know you've spent the last fourteen months digging into what BES does and how it does it, especially scrubbing the budget to look into where the money comes from and how it's spent. So no, I don't necessarily need to. We were just interested in the size of this particular project and wondering -- you know, when things come to me to vote on, I really don't know whether it should be \$2,016,000 or whether it should be \$5 million or \$1 million or whatever it is. And so, I'm just interested to know generally. Maybe it's a conversation we can have in one of our meetings, Commissioner Fish, to get a little --

Fish: Yeah, it's a great question. I think we can get some short answers from staff to follow up with commissioners, and then you and I can talk about the further.

Fritz: They should almost do trainings for new councilmembers about, these are the questions you should ask -- I feel like it's a question I should have asked five and a half years ago. And so I appreciate your indulgence, and it looks like a good project.

Hales: Any questions, comments? It's going to pass to second reading. I wanted to say I had a chance this weekend to participate in the annual Columbia slough regatta on the upper slough. I hadn't been on that reach of the slough in a while. It's really interesting to see over probably a 10-year gap how much improvement in the habitat has been created by the corpus of these projects. There's one in this section this year, there's one in another section some other year. And you add that up over time in terms of the water quality of slough and the natural environment there and its capacity to deal with storm water, all of above -- it's pretty impressive. Again, not being there for 10 years, having that long a period in between two viewings of the same section, it's pretty dramatic. Each one of these projects adds up over time, and this looks like a good one. So, thank you.

Moore-Love: Excuse me. There's an amendment to this one.

Fish: We have an amendment, thank you. It almost escaped Commissioner Novick's attention. [laughter] I move the amendment.

Hales: The amendment is to correct the source of budgeted funds. Is there a second?

Fritz: Second.

Roll on motion to change Watershed Investment Fund to Sewer System Operating Fund.

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

Hales: And is there anyone who wants to speak on this item? Then it passes to second reading. Thanks very much.

Item 833.

Hales: Commissioner Fish.

Fish: Mayor and colleagues, let me introduce Paul Suto, supervising engineer; and Dan Hebert, senior engineer BES wastewater group. This item provides authorization for procurement services to execute a construction contract with the lowest responsive bidder for the work. This particular project will improve the capacity of the sewer system and reduce odors in an area of southwest Portland near SW Virginia Avenue and Taylors Ferry Road. Paul and Dan are here to make a brief presentation and answer your questions. Gentlemen?

Hales: OK, thank you.

Paul Suto, Bureau of Environmental Services: Good afternoon, Mayor and council. I'm Paul Suto, supervising engineer for the bureau, and this is Dan Hebert. I am just having some technical difficulties.

Hales: Karla, would you give him a hand?

Fish: Why should you be any different than anyone else?

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[speaking simultaneously]

Suto: I don't know if my slideshow is here, I think that's the problem. I do have it on a thumb drive. Always good to have a backup. Sorry for the delay.

Hales: No problem.

Suto: This is just a brief overview of this project. It's essentially a sewer improvement project and odor control project in our collection system. There are two map locations here, the one on the left show as general location. You can see the Willamette River, it's on southwest Portland, and it's just west of Macadam pool part there that kind of parallels the river. On the right, you can see more detail there. The black box shows the ventilation facility that will be located and the dashed lines are essentially the sewer improvement portion of the project. So it's kind of split between SW Taylors Ferry Road and then turns off onto SW Virginia. It's a mix of some pipelining and then in-kind -- or wholesale pipe replacement. On the ventilation side, as far as a driver -- BES frequently receives odor complaints along the alignment on the Southwest Parallel interceptor and the Burlingame trunk sewer. The ventilation improvements will provide a permanent odor treatment facility in the vicinity of SW Taylors Ferry Road and SW Virginia Avenue. The flow capacity portion of the project. Southwest Parallel interceptor is near the intersection of SW Taylors Ferry Road and SW Virginia Avenue, and basically needs to be upgraded for capacity issues -- that's current and also for projected future peak flows. The capacity improvements include installing a parallel 24-inch sewer line in SW Taylors Ferry Road from Stephen's Creek to SW Virginia Avenue, and approximately 800 feet of 48-inch sewer along SW Virginia Avenue. The estimated construction contract costs is \$2.7 million and it has advertised for construction at the end of July. The bids open on August 19th. Based on that advertising schedule, the construction is anticipated to begin in November of 2014 and finish up right around basically a year later, November of 2015.

Fritz: How does that fit in with the completion of the Sellwood Bridge and improvements in Macadam on that?

Suto: I am not familiar with the Sellwood Bridge completion. But I think it's expected to be done around that time.

Fritz: So it would be good to look into that. Because I know there's currently some circulation that's in that area, and to make sure that we have some ways to get --

Suto: The traffic control part of it, is that right?

Fritz: Well not just the traffic control, but if there's some way to coordinate the digging up of the road or to avoid having two roads or two areas dug up at the same time.

Hales: Very good point. And to avoid the scenario that always makes us wince where we dig up new pavement. There's a whole bunch of temporary circulation they have put in place for that bridge in this vicinity. They're going to be done when they are done, I'm not sure what their project schedule is, but a scenario in which we do the trench work and then pave is obviously the one we're looking for here.

Dan Hebert, Bureau of Environmental Services: Just one comment on that. I'm Dan Hebert, the senior engineer. The sewer designers on the project did spend quite a bit of time coordinating with the bridge construction management crew and other projects in the vicinity. One of the things they came up with for this particular project was a majority of the work in Taylors Ferry can be done at night, so it doesn't conflict with other work and it doesn't impact the traffic flow on Taylors Ferry. So there's been a noise variance already approved for that night work that we need to adjust the dates on it when we actually have a construction contract in place. But that's one of the tools you're gonna use to try to minimize the interference.

Hales: Good.

Fritz: Thank you, that's helpful. How long will the work at night be going on?

Hebert: We believe about a total of two months. Eight weeks.

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Fritz: People will be complaining to me, because they think that noise is still in Development Services, and then complaining to you, so let's be sure we keep in touch with the neighborhood association to let them know --

Fish: Well, we already have a canned answer, which is Steve and Amanda complained about the smell, the odor, so we're trying to correct it -- [laughter]. But anticipating what one of my colleagues may ask you -- the original ordinance was drafted in June, and you have an estimated contract cost of \$2.7 million. What we're seeing is bidding coming in above estimates now -- not below -- with the economy turning. If you find that that estimate was unduly conservative, and if you conclude we're starting to see pressure on the bids because of just the activity in the marketplace, let's take that up at a future check-in. Because the Mayor made an excellent point recently that we may need to start adjusting our estimates based on the market realities and take into consideration the fact that we're not getting the benefit of the lower bids that we did during the recession. We're actually -- they're coming in above some of our estimates because many of the firms we're soliciting are at or near capacity. So let's monitor this one and see where it comes in. But if it turns out the engineer's estimate is unduly modest, let's incorporate a good idea I heard here recently, which is let's start considering the impact of the marketplace in our estimates so there isn't a delta.

Hebert: Sure.

Hales: Thank you. Other questions? No one to testify on this item, I don't believe? OK. Then this rolls over to second reading. Thank you very much. One more project here -- or one more purchase, 834.

Item 834.

Fish: Thank you. Our wastewater treatment operations manager is here -- Mike -- and he's going to walk us through this. Very briefly, this item seems authorization for procurement services to go out for bid for a commodity called sodium hypochlorite. Hypochlorite is a strong bleach solution used to disinfect treated wastewater. Disinfection is required by our regulatory permit with DEQ. A smaller portion of the total volume of hypochlorite is used for odor control at the treatment plant. Mike Ciolli is here -- again, the wastewater treatment operations treatment manager -- to walk us through it. Mike?

Mike Ciolli, Bureau of Environmental Services: Thank you. Good afternoon, everyone. As the commissioner stated, disinfection is required by the regulatory permit with DEQ. The dosage, and therefore the volume of use correlates to the very strict requirement that pathogens in the wastewater are eliminated. The usage, therefore, is contingent on volume of flow coming through the treatment plant, which can vary somewhat daily and from year to year. This is particularly true with a combined sewer system, such as we have in Portland. However, our experience in running the system is sufficient to give confidence in the estimated volume of hypochlorite needed within a fairly modest range. The current supply contract expires in September, and we need to proceed with an open and competitive bidding process in order to get a new contract in place. Current contract cost is just under \$600,000 annually. We expect that the unit price might be slightly higher than it was five years ago, and therefore the new contract is estimated to be about \$650,000 annually. Contract is projected to be for five years, with the option to renew for an additional five years. I'll stay to take any questions, if there are any.

Hales: What's the quantity? Just curious. What would \$650,000 buy in terms of quantity of chlorine?

Ciolli: Right now, we're paying about 69 cents a gallon. So it's just right around a million gallons a year.

Hales: Wow.

Fish: A lifetime of wash and dry at your house, Mayor. [laughter]

Hales: I should hope.

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Fish: Never a white shirt that didn't have stain-free --

Hales: Right. Thank you very much.

Fish: Thanks, Mike.

Hales: That also passes to second reading. And we are adjourned.

At 3:48 p.m., Council adjourned.