



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **25TH DAY OF FEBRUARY, 2015** AT 9:30 A.M.

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

Commissioner Saltzman arrived at 9:33 a.m.

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

Item No. 209 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
199	Request of Cody Ridenour to address Council regarding raising the minimum wage (Communication)	PLACED ON FILE
200	Request of Justin Norton-Kertson regarding \$15 minimum wage (Communication)	PLACED ON FILE
201	Request of David Red Thunder to address Council regarding pending propane terminal (Communication)	PLACED ON FILE
202	Request of Sam Sachs to address Council regarding the Rooney Rule; minority interviewing for department heads and better access for community members applying for jobs with the City (Communication)	PLACED ON FILE
203	Request of Anna Kanwit to address Council regarding the Rooney Rule; minority interviewing for department heads and better access for community members applying for jobs with the City (Communication)	PLACED ON FILE
TIMES CERTAIN		
204	<p>TIME CERTAIN: 9:30 AM – Accept report on the state of the arts from the Regional Arts and Culture Council (Report introduced by Commissioner Fish) 1 hour requested</p> <p>Motion to accept the report: Moved by Fish and seconded by Fritz. (Y-5)</p>	ACCEPTED

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<p>205</p>	<p>TIME CERTAIN: 10:45 AM – Adopt a new Portland Enterprise Zone and Electronic Commerce Policy to replace existing Portland Enterprise Zone and East Portland Enterprise Zone Policies (Resolution introduced by Mayor Hales) 15 minutes requested Motion to add a resolved paragraph and change exhibit A to read 85% of basic wages must exceed \$15 an hour after one year of employment: Moved by Saltzman and seconded by Novick. (Y-2, Saltzman and Novick; N-3, Fritz, Fish, Hales) Motion failed. (Y-5)</p>	<p>37114</p>
<p>206</p>	<p>CONSENT AGENDA – NO DISCUSSION Appoint Gregg Everhart and reappoint Catherine Mushel and Ricardo Moreno to the Urban Forestry Commission (Report introduced by Mayor Hales and Commissioner Fritz) (Y-5)</p>	<p>CONFIRMED</p>
<p style="text-align: center;">Mayor Charlie Hales Office of Management and Finance</p>		
<p>*207</p>	<p>Pay claim of Elias Evans in the sum of \$16,000 involving the Portland Bureau of Transportation (Ordinance) (Y-5)</p>	<p>187023</p>
<p>*208</p>	<p>Pay claim of William Kloos in the sum of \$75,000 involving Water Bureau (Ordinance) (Y-5)</p>	<p>187024</p>
<p>*209</p>	<p>Ratify a Letter of Agreement between the City on behalf of the Bureau of Development Services and the American Federation of State, County and Municipal Employees, Local 189 that authorizes employees in the Housing Inspector and Senior Housing Inspector classifications retroactive wages increases (Ordinance) Motion to amend to correct wage increase information in finding #3: Moved by Fritz and seconded by Fish. (Y-5) Motion to amend to correct wage increase information in finding #5: Moved by Fritz and seconded by Fish. (Y-5) (Y-5)</p>	<p>187027 AS AMENDED</p>
<p style="text-align: center;">Commissioner Nick Fish Position No. 2</p>		
<p>210</p>	<p>Authorize a grant to Friends of Zenger Farm to support construction of the Urban Grange in the amount of \$100,000 (Second Reading Agenda 178) (Y-5)</p>	<p>187025</p>
<p style="text-align: center;">Bureau of Environmental Services</p>		
<p>211</p>	<p>Authorize the Director of the Bureau of Environmental Services or designee and the City Attorney to reimburse four property owners affected by the SW 86th Avenue Pump Station construction in the total amount of \$47,012 (Ordinance)</p>	<p>PASSED TO SECOND READING MARCH 4, 2015 AT 9:30 AM</p>
<p style="text-align: center;">Water Bureau</p>		

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212	Authorize an agreement with Roger R. and Kathleen M. Harrison in the amount of \$128,500 to acquire a 17-acre conservation and stream enhancement easement and to fund improvements to the easement acreage (Ordinance)	PASSED TO SECOND READING MARCH 4, 2015 AT 9:30 AM
Commissioner Dan Saltzman Position No. 3		
213	Approve allocation of \$5,000 annually of Portland Children's Levy revenues to fund event sponsorships (Ordinance)	PASSED TO SECOND READING MARCH 4, 2015 AT 9:30 AM
Commissioner Steve Novick Position No. 4 Bureau of Transportation		
*214	Accept a grant from the Oregon Department of Transportation for \$21,485 and authorize an Intergovernmental Agreement for landscape planting and maintenance of the SW Barbur Blvd at SW Taylors Ferry Rd Pedestrian Crossing Improvement project (Ordinance) (Y-5)	187026
REGULAR AGENDA Mayor Charlie Hales Bureau of Police		
*215	Apply for and accept a grant in the amount of \$25,000 from the Oregon Department of Transportation and appropriate \$22,000 for reimbursement for the FY2015 Motor Officer Training Program (Ordinance) (Y-5)	187028
*216	Apply for and accept a grant in the amount of \$37,500 from the Oregon Department of Transportation and appropriate \$30,000 for overtime reimbursement for the FY2015 Multnomah County DUII Intensive Supervision Program (Ordinance) (Y-5)	187029
Office of Management and Finance		
217	Authorize the City Attorney to institute legal proceedings against Pabst Brewing Company to recover damages from Portland, Oregon sign trademark violations and enjoin future unauthorized use (Previous Agenda 135)	REFERRED TO COMMISSIONER OF FINANCE AND ADMINISTRATION

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218	Establish the Commission on Equitable Contracting and Purchasing to increase utilization of minorities and women-owned businesses in City contracting, and increase inclusion of minorities and women in the workforce on City-funded projects (Second Reading Agenda 175) (Y-5)	187030 AS AMENDED
Commissioner Steve Novick Position No. 4 Bureau of Transportation		
*219	Amend Intergovernmental Agreement with TriMet for additional time only to disburse Federal Grant Funds for the Portland Streetcar Loop Project (Ordinance; amend Contract No. 30000943) (Y-5)	187031
220	Grant Bureau of Transportation Regulatory Program designated employees authority to issue civil penalties in the enforcement of Private-For-Hire Transportation and other regulations under their jurisdiction (Ordinance; add Code Section 16.10.660) 10 minutes requested	PASSED TO SECOND READING MARCH 4, 2015 AT 9:30 AM
221	Vacate a portion of SW Moody Ave north of Ross Island Bridge subject to certain conditions and reservations (Second Reading Agenda 193; VAC-10085) (Y-5)	187032

At 12:02 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **25TH DAY OF FEBRUARY, 2015** AT 2:00 P.M.

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

Commissioner Saltzman arrived at 2:05 p.m.

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

The meeting recessed at 2:34 p.m. and reconvened at 3:05 p.m.

222	TIME CERTAIN: 2:00 PM – Portland Streetcar Annual Report (Report introduced by Commissioner Novick) 30 minutes requested Motion to accept the report: Moved by Fish and seconded by Fritz. (Y-5)	Disposition: ACCEPTED
223	TIME CERTAIN: 3:00 PM – Adopt the West Quadrant Plan as direction for updating the Central City Plan (Previous Agenda 145; Resolution introduced by Mayor Hales and Commissioner Saltzman)	RESCHEDULED TO MARCH 5, 2015 AT 2:00 PM TIME CERTAIN
224	TIME CERTAIN: 3:05 PM – Enter into a Memorandum of Understanding to become a member of the local Joint Terrorism Task Force in conjunction with the Federal Bureau of Investigation (Previous Agenda 198; Ordinance introduced by Mayor Hales) 15 minutes requested (Y-3 Fish, Saltzman, Hales; N-2 Fritz, Novick)	187033

At 3:19 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **26TH DAY OF FEBRUARY, 2015** AT 2:00 P.M.

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

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

		Disposition:
225	TIME CERTAIN: 2:00 PM – Approve the Eleventh Amendment to the Central Eastside Urban Renewal Plan to add plan area and projects, extend the duration of the Plan and increase the maximum indebtedness (Ordinance introduced by Mayor Hales) 2 hours requested for items 225-230	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN
226	Approve the termination of the Education Urban Renewal Area Plan (Ordinance introduced by Mayor Hales)	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN
227	Adopt the Fourth Amendment to the North Macadam Urban Renewal Plan to add to the plan area, add projects and extend the time frame of the Plan (Ordinance introduced by Mayor Hales)	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN
228	Approve the Eleventh Amendment to the Airport Way Urban Renewal Plan to reduce plan area by approximately 970.5 acres (Ordinance introduced by Mayor Hales)	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN
229	Approve the Second Amendment to the Willamette Industrial Urban Renewal Plan to cease collections of tax increment (Ordinance introduced by Mayor Hales)	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN
230	Approve the Fourth Amendment to the Amended and Restated River District Urban Renewal Plan to reduce plan area by approximately 36.4 acres (Ordinance introduced by Mayor Hales)	CONTINUED TO MARCH 12, 2015 AT 2PM TIME CERTAIN

At 5:27 p.m., Council adjourned.

MARY HULL CABALLERO
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.

FEBRUARY 25, 2015 9:30 AM

Hales: Good morning, everyone. Welcome to the February 25th meeting of the Portland City Council. Karla, would you please call the roll?

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

Hales: Welcome. We have communications items up front where people have signed up to speak to the council on topics of their choosing. After that, we'll start the time certain items and the regular agenda. If you're here to speak on a regular agenda item, you need only give your name, you don't have to give us your address. If you're a lobbyist representing an organization, please make sure you disclose that because our code requires it. With that, we have no proclamations or other pre-Council business that I know of, so we'll start with item 199.

Item 199.

Hales: Mr. Ridenour, are you here? Let's move on and see if he arrives before we finish communications.

Item 200.

Hales: Mr. Norton-Kertson, are you here? We had a bunch of here on that subject last week, apparently not today.

Item 201.

Hales: Good morning, welcome.

David Red Thunder: Good morning. My name is David Douglas Red Thunder. I'm an American Indian, a member of the Sisseton and Wahpeton Sioux tribe, resident of Hayden Island. I live directly across from the North Portland's harbor's proposed location of the Pembina propane terminal at Port Terminal 6.

West Hayden Island is my sanctuary, a place of worship where spirits teach me their righteous ways from my journey through this life. My brothers and sisters of the Yakima and Grand Ronde Federation share these traditions with me. And for us, the Columbia River's conditions surrounding this entire area support us spiritually, communally, and physically through our ancient fishing practices, all protected by U.S. treaty. We are very concerned about the likely impact the siting of this propane facility will have on our shared life, giving air, land and water, and all these creatures that live here.

Recently, I have valid information and research findings by the local and national scientists that this Pembina propane terminal would be built near known and active earthquake fissures and fault lines. In the event of an earthquake and aftershocks of 6.0 and above -- and we are due for the big one -- these studies from noted geologists show a sand base where these massive holding tanks transfer pipes. The marine terminal built will be dramatically affected by liquefaction, thus all substantial port for these terminal infrastructure will be gone and this massive facility will collapse.

Other scientific studies show a massive boiling liquid expanding vapor explosion, BLEVE, will result from this collapse, and its likely two-mile-wide blast zone will totally destroy all life on the natural sanctuary of West Hayden Island and much of the life on the contiguous river, Smith and Bybee Lakes, and further. As for the built environment, T6 will

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be gone, T5 and T4, Rivergate gone, ships in the port gone, 43-foot channel gone, and all the hundreds of jobs associated with these will be gone. Plus the resultant plume of super-heated gases from the chemical debris from this blast will travel by wind drift for several more miles in several different directions. These along with a six-mile radius of shrapnel will seriously damage other built and natural assets in Hayden Island. North Portland and downtown Vancouver will likely be setting off more explosions and fire.

Before this very ill-conceived idea is sited as a ticking propane time bomb in the middle of a fault and fissure-riddled land, don't blow this decision, you leaders of our whole city, don't blow us up and destroy all we know. We will be one of Pembina's first victims, my remains never found. Please remember me, David Douglas Red Thunder. Thank you.

Hales: Thank you, thanks very much. Let's move on to 202, please.

Red Thunder: Also -- I have 30 seconds --

Hales: Sure.

Red Thunder: Also I would to say out of all the places to put this place, you know, this is very [indistinguishable] ground. They are going to put a three foot thick wall that's 160 feet deep which won't hit ground rock, and it's going to be 3000 feet long. I don't know how that scale gets in like that. But also we have some abstracts about Portland and how they're flying underneath the federal regulations -- which I know we need the money here in Portland -- but this needs to be looked at more carefully. Thank you very much.

Fritz: Mr. Red Thunder, did you testify at the Planning and Sustainability Commission?

Red Thunder: Yes, I did.

Fritz: Great, thank you very much.

Hales: Thank you. Thanks for coming.

Item 202.

Hales: OK. And I think Anna Kanwit is going to join him.

Item 203.

Hales: Hi, good morning.

Sam Sachs: Good morning, Mayor, I would like to request a couple extra minutes, if possible?

Hales: Well, since you're representing a bargaining unit and you're here with -- well, you're not formally representing, sorry. I made Anna nervous. I'll give you an extra minute, but try to be brief.

Sachs: OK. Just for the -- I'm representing myself as a citizen.

Hales: Right, I understand, but you're talking about a labor issue. I appreciate that.

Sachs: Mayor Hales, members of the City Council, my name is Sam Sachs. Although you may know me as a Park Ranger for the City of Portland or a Human Rights Commissioner, today I come to you as a concerned citizen of Portland, Oregon.

Sometime in the 1940s, Ralph and Florence Sachs came to America from Vilnius, Lithuania. They arrived in Chicago and settled in Portland. My grandparents were Jewish immigrants who came to Portland for a better life in pursuit of an American dream -- and they found it. My grandfather was a vacuum cleaner salesman, my grandmother a stay-at-home mom. They enjoyed their lives here in Portland.

Unfortunately, not everyone in Portland can relate to my grandparents' story. Many citizens came to Portland, especially citizens of color, have immigrated to this wonderful city over the past 20 years, just like my grandparents. But not all have found the same happiness or realized the American dream. In fact, for many Portlanders of color who actually were born in Portland and who have generation after generation of family in this city, they still haven't found the American dream. I'm here today to ask that we commit to doing a better job of serving our communities of color and our disabled community.

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When I look at this Council, I see Commissioners who have already done a lot of great work when it comes to equity. So, who better to ask than you? There are two hurdles that I see in this city for reaching the American dream. One is access to City jobs, and the other is access to advancement and leadership positions within City government. Currently, the only way to apply for a job with the City is online. This doesn't work for certain members of our community.

I would like to propose the City of Portland create a pilot project to install kiosks or computers in all community centers and possibly other selected Portland buildings. This would allow for those who don't have a computer or access to one, who can't find day care, who can't get to a library or more importantly, who may have a disability and need assistance or special equipment like a screen reader to have the same opportunity to apply for a job with the City by going to one of these community centers.

In my role as liaison of the Portland Commission on Disabilities, I've learned that the 43% of Americans who don't have broadband at home are at a major disadvantage when it comes to finding out about jobs. I have submitted an innovation micro grant proposal to hopefully get this pilot up and running.

My second proposal today is for the City to adopt a new hiring standard similar to the Rooney Rule whenever it fills an open bureau position -- bureau director position. The Rooney Rule is a state law here in Oregon and in the National Football League. It simply states that whenever a head coaching or athletic director position comes open that that school must interview one qualified minority candidate. I believe we can do the same here when it comes to bureau directors. When the rule was first implemented in the NFL, minority hiring went up 23%. Last year, there were five minority coaches in the NFL. Four of them went to the playoffs, so their success speaks for itself.

Currently, the City of Portland has 26 directors. Roughly four of them are directors of color, meaning Black, Latino, Asian, or native-American. To me, this is problematic for those employees working in entry level, general, or even managerial positions, because what it says to them is that director positions in the City of Portland are virtually unattainable.

This City could do something very simple and easy by committing to interviewing at least one qualified minority applicant before appointing or hiring any of the 26 directors. As a Park Ranger, I work with a diverse group of men and women who have hope of advancement. I want to assure that if they hope or dream of being a Parks Director one day, they will know the City values that dream and is committed to making the path a little smoother.

If you choose to adopt this new hiring standard, I would ask that they change the name from the Rooney Rule to the Charles Jordan Standard. Recently, I spoke with Mr. Jordan's children, and they have given their blessing. In fact, they suggested the name change to standard instead of rule because it was more in line with what their father represented. And in my opinion, it really should be the standard of City Council to consider minority candidates every time they fill a director position.

If you really want to raise the bar even higher, you could include managers, as well. Charles Jordan was the first African American City Commissioner and a Parks Director. He set a standard we should all aim to follow. I'm here today in the spirit of his words: if change is to be, it's up to you and me. We can be that change. Thank you.

Hales: Thank you very much. Ms. Kanwit?

Anna Kanwit, Director, Bureau of Human Resources: Thank you, Mayor, Commissioners. Anna Kanwit, Director of Bureau of Human Resources. I'm here in a very unusual spot today because I've never been part of communications. So, I think that's odd.

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I've got a lot of calls, "what are you doing?" But Sam, Mr. Sachs came to talk to me I think last December about would I be willing to do this. And definitely.

I'm not here because I support the Rooney Rule -- Mr. Sachs and I have talked about that, I actually don't. But I am here for several reasons. A, I really appreciate the work Mr. Sachs and others have done not only in his role as a citizen, in his role as a Park Ranger, 483 and other labor partners in terms of really starting to help the City diversify our workforce, continue to partner with us to review our programs, work, etc. through an equity lens. So, definitely want to continue to support their efforts. I think in the long run and the short term, we are really going to make more significant changes by having that partnership.

Just briefly, what we are doing now I think is starting to be effective, and will continue to be effective. Just the concern I have over a rule is they tend to be -- end up sometimes, when not necessarily being very effective in getting actual candidates hired. We have instituted Council's mandate bias awareness training for all of our interview panels. We think that's really key in making sure that everyone who is interviewing candidates is aware of their own biases.

We have also instituted a requirement for all of our executive level recruitments, which is not just bureau directors but a level down from that -- that we do have a person of color or a female on the hiring panels. We don't mandate that across the board anymore, but we do mandate it for those types of recruitments. And also, of course, that the person is a subject matter expert as well. We are actually getting input in terms of the job requirements.

On our online system, that has been a continuing source of concern. We do get lots of applications -- last year it was well over 19,000. It doesn't necessarily address the concerns that Mr. Sachs has raised. We definitely support a program of looking at kiosks in the Portland Building if it's feasible, and community centers.

We've partnered with a couple of dozen organizations, but we can't track, you know, through employment department or SEI, whether people are applying for City jobs. I mean, they don't ask when they are coming to use the computer, "what are you using it for, where are you applying?" obviously. It would be helpful if we could track that and see if we actually are having a broader impact on persons of color, persons with disability, people who just do not have access to a computer. So, I think that would be a great step forward in making sure our online recruitment system really is more accessible than it may be today. Thank you.

Fish: Mayor, I know we're not deliberating today on the question, but Ranger Sachs, after this, I would like you to schedule some time to come visit with me. We are actually launching a national search this for a new BES director. I've been getting kind of a crash course in what HR and the Office of Equity believe are the new benchmarks, the new standards for how we do those searches, how we do outreach, how we ensure we have a diverse pool. We've had two focus groups, one with employees, one with external stakeholders focused on this. And equity and diversity was a cornerstone of their concerns. So, I'd like to get the benefit of your thinking, because this may be a high-profile search where we may be able to get it right in terms of making sure at the back end we have a diverse pool of qualified candidates. I want to make sure we do everything within our power to make that happen.

Sachs: Thank you, sir. I will make an appointment.

Hales: I appreciate you two being together. Seems like we have a couple of people in front of us that share some objectives and have some small disagreements about tactics, but that's something we can work on together. I like the creative idea about using our community centers as a place for people to seek employment as well as other public

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services we provide there. I'll certainly commit to carrying on that discussion with you as somebody bringing good ideas forward and with Anna, a committed manager to the same objectives. Again, I think there's no difference about where we want to get to, it's a question of what tools we use to get there. So, I really appreciate both of you being here on the same subject with the opportunity to work together. I'll help to facilitate that.

Sachs: Thank you, Mayor.

Kanwit: Thank you very much.

Hales: Thank you very much. Have either Mr. Ridenour or Mr. Norton-Kertson arrived? If not, let's move to the consent calendar. One item is being pulled to the regular calendar, item 209. Anything else that needs to be pulled from the consent calendar to the regular calendar for discussion? If not, then let's take roll call on the balance of the consent calendar, please.

Roll on consent agenda.

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

Item 204.

Hales: Commissioner Fish.

Fish: Thank you, Mayor. And first, let me apologize -- my son has been under the weather for a week and he gave me his froggy throat. We'll soldier on.

Mayor and colleagues, today is one of my favorite days. It's the annual chance we have to hear from our partner at the Regional Arts and Culture Council: the State of the Arts. And today, we have an all-star line-up here to share with us the good news, the accomplishments of the past year, and to set our course for the future.

I'd like to introduce our first three guests to come forward. First is executive director Eloise Damrosch, second is RACC board chair Jan Robertson, and third is executive assistant Johanna Kim. They will lead us through the presentation and then we'll have some time for comments afterwards. Eloise?

Hales: Good morning.

Jan Robertson: Good morning. Thank you, Mayor Hales and Commissioners. It's a real pleasure to present and celebrate the State of the Arts in Portland. This is a favorite event each year for Eloise, so she loves to drag lots of the board members along to share the experience of the celebration. As the years have passed, it's become a favorite event for me as well. I want to thank all of our friends to add their thanks to you and to demonstrate that the arts are alive and well in our wonderful city; and I want to acknowledge the fabulous RACC board and staff, some of whom who are here with us today.

This is a special year for RACC and specifically the Percent for Art program. RACC turns 20, having transitioned from the Metropolitan Arts Commission to the Regional Arts and Culture Council in 1995. The Percent for Art program turns 35. So, many years of commissioning artworks for public spaces all over Portland and creating daily artful experiences for all of Portlanders. The visual chronical of Portland collection is 30, and our copper goddess -- that would be Portlandia -- celebrates her big 3-0 in October. No doubt, we'll sing to her then.

Eloise Damrosch: Good morning, Mayor Hales and Commissioners. I'd like to add my thanks to the chance to be here with you. As Jan said, this is a favorite day for me.

Every year we talk about and show you how we have shepherded your considerable investments in RACC. We have sent you our 2014 annual report which have been numbers, drafts, stats, and other pertinent details. We hope you'll spend some time with that, but today we have a slightly different program for you.

Taking a cue from Mayor Hales who started his State of the City address with a song -- he's a lot braver than I am -- today we will talk less and show more. More music,

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visual arts, inspiring outreach and equity initiatives, the spoken word, a veritable tapestry of creative talent from every corner of our community.

Thanks to the Arts Education and Access Fund on top of continued support from the City of Portland's general fund and Work for Art, we are making great strides in the size and number of grants that we are able to award to artists, nonprofit organizations, and schools that add tremendous value to our communities and our lives. For example, the Portland Opera, 50 years strong this year, is an organization that serves over 163,000 people annually in their performances at the Keller, and over 33,000 more in classrooms throughout the state of Oregon and southwest Washington. Just last month, they received their share of the proceeds from the AEF at \$193,000 which brings them to 3.8% public funding, many steps closer to the AEF's goal of 5% public funding for all of our most established arts organizations.

Director Christopher Mattaliano -- who's here today -- tells me these additional funds will enable them to continue multicultural aspects of their opera offerings, including the highly successful Spanish-English hour-long production of The Barber of Seville currently touring schools through the Portland Opera to Go or POGO program. [music playing] [singing] [performance] [cheers] [applause]

Fish: Eloise, I dare you to try to top that. [laughter]

Damrosch: I was just going say, do I have to talk? Thank you, Portland Opera. That was fabulous. If you're not awake by now, you should be.

Another place that we are investing thanks to the AEF is organizations that are bringing arts experiences to communities of color, persons with disabilities, East Portlanders, and other underserved populations in our city. Last year, we invested in 10 organizations, including the Cascade AIDS Project, which used the arts to raise HIV awareness among gay Latino youth. I'd like to now invite Edgar Mendez from CAP to tell us more about that project.

Edgar Mendez: Good morning, Mayor Hales and Commissioners. I'd like to begin by thanking the Regional Arts and Culture Council for the opportunity for participate in this initiative. My name is Edgar Mendez, I represent the Cascade AIDS Project for the purpose of our collaboration with the Regional Arts and Culture Council, and I will be speaking to the impact of the expanding cultural access grant to our services in 2014.

The program I represent exists to serve and prevent new HIV infections among ethnic and sexual minority youth. Thanks to RACC, we were able to increase the reach and scale of one of our most significant and successful annual events known as Concientízate, a celebration of Latino art, music, and culture centered around National Latino AIDS Awareness Day. Concientízate has been hosted by the Cascades AIDS Project for over five years now.

Latinos and Hispanics like me represent approximately 16% of the population, but around 21% of new HIV infections each year. These new infections are particularly concentrated among young people and people underserved by traditional health services.

One of the core values of the program that I represent is that it's not enough for a service to technically exist, it has to be embedded in the social and cultural reality of the people it intends to serve. Concientízate is an example of these values. By bringing together respected musicians, artists, and performers in the same space as rapid confidential HIV testing, we were able to break down some of those barriers that separate and stigmatize HIV and instead incorporate that as part of the activities that we engage in as a community and as families. By the end of the night, we had delivered culturally competent destigmatizing education to over 200 attendees, and delivered over 20 HIV statuses primarily to people who had never been tested before.

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These initiatives like Concientízate not only break down the barriers between particular populations that are underserved by these health services but also challenge these stigmas I spoke about earlier. Deep community partnerships and relative feature performers encouraged us and allowed us to believe that this event would be a success. Support from RACC early in this process allowed us to be in a position to solicit donations and support that made our community partners confident that this event would have impact and that this program would be successful in delivering those HIV prevention services. For that, I want to say thank you to the Regional Arts and Culture Council and thank you to the City of Portland.

Hales: Thank you very much.

Damrosch: Thank you, Edgar. [applause] We are currently accepting proposals for a new round of expanding cultural access grants, and we invite anyone using the arts to reach underserved communities to apply by the March 5th deadline. There's lots of information on our website and our grant staff are happy to help with any kind of technical assistance. I'm also happy to report that applications are way up, so we're getting the word out to more people.

We also support dozens of artistic projects every year through our project grants program, which Mayor Hales and Portland City Council so generously restored funding for this past year, having been seriously cut in the recent past. Our project grants brought all of us wonderful performances, exhibits, and a wide range of cultural experiences. A little later, you'll hear from Dana Lynn Louis about what she was able to accomplish with a modest \$6000 project grant from RACC this past year. Dana, by the way, is also the artist who created the installation right here in the City Hall atrium that was originally installed in honor of Vera Katz.

Speaking of small grants making big differences, we can't forget Portland's own Cheryl Strayed and her fabulous success with Wild. RACC awarded her four modest grants in years past, which we like to imagine gave her small boosts toward the bright future where she is today.

Jan shared with you the list of anniversaries we're celebrating in 2015, most of which are within our public art program. Portland's ever-growing public art collection includes a wide range of accessible artworks that RACC cares for on behalf of all Portlanders, and that's a responsibility we take really seriously. We commission and purchase work for public spaces such as City buildings, parks, and streets.

And speaking of streets, I'm now happy to introduce Crystal Schenk who together with her partner Shelby Davis contributed to the recent transformation of Division Street. Crystal?

Crystal Schenk: Good morning. My husband Shelby Davis couldn't be here this morning, but we recently completed our first public art commission right here in Portland, and we're very excited to share it with our hometown and the citizens here. I want to tell you a little bit about the project and what was really important as we were developing it.

In listening to RACC, the design group, and the Division Street residents talk about the project and the feeling they wanted to invoke, one aspect stood out very clearly, and this was the desire to have artwork present a sense of continuity and community along the entire length of the street. Artwork that was episodic in nature had the biggest potential for making a big impact among the entire streetscape project.

The projects we created are linked by narrative, theme, and materials. You might have seen them -- they're small figurative works on larger stone boulders in eight locations from 11th to 39th on Division. We wanted to make work that can be enjoyed in a passing manner but also have rewarding details for people who stop to take time to investigate. With all of the new commerce and residential development that has sprung up on Division

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-- you might have noticed how much has changed in the last three years -- we thought it was really important to encourage people to travel the street on foot and not just by car. The sculptures become an invitation not just to discover the next piece in the series but also to explore Division Street and all that it has to offer.

While researching the subject matter for the project, we spent a lot of time getting to know the local community, walking up and down Division Street, throughout the neighborhood, going to yearly street fairs, talking to residents and the long term shop owners, learning a lot of the history of the area. Everyday scenes we encountered sparked the ideas for the characters that we sculpted. While none are specific portraits, many of them capture the persona of the wonderful people we met through our explorations.

In placing the sculptures, we worked closely with BES and PBOT, making sure the stones did not interrupt any of the right-of-ways or impede any of the bioswales and how they function. Both organizations were incredibly wonderful to work with, and we especially appreciate the people at PBOT for helping us find appropriate locations within the context of the community. They did their best to accommodate our vision of how we wanted the artwork to integrate within the streetscape plans, and their support and teamwork throughout the project helped make the installation of the artwork go very smoothly.

Our experience working with RACC was also extremely positive. Peggy Kendellen has been an incredible asset to us as first-time public artists. She was a strong advocate for us throughout the process and gave us a thorough education on the ins and outs on what it takes to make public artwork. She helped us negotiate working with the City, the residents, and the design team throughout the process.

What we learned from RACC will be absolutely invaluable to our long term goals as artists. We really want to thank them for this incredible experience. Our sculptures have been in place for a mere four months but we've gotten an outpouring of support and people seem to really have a lot of positive feelings about it. In that time, we've been contacted by numerous individuals who wanted to let us know how much they appreciate the work. And they've also shown it in many small ways, as Portland does. They have knitted scarves and put hats and given them presents, and so we have to say how much we've loved that. And it's been really gratifying to us as artists to know our work has brought so much enjoyment for the community that it's been made for. Thank you.

Hales: Thank you very much. [applause]

Damrosch: We're especially proud during this big anniversary-filled years that RACC's long-standing public art program is considered a model nationally. We celebrate and thank all of the artists, fabricators, volunteer panelists, City employees, and of course our staff, all of whom are vital to the program's ongoing success.

Robertson: Moving on to one of my favorite topics -- arts in education. We have a special treat for you. I'd like to introduce teaching artists from the Right Brain Initiative, Aaron Nigel Smith, and young artists from King School's fourth grade who are here to perform for you. [applause]

Fritz: This is all one class?

Aaron Nigel Smith: Two classes. These are students from King Elementary School. I've had the great pleasure of working with them and the Right Brain Initiative program. We did a 10-week session last term, but this term we're doing a four-week session in which we're focusing on the civil rights movement. I've had the great pleasure for the past two sessions of working with them specifically on freedom fighting songs. We've taught them the song "Oh, Freedom." We talked about the lyrics of it and the implications of how they used the song and the context in which the song was sung historically. They even had the opportunity to come up with some of their own lyrics to include in this song to bring it more relevance to their day and their time.

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Actually, it was kind of an interesting scenario -- this obviously is not the space where you want to have 40 kids performing. We were thinking about only bringing 10 kids to this event, but that proposed a dilemma for us. And actually with the curriculum, were able to look at it and say, is it really fair to only pick 10? Let's see there's a way to make it work for everyone and kind of be examples of the lesson that we're trying to teach.

It's really cool that we managed to get all the kids here, and I'm really excited to share with you "Oh, Freedom." You guys ready? Alright.

Now, with the Right Brain -- at least with my work with the Right Brain, I focus a lot on the process. I think it's really important for kids to have exposure to the arts and have the opportunity to be exposed and make the curriculum connections with math and science and literature with the arts. We work really hard on making those connections with the homeroom teachers. It's not necessarily about performing. In fact, this is the only performance I think we've done since I've been in Right Brain. We usually do something -- a culminating event -- to share with other classrooms. So, it's really cool to bring them out and show another aspect of art, that which is performing art. You guys ready?

****: Yeah!

****: Alright, let's do it. [music]

****: [singing] Oh, freedom, oh, freedom, oh, freedom over me. And before I'd be a slave, I'll be buried in my grave and go home to my lord and be free.

****: No more moaning!

****: No more moaning, no more moaning, no more moaning over me. And before I'd be a slave, I'll be buried in my grave and go home to my lord and be free.

****: No more weeping!

****: No more weeping, no more weeping, no more weeping over me. And before I'd be a slave, I'll be buried in my grave and go home to my lord and be free. No more slavery, no more slavery, no more slavery over me. And before I'd be a slave, I'll be buried in my grave and go home to my lord and be free.

****: No more hurting!

****: No more hurting, no more hurting, no more hurting over me. And before I'd be a slave, I'll be buried in my grave and go home to my lord and be free.

****: And go home!

****: And go home to my lord and be free! And go home to my lord and be free! [cheers]

[applause]

Hales: Good job! Thank you guys.

Robertson: You can see why we're so excited that learning like this is happening across the tri-county region in seven school districts. Currently, 18 Portland schools are partnering with the Right Brain Initiative -- more schools than in any other district. The Right Brain Initiative is designed as a shared delivery model that includes classroom teachers responsible for student learning in subjects like math, science, social studies, and language arts; certified arts specialists who provide sequential learning in an arts discipline; and community-based teaching artist professionals working in dance, theater, visual, and media arts.

These essential partners are at the heart of the Right Brain Initiative who work together to weave the arts throughout the curriculum and to help ensure that the arts are part of every child's education. We have many outside partners as well. Two notable ones I'd like to highlight are Portland State University as our new assessment partner, and young audiences as our implementation partner.

Evidence of our success abounds. Last fall, we were especially pleased to release a report that indicates partnering with the Right Brain Initiative fuels student learning. Before schools joined, the average annual increase in student reading scores was two points.

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After just one year with Right Brain, test scores at these schools began to climb at a greater than average rate and continued to increase as schools become more engaged with the program. A similar pattern occurred in math scores, providing a strong correlation between Right Brain and increases in student achievement.

Most significant though are the gains reported for English language learners whose English language proficiency scores increased 10 to nearly 20 times as their schools joined and deepened their involvement with Right Brain. This evidence certainly demonstrates the power of the arts to provide new paths into learning.

As part of our responsibilities for the Arts Education and Access Fund, RACC works with the city's school districts to ensure high quality arts education by supporting certified art and music teachers. In addition, we oversee coordination between school districts and arts organizations to bring the arts to all Portland students. Last week, a Portland Public Schools student art showcase celebrated the work of these specialists with a visual and performing arts extravaganza at the Newmark Theater. It was truly a special evening -- and thank you, Commissioner Fish, for being there. PPS has brought some of those amazing drawings and paintings here to City Hall as well, on display on the first floor through March 6th. We know this is making a difference to all students, and none of it would have happened without your support.

Damrosch: About five years ago, RACC board and staff made a very serious commitment to focusing on equity and inclusion to remove any barriers to full participation in our programming, grants, and offerings. We believe arts and culture should be accessible to every person living and visiting here. As you can see from our grant-making efforts, arts education programming, workshops, and public art activities, we look at everything we do through an equity lens.

We have intentionally brought new voices and points of view to our board, staff, volunteers, and communications, and are forging many and diverse new relationships while strengthening existing ones across our city. We've also been encouraging the arts organizations and artists that we support to work on broadening their own reach by providing them real-life examples of ways to engage effectively. We have offered workshops with equity professionals and at the request of arts community, commissioned a how-to approach with ideas around building diverse audiences.

We're trying to make this work as doable as possible by breaking it into bite-sized pieces or building blocks, as shown here. Many have embraced this work, and all are asked to report to us on progress each year as an important aspect of grant reporting to RACC. Now, I'd like to ask Jan to read our brand-new equity statement, which has been developed with much input from the RACC board and staff.

Robertson: We believe the arts have the power to change hearts and minds and to inspire social change. Prejudice and privilege have created barriers that RACC must dismantle systematically and strategically until everyone in our community has equitable access to arts and culture.

We acknowledge that there is no one way to achieve equity, but we are willing to take risks because there is much work to do. We're thoughtfully researching and implementing new methods of thinking within our organizational culture, starting with an in-depth assessment of our services, policies, and procedures. We are seeking out and listening to voices that have not been heard and fully engaging underrepresented populations in dialogues that will help us improve. We are committed to the full scope of this work and will hold ourselves accountable along the way. Anything less would prove a disservice to ourselves and the communities we serve.

RACC strives to be an organization that values and celebrates everyone's life experiences, their voices, and their histories. By consistently bringing new perspectives to

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our decision-making table, forming new relationships and alliances, and finding new ways to support creativity, RACC will be a strong, equitable, and relevant organization. Throughout this process, we commit to humility, optimism, and respect.

I am incredibly proud to chair a board that believes so passionately about this work and continuously strives together to the goal of arts access for all people. It's truly an honor to serve with each of them.

We have focused this presentation on several aspects of RACC's broad work in our community, but I would like to highlight one other accomplishment, namely our workplace giving program Work for Art. Over the last nine and a half years, the community has donated more than \$6 million to Work for Art, making it possible for RACC to support local artists and arts organizations to an even greater extent.

We thank the City of Portland employees, plus the employees of 75 other participating companies who make this campaign possible every year. This fall, Work for Art will celebrate its tenth anniversary campaign, and we hope that you will all be part of it. I want to give a special shout-out to Commissioner Fish, who's recently helped us initiate important conversations with Comcast and Daimler about joining this program. Thank you, Commissioner Fish, for being such a proactive advocate on our behalf.

Damrosch: We look forward to working with all of you in the months ahead to make the arts more accessible in the city of Portland. RACC has come so far over the last 20 years, and we know this progress would not be possible if it weren't for the elected officials who continue to understand the importance of culture and creativity in our community.

In closing, I want to say how privileged and pleased RACC is to steward our City's investment in the arts and culture. We see and hear the fruits of this work every day in all parts of our city, from community centers and concert halls, from schools to city streets, from established galleries to pop-ups. We know many people visit here for the arts. We see them following the public art walking tour and flocking to performances, festivals, and diverse cultural celebrations of all kinds. At the heart of all of this are artists, organizations, and arts lovers. And crucial to all of this richness is the financial commitment the City has provided without faltering and the personal value you each place on a thriving arts community. We are here to say collectively, thank you, and to pledge we will keep the arts strong, vibrant, and thriving moving into the future. Thank you very much.

Hales: Thank you. [applause] Thanks very much. Any questions for our presenters?

Fritz: How much of your money that comes from the City is from the general fund and how much from the arts tax?

Damrosch: In general?

Fritz: Yes.

Damrosch: Well, let's see, we get approximately four million from the City and then we received about -- \$1.5 million has come in so far.

Hales: From the arts tax.

Damrosch: So, the arts tax -- I won't say never -- one day, maybe the arts tax will be on par with the City, but it's a very important addition to what we get from the City because we're using general fund money -- about a million-plus -- to give the base of operating support. But that's what we've been doing all along, and these larger organizations especially have been at such a low percentage of public funding. So, the goal is to add a layer on top of that, which is the arts fund and Work for Art.

Fritz: Do you have policies about how much of the funding goes to performing arts versus visual arts and other -- ?

Damrosch: No.

Fritz: So, it's on an as --

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Damrosch: We are committed to supporting all of the organizations and artists as equitably as we can, but we don't have any kind of quotas or policies.

Fritz: Thank you.

Hales: Thank you very much.

Damrosch: Thank you.

Robertson: Thank you.

Hales: Great presentation. I know we do have folks who want to speak on this report. Good morning and welcome.

Dana Lynn Louis: Good morning. I'm Dana Lynn Louis. Thank you so much for giving us this opportunity to talk today. I want to say that I'm really thankful to RACC and the City that supports it because it's truly extraordinary. I've worked not only with RACC but with other organizations around the country and it really is different to work with RACC. When you work with RACC, you get support not just when you get a grant but you get support during the year and at the time of your grant, and then they care about you afterwards too, so you really feel like they got your back.

An artist's life is not easy, and it can be a string of events that runs the gamut of experiences from wonderfully fulfilling to unimaginably frustrating. This year has been former for me. Not all years are like this. However, once you get that support and feel that as I said hand on your back, you can fly quickly, and then opportunities seem to accumulate.

As was mentioned, I received a project grant that contributed greatly to what I was able to manifest in my show *Clearing* at the Lewis and Clark College. Great opportunity, big space, totally committed curator Linda Tesner and Lewis and Clark College.

I had so many ideas and I have hundreds -- literally -- of sketchbooks in my studio of things I would do if I was given such an opportunity. However, it's hard to really do those experiences if you don't have the funding to do it. You can have all kinds of ideas, but they never leave your sketchbook if you don't have the funding.

Things build. After I received the RACC grant, I received additional funding from the Oregon Arts Commission and the Ford Family Foundation. As somebody else mentioned, when somebody feels like you've got support, they want to jump on board. Linda also received a grant from the Ford Family Foundation to make a book about this show. This book now gives me a really special tool that undoubtedly will help me in my career in the future.

As I mentioned, this last year was full. I had a residency at the Oregon State Hospital to work with the patients. They collaborated with me to make the art for the new hospital in Junction City. Telling you about this experience would take up all your time, so I'm not going to go into that right now, but I would love to someday. I just want to say it really, truly was one of the most rewarding experiences that I've had in the public realm.

I mention this for two reasons. One because the work I did with them also impacted the work I did for my show *Clearing* at Lewis and Clark, so much that they are also credited in the book. In November, the hospital staff brought them on a field trip to the show. There, I was able to discuss with them their impact on the show and the positive impact they have had on my life which -- when I was walking them back up to the bus, one of them stopped me and said, nobody's ever told me I've had a positive impact on their life, let alone impacted their artistic career.

As artists we wonder, does what I make matter? Will people connect with it? Will it communicate beyond my studio? And as funders, I know somehow you really need to document this. Well, there are there several ways, most of which are very subtle. And a lot of them are you just have to have the belief system that art is important and through history, you just have to trust that it is. But for the record, on this one I need to tell you that

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over 2005 people were clocked into the door at Lewis and Clark College, and other 2500 participated in the show which went viral internationally, not to mention of hundreds of patients who were able to come on that field trip.

In closing, I need to say I've been here for 25 years and I've had amazing experiences in both my studio and public realm, collaborating with other artists, musicians, choreographers, and writers. Portland is on the map in many ways as it was when I was not first year, and it's not because Portlandia put it there, not just because we have amazing food choices, and not just because we have an internationally-acclaimed City planning department -- it's the artists who have impacting so many things with their tenacious spirits.

For the artists who have contributed so much, it is increasingly harder to live and work here. Portland is rich with artists and what they bring, but the artists are not rich. We need your help to realize our wildest dreams and we want to be able to stay here in Portland. So in considering your budget, please see that it's not only supporting an artist and perhaps their gallery show, but the larger reverberation of their works that are innumerable in the city. Thank you.

Hales: Thank you.

Kevin Bacon: Good morning, my name is Kevin Bacon and I'm the principal at Boise-Eliot/Humboldt school, in my second year there, my thirtieth year of education altogether. I've been in all quadrants of the city either as a teacher or an administrator. My third time being here -- I was here a few years ago on behalf of the vision into action arts grant under Mayor Tom Potter; the BMA, the Black Male Achievement just recently with Mayor Hales; and now RBI, Right Brain Initiative under RACC. So VIA, RBI -- [laughter]

Hales: Like those three-letter acronyms.

Bacon: Yes. It's neat to hear RACC read their equity policy and then also to know they walk their talk.

In their 55 schools, there's been intentionality in how they selected those schools in regards to bringing those opportunities to students of color. Our school -- we for the last five years running have had the most African American students than any other school in the state at any level -- high school, middle school, or elementary school. We are a pre-K through 8 school.

Boise-Eliot/Humboldt school is in its third year of transformation into a STEM school in partnership with the Portland Metro STEM partnership. We're one of only two PPS schools in the metro area that's a part of that partnership. We see our focus on STEM as a way to ignite passion for learning and heightening engagement for students while also preparing them for college and twenty-first century careers. We already know there's projected shortages in those fields of science, technology, engineering, and math.

STEM education creates an integrated learning environment that encourages problem-solving, persistence, critical thinking, and teamwork across subject areas. While STEM was the initial vision for Boise-Eliot/Humboldt, our acceptance as a Right Brain school has allowed to us infuse the arts into our work to become STEAM. Get it? [laughter] Science, Technology, Engineering, Arts, and Math. Tapping into a different way of thinking for students and helping to provide a truly integrated approach to learning.

While some may see STEAM as a period in our schedule or something you do, we at Boise-Eliot/Humboldt view STEAM as the driving force for our instruction. By having the arts in STEAM, we are thinking about a thought process for kids and a way to engage students in problem solving and design thinking. This type of instructional change is not an easy task in a school, especially given the numerous challenges we already face. We've been lucky to have Right Brain by our side to support us in this work. Right Brain is more

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than just a residency. Our teachers have had the opportunity to attend professional development and learn concrete ideas for engaging students in new ways.

While the learning strategies can be incorporated by classroom teachers on their own, it is the teaching artists that are really able to support learning in a new way. We are currently in our first year of residency, and in the middle of that planning process, we have found it is a complement to the partner work we have done with science educators in many ways.

In our three years of transitioning from just school into STEM and then STEAM school, we have carefully developed a system for utilizing community partners to support our learning. Community partners are carefully selected, making sure they are the best possible match for both students and the content area. Teachers also meet with these professionals before they come into the classroom to construct a program that really aligns with our standards, is culturally relevant, and is unique to our students' needs as learners.

I just so happened to have a conversation with the director of STEM for southwest Washington, and what he talks about is that what employers are looking for ultimately are employees that can collaborate and that can learn how to learn. When you bring the arts in, not just the ability to -- the thinking that goes along with that, along with that art school, the initiative around STEM, we feel it's really coming together nicely, and we wouldn't be able to do that without the Right Brain Initiative and the support of RACC. Thank you.

Hales: Thank you. Good morning.

Anita Menon: Good morning. My name is Anita Menon and I am the artistic director of the Anjali School of Dance and the co-founder of Mai3m, a small nonprofit arts organization.

I founded the dance school in 1996 to impart the 2000-year-old dance form from India called Bharata Natyam. My passion has been adapting the art form for the next generation of dancers through innovation and experimentation with contemporary choreographic works. Over the past few years, I've received several grants and performing arts fellowship awards from RACC. Besides encouraging my own artistic journey, the grants have tremendously benefited the community in the following ways.

By hiring only local artists, technicians, and crew, the dollars have remained in our own community. By bringing together over 10 different dance schools to perform together, I've encouraged collaboration, especially among children who form the next generation of performers. By teaching classical and folk dances from India to children all over Portland, I've preserved the cultural legacy of the Indian American community.

The productions that have been supported by RACC has been given me the visibility to collaborate with other artists and organizations here in Portland. As a recent example, I codirected a brand-new adaptation of Kipling's *The Jungle Book* using Indian dance, music, and theatre at Northwest Children's Theatre. Through this production, we have not only been able to give 8000 audience members and over 5000 schoolchildren a taste of several different styles of Indian dance and music, but we have also been able to reach 600 underprivileged families as well as 250 people through our family-friendly performance by providing them free tickets.

Blazing new trails in an art form that is rooted in so much culture, history, and tradition is no easy task. But RACC's grants have given me and my nonprofit organization the encouragement, strength, and power to keep forging ahead to continue to collaborate, innovative, and adapt Indian dance for the next generation of dancers, all of which would not have been possible without the support of RACC and from the City of Portland. Thank you so much.

Hales: Thank you all, thanks very much.

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Andrew Proctor: I'm Andrew Proctor, I'm the director of Literary Arts. Thank you so much for having us here. Thank you, Nick; thank you, Mayor Hales; and thanks to RACC and Eloise for all that they do.

Literary Arts is a nationally-recognized nonprofit literary center based in downtown Portland. It's an intergenerational audience that we have, and we're beneficiaries of RACC's general operating support. That allows us to have a lot of flexibility in who and how we serve the community, and it allows us to be really adaptable, so we're really grateful for that kind of support.

Literary Arts runs Portland Arts and Lectures, the largest literary lecture series of its kind in the nation. It also broadcasts once a week at 9 p.m. on OPB, so we have our own NPR show this year. We run the Oregon Book Awards and Fellowships program, which has supported writers for 27 years here in the state of Oregon. We have given away three quarters of a million dollars for the production of new work in the state. We've funded every writer you've heard of probably here in the state of Oregon at one time or another in our long history.

Today, I want to talk a little bit about the Writers in Schools program, which has served 42,000 students since 1996, and has invested about \$2.8 million in the public school system through our program. Primarily this year, the program served 11 high schools. It serves a thousand students with semester-long residencies -- these are long and deep residencies where students see writers over and over and over again and really develop and revise their work. It's tied to core curriculum and to the Common Core standards directly with the high school teachers.

This year, I'm delighted to say we piloted the program in East County at the Gresham High School and will continue to develop a relationship in other schools in East County as we go forward. Every year, we also bring those students to the concert hall to sure those students across the county know the concert hall is there for them. It's part of their city and part of their cultural participation. 1400 students came to the concert hall -- not in sequestered students events, but with the rest of community throughout the year and also with the Multnomah County Library's Everybody Reads program. We're lucky enough to be able to host that event every single year. Last year, Justice Sonia Sotomayor was here, and there were well over a thousand students from all over Multnomah County at that event. I just want to say the program serves a community as diverse as our student body is right now.

We also host the all-city high school slam championships -- that's why Bella Trent is here today with us. The high school slam championships -- 10 schools participated all over the city and they each choose two students who participate in a slam poetry competition. If you every thought poetry was dead or that young people didn't care about it, I would challenge to you come. 500 people are there, most of them students, most of them are in high school and they basically stand and cheer for two and a half hours. It's alive and well and vital and being made right here in our city by some extremely talented and amazing young people.

I'm delighted to introduce Bella Trent. She's a senior at Madison High School. She beat out every single student in the city and is the all-city slam poetry champion for 2014. [applause]

Bella Trent: Before I start the piece, you should probably know when you are in a slam, you have to have two poems -- first round and second round. This is called A Poem about Picking a Poem for Verselandia.

I've read through every poem I've ever written. Twice. And I keep coming up empty-handed. See, choosing poems is a tricky business, because you can't have two poems about love or two poems about being disabled, and so I have decided to surpass the

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constraints of genre and write a poem about my whole non-compartmentalized self. My name is Isabella Marie Trent. I am 4'11" according to my doctor, but 5'3" if you ask my grandpa. I used to be smaller but now I'm bigger and I'm still trying to figure out how that happened. I was born with an unpronounceable condition and the capacity to love beyond reason. I am still trying to figure out which is worse. I almost died on October 17th, 2012. I used to think the world was worse with me in it. Then I thought it was better, but now I'm convinced she just likes to keep spinning. I believe god lies in comfortable silences and I believe in love in that Dempsey-mowing-your-lawn kind of way. I was a vegetarian for a year. I had my first surgery at eight months, fell in love first at 12, my favorite animals are pandas, and I think stars are the peepholes into heaven. I write simple songs in four-four with C major as the key. I am afraid of ghosts and love waffles. I was born to a passionate mother who loves ferociously and adopted by a man who wishes we'd forget he does, too. I can make pancakes with a spatula in my mouth and when I love someone, I never stop. Yes. I am talking to you, golden-eyed friend with my secrets in a shoebox; and you, music-throated man in North Carolina who packed my heart in your suitcase. And are there nights like tonight when tonight becomes tomorrow and I am still writing poetry where I wish that I was something other than my whole non-compartmentalized self. But here, I will lie with an ink-stained heart and a cramping wrist, for I am the poet, sitting upon a stage and giving up her soul, and I have never felt more alive. Thank you. [cheers and applause]

Hales: Wow -- thank you, Bella.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. We would just like to take a moment to once again congratulate you. This is something you should be very proud of. I hope that you find another cookie jar with more money in it.

We have absolutely no hesitation of you spending any amount of money that the five of you decide. We will support you. We will fight against the criticism of anybody that criticizes you for this issue because this is a very human issue. This makes us human. The arts are a pathway to the soul, and it makes us human. And the more that we publicize it, the more children that are exposed to it, the better we are. And we need more of the arts because the rest of us -- the political section -- have a long way to go yet before we are fully human. The arts have made it. They are human, and we should look to them to understand that it is possible for all of us on this small little planet in this small little solar system to get along. And we should try harder. And the arts teaches us that.

So as much as I am in activist and I will fight with you -- probably this afternoon -- [laughter] -- I once again congratulate you. And I know this is two weeks in a row that I've done this, so I know my reputation is going to be destroyed, but the arts are worth it. Thank you.

Hales: Thank you. [applause] Thank you all. Charles, come on up. Good morning.

Charles Johnson: Good morning, Commissioners. For the record, my name is Charles Johnson. We don't have as much fabulous head gear I think at last year's State of the Arts presentation, but we had opera, so I'm quite satisfied with the public investment in the arts. However, I think many people in the arts community would want to say that it's too bad -- they would want to hear a line from probably a famous feminist. It'll be a great day when the air force has to hold a bake sale or when the military industrial complex has to come begging and parading children through City Hall to get money for great stuff like this.

The reason I mention that is because we are never having honest conversations about how much of our money is going into military industrial complex and prison industrial complex. In our conversations about the arts, I hope we will always look to do things to make sure our funding of the arts grows just as fast as just as much as our funding of the Portland Police Bureau and the Multnomah County jail -- actually much faster would be better.

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I encourage to you think also -- especially with the new great equity statement from RACC -- that arts spending is public safety spending. When people are involved in the vibrant arts community, they are less likely to get distracted by the things that may or may not validly be called criminal behavior. So I hope that when we come back next year we'll be able to say that arts funding and arts projects were the fastest growing part of the City budget and economic activity in the Portland metro area. Thank you.

Hales: Thank you. [applause] I think a motion is in order, Commissioner Fish.

Fish: So moved.

Fritz: Second.

Hales: Further discussion? Then a roll call on accepting this report.

Item 204 Roll.

Fritz: I would like to propose a new slogan for RACC, and that is "jobs and joy." [laughter] Because that's what the arts funding actually does, it funds both starving artists -- and thank you to everybody who was here today, this was a very moving occasion. Particularly appreciate Dana and your work at Oregon State Hospital, and the slam poetry was absolutely beautiful, thank you. This is why the taxpayers of Portland invest money in the arts, because it is part of who we are and it does provide jobs and joy. So thank you. Aye.

Fish: Mayor and colleagues, a couple weeks ago I was with a delegation in Houston and, Charlie, was joined by your wife and a cross-section of Portland went on a trip. And Houston is an interesting place. The state motto is, we are a low-tax, low-service community. Houston has no zoning code, the car is king, there's sprawl, it's 600 -- excuse me -- 400 square miles of city that goes on endlessly. They have two beltways and they are about to build a third. And it was about as different from Portland as anyplace I've ever visited with one exception: the people of Houston have invested heavily in the arts.

I discovered a museum district with 20 world-class art museums, and I discovered a sculpture garden designed by Isamu Noguchi, which one of great sculpture gardens in the world. Everywhere I went, there was public art and celebration of art and culture. So while Houston could not be more different than Portland in many of the ways that we define livability, it turns out they understand exactly what we understand -- that the soul of a great city lies with arts and culture.

And so today, I have a very heavy heart filled with joy and love and pride in this community. First, I want to thank the mayor for asking me to be the Commissioner liaison in charge of arts. That is a weighty responsibility and I follow in the footsteps of our friend Mike Lindberg and Sam Adams and so many other who've said we could do better and do more. It's an honor to partner with RACC and this community.

I am especially grateful to live in a city where the people have spoken so clearly that they value art and culture. Over 60% of the voters supported the art tax, and when you travel around this city and meet the young people who are moving here, what you hear invariably is art and culture is at the heart of what they chose to be in this great city. So, I am grateful for that.

In fact, I'm so grateful, Mayor, I went online and I want to do a shout-out to Thomas Lannom because Thomas keeps making it easier to pay my arts tax. And yesterday, I paid my arts tax proudly -- [applause] -- and I encourage all other taxpayers of Portland to get it in before April 15. But Thomas, you have made it just about as easy as possible, although I'm sure there are still future modifications -- but I was proud to pay that tax.

I'm proud to be one of many in this building that is a participant in Work for Art. And Work for Art just means that of every paycheck, a little something is taken out for the arts. I don't have to do anything. At the end of the year, I get a statement. But I also get this card and this card gets me discounts on art and culture programs throughout our community. So, I'm grateful for Work for Art.

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You know, each year we get a chance to hear from the very best in our community. And Eloise, in my humble opinion, this was the best presentation we've ever had. I know a ton of work went into this. You and Jeff and Johanna. I also want to acknowledge Jenny Kalez and my team. Every great performance when it's successful happens because of a lot of rehearsals and a lot of time. Jenny, would you please stand from my office and take a bow? [applause]

So everyone up here -- as I've learned -- has something about the arts that they love, and what I enjoy so much in talking to my colleagues is learning about Dan's passion and Charlie's passion and Amanda's and Steve's. They will do things without any fanfare. And as patrons, they will go out and enjoy the arts. As your arts Commissioner, I just wanted to note a couple of the highlights from this past year for me.

Charlie's a big supporter of the Portland Symphony. This past year, I got to see the great Esperanza Spalding on the stage performing. It was an even greater honor to get to meet her afterwards. Recently, I got to attend Portland Playhouse's provocative play, How to End Poverty in 90 Minutes. Now, we didn't figure out how to end poverty, but we took a vote afterwards -- and Commissioner Fritz, you'll be pleased -- we allocated \$1000 -- that was the money that was to be spend on ending poverty -- we allocated that money to our friends at Family Forward so they could continue to spread the mission of earned sick leave for all Oregon workers.

I got to go see the new PNCA space in what's our growing culture district and see something amazing. Downstairs, we recently welcomed the best of art from Portland public schools, and I hope everyone will have a chance to go downstairs and see that art. We celebrated the dance when Northwest Dance Project celebrated a significant milestone, and I was reduced to tears like everyone else when the singers from Phame performed at Phame's birthday bash. We kicked off the Montavilla Jazz Festival on 82nd, spreading the gospel of jazz further east. And Andrew, I was among the thousands who cheered when Calvin Trillin spoke at your anniversary bash.

I could go on and on, but what I'm saying I think is how proud and grateful I am to live in a city that values arts and culture and that provides so many opportunities for us to experience the best on a regular basis. So in closing, I'd like to offer my thanks to the dedicated team at RACC to Eloise and Jeff and Johanna and everybody who works so hard; to Jan Robertson and the board -- and we have other board members here who work tirelessly to keep us on track -- to all of our partners. You know, we're a big team in this state, and we don't operate in a vacuum. So, we are grateful for the Arts Commission. We're grateful for the Oregon Cultural Trust, we're grateful for all the advocacy groups and all the nonprofits and all the advocates, and everybody who's out there agitating and pushing and singing and pushing to do more for the arts.

I'm grateful for the arts oversight committee -- and Stan Penkin is here. I think the only harder job in town is to be a school board member. And Stan, you're a volunteer and thank you for your service and the members of the oversight body.

I'm especially grateful to the Portland voters who have consistently said that they value this investment. And if we don't make this investment, we may lose something special in this community.

I will close by saying I'm especially grateful to serve on a Council that gets it. Throughout my seven years on this Council, we have always found the resources in every budget during good times and bad to support arts. And when we do so, we're supporting the kids in our elementary schools, we're sporting the budding poets, we're supporting the people who are passionate about dance, we are making arts and culture available to people who have disabilities, we are bringing everybody in our community under the same tent and celebrating together. And that's a beautiful thing. I am so grateful that my

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colleagues consistently prioritize funding for the arts. It makes me proud to be a Portlander. Today, I proudly vote aye in accepting the report.

Saltzman: I want to thank Commissioner Fish for his unbridled enthusiasm for the arts. He's doing a great job as the arts commissioner, so thank you for this wonderful report. It was very uplifting, and it's a good insight into the rich and vibrant scene we have here in arts and culture. It constantly amazes me the number of organizations and artists and theaters that manage to make a go of it here in Portland. It's a great indicator. Thank you. Aye.

Novick: Thank you, Eloise, and thanks everyone who was here today. Mayor, the performance by the Decemberists downstairs a few weeks ago and the performances we heard this morning were among the highlights of my tenure on the council. I suggest that in the budget process, we adopt a number of days that there's music in City Hall as key performance indicator -- [applause] -- aye.

Hales: First, Commissioner Fish, thank you for your energetic effective leadership on our behalf as a Council and on the community's behalf in working with these amazing staff and volunteers and artists to bring us this report today and to bring us this picture of health that we have in our local arts scene.

This report sing to me on three levels. One is strategic. As Mayor, I'm constantly dealing with questions of the economy through the Portland Development Commission or otherwise -- CEOs want to talk to mayors. So, I end up having a lot of those conversations. And I just want to affirm what you said, Nick, that not only for the workers but for the decision-makers, the quality of arts scene here is a factor in our success. In fact, it's good for us all to think about that as one of those factors because if you look at the research, it's not just anecdotal conversation with individuals whether they run companies or work there, but there's really good research that shows that this is a smart and strategic investment.

This series of reports that's come out of an organization called City Observatory led by Joe Cortright from here in Portland, they've done three reports now and I encourage people to look at all three of them. The first one was about at how mobile talent is and how it's moving around the country. And no surprise there, but it's affirmation that that's going on, and it's the same folks that you were talking with.

The second report is about how concentration of poverty is getting worse. So, this is not all happy talk out of this think tank City Observatory.

The third one which was published yesterday is about how economic energy around the country is re-concentrating in cities.

Well, if you look at those trends, you realize that we are in a competition with Houston and everywhere else because it's all about quality of place and quality of urban experience that determines or economic future. And therefore, the arts does play a really important role in that equation. We have a lot going for us, but we have to remain competitive for our own sake, as well as because we are in a global economy and competing on that basis of quality of place and quality of experience here.

The second level that this resonates for me on is civic. And that is, I see that connection with people that arts makes and that art education makes for our kids. It just happens that in the last couple weeks, not only do we have this wonderful song from the King School students this morning, but I visited the Parkrose Middle School and listened to their band rehearse, and they're great. They're a middle school band, and they're great and succeeding in part because of the arts tax and its support for education across our community. And then I went to Sunnyside School and saw the production there supported by an artist in residence of an amazing play about Portland's history called "Portland: The Musical" and those kids learned a lot about Portland history because they sang it. They

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learned that story in a very accessible way for those kids. So, I see how it enriches our lives and equips or kids to be fully functioning people and later fully functioning citizens.

The third part of it is personal. I do love music. I do love drama. I do love art. And I love living in a city where those things are rich and real. One of the most intimidating and exhilarating experiences of my life was because the council chose to restore our symphony in the park summer concert in Waterfront Park, the Symphony allowed me the privilege of getting up a conducting a John Philip Sousa march in front of 20,000 of our neighbors, and that was really scary but really wonderful. And the most important part of it about it was regardless of my effectiveness or ineffectiveness of conducting that piece, there were families and people from across Portland out there on a beautiful summer night enjoying music and enjoying community life.

And then again, all around us in my family, we see the benefits of art. Nancy and I got to sing on the stage with the Phame Academy kids at Pioneer Courthouse Square and it was just so much fun to do that. My son Gavin as a stage manager has worked at Artists Rep and at Milagro Theater and his life is richer because of that. We adopted a young woman -- in Nancy's tradition of adopting 20-somethings when they move here -- named Kendall who's a local bronze artist and she's able to make a living here in Portland because of the quality of our citizen support for art.

And so we see that pay off in our own lives as a family and as people that love this city. So, thank you all for this success story. You have five people here who are committed to continue it and we look forward to another great success next year when you come back and tell us even more good things. Well done. Thank you. Aye. [applause] [photo taken] OK, well that's literally a hard act to follow. [laughter] We'll see how we do. Thank you. The rest of the day, we'll do important work but not have quite that much fun. Let's move on then to item 205, please.

Item 205.

Hales: Thank you. As Chris Harder and Andy Reed come up, let me just introduce this. This is an update to our current policy, and I've had a chance to see again in person in talking with some companies around the city how this program is working, particularly since it was expanded into East Portland in 2012. We've seen companies invest tens of millions of dollars in outer East Portland, companies like Bridgetown Natural Foods, Leatherman Tool, Triad Machinery. In fact, we've seen some spectacular new investments like the \$50 million dry dock. Let me say that again, a \$50 million tool that Vigor Industrial bought to expand the capacity of our shipyard. So, those are the kinds of investments that this program is intended to support -- and it does indeed support -- and that's why we're here to tune it up and make it work better for the future. I'll turn it over to you, Chris, to start the presentation. Thank you both for being here this morning.

Chris Harder, Portland Development Commission: Thank you. City Commissioners, Mayor Hales, thank you for the opportunity to present today. I'm Chris Harder, Economic Development Director at PDC.

As you're aware, business development -- PDC's work -- with local companies to provide direct assistance is the foundation of our economic development strategy. Annually, my team meets with approximately 350 unique traded sector businesses, and local business vitality is key to sustained economic health as well as quality middle wage jobs. As you'll see during our presentation, the City's enterprise zone and e-commerce program is an important tool to encourage private sector investment, job creation, and job retention. It is also key to our ability to ensure strong community benefits.

This request before you today is to adopt a new updated Portland Enterprise Zone and e-commerce policy. Andy Reed, my colleague, is the enterprise zone manager, and he'll walk through recent program benefits and impacts. I'll close with an overview of

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proposed policy changes, and we also do have an invited guest from one of the participant companies in our enterprise zone.

Hales: Good morning, Andy.

Andy Reed, Portland Development Commission: Mayor Hales, Commissioners, thank you for your time. First, I'm going to give you an overview of the enterprise zone, how it works. The e-zone -- also known as an e-zone -- is a five-year property tax abatement program where firms who are making new capital investment can receive a tax abatement. The taxes continue to get paid on existing land and equipment. You'll also notice that e-commerce -- we have an e-commerce overlay which provides a 25% tax credit on state, corporate, and personal income tax. It's worth knowing that the e-commerce overlay has existed since the creation of the most recent zones.

Fritz: Could you explain the electronic commerce a little more, please?

Reed: When a company makes an investment in electronic commerce activity -- think online procurement. It could be amazon.com or it could be a back end system to support sales and service to clients around the globe, the United States, wherever it is. The idea is when a company makes an investment in e-commerce related activity, it's bringing in income into the area, and products are moving out via Portland to other parts of the United States and the world.

Hales: [inaudible] state tax credit based on the statute.

Reed: Correct.

Harder: Just to add to that, internet sales channels -- not to be confused with necessarily software technology companies -- many of our manufacturers' product companies use the internet as a sales channel. Sometimes there's a confusion about industry; it's industry agnostic.

Reed: So we currently have two enterprise zones, the original Portland Enterprise Zone in blue on the map was originally established in 1986. The most recent approval came in 2008. We have the East Portland e-zone which you approved in 2012, and we've seen activity increase since that time. Combined, the e-zones cover approximately 20 square miles of industrial and commercial land in Portland.

Thought it'd be helpful to have a refresher of what the program requirements are for participating firms. You'll notice companies receiving e-zone commerce benefits have job retention requirements along with minimum standards for wages and benefits. Each participating company is required to first sign a first source hiring agreement and cement a local procurement plan. We'll have more on the impacts of these in a minute.

It's also important to highlight -- as Chris mentioned -- that we have lots of different kinds of firms in the e-zone. On the screen, you'll see the current industry distribution. The program continues to be important tool for manufacturing and distribution, sectors critical for middle wage jobs.

Participating companies are also geographically dispersed. With the introduction of the East Portland e-zone, we've seen increased activity which we believe is very valuable. It's worth noting that it's an important tool also for smaller traded sector businesses. Currently, 16 active e-zone companies have less than 50 employees -- approximately one-third of our participating firms.

Novick: Can I ask -- what's the history behind the 150% of minimum wage standard and what's the justification for that?

Harder: That's a policy that we've created. I'll look to Andy for the Oregon State Statute explanation, but it is a wage requirement. So, they're encouraging certain levels of wage.

One important thing around that level and kind of why it was selected -- it's both high enough level -- or it's supposed to be a high level to create career pathways for livable wages, but it's also at the right level that many of our entry level positions are. So,

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particularly in our manufacturing sector, we have entry level positions which may be between \$12 and \$14 an hour. Robin may be able to provide insight from her company on this. Many of those positions are the starting point for what we term as career ladder opportunities which would then pay higher wage. We have examples of companies kind of starting with entry level, moving to the higher wage. I'll get into it later, but it's also how we focus some of our work force training dollars to encourage that career ladder.

Novick: Now, I read somewhere that the average wage of companies that have taken advantage of this is something like \$25 an hour, right?

Harder: That's correct.

Novick: But there's no requirement that the average or median wage be at a certain level, the only requirement is that you pay 85% of your people at least \$13.88 an hour.

Harder: That's correct.

Novick: Thank you.

Saltzman: Now is that a state law requirement or is it our policy?

Reed: Under state law, every jurisdiction -- and usually it's sponsored by a city or a county -- and those jurisdictions tie the minimum wage requirements to 150% of county wages. As you can imagine, in Portland, that would push it significantly higher than in other jurisdictions where wages are lower kind of going in. I think I looked at this a while ago, and we would be looking at like \$17 to \$20 an hour minimum if we were tied to that. State statute has allowed Portland to be exempt from that standard, and instead we've put in place this through the policy. So, that was written into legislative law a number of years ago.

Saltzman: So the City has discretion?

Reed: Under the policy, the City does have discretion, yes.

Saltzman: If we wanted to make it \$15 an hour, we could do that?

Fritz: Let's not go there today, OK?

Hales: We have that discretion. We have parameters set by state law, but we can operate within those.

Reed: Correct. So, to some of the program impacts -- and one being wages -- we've been experiencing in the last three to four years around \$25 an hour average wages with another \$9 an hour of benefits on top of that for employees in e-zone companies. Obviously, that's well above the minimum requirements. As Chris alluded to, though -- or spoke directly to -- we have jobs that are on the lower end and there are jobs on the higher end getting to that average.

In 2013 alone, participating companies reported local procurement of nearly \$60 million, and since 2009, companies have created more than 15 -- close to 1500 family wage jobs and have invested or committed investment of \$700 million.

Novick: What has the value of the tax break been over time?

Reed: So on a -- and this is just kind of a general scenario, it splits out industrial, commercial -- but on an industrial investment of \$1 million, that will create \$100,000 of tax liability over five years. So, that would be tax savings, approximately 10% of your investment.

Novick: So, the total cost -- I mean, I realize the assumption is that some of these investments would not have been made without the tax break -- but since this was adopted, what's been the total cost to the City?

Reed: I haven't looked at the numbers recently. We could get that for you, though.

Harder: I believe in total investment, it's about \$1.2 billion since -- well I should say since about 2001. We could get you the answer to that.

So, why a policy change and what is new? The primary goal of the proposed policy is to better align the enterprise zone and e-commerce program with PDC's strategic plan,

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in particular, the draft strategic plan that we've been working with you guys on which focuses on promoting job accessibility and widely-shared prosperity. It's also to reinforce the program's ability to provide community benefits.

A couple of examples of how this proposed policy does that. We are recommending that the neighborhood economic development leadership group serve as our advisory body for the community contribution fund expenditures -- I'll get into more on that fund. We strengthened transit and child care support by lowering the company threshold for requiring participation as well as creating a dedicated fund.

Fritz: So what that means -- and it's one of my favorite parts of this -- is the company has to pay for transit passes and to provide child care. So, there's a lot of additional benefits that the company is required to provide in return for getting this concession.

Harder: That's correct. And we've lowered the threshold for that from a company's receiving tax abatements. It used to be 2 million down to 1 million. And we're requiring every single company to pay into a fund to support transit and child care, whether or not their company qualifies or benefits from that.

Novick: So, we would no longer be requiring individual companies to provide child care for their employees, is that correct?

Harder: Our goal through this fund is to first work with a company. One of the challenges we've had is child care is often determined based on median family income. That can be a very hard or difficult number to get. Employers don't always know the median family income of their employees. So by having companies pay in, if we can have a third party verify for that and work with a company, we would like to do that directly. If not, we have resources to partner in the community with the organizations where this is their expertise and particularly those focusing on lower income. So it allows us a bit of that flexibility.

Novick: It was my understanding that what we're doing today was replacing the company-specific child care requirements with one that requires every company to contribute 5% of their tax break to child care and transit. Is that right?

Harder: That's correct, yes.

Novick: Do we have any idea what percentage of the child care costs of employees in these companies would be covered by that portion of a 5% dedication?

Reed: The policy doesn't get specifically get into what percent needs to go to what. As we've contemplated it we expect that if you look at the 5%, half of it will go to transit, half's going to go to child care, unless there are specific reasons why transit would be more valuable for the company or child care. The specific requirement around child care was difficult because it had a threshold of 50% of MFI. And so we in doing our administering of the program have not had a single company trigger the requirement. So, this is a big shift in that we now are going to require every company that realizes more than a million in tax savings to contribute to something.

Novick: How many companies have gotten more than a million in tax savings? In addition to that, of the total amount of tax breaks we've given out, how much have gone to companies getting over a million and how much less than a million?

Reed: Off the top of my head, I would say approximately 10% are over the \$2 million threshold right now. Over a million, 25% to 30%. We can get you exact numbers on that soon.

Hales: It's interesting -- as it happened, I visited two companies in the last couple weeks that were in central eastside and typical of the smaller firms that would be using this program, and one of them was almost all if not entirely women, and the other one was almost all if not entirely 25-year-old men it seemed like. So I assume that there might be a difference in those companies -- given the age and demographics of the work force -- whether it's transit or child care. Most of the young men were single.

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Fritz: That was my question --

Hales: It wasn't just gender, it was status. I assume that flexibility is gonna allow the right benefit for the right company depending on what their employees actually need.

Harder: That's correct. A couple more items -- we intend to link the enterprise zone e-commerce program more explicitly to PDC's equity policy, specifically enterprise zone projects will adhere to PDC's updated MWESB contracting and apprenticeship requirements. And finally, we're requiring that companies utilizing the e-commerce overlay also contribute to the community contribution fund. Currently, they are exempt.

In addition, the policy has several administrative and technical improvements such as -- Andy mentioned -- we have two policies, one for each of the existing enterprise zones. We're bringing that into one unified policy. We're updating language to better reflect the direction of PDC's strategic plan around widely shared prosperity inclusion, as well as updating terminology that's about 20 years old since last time we did this.

As referenced on the previous slide, a key component of the program is our community contributions fund. All participating companies pay 15% to 20% of their tax abatement or tax credit into the fund to support local work force training and business development. The neighborhood economic development leadership group will advise PDC on expenditures of this fund.

Forecast expenditure over the next five years include the following. In partnership with WSI, we will continue supporting work force training for pre-hires, new hires, and incumbent workers; stronger emphasis on career ladder opportunities as I previously mentioned; and promoting under-represented populations.

We intend to provide resources to expand PDC's inclusive entrepreneurship efforts; start-up support around mentoring, access to capital, and industry networking for entrepreneurs from under-represented populations, primarily women and communities of color. Our NPI and main streets have accessed these funds, and traditionally those have been used for organizational capacity building, training of staff and board, as well as equity training. We anticipate similar expenditures going forward. And funds will be used to supplement technical assistance by providing access to small business resources such as the Small Business Legal Clinic, Micro Enterprise Services of Oregon's Marketlink program, PCC's Small Business Development Center scholarship program, and the Metropolitan Family Services credit repair program.

Fish: First of all, thank you for an excellent presentation. I have a couple of questions. The first is, remind us again the duration of the e-zone?

Harder: Five years.

Fish: Five years. So, a company makes a number of commitments during those five years. Then what happens after the five years with respect to some of these goals that we've established?

Reed: After the five year mark, we've finished our reporting with the state of Oregon and local compliance, and they graduate and on they go. We don't do any more reporting or requirements beyond that point.

Harder: We don't have a direct involvement -- obviously then their tax is no longer in abatement.

Fish: One of the things that sometimes comes up with these kinds of programs is, you know, being sure that we get the full benefit that we bargain for. So, how are we doing in regards to companies that are impacted by the e-zone meeting or exceeding the required goals?

Reed: When we experienced a recession, there were a handful of companies that struggled. There are mechanisms in the local policy and also in state statute that when a company doesn't meet those requirements, there are pay backs of taxes or full

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disqualification potentially. So, if they let everybody go, then they lose their tax abatement. There's a five year potential clawback. If that happens in the fifth year, they have to pay back all the taxes back. So, for the companies that have failed at those levels -- we've probably had maybe three or four or five in the last three or four years -- we've used state statute to make sure that the benefits or taxes were paid back. I manage that along with the tax assessor's office and Business Oregon. We all do compliance together. Beyond those, everybody else has been fine.

Fish: Is there an annual report that memorializes that that you publish?

Reed: Yeah, we have that data and at any point we can come back and do an annual report on that information. You see the numbers here from our most recent one. We're wrapping up our 2014 reporting here shortly.

Hales: It might be good to distribute that to the council, please.

Fish: The reason I ask these questions is the council last year was -- as you know -- involved in discussion about helping to lure a major athletic company, apparel company to the South Waterfront and one of the things we discussed was the e-zone. And it sparked an interesting, more public discussion about the benefits of an e-zone and are we getting enough in return and the like. I think having a way to document that on a more regular basis and publish those results is helpful, because I think as with any of these programs there's some skepticism out there about whether they meet their goals, and if we've got a good story to tell, I would hope we would do that and also share it with the council.

Harder: As Andy mentioned, we can certainly share the official annual reporting on this. PDC in their annual report documents some of the higher level metrics and anecdotal as well, so there's two metrics for that. We can distribute that.

Fish: Thank you very much.

Hales: Other questions for Chris and Andy? We also have Robin Dady from McKenna Metals here.

Novick: Actually, I just want you to restate the difference between what we do here and what most other places do. I think you said that in most counties in Oregon, the requirement to get this tax break is you pay 150% of the average wage in the county.

Harder: That's correct.

Reed: That's accurate, but the other thing about the Portland Enterprise Zone program is we have the most stringent, highest level of benefits required of any of the 67 enterprise zones in the state of Oregon. So, we ask the most of e-zone companies of all of them.

Hales: In terms of benefits.

Reed: Benefits in general.

Novick: In terms of benefits, was there any thought to reevaluating the benefits requirements in light of the Affordable Care Act?

Reed: So that could be something that we'll need to revisit where we look at the benefits requirements. We haven't spent any time on that yet, though, no.

Hales: Yeah, that's a good point, though. There are a couple things I think at work that might cause us to reevaluate some of these and how we tune this for the next phase. Great. Thank you both. Robin, please, come up and join them. Good morning.

Robin Dady: Morning. I joined McKenna metal as their controller a years ago. And they've had a great story. McKenna Metal does custom metal fabrication and they do work for a number of retail design firms that ultimately work for companies like Nike. So, a predominant portion of our business is around retail display. We also did stuff like Rip City sign and other sports signs. So, we've had a great story for being a small company.

They opened shop on NW Nicolai right off the Fremont Bridge in 2008 with only a couple of employees, and by middle of last year we were around 20 employees. So, we've had steady growth during a time when the economy was definitely hurting. It's been a good

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story, but we want to continue to grow. Part of continuing to grow means we need programs like e-zone -- which we signed up for last year -- to help us so that we can continue to hold on to enough cash to allow us to invest in more equipment that we need for the type of custom fabrication we do. Most of the machinery we use is very expensive, so our laser cutters and our machines that bend metal are well over \$100,000 apiece.

In order to continue to grow, we need to be able invest back in our business and more importantly through programs like e-zone. It allows us to get training funds to help continue to train our employees so as we grow they can continue to grow with us. Our line of work -- because it is custom fabrication, it takes a higher level of skills to really understand metal and fabricating metal. So any time we can bring on individuals maybe at a general laborer position, entry level position, and give them the ability to grow with us -- last year alone, we promoted three employees, two of which are now metal fabricators. It just helps not only us but it helps employees and it helps the economy as we continue to grow.

Hales: Thank you. Questions for Robin as well? Thank you all very much. Anyone else want to speak on this item?

Moore-Love: Charles Johnson signed up.

Hales: OK. Thank you all. Robin, thanks for coming.

Charles Johnson: Good morning, Commissioners. For the record, my name's Charles Johnson. I was very glad that at the end we got one MWESB on the record. I want you to think about your constituents and about all the constituents that were here last week, and look around on your desks and find your equity lens. Because we don't want a bunch of people of color working for Portland Mall Management and Central City Concern and Clean and Safe sweeping around buildings full of white 25-year-old males without children doing e-commerce.

So, I'm very pleased with the standards in here as far as -- and especially Dan Saltzman's suggestion that nobody connected to any of these programs should be making less than \$15 an hour. But we need to do better at making that connection downtown. I don't know how many square feet Portland Community College rents or owns a few blocks from here, but this is not just about economic opportunity for a few clever capitalists who can read the tax crediting code. We need to really make sure that this connects to what we were talking about before when the arts council was here and their excellent equity statement and about STEAM -- science, technology, education, arts, and math. Because the woman who just spoke -- her business is engaged in graphic arts and design. It's not just about geeks, it's also about artists.

I hope that you'll keep a close eye on the PDC as the staff diversifies and we'll be able to turn this not just into economic activity but multi-cultural activity. Thanks.

Hales: Thanks. Anyone else? Council questions, comments?

Saltzman: Mr. Mayor, I do feel that we should make this a \$15 an hour requirement for 85% of employees after one year of employment. So, I would offer a further resolve to the resolution to say that we would change Exhibit A to read 85% of basic wages must exceed \$15 an hour after one year of employment.

Hales: That's a motion. Is there a second? So, Dan, I wanna --

Novick: Second.

Hales: Oh, OK. I won't support that now, but I am interested in looking at the question of wages. I don't think we should do it on the fly, but I think we also have to look at the whole package that we're requiring of these employers. It's not just wages, it's also a huge commitment to benefits. But I think it's a fair question given the direction that we as a Council have on the wage issue that we should be both aggressive and consistent in a good economy of trying to raise wages. But again, the total package that we're requiring

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from these employers is pretty significant, so I don't want to blow past that in our interest in the wage issue. So, my request would be that we not support your amendment today -- we'll take a vote momentarily --

Saltzman: I would just say that we're offering substantial benefits both in terms of property tax abatements and income tax credits. And I do appreciate the richness of the requirements on employers of these packages, and I appreciate the work you've done and the PDC has done, but the current policy of 85% earning \$13.50 after one year -- I mean, \$15 an hour I think is not that much more and I think I would hazard a guess that many of these employees -- McKenna Metals -- are easily exciting \$15 an hour with the skills that they have. And I think it's consistent with the policy discussion last week that we try to increase, bump it up every time we get a chance, and this seems a fair part of this package. So, I would urge a yes vote.

Novick: Commissioner, I just want to say that I agree with your instinct and I think the mayor may have a fair point that maybe we shouldn't do this on the fly.

I wasn't really aware of this program until a few days ago and the modifications that are being made to the program today strike me as reasonable modifications, but I do have a concern about the wage levels. And in fact, until my staff talked me out of it yesterday that we shouldn't do this on the fly, I was inclined to come forward with an amendment saying that the median wage has to be \$25 an hour and 85% have to make at least \$18. Because I think -- I mean, we are talking about a pretty big tax break, and I tend to be skeptical of tax breaks for economic development to begin with. However, if we're talking about a tax break for companies that pay \$25 an hour and provide child care, those sound like pretty darn good companies to have in town.

But what we have is a policy where on its face you could pay 85% of your employees exactly \$14 an hour and 15% less than that, and still get a tax break. As you just said, I think that probably applies to zero of the companies actually taking advantage of it, but on its face that could be the result. So, I would suggest that even if we don't approve your amendment today, we take a look at this over the next couple of months. And I would like further discussion with PDC and hear further justification of a program that results in our paying arguably less of our employers in terms of wages than other counties do. But I would suggest that regardless of what we do today, we look at this in more depth over the next couple of months.

Fish: Mayor, let me just add one comment. I appreciate Dan raising the issue. I agree with you, Mayor, with your view on this. But actually, if we're going to start looking at the myriad ways in which we subsidize, incentivize, or encourage activity, I'd like to start with having a comprehensive understanding of those programs. I suspect that the majority of them actually are administered to the Housing Bureau, but I would like to understand the range of them and then understand our legal authority to set those kinds of requirements and then what the impact would be on the people that we are contracting with. And I'd like that information before I start doing it in a series of one-offs.

Hales: Further discussion on the motion? Then let's take a roll call on the motion.

Roll on motion.

Fritz: The resolution that we passed last week was not binding City policy, and that was one reason I supported it. Looking at it since then, it's very clear we've made some significant errors in adopting that resolution last week and that we need to look very carefully and figure out how much this is going to cost and how it is going to affect low income workers. What we did last week is quite likely to have the effect of reducing hours for low income workers so they not only will not be getting \$15 an hour, but they also will not have full-time work anymore. And so that's -- we need to revisit what we did last week. We should not be making changes on something which is binding City policy with

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absolutely no investigation as to the potential impacts on the companies, on the program, and on the balance sheet. So, I can't support this amendment. No.

Fish: No.

Saltzman: Well, I'm quite convinced that no company would walk away from this program -- which is quite generous in terms of property tax abatements and income tax credits -- for a modest increase in minimum wage required after one year of employment for 85% of employees of \$15 an hour. That's a modest increase from \$13.50. And I also believe many of these companies being highly skilled as they are already exceeding that. I think it's good that we search out opportunities on the fly or not to make sure that we are paying living wages, or that these companies are paying living wages. And \$15 an hour, you know, barely meets that requirement of living wage but it is better than the present requirement, so I vote aye.

Novick: I take Commissioner Fritz's implied point that we as a City don't pay all of our employees \$15 an hour, but that's something that I feel guilty about -- and I think we all do -- it's not something we want to be patted on the back for. And the idea that we've got a policy that gives a rather large tax break to companies that might pay a significant portion of their work force -- actually, it could pay all of their work force -- less than \$15 an hour is something that I have a hard time contemplating. Again, I think that we should have a more comprehensive look at this policy later on, but based on Commissioner Saltzman's motion I can't imagine not voting aye. Aye.

Hales: Commissioner Saltzman, I appreciate you raising this issue and I'm going to vote no on the motion, but that doesn't mean I want to sweep this issue away. We are going to be getting the final version of that PDC strategic plan in front of us within a couple months.

As you may remember, I said when we started that strategic planning process I think PDC has to have three missions. One's to build the city, the second to create jobs, and the third to share prosperity. I do believe that we should try to use the situation of this economy to create a race to the middle instead of to the bottom. So, I think we all share that value and I'm very interested in digging into some of the details of how this might work if we were to raise the wage requirement in addition to the benefits requirements.

I want to understand a little better the diversity of the employment that we're talking about. I've seen some of these companies. I was at Leatherman Tool last week and it's just shocking when you look out on the floor there on two levels. One is the amazing amount of capital investment they are pouring into that company in terms of robotics and equipment, and then two is the diversity of the work force. And in Bridgetown Natural Foods, same thing -- very high-tech company that's creating contract manufacturing granola bars and such. Their biggest problem on the floor of that business is communication, because they had so many different languages spoken that if the wrong lead worker is not there that day, there's a crew that the boss has a hard time communicating with. And they're growing, they've gone from 25 employees to 240 in five years.

This program appears to be part of the successful set of strategies that's creating high value manufacturing employment or craft employment like McKenna Metals here. So, I like what we've got going on. I don't think it's a give-away. In fact, in most cases it's local businesses rather than national corporations that are benefiting from this. So I think properly tuned, this is an incentive that fits our values, but I am interested in the wage issue. I'm glad you've raised it. You've got my commitment that we'll spend some time looking at that more between now and when the final version of PDC's strategic plan comes back to us I think in June or July. So, not that long from now. But for now, I'll say no to your motion. But more later. OK, now let's take a roll call on the resolution.

Item 205 Roll.

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Fritz: I believe the Enterprise Zone system is one of the best economic development tools we have as a city. I'm very appreciative of the report. Thank you for testifying, Robin, I'm glad your business is doing so well. Very happy to support these changes -- I believe it will make it even better. Aye.

Fish: Aye.

Saltzman: Thank you, PDC. Thank you, Robin, for being here. I appreciate these changes and they're in a good direction and I appreciate the mayor's commitment to take a look at this \$15 an hour issue as we come back to the PDC strategic plan. Aye.

Novick: Aye.

Hales: It's really interesting to see this growth in the manufacturing and craft sector in the city. Part of that conventional wisdom that's wrong -- you know, that all the prosperity was going to the suburbs? Well, the part of the conventional wisdom that's wrong is that all the high value manufacturing is moving overseas. I mean, we sometimes fall victim to this caricature picture of Portland that it's all software and restaurants. And they're great, but there's a huge amount of high-value hand work that's done in our city. Robin's business is one of them. The more I see of that and the more I see of its growth, the more optimistic I am that we're at a good place. It's programs like this that hopefully will help us build on that strength in a time of I think longer term economic growth -- not a bubble, but a trend. This is a great tool, it's being used well, I appreciate the staff at PDC for the work you do and look forward to returning to this discussion soon. Thank you. Aye. OK, well done. Thank you. Let's move on to the item pulled from consent, which is -- let's wait on that, unless Anna -- I think Anna needs to come here for that. We do have -- OK. 209, please.

Item 209.

Hales: Good morning, Jon. Welcome. Explain the amendment to us, please.

Jon Uto, Office of Management and Finance: Basically, this is to partially correct a historical salary issue with the inspector classification. At one time, housing and senior housing inspectors were in ONI. During that time, the inspector classifications in BDS received a 6% and 6.5% wage increase -- this was about 10 years ago -- and the housing inspectors in ONI didn't. So, now the housing inspectors have been moved to BDS, so they're working side by side other inspectors who make more than them. We've corrected the issue in the most recent DCTU bargaining to get their wages corrected, but this will kind of help correct some of the historical issues that were created because of that -- the inspectors being in separate bureaus. That make sense?

Hales: OK. Questions?

Fritz: Mayor, I believe we need to move to correct the ordinance.

Hales: Yes, so we will need a motion to correct section 1, item 3 as follows. Effective July 1, 2004, employees who worked at the Bureau of Development Services in BDS inspector classifications received a 6% across the board wage increase, and employees in the BDS senior inspector classifications received a 6.5% across the board wage increase.

Fritz: So moved.

Fish: Second.

Hales: Any further discussion on the amendment? Roll call on the amendment.

Roll on amendment.

Fritz: It's just correcting the language in the ordinance. It now says what was just said in front of everybody. Aye.

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

Hales: And does anyone want to speak?

Fritz: We have a second motion, Mayor.

Hales: I'm sorry, you're right. There is a second motion, it just wasn't highlighted on mine. The second motion is as follows. Move to correct section 1 item 5 sometime after the July

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1, 2004, 6% and 6.5% across the board wage increases received by employees who worked at BDS, the employees appointed to the housing inspector and senior housing inspector classifications at the Office of Neighborhood Involvement were transferred back to BDS. However, the employees who transferred from ONI did not receive the 6% and 6.5% across the board wage increase that the employees at BDS had received effective July 1, 2004.

Fritz: So moved.

Fish: Second.

Hales: Discussion? Roll call on that amendment, please.

Roll on amendment.

Fritz: Again, it just corrects the language. Aye.

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

Hales: Anyone want to speak?

****: [inaudible]

Hales: Really? [laughter] You've gotta be kidding.

Charles Johnson: I do think it's important this item get spoken about because with BDS, we have an agency with perhaps a more flexible budget because I believe that fees and permitting flow through that office. I really don't see any reason why there should've been any disparity in the first place. I don't think we want to have cash cow bureaus with employees getting better wages than bureaus are with more restricted revenue like Parks and ONI. I would appreciate comments from staff or Council if that issue could possibly be touched on.

Hales: I think this was a glitch, not being cheap on the City's part -- to use a technical term. Further discussion? Then a roll call on the ratifying the letter of agreement.

Item 209 Roll.

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

Hales: Thank you, Jon. Aye. OK, let's move on to regular calendar 215.

Item 215.

Hales: Why don't you read 216 while you're at it, please?

Item 216.

Hales: Sergeant Voepel, Officer Balzer, welcome.

Robert Voepel, Portland Police Bureau: Good morning, sir. My name is Robert Voepel, I'm a Police Sergeant, Traffic Division. We've got a grant from the State of Oregon -- ODOT -- for motorcycle training. I'm a motorcycle training sergeant and this is Officer Balzer, he's our lead instructor for the motorcycle training division.

We currently have 28 motorcycle operators in Portland, and part of this grant is training outside agencies as well, so it's a regional training and it's specifically for scenario-based training -- simulations, things where you're training in real world situations other than riding the motorcycle, but actually riding a motorcycle and making decisions on use of force. It falls in very, very well with the Department of Justice agreement and it also falls in with the Chief's plan to incorporate other agencies in with our own agency.

And it's really vital that we have this, just so we can have that extra cushion. When we have large scale events, motorcades, things of that nature, we rely upon our outside agency partners to work the events.

Hales: So will this training effort involve our officers and other agencies like state police and Beaverton and so on?

Voepel: State police doesn't currently have motor operators. I just talked to a lieutenant this last week that they will be getting their motor unit back once they get up to better staffing. But we work with Beaverton, Hillsboro, Washington County, Clackamas County. The last motorcade training in October we had 12 agencies and 75 motor operators there.

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Hales: OK. Great.

Voepel: We try to do this on a regular basis. This is just the way we can put real world training into our curriculum.

Fish: Can I ask you a technical question?

Voepel: Absolutely.

Fish: My daughter goes to college in Los Angeles and California law allows motorcycles to go between cars on the highway.

Hales: Not police motorcycles but everybody else, right?

Fish: I don't know.

Voepel: They do. Our position is that that's very problematic.

Fish: I can say as a visitor to Los Angeles, it's very problematic too because there's very little spacing and motorcycles are at a high speed going down -- is that allowed in Oregon?

Voepel: It is not.

Fish: That may be news to some of our friends in California visiting on motorcycle.

Voepel: It's not legal in Oregon. There's a number of -- I think there's four on the items this year trying to get some legalization of that.

Fish: Why is that allowed, by the way? It just seems so counterintuitive to create another hazard like that.

Voepel: That's our opinion too. Maybe Officer Balzer can speak to this a little more. But it's more mass down there, there's more traffic congestion down there. A lot of people ride the two-wheeled vehicles so they can do that and get to work and get places quicker. I don't see the value of it.

Hales: I think I can answer Commissioner Fish's question in a different way, which is having accidentally been in the same hearing room as a hearing on motorcycle helmets being required in the state of Oregon, I can tell you that what drives interest in this issue from some is not a rational calculation like the one you just articulated but an emotional idea of riding your motorcycle on the open road, which might happen to include all of us in it. It's that wind in your hair, 65 mile an hour experience that some folks dream of even if the rest of us are in their way.

Voepel: I continually tell myself I have the best job in the world.

Fish: Thank you.

Hales: Other questions for our team? Anyone want to speak on this item? Let's take a roll call on 215.

Item 215 Roll.

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

Hales: The other grant, 216, is for DUII training.

Voepel: It's DUII Intensive Supervision Program, and Officer Balzer will address this.

Bill Balzer, Portland Police Bureau: Good morning, my name is Bill Balzer and I do manage that program for the Police Bureau. It's in partnership with DISP. I have John Dieter here, he's the director of the program. We work together with this -- we have for several years now, this is just an addition to it for this year's grant.

It's essentially -- and John, go ahead and jump in if I miss something -- but it's a DUI treatment court program for multiple DUI offenders. What our goal and role is on it is to have these recidivism rates go down for continually offending DUI drivers. It's getting them into a program to see why they're doing this one, so they don't continue doing it and breaking law, but the main thing is so that they don't endanger or hurt themselves or someone else in the community.

It's a voluntary program that all these clients go into, it's not forced upon them. They pay it themselves. Our role in it is working with the DISP program is that we then go do warrants and home visits. In the past, we've mainly done warrants, we've changed now

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and we're seeing a benefit in home visits. The benefit to this is we get Portland police officer that goes to someone's house and knocks on the door, and instead of arresting them we're going in saying, how are things going for you? How is this program working? What do you need? What's working, what isn't working? And then we go to weekly meetings with the staff, with the judges, the treatment providers, the case workers, and we can work together. Sometimes they will tell us stuff -- the clients will -- that they are not telling them, and we can work together. The goal is to make the whole program more successful.

Hales: That's great. Anything to add to that?

John Dieter: No, I think Officer Balzer got it right. We're a DUII treatment court, we're forcing people to have three years of intensive supervision and exposure to treatment and it's been working really well.

Hales: That's great, thank you. Any questions? Thank you all very much. Anyone else want to speak on this item? Then we'll take a roll call on that ordinance as well.

Item 216 Roll.

Fritz: Thank you for your work. Aye.

Fish: Aye.

Saltzman: Aye.

Novick: A couple of years ago, I picked up a book called When Brute Force Fails: How to Have Less Crime and Less Punishment by a guy named Mark Kleiman. And one of the things he pounds home is that intensive supervision and treatment as an alternative to an emphasis on long terms of incarceration are the right way to go, so I really appreciate your description of what you're doing. Thank you. Aye.

Hales: Yeah, I hope to see more of this effort under the whole justice reinvestment act idea that we ought to be doing just that, investing in these kinds of intensive supervision efforts for a number of kinds of offenses where it's sort of a compulsive behavior problem on the part of the offender, and putting them in jail doesn't seem to accomplish very much other than getting them off the streets for a little while. So, I really like what you're doing. Very happy to have this before us today, thank you for your work. Aye.

Item 217.

Hales: Because it appears we have a settlement in this item, I will without objection return it to my office. And there it goes.

Item 218.

Fish: Mayor, this is second reading so it's going to go to a vote. Who is the likely staff person on your team who will be assembling this?

Hales: Josh Alpert.

Fish: And so, Josh will be sending out an email soliciting nominations or just ideas?

Hales: Yes. We'll be contacting each of your offices and asking you for nominations for this.

Fish: Thank you.

Hales: Any other questions? Roll call, please.

Item 218 Roll.

Fritz: Thanks to Mr. James Posey for his long time work on this, also to the collaborators at Portland State University, Office of Management and Finance, and particularly procurement services. I know that we're all very committed to the goals that this commission will oversee. Aye.

Fish: I want to thank [indistinguishable] Andrew Colas, all the folks that have worked on this, especially you, Mayor Hales, for bringing this forward. Aye.

Saltzman: Thanks, Mayor Hales, for bringing this idea forward. I look forward to helping you find some appointees to this and let's hope it's effective. Aye.

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Novick: Aye.

Hales: Thank you all. I think this is an opportunity for us to make a difference on this, not do a Groundhog Day procedure where we adopt an intention and then never actually see change. I think these folks can help get to actual change. Look forward to doing that with you. Aye.

Item 219.

Hales: Commissioner Novick.

Novick: Colleagues, I will turn to Kyle Chisek to describe this high technical amendment.

Kyle Chisek, Portland Bureau of Transportation: Kyle Chisek, Bureau of Transportation. It's a fairly minor amendment. We're extending the agreement with TriMet for distribution of federal funds for the Streetcar Loop project. We're doing this because we're required to do a before and after study of transit operations to make sure that the project has been effective. And we're also including in that before and after study an economic analysis on the absorbing of development and growth in ridership. So, there is no change in budget allocations, it's just an extension of time for this work to be concluded. And I can answer any questions you have.

Hales: Questions?

Fish: Kyle, are you not going to shave until the Red Sox win a championship again?

Chisek: You know, my daughter won't let me shave -- it actually gets itchy in the summer.

Hales: It's more important than the Red Sox.

Fish: How old is your daughter?

Chisek: She's nine.

Fish: Well, I'll share some secrets of dealing with opinionated children later offline.

Chisek: Appreciate it.

Hales: Good luck with that. As a parent of a daughter or two, I can tell you you're not going to win. Any other questions for Kyle? Thank you. Anyone else want to speak on this item? If not then a roll call, please.

Item 219 Roll.

Fritz: Occasionally, it's good to give nine-year-old daughters a win, especially on something like hair. Thank you for your work. Aye.

Fish: Aye.

Saltzman: Aye.

Novick: Thanks, Kyle. Aye.

Hales: Looking forward to the loop being opened and that being the after. Aye.

Item 220.

Hales: Commissioner Novick.

Novick: Director Treat and Mr. Jacobs, take it away.

Leah Treat, Director, Portland Bureau of Transportation: Thank you. Good afternoon, Commissioners, thank you for having us here today. Leah Treat, Director of the Portland Bureau of Transportation.

The ordinance that's before you today is codifying existing authority that currently exists with our private for hire employees. So, when the private for hire board -- the employees -- regulatory transferred to PBOT they did not -- their job classifications allow them to carry badges and issue civil penalties, but it's not codified in the law. So, as we did the move, we were looking at things that needed to be cleaned up and this was one of them. This is simply an administrative measure to codify in law what's existing in class spec.

Fish: So just to be clear, Director Treat, it doesn't expand or contract the preexisting authority, it just cures a glitch that occurred when the employees were transferred over and they did not have existing statutory authority to do what they were doing previously?

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Treat: Yes, correct. That's correct, it's not expanding or contracting anything.

Novick: Thank you.

Hales: Questions? Want to add anything? Anything further? OK, thank you very much. That was quick. [laughter] Anyone want to speak on this ordinance? If not, then it moves on to second reading.

Treat: Thank you.

Hales: Thank you very much.

Item 221.

Hales: Second reading, roll call.

Item 221 Roll.

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

Hales: We're recessed until 2:00 p.m.

At 12:02 p.m., Council recessed.

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

FEBRUARY 25, 2015 2:00 PM

Hales: Council, please come back to order. Would you call the roll, Karla?

Fritz: I'm here. After the lunch break, I went over to the Daily Journal of Commerce Newsmakers Awards because the Bureau of Development Services got an award for their work over the course of the recession and during the recovery, and it was very nice.

Hales: That's great. Hear, hear.

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

Item 222.

Hales: Commissioner Novick.

Novick: So, we have the dream team here: Bower, Mark, Levine -- get to it!

Hales: With that introduction, welcome.

Kathryn Levine, Portland Bureau of Transportation: If I may, Mayor, Commissioners. My name is Kathryn Levine, I'm with Portland Transportation.

Last April, the first ever audit of the Portland Streetcar business unit was conducted, and one of the highlights was that we needed to do a better job of communicating fully about the streetcar, not only to the public and our customers but also to Council. As part of that, we're here today with an annual report on Portland Streetcar.

While the bureau does bring its annual budget to Council each year, most of the actions brought to you have been related to capital funding and expansion, the streetcar system concept plan, contract amendments, and grant applications. In short, I was looking at the library of actions over the years, and I think Portland Streetcar has come before Council on over 100 different occasions. Again, they're very specific items. Today, though, is the first time to my knowledge that a report is being given to Council on the status of Portland Streetcar operations. And the report is not connected to an ordinance or request of Council. So, we'll be here to address questions and hopefully provide you with a good overview of the current business unit. Thank you.

Hales: Thank you. Welcome.

Jim Mark: Thanks for this opportunity. I'm Jim Mark, I'm chair of the Portland Streetcar. Commissioners, Mayor, it's a great pleasure to be able to come to you today.

As Kathryn sort of outlined, this is an opportunity to talk about not just the plans and process, but a report of how we're doing. As many of you know, this has been a big transition year for us. We hired Dan Bower about nine months ago, 10 months ago, and it was part of a report I think that we have had before through Commissioner Novick of turning the operations from predominantly an outside contractor to all inside. And Dan's accomplished a lot over the last nine months.

As was mentioned, we went through an audit. We went through different processes. He also hired all of the processes in-house now. We're using very little outside contractors, and that's something he has done in just nine short months. The board -- we've reconstituted a lot of the board over the last two years, and I am pleased to report that we continue to diversify the board from people in the community in different disciplines. We have a couple of people that we brought into the board that have a transportation background, which was sort of sorely lacking in the previous board. We also

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have a strong participation every month in our monthly board meetings of nearly 75% of the board showing up every month. So, that's an excellent part of it.

It's also an exciting year because we've got the loop coming up. And the focus is getting that loop up and operating so when the Tilikum Bridge opens up in September, that's something that has been anticipated from both the westside and eastside part of the streetcar. It will end up increasing the efficiency we hope through the process. It will make it more connective through and hopefully the headways -- as Dan will talk about a little bit - will increase, too. Also Dan and I plan on attending national streetcar coalition annual meeting, and we're hearing the progress.

Of course, Portland really leads the way in streetcar, but we're hearing from Salt Lake, Tucson, Washington D.C., Milwaukee, Dallas, Atlanta, and all of them have either opened streetcars up or will open up shortly. With that, thank you again for having me here today, and I will turn it over to Dan to give a more complete report.

Dan Bower: Thanks, Jim. I want to start by saying that I have been on the job for nine months, and I have had the great pleasure of working with Kathryn Levine. I'd like to say that PBOT is very well-represented with her professionalism. So, thank you. This is a relatively quick presentation. If you have questions at any point, feel free to jump in. I think there will be plenty of time at the end as well.

I like to start any presentation about Portland Streetcar in our community with a reminder of how much work it took to actually build this system. This did not happen overnight. And we have literally dozens of visitors a year that come through Portland, they look at our system, they fall in love with it, they go back home, they try and work on it and they realize it is much harder than they think. This is the reason for dozens and dozens, and maybe hundreds of Council actions and decisions over a 30-year span. And you can see here, the system has expanded from its original line to where it's going to be next year with the full loop operations.

So, we're going to have trains running through South Waterfront and the Pearl District every seven minutes, and trains on other portion of the alignment going every 15 minutes. This will be great, this is going to serve a whole new trip. That trip from Lloyd Center to South Waterfront is not one you can make today by car or by transit. So, this will be a really exciting opportunity.

This slide gives you a sense about how much Portland Streetcar has grown over time. I think probably the most interesting thing that Jim just pointed out is the last one, which is now, we're not alone. So, when I have questions about how streetcars are operating in other cities, I can pick up a phone and call them and ask them how it's going there. And I do this all of the time, because there's only so much expertise in this country. But as you can see, the system has really grown quite a bit.

Some quick highlights from last year. We have spent a lot of our time focusing on getting the tools and equipment we need to run the loop operation. That entails getting our seventeenth streetcar from -- our sixth from Oregon Ironworks back in November. We worked on the Jasmine double track project on 4th and SW Montgomery, and I understand that came in quite under budget and PBOT will be returning money to the general fund as a result.

Novick: Could you repeat that please? [laughter]

Hales: Good news. That's great.

Novick: And how much money will we be returning to the general fund?

Levine: \$230,000.

Hales: Nice.

Levine: Our project manager, Chris Armes, and her team did a very good job managing that and bringing it in right around \$3.5 million, under budget.

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Novick: Commissioner Fritz, could you express that in number of Buckman pools?

[laughter]

Fritz: Not offhand --

Bower: This is my kind of presentation. Good.

The Jasmine block was important for us to run two trains side-by-side through that block. It's absolutely critical in running the loop operation. Back in January -- so this is a 2014-ish presentation -- back in January of 2015, we ran our first streetcar over the Tilikum Crossing -- very exciting. And I think people are really going to enjoy that service. We also had two mobile music festivals on the streetcar, which are great. If you guys have not attended, I welcome you. I think there's going to be one in May. I saw you had the opera here earlier today -- we had the opera on the streetcar, they were absolutely fantastic. So, look for that again in May.

We also had some news makers this year. We had a couple of significant events that garnered quite a bit of media attention. Back in August, we had a major derailment on Burnside, where a person's van lost its brakes and hit the streetcar. Took us about four hours to get the streetcar back on. And I got an email the next day from a person who was standing at that street corner, and thanked us for having such reliable service. Because if the streetcar hadn't been there, that van would have jumped up on the curb and hit them. Interesting anecdote there.

Obviously, back in September, we had a really unfortunate incident with a dog attack on the Portland Streetcar. Mayor, you and I kind of thrashed around a little on this about lessons learned and what we can do. And part of this to me -- these are issues that come up when you have a growing transit agency. And that's really what we are. We're going from five streetcars to 17, having 12 operators to 54, 55 next year. And we're starting to experience some of the challenges that go along with a growing system. We're out there running with a lot of exposure every day. So, we get nicks and bruises and we get some pretty major issues just like these.

As Jim mentioned, we had a couple new streetcar lines open this year. What's important about that for Portland is every time somebody opens a line or makes a Council decision about this, the first thing they do is call us and ask for a comment or question or some comparison to Portland's system. Because every one of these cities has been through here looking at our system and has trying to build their system with the best parts of ours. So, we get quite a bit of media in other cities. I spent the -- last week, I spent a day with Milwaukee, Wisconsin's ABC channel, walked around the entire town, and that was all prior to their Council vote which put a new streetcar line in Milwaukee.

We also had two audits last year. One came out in May, and the subject of that was the structure of Portland Streetcar. And the second audit in September had more to do with performance metrics. Just recently, a report came out from the Mineta Institute, which is an independent group that looks at transportation. The conclusion they reached I think is kind of interesting -- they concluded that all cities are benefiting from the economic development portions of streetcar, but Portland stands alone in its ability to actually benefit from the transportation benefits of Portland Streetcar. Our ridership and performance measures on the transportation side far exceed anybody else's. So, both the audit and the Mineta Institute report really focused on performance metrics.

Obviously, these got a lot of attention during the audit recently. These are things that I absolutely welcome. I thought the audit process was good and transparent, and I thought they published a lot of ideas that we had. So, it was nice to read the report. This is also something I have been digging into since starting back in April, and I have to say, having gone through all performance metrics, I don't think we have anything to hide here. Portland Streetcar ridership is high and it's growing and it's exceeding expectations. Our

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on-time performance is better than that of a bus and is on par with light rail, and things are going relatively well. We are going to continue to have issues with our on-time performance as you look at our system across the eastside, in particular. Getting trains up and down Broadway and Weidler during a.m. and p.m. peak is extremely difficult for us. So, using on-time compliance as a performance metric is going to be a challenging thing for us.

We are looking at ways to adjusting that performance metric to look at are we equally spaced or where we think we should be at that time. But that will be an issue as the city and traffic grows. Keeping streetcar running on time and fast is going to be a growing issue for the city.

I also note, I checked today on Yelp, and we have three and a half stars on Yelp as a review. I found that interesting.

Next, I want to talk about budget. I think most of you guys were actually around when the discussion was happening for the master agreement back in 2012. The master agreement lays out the cost responsibility between TriMet and the City for operations. And 2015-16 is actually the first year that the master agreement is going to be in place. It was adopted in 2012 looking forward to the loop operations, and essentially what it says is as the streetcar lines look and feel more like a frequent service transit line, TriMet will pick up more and more of the operations costs -- up to 85% of any line. So, what happens there is we look every year at the ridership figures and the economic development reports and we use those as a benchmark for figuring out how much the City is going to be paying and how much TriMet is going to be paying. You can see in this chart, TriMet is going to be paying 85% of the cost of the north-south line and the CL line -- the Central Loop line -- is split 50/50.

Novick: Dan, if we could elaborate on that a bit. One of the economic development criteria is investment and another is payroll, right?

Bower: Yeah, we have two measures for economic development. One is payroll taxes that TriMet collects, and the other is number of housing units and square feet built.

Novick: So, the amount of development to the extent that translates into additional payroll taxes is particularly important to TriMet and justification to make a further investment because they live off of payroll taxes.

Bower: Correct. Importantly, this year, TriMet's contribution is 4.2 million to operations. Next year, with the implementation of the master agreement, that's going up to \$7.2 million. So, this is what the relationship looks like over time.

This is the annual budget by source for Portland Streetcar. It's tempting to stay it grows exponentially here, but if you look at it, what's happening is it's a one-to-one relationship with the service we're providing. As we add more cars and as we add more service, the operating costs are going up hand in hand with that.

So, next steps for Portland Streetcar. Obviously, we're spending a lot of time on the loop. We're retrofitting all of our cars with automatic train stops. We're going to begin training our operators on the bridge in May. We're also looking at fares to be sure that we have a comprehensive fare program and fare enforcement. One of the things I'm working on right now is branding and communications. We have to republish every map in our system in summer because we have a new line. And every map in the car has to be reprinted. For me, this is a great opportunity to look at how we're communicating to our customers and to the public on what we're trying to do and what we can expect with Portland Streetcar.

I think you guys are probably aware that we have a large project going on with electronic fares that TriMet is leading. So, at the end of 2016, we're going to moving to an

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all-electronic fare system across the region with CTRAN, TriMet, and Streetcar all participating.

And then planning for the future is always out there. I joke about how often I get asked this question about what's next for Streetcar. If I had a dollar for every time that was asked, I would have the money to build a streetcar line at this point, probably. But we're participating in the TSP update and other conversations are always going on, looking at service and how we can enhance service both on the east and west side. That is an ongoing conversation we need to have with the community. It's really in flux right now.

Finally, I'm excited to announce that we have an economic development report that will be published in May. This will be the first time we've updated the economic development figures since 2005. What's emerging from this and what's emerging from other cities is Streetcar's role in helping cities achieve their goals faster. And this is a little bit different than saying Streetcar is an economic development tool and that's good. What we're seeing is it helps move you along even faster than you would without Streetcar. So, you take neighborhood like the Pearl District and one could easily argue that something would have happened there with or without Streetcar. But it happened with more intensity and more completely because of Streetcar.

Hales: Before you leave that, past versions of that report have focused primarily on real estate investment and the effect on assessed value base. I don't think we've focused very much in the past reports on economic activity and city business income tax being generated.

Bower: Mm-hmm.

Hales: Are we going to include that component this time?

Bower: We certainly can.

Hales: I think it would be worth doing because there is always the color of money question. You invested this money in the streetcar, what is the City getting back? Well, we can track that pretty well on the assessed value side and the previous reports did a good job of calculating that difference. But what I don't think we've done -- and we looked at the density of development, and obviously in terms of housing density, it is significantly higher within three blocks of the streetcar. But I don't think we really looked at the density of employment. And given the report that came out from City Observatory yesterday about the re-accumulation of job growth in city centers across the country, that seems to me to bear on the question of how many more jobs do we have paying how much more city and county business income tax because of the streetcar versus whatever the base case would have been? I don't think we've calculated that before, but I think it would be useful to Council and to the community to see those numbers.

Bower: Good. Easy enough. We've hired ECONorthwest to help us with the report.

Hales: Good.

Bower: They've been great.

So, why would a city really care about speeding up development? I think it's a reasonable question. You look at the climate action plan, and it basically says you need to achieve these targets by 2035 in order to reduce carbon emissions. And I think it is a tempting thing for people to do is put that off until 2035. The interesting thing about carbon is it stays in the air for seven years and it has a compounding effect, just like your retirement plan. So, the sooner you get your communities on the ground and the sooner you can start reaping the benefits of having a walkable, livable communities, the cheaper it will be for you to reduce your carbon. So, if we wait until 2035 to solve all of these problems, it's like starting your retirement plan in your final year of work.

If you look at it another way, Streetcar's role in this whole thing is trying to promote density where we want it. It's proven to be an extremely effective tool at steering where

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growth is occurring. In this example, you can see here's 228 housing units -- one built in suburban land use, one built in more of a mixed use. You can save a million vehicle miles traveled per year under this scenario. And the sooner you achieve that, the sooner you accrue the benefits towards the climate action plan.

If you look at it another way, there's real economic value in achieving these targets quickly. What you see here is a chart that shows the amount of parking meter revenue generated in the Pearl District. Every year you put off implementing your plans, you're putting off real revenue that didn't exist at one point in time. Again, the benefits of Streetcar is not taking credit for all of this stuff but helping incentivize that it happens sooner and that the city is able to accrue the benefits as quickly as possible. The point here is really that we often look at just the cost of these things, and we don't look at the benefit. If you're looking at just the cost -- just like you were pointing out, Mayor -- you have to look at the other side of the equation to have a full conversation about this.

Hales: Yeah, it's nice having the parking meter revenue. Again, if we could add business income tax to that I think we'd have --

Bower: Yeah, similar.

Hales: All three -- hotel, motel -- probably harder to unbundle. But this is great.

Bower: The point being that generally, we have to look at both sides of this equation. There are real benefits to the City, with a capital C, for making these investments happen at a faster pace than they would otherwise. That's it. Questions?

Hales: Other questions for our team? Yes, if it's within the scope already for ECO but I would certainly urge you to try to include that business piece if it's possible, because I think that would be very useful.

Bower: I'll let 'em know that you asked.

Fritz: What's the status of the competitive bid process for the operational side of Streetcar?

Levine: We have Council's permission to issue the RFP but it has not yet been issued.

Fritz: Thank you.

Hales: Other questions? Commissioner?

Novick: Dan, I just wanted to -- when we close the loop, that's going to mean we have more frequent service on 10th and 11th, right?

Bower: Well, not from today because both lines run on it today. Where you're going to have more frequent service -- if you look at the map in front of you there -- is the connection essentially -- CL turns around at Clay right now. It's going to continue down all the way to South Waterfront and across the bridge. You will have trains essentially every seven and a half minutes between NW 11th and Marshall and the Tilikum Crossing. Right now, that just goes on 10th and 11th to Clay.

Saltzman: How many minutes was that -- 23 did you say?

Bower: Seven and a half. Both are running on 15 minute service.

Fish: Looking out over the next five years, to what extent are you thinking about approaching the council and raising the question of whether we should shift some of the costs of Streetcar from PBOT to the general fund?

Bower: I don't necessarily have a dog in that fight. I think that's a question for the City to grapple with. I think the City needs to think about what this investment is worth. The color of money from where I sit is not terribly relevant, if that makes sense.

Fish: Mm-hmm. I was looking of the slide you had with the accident of the streetcar. The other day I was on the number 12 bus crossing the bridge, and I was standing up because it was full, and the driver hit the brakes and I almost went through the windshield. And I looked down -- there was a little VW love bug and a well-known developer at the wheel who had tried to cut in on the bus. And fortunately, because the bus I guess has a little

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more maneuverability, we avoided a calamity, but had it been a streetcar, I think it would have been an unhappy ending.

Hales: Yeah, I don't think fights with a 65,000 pound --

Fish: I guess I have a question for Jim, who I had the great pleasure of spending some time with on the Houston trip. Jim, anything that's not part of the report that you want this Council to know about Streetcar?

Mark: You know, I am extremely proud with the team we've put together on Streetcar over the last few years, and what's been done and to address some of the issues that we have had over the years. No question, we have gone through somewhat of a rocky time of getting everything, but you know, you look at it today, and you look at our headways, you look at the system in general, you look at the Tilikum Bridge, and seeing a streetcar going over it and the amount of access that we'll have -- I am extremely proud of what's happening. And then I look at the future of what Streetcar can do for Portland -- and I have been in the commercial real estate business for 34 years, and it's nothing more than a miracle to see what has been sort of -- what's happened in downtown Portland and around the region. I look forward to seeing -- I wish I could see 34 years from now. Hopefully, I will. But just what's happened -- so, very excited.

Hales: One more asterisk to put on the report, and that is I would love to hear back from the commissioner and from PBOT and from you about -- given the change in operations when the Tilikum Bridge opens, there are some places where we didn't in effect switch on the capability of the streetcar to operate better in traffic, originally. For example, the three-lane sections of 10th and 11th are over-capacity for cars, we could stripe those right-hand lanes, right turn only except streetcar. We could use signal preemption at more intersections, or signal priority at more intersections than we do. I think if you're carrying 15,000 people a day through the central city, you kind of deserve a little courtesy from the rest of the system. So, if there places where in your opinion, Steve, or in the opinion of your team you think that we ought to give the streetcar a little more priority getting through what will be a more crowded city -- no question about that -- but if it is a question of getting 15,000 people to their destinations on time or a few dozen, I think the greater good should prevail.

Novick: We appreciate that invitation.

Fritz: Well it's consistent -- the bus can put the yield sign on and bust its way through, but the streetcar can't.

Hales: Yeah, exactly.

Bower: I'll just note that the citizens advisory committee -- which we staff as well -- is in step with you there. We will spend the entire next meeting -- I have given them every piece of data that I can find about on-time performance and driver brakes and everything else -- and we're going to spend about an hour and a half walking through those recommendations because there are four or five we can do today that would work.

Hales: I hope what you're hearing here is don't be timid about those recommendations.

Bower: One of them will be on Broadway.

Fritz: Do you have a stop by the Veterans Memorial Coliseum?

Bower: Yeah, we have a stop at Broadway and Ross.

Fritz: Does the sign say Veterans Memorial Coliseum?

Bower: No, it's called Broadway and Ross.

Fritz: Thank you.

Hales: Yeah it's not -- it could.

Fritz: I ask because I had to ask TriMet to change -- the MAX train used to just say Memorial Coliseum, and so when I brought it to their attention, they changed it to Veterans Memorial Coliseum.

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Hales: Oh, good.

Fritz: I just wanted to be consistent.

Hales: Thank you very much for a good report.

Bower: Thanks for your time.

Levine: Thank you.

Hales: Anyone else that you wanted to call to speak on this? We'll just take general testimony then. Anyone signed up to speak on this item?

Moore-Love: Joe Walsh.

Hales: All by your lonesome. Joe, come on up.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. It would seem on the surface that the streetcars are very clean, and that's what we kind of want in our city. So, that's a positive. But one of the questions that came up was, where does the energy come from to run the streetcar? It is electrical. So, who generates it and where does it come from and is that figured in to our environment?

Hales: Good question. I don't know if we're specifically buying green power for the streetcars or not.

Levine: I believe that are we buying green power. I would be happy to get you a summary of, say, the kilowatt hours.

Walsh: Does that figure into your presentation as far as the energy that we use? So, sometimes creating the ability to move something is more hazardous than actually moving it. You understand what I'm saying? So, we were kind of interested in the substance of where the electrical power comes from. Does it come from coal? Does it come from oil? Does it come from sun power? And that was one of the questions that we had. The other question that we had is we don't understand why the TriMet does not run the streetcar. That was a question that I was asked a number of times, and I obviously didn't have the answer to that.

Hales: Well, I can maybe after Council explain that history a little bit.

Walsh: Pardon?

Hales: Maybe after Council I can explain that history a little bit. Suffice it to say that when the streetcar was originally proposed, there was one high level official at TriMet who called it the donkey trolley. So, it didn't get off to a great start with TriMet, but they're great partners now.

Walsh: So, TriMet rejected it originally -- is that a legitimate answer to the question, that TriMet threw it out?

Hales: I think originally there were some at TriMet who didn't see its value.

Walsh: OK. Since that period of time, I would imagine that TriMet has changed their attitude?

Hales: I would say that's a fair statement.

Walsh: So I can take that back. Cool. That's it.

Hales: Thanks very much. Any other comments before we accept a motion to approve the report?

Fish: So moved.

Fritz: Second.

Hales: Further discussion? Roll call.

Item 222 Roll.

Fritz: Thank you very much for the presentation. I think it does very much help to clarify to the public what the streetcar is, what it does, where the funding comes from, and what the plans are. So, I appreciate the report. Thanks, Commissioner. Aye.

Fish: Commissioner Novick, thank you. To the presenters, thank you for the report. And when Jim Mark and I were in Houston, we saw the light rail system that was being put in.

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And the interesting thing is the light rail from downtown to the museum district -- along the way, there were cranes at each stop, where new housing was going in. Obviously, having a profound effect on leveraging density along that. It's also an area, Mayor, where instead of the fights that we have extending certain transportation options regionally, they have a suburban congressional delegation that puts riders into federal appropriations. It blocks any of these light rail things from going into the district. So, different level of clout. Jim, thank you for your volunteer service on the board and your leadership as well. Aye.

Saltzman: Thank you for the good report. It is indeed a lot more good news than last year's report. So, thank you. Aye.

Novick: Thank you, Kathryn, Jim, and Dan. Aye.

Hales: Great success, great report, and appreciated the mention of what's happening in the rest of the country. This has been by some measurements -- and I don't think it is hyperbole to say this -- probably the best investment that the City of Portland has ever made in terms of cash on cash return in real estate value. It is about a 13 to 1 or a 1300% rate of return, depending on how you calculate, and that's not including parking meter revenue and the business income tax revenue that we were just discussing. But on another basis, given what's happening in the rest of the country, if imitation is as the saying goes the highest form of flattery, this project has given Portland more flattery than anything else we've done, and I think that counts as something as well. So, it's a great success story and I think we should all be proud to be part of it and we look forward to more. Thank you. Aye. We have break in the action until 3:05. So, we have a half hour off for good behavior and we're recessed until 3:05.

At 2:34 p.m. Council recessed.

At 3:05 p.m. Council reconvened.

Hales: Council will return to order. Let's go to -- could I get you to read item 223 so I can reschedule it?

Item 223.

Hales: And if there's no objection, that's going to be rescheduled for March 5th at 2:00 p.m. OK, so now item 224, please.

Item 224.

Hales: OK. This is a Council action this afternoon, but there was a request last week that we leave the record open so people in the community that wanted to be able to communicate with the Council could and have. We have received some comments, and we appreciate those.

There have been people who have expressed an interest in changing the actual language in the memorandum of agreement. That's not before us today to change the language, though I appreciate the concern. Frankly, we have to express the community's concerns through my instructions to the Police Bureau and to the officers who will be involved in this work. That's probably the most important thing I can do to reflect the division that we have in the community about this issue. The words on the page, however, are standard from one city to another. So, if we're going to sign a memorandum of agreement, we're going to sign the one that's in front of us.

So, I would propose that the council take action this afternoon to -- on this item with a vote, but again with an understanding based on a very important hearing that we held on this, and a very heart-felt concern in the community which I think all of us share. That if we're going to do this -- and obviously, it was not unanimous that we're going to do this -- but if we're going to do this, we're going to do it in a way that our officers know that this

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Police Chief and this Commissioner-in-Charge of the Police Bureau have some very specific concerns from Portland about how we as a community perform the police work and there are ways that we do that that we believe in in terms of building relationships of respect with everyone in our city, and that there are going to be perhaps times when those values are in conflict with what they might be asked to do by their partners in a Joint Terrorism Task Force.

If that moment ever comes, those officers will be under instruction to come to their Chief and their Mayor and we will come back to this Council if that's not a resolvable problem, and I will change my mind about whether we participate in this. But for the moment, we have a majority of the council that wants to proceed. Unless there is any further discussion here today or any proposals to make, I will suggest that we go ahead and take a roll call vote.

****: Well thank you for the opportunity, I would just like to say --

Hales: This is not a hearing. We had the hearing last week.

****: I thought you were asking for comments.

Hales: No, we asked for comments during the intervening week. So, we've taken those and now we're going to vote.

Item 224 Roll.

Fritz: Thank you, Mayor. So, I have here a 121-page report titled With Liberty to Monitor All: How Large Scale U.S. Surveillance is Harming Journalism, Law, and American Democracy. This is from the American Rights Watch of the American Civil Liberties Union. I mention this because I was tempted to read it, but I won't. Instead, I will have a fairly long speech, but it is not 121 pages.

It is interesting to note that the FBI's definition of a terrorist is a person or organization known to influence of the policy of government by intimidation or coercion. This could be applied in many ways, to citizens who peacefully express their objection to government policies, by corporations through their lobbyists, by Wall Street through its engineered defaults, and by domestic law enforcement agencies of their own interpretation of what is a public right. The FBI interprets terrorism in the broadest matter, and that is a presumption that a person may commit a crime. I think all of us could easily be put in that category at one time or another and not even know it.

With a direction of this nature, it is not hard to see why civil rights such as those related to free expression and rights of due process are easily trampled to fight terrorists. As was just explained, I don't have the right to make amendments to this agreement. Or at least if I do, it won't be supported because the FBI says we can't change it -- which of course defeats the purpose of having an MOU up for discussion. The fact is, this is a template used by the FBI for all jurisdictions wishing to enter the JTTF, and it cannot be changed.

I do appreciate the input of the ACLU in their memorandum dated February 25th, which points out some of the problems with this MOU -- which if, had been possible, I would like to have changed. For instance, the draft MOU says that the Police Bureau members of the JTTF will be subject to Oregon law and Police Bureau policies in addition to those of the FBI, but the very same paragraph provides conflicting language providing that when there is a conflict between the standards or requirements of the participating agency and FBI, the standard or requirement that provides the greatest organizational protection or benefit will apply unless the organizations jointly resolve the conflict. Since the FBI will have total discretion to resolve any conflict as it sees fit, I appreciate the mayor's suggestion that you would bring back to Council an ordinance to withdraw from the JTTF if you are aware of any such conflict.

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It also states that any non-FBI members of the JTTF must adhere to the same rules and regulations as FBI employees while conducting JTTF business. That seems to be completely contrary to all of the assurances that we received last week and at the previous hearing that our police will be subject to more under our control rather than their commanding officers and the FBI. And in addition, the ACLU points out that our personnel will be documenting on FBI forms, and so that that will be contrary to ORS 181575.

So, I'm very concerned that this memorandum may in fact enshrine many of the things that we are most concerned about. This was the problem with the previous negotiations with the FBI under Mayor Adams, where we crafted an agreement that we thought reflected our community values of free expression and transparent information sharing. With that agreement, I hoped that we would have some ability to observe and interact with the FBI in a way that was more transparent and knowledgeable for Council, the Mayor, and the Chief of Police and more constructive for our community.

We attempted to get annual reporting. We attempted to get secret clearance for the mayor. We attempted to have more control of our officers and their allegiance to city and state law. We failed on at least two of those three aims. It could be said that the mayor will get reporting from the FBI -- at least when they want to share -- and there is no need for top secret clearance because we trust those involved to be upholding the law, and that our officers will uphold state law even though they are under the direct supervision of the FBI.

I do trust the people, especially Chief O'Dea and our officers. I think they are being put in an untenable situation of serving two masters. We find that new and probably good, transparent communication is not what the FBI does. We should have known that. Even our own police are going to be put in the position of not communicating everything to us because it ostensibly jeopardizes our security.

The word security is an easy concept to stand behind -- you can justify pretty much anything: surveillance, tracking citizens, profiling us, collecting data, keeping that data as an indictment of criminal mal-intent whether it was or was not, potentially arresting people for no other crime other than being poor or peacefully expressing their dissatisfaction with government policies. We are becoming a society that uses the same techniques on our citizens that we rail against in other regimes.

Every single one of us is subject to the power of fear in a mortal world, and that includes FBI agents, mothers and fathers, police, corporate CEOs, and the husbands and wives of corporate CEOs -- you and me. It's assumed that all of the parties in these investigations operating in the best citizens of the U.S. However, there are numerous examples nationally of stings, set-ups, surveillance, profiling, arrests for civil protest, manipulation and intimidation of and by the media, and arrest for simply researching and disseminating information about public policy. It makes it often a messy affair, and one where public trust continues to be eroded.

If there was a perfect world where people had what they need and there wasn't such a massive difference between those that have the right to lord their wealth over the 99%, where gun proliferation and use were not so prevalent for the accumulation of wealth and proliferation of fear, then we probably wouldn't be in this situation where we as human beings often cannot communicate with each other about our collective needs and we must turn against our neighbors, our citizens to fight each other.

The very meaning of the word fight is indicative of our problem. It means to struggle, to keep in check, to control, to stifle, to confront, to combat, to quarrel with, to argue with -- all of which keeps us further and further from peaceful constructive solutions and each side digs in. When it comes to the actual reality of terrorists, secrecy may be needed sometimes to stop a violent crime in our community. I understand there are bad people out there, or people who do bad things, and to catch them we must be smarter, which includes

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some level of secrecy. Unfortunately, we all get caught up in the wake of that deception and fear. And particularly, we know that it doesn't necessarily make us safer: the city of Boston was participating in the JTTF when the Boston Marathon bombing happened.

We are not following the advice of our own duly-appointed Portland Human Rights Commission, from whom I read a quote: federal guidelines governing FBI operations expanded to grant greater permissions and flexibility to the FBI for surveillance and investigation activities. Their new guidelines have loosened previous restrictions, allowing greater agency discretion, permitting intrusions that erode civil liberties in the interest of protecting national security. The absence of oversight, accountability, and transparency inherent with a JTTF collaboration will exasperate long-time tensions stemming from racial profiling, the use of force, and negative perceptions about Portland's police.

With the passage of this MOU, we officially enter the world where information is purposely hidden from public view, and the City of Portland agrees to be complicit with that deception. I believe that our biggest challenge is gaining public trust, and it should start first here at home. As evidenced by the need for the DOJ agreement, we have a long way to go to gain that trust.

With the approval of this agreement, we are taking a step back from any progress made, and that to me is the most crucial concern that I have -- that we have to start within our community and fix things for ourselves with each other and trust each other to look after each other. As I mentioned last week, that's what we did when IRA were bombing in my hometown and my friend's hometown, and that's how we should be sticking together, not imagining that some federal oversight is going to somehow magically save us from ourselves, each other -- from what? I cannot condone this approach and therefore I respectfully vote no. [cheers] [applause]

Fish: Aye.

Saltzman: Aye.

Novick: Last week, I expressed my opposition to this action, and I read a letter from a number of leaders in the Arab and Muslim communities that urged us not to join the JTTF, and I had discussions with some of those leaders about the possibility if we did not join the JTTF, then they might be interested in reconstituting the Arab and Muslim Police Advisory Council which was apparently a very well-functioning group some years ago. I don't know if our having taken the action to go into the JTTF -- those folks will still be interested in pursuing that, but I am pleased to say that I have talked to Chief O'Dea about this in the past week, he said that absolutely if those leaders are interesting in reconstituting AMPAC, he's very interested in engaging with them. So, I really appreciate that by Chief O'Dea. And again, I appreciate what the mayor has said about how he intends to engage with the JTTF, although I respectfully disagree with the decision to join. Nay.

Hales: I hope those that listened to me know that I am serious about my reservations about this relationship, but that it was a difficult choice for those of us who made the choice to go in. It doesn't mean we will do so uncritically and without hearing the fears and concerns that we've heard from the community. We have heard them, and they will influence the level of scrutiny that this relationship gets from me and it will get it. Aye. And we are recessed until tomorrow at 2:00 p.m.

At 3:19 p.m., Council recessed.

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

FEBRUARY 26, 2015 2:00 PM

Hales: Good afternoon, everyone. Welcome to the February 26th meeting of the Portland City Council. Will you please call the roll?

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

Hales: Why don't you read all of -- I think we can read all of the items, right? There's no reason to not take this up as a package, you think?

Fritz: Well, Commissioner Saltzman is recused from one of them.

Hales: That's right. Alright, then let's not take let's start with 225.

Saltzman: We're not voting today.

Hales: We are not voting today. OK -- go ahead, let's read them all, please.

Item 225.

Item 226.

Item 227.

Item 228.

Item 229.

Item 230.

Hales: Thank you. Let me reset the context. I know some of you have been involved in these discussions for some time, and we as a Council have been talking about this package for almost a year now.

The purpose of this group of ordinances is to right-size our city's Urban Renewal Areas -- something which has never really been attempted as a comprehensive effort -- and that's what this is about. Obviously, urban renewal used well is a great and powerful tool. It's done a lot of great things for our cities. It's created livable neighborhoods, it's created a lot of employment opportunity, and in theory, it develops sufficient new property values to pay back the cost of the City's investment in infrastructure that we need to make this place great.

We have used this tool very successfully, and in fact in some cases, that theory is starting to be realized -- that is, that there are places in the city where we can now declare victory and put property back on the tax rolls to pay property taxes into the City's general fund, the County's general fund, and the common school fund like the rest of the real estate in the City of Portland does.

When I first took office, I asked the Portland Development Commission to reexamine the boundaries, the duration, and the purpose of all of our existing Urban Renewal Areas -- 11 of them and six Neighborhood Prosperity Initiative areas. In May of last year, I brought to the council proposed amendments to six of these Urban Renewal Areas, and the council then affirmed that direction and asked for more public outreach and a package that does the following: reduces the impact on taxing jurisdictions; helps Portland State thrive; and provides resources for affordable housing. Those were the three things that we as a Council said as we refine and development this package those are the things we want to do -- reduce the impacts on the taxing jurisdictions, help Portland State, and support affordable housing.

Throughout the summer and fall of last year, we had a committee -- and we're going to hear from some of them this afternoon -- that met to work on this package, and a

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majority of the committee supported it with only a minor change. Patrick Quinton will be walking us through the package here shortly, but I'm really pleased with the results.

First of all, this package will put \$800 million of assessed value back on the tax rolls. Say that again -- \$800 million of assessed value going from Urban Renewal Areas sequestration back into general taxation, paying for public services. And in fact, that's already paying dividends to the City and the County and the school districts' budgets.

This package will increase resources for affordable housing and advance the implementation of our affordable housing goals, and it will help achieve the potential of South Waterfront and the new MAX station areas in the Central Eastside. One of the other things that I've done as Mayor is -- frankly, when I arrived here, I found we were behind the curve on planning for the light rail station areas that accompany the new orange line, and the Planning Bureau's accelerated its work to in effect synchronize with this effort to take in new area in the Central Eastside that will obviously be radically affected by the presence of a billion dollar light rail line in what was before not-so-well-transit-served a part of our city.

So with that, let me invite Patrick Quinton up to make his presentation, and then we'll take testimony from people on the committee who have come here today to report on their work.

Patrick Quinton, Executive Director, Portland Development Commission: Thank you, Mayor Hales. Good afternoon, Commissioners. My name is Patrick Quinton. I'm the executive director with the Portland Development Commission, and I'm here to provide some more detail on the proposed amendments to six Urban Renewal Areas. I just want to highlight I'm joined by a variety of people who can be quite helpful in the conversation, so if at any point we want to talk about specific numbers -- whatever -- we have people that I can bring up.

As the mayor mentioned and kind of summarized in a nice way, we are here to revisit the direction that Council provided last May. So as the mayor mentioned, he highlighted these three specific goals about reducing the impact of urban renewal, supporting PSU, and preserving our investments in affordable housing and other development outcomes. And so we're here today to report back on how the proposed changes to the Urban Renewal Areas deliver on that. As you can see just at a high level, we believe this package delivers on that.

So as the mayor mentioned, we have dollars returning to the taxing jurisdictions. You'll see in detail the increases in investments and affordable housing in a variety of districts, but also some of the other development outcomes that we're going to be able to achieve with these changes. And finally, we'll report on the development agreement that we have executed with Portland State delivering on our shared objectives for our major university here in Portland. But that work obviously is dependent on your action, on the Urban Renewal Areas.

The mayor talked about the timeline. We came to you -- the mayor has been talking about this as a priority of his since he took office. We did background work on this and brought to City Council last May the proposed changes. You passed a resolution directing us to go back and get more public input to refine the proposal and then bring it back to Council. And so, we're here.

Just wanted to highlight some of the major steps that have happened. We convened an advisory committee, I'll show you the composition -- excuse me, I'll show you that as well as the public outreach we've done in a second -- but we've also met on multiple times with the Planning and Sustainability Commission, and you see they took action in January. I believe you have a correspondence from them, their recommendations and forwarding that to you. We've also met with the Multnomah County Board of Commissioners.

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As I mentioned, we did extensive public outreach. So in addition to convening the Urban Renewal Area Amendment Advisory Committee and developing recommendations from them, we developed a housing subgroup from that so that we could deal specifically with questions around affordable housing. We've also used the current process around the Southeast Quadrant Plan to brief the folks in that community, stakeholders in that community, and talk about how this does overlap with the work that's going on around the comprehensive plan. And then you can see the extensive list of organizations that we've met with to talk specifically about the changes and what it means for these communities.

So, what came out of the public input process is what you'll see today -- it's the refinement of the proposal we brought to you last May. We started with boundaries. So the advisory committee as well as some of our other conversations with stakeholders helped us finalize new boundaries for four of the Urban Renewal Areas -- two were expanding, two were shrinking.

We've obviously had a significant amount of feedback on the objectives around affordable housing, with particular focus on the North Macadam Urban Renewal Area -- I'll talk about that in a second, and I know there's lots of testimony you'll hear later on today, and they can shed light on those conversations.

As I mentioned, we completed our negotiations with PSU around a disposition development agreement. So our plan for moving forward with them is clear, but it is dependent on the approval of changes to the North Macadam Urban Renewal Area and the Education Urban Renewal Area.

And then lastly, you have all the documentation in front of you. So, the proposal we brought to you in May didn't have that information, and so you can now see the detail behind that.

I'm going to quickly walk through these changes again. I know you're familiar with these changes. For those who are seeing this for the first time, though, I want to make sure everybody knows the package of changes. There's one group -- we're reducing or eliminating four districts. So, Airport Way -- basically a closed district. It has excess acreage we can release, and so we're releasing 40% of the assessed value in that district. Once again, Airport Way, closed district, it has the remaining assets. And as Mayor Hales pointed out, one of the districts that is already returning substantial tax dollars to the taxing jurisdictions.

The second reduction is in River District. River District has the most assessed value of any of our Urban Renewal Areas. It does have excess assessed value relative to our projected maximum indebtedness. And so based on our work with the City's debt management office, we've determined we can release 26% of the assessed value in that district. That returns immediate tax money to the taxing jurisdictions -- and we're actually already doing that. So for this fiscal year, we're not collecting the property tax revenue associated with that reduced area.

Willamette Industrial. We are for all intents and purposes shutting that Urban Renewal Area down. The technical way that we are doing that to allow us to continue to invest the remaining assets is to stop collecting new tax revenues. So, we haven't been collecting tax revenues from what we call our URA. We have the remaining dollars we're going to use to support the manufacturing community that remains on both sides of the Willamette, and then we've ceased -- taken away the authority to issue any more debt within that district.

The last one is the elimination of the Education Urban Renewal Area. As you know, 35 acres of that will shift to the North Macadam Urban Renewal Area under that proposed expansion. So this action effectively shuts down the Education Urban Renewal Area and will take away any opportunity to issue new debt. As we'll show later on in the projections,

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the long-term tale of the Education Urban Renewal Area provides a significant amount of the return back to the taxing jurisdictions. We basically eliminate another kind of 15 years of urban renewal that was associated with that.

And then we have the two areas that we proposed to both expand and extend the last issued debt. On the Central Eastside, you can see on the map it's a minor expansion to pull in what is referred to as the Clinton Triangle, but it's the new station area that will result when the Portland-Milwaukie light rail MAX line opens next year. We believe this particular area has a significant amount of development potential, but it does require public investment to realize that potential.

The district also has some additional needs in that southern end of the district that we believe could use additional public investment. And of course, we want to continue to invest in affordable housing, so in addition to the expansion of the area, we also want to extend the life of the district by five years.

And then there's an expansion of North Macadam, which as I mentioned will expand by 45 acres. Most of that acreage is coming from what is now in the Education Urban Renewal Area. This expansion allows us to pull in a substantial part of the area associated with PSU's activity so we can support the university's growth but in particular, take advantage of the growth and commercial activity, whether it be business or real estate related activity around the university.

We also proposed to extend the last day to issue debt in the district by five years. And what this does is it allows us to access the full maximum indebtedness that was established for the district. Under current projections, we would not come close to accessing that, and as you'll see in a minute, this unlocks a substantial pool of resources for us to accomplish a variety of objectives in North Macadam that includes supporting the growth of OHSU, obviously continuing to meet our affordable housing goals, as well as support other commercial development and provide the infrastructure to support that development.

Fritz: Where is the 10 acres that are not currently in the Education district, and why are we adding those?

Quinton: If you look in the map, it's the red -- so there's a yellow acreage and then the red acreage is the additional acreage. These end up being islands that were left out, but they do have importance -- they contain commercial property that we believe has potential for redevelopment. And one of the goals is to make sure we pull in enough taxable commercial property to support the work we're doing, and so these red areas are commercial areas that actually have, like I said, development potential.

Fritz: Why weren't they in the Education URA?

Quinton: I think because the Education Urban Renewal Area had a focus that was on the other half of the area in yellow, and so we didn't want it -- I think we had an amount we wanted to put in the Education Urban Renewal Area, so they just didn't make the cut initially. But as we were working our way up from the North Mac side, we were able to pull those in.

Fritz: What's that --

Quinton: I believe -- I'm sorry, I'm going to ask -- those are OHSU properties?

*****: [inaudible]

Quinton: Offices, yeah. So, these are offices that have supported -- I think an example is I think OHSU leased space for some of their commercialization activity. There were things going on related to what was happening either at OHSU or PSU and that's one of the reasons why wanted to pull them in.

Fritz: But they wouldn't be paying taxes if they're OHSU/PSU, right?

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Quinton: There's a combination. If it's a private company -- if there are private companies there that are somehow spinning out of OHSU, they would pay taxes.

Fritz: And what's that white island between the yellow and the red?

Quinton: That is the University Place. That is the -- I'm sorry, is that? It's University Place. That's part of North Macadam. It's already part of North Macadam. So, the white parts are already part of North Macadam Urban Renewal Area.

Fritz: So, University Place was already an island.

Quinton: Yeah. That was part of an earlier amendment, as is the other finger going up, which is how North Macadam expanded to build out the streetcar line.

Fritz: Thank you.

Quinton: So as the mayor mentioned, these six changes are being brought as a package because as a package, we can deliver on the goals that were established for this work. And one of the goals was to reduce the impact of urban renewal on the taxing jurisdictions. This summarizes the total gain but it breaks out the financial impact for the changes to each of these Urban Renewal Areas.

We've walked these numbers in the past but just the highlights are if you go to the right column, you can see the total gain to the taxing jurisdictions over this time period in nominal dollars is just under \$200 million. When you do present value on that, it's about \$88 million. Obviously, the gains come from the areas that we reduced, so the gains are delivered primarily by River District, Willamette industrial, and the closure of the Education Urban Renewal Area. The gains that we obtain through those reductions allow us to expand Central Eastside and North Macadam and extend those districts, and you get the net effect of a positive return to taxing jurisdictions.

You can also see on the top from a time series, you get an immediate bump from these actions. And it's only in basically 10 years out that we begin to go negative again as this -- that's a time period when North Macadam would have normally ended its original life. So, there is a negative effect, and we pick up once again positive impact of the taxing jurisdictions after that.

Fish: That's important at least to us who're looking at serving another 15 years and are looking at the impact of this on the City's general fund. I pulled up the old chart we got on that when you gave our last presentation -- that's in December. Are those numbers still current or have they changed?

Quinton: These are current numbers --

Fish: This is by URA. Are the benefit impact of taxing jurisdictions, City, County, school funds --

Quinton: That's the next slide, so I can switch to the next slide if you wanna focus on that now.

Fish: Beat me to it.

Quinton: The numbers change for a variety of reasons. One of them is just as we get new numbers from the assessor, we then update the projections on that. But then the other thing that may be different -- and back in December, he have had the ones with the development agreement, right? So the other thing -- these assumptions are based on no development agreement with ZRZ in North Macadam.

Fish: So the next slide I guess is what I was alluding to. And I just want to highlight between today and 2030 -- just looking over the next whatever, 15, 16 years. The net -- take away the present value, because I don't know how to calculate that -- it looks like something close to five or six million dollars net to us between now and 2030, is that about right?

Quinton: Yeah, over that time period, that's what the math looks out to.

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Fish: What practically does it mean to show a negative number between 26 and 30 across the board?

Quinton: That just means based on what the City or any of the other taxing jurisdiction would have received under the current scenario -- meaning URAs closing down according to their current schedule -- this is the change relative to that position. We don't know what the City's general fund revenues are gonna be, so it doesn't make any predictions about the overall state of City tax revenues. This is just the number relative to the current scenario.

Fish: Just to be clear, the bulk of the benefit to us really doesn't kick in until after 2030 and that's because in the short-term we actually have to pay off some debt.

Quinton: Yeah, the reduction and the four URAs I talked about is -- it's material, but it's not -- it doesn't -- it's not an overwhelming number.

Fish: It's about five and six million over 15 years. It's not insignificant, but the real money according to this kicks in after 2030.

Quinton: That's when the Urban Renewal Areas close down. So this is when all these areas are now shutting down, and so you have the return to the tax rolls with everything on urban renewal. So you have the result of all of the investments that we've made in these districts now finally coming back to the taxing jurisdiction.

Fish: But how much of that is attributed to these amendments and how much is attributed to what would happen already because of districts closing down?

Quinton: Well, it's simply a function of how much money gets invested. So we have current assessed value and projections about where that goes, and then overlaid on that is what we plan to invest on each of these districts during a time period, and what we calculate that -- what we project that to be I guess is a better way to say it -- will result in increases in assessed value, and those are two different lines. Because if you just assume a 3% growth on the base -- if we make a dollar investment in a particular area, we would expect that to be leveraged a certain amount and then move the base and then that grows at a certain rate. So it's overlaid; those two things are overlaid in these numbers. And by making increased investments -- so if you increase your investment in Central Eastside or in South Waterfront, we're assuming that that has an impact on assessed value above just the base growth rate.

Fish: What are the two or three things that can happen in the out years that cause you to lose sleep that would change these forecasts? What are the variables that we'll be watching that could make these numbers go up or down?

Quinton: I do think the main issue is always the way the market works and what the pace of development is. And so it's going to go in cycles, it's not going to go in a straight line. So, the timing of our investments and what private investment it attracts I think will be dependent on what's happening in the market at that time, and it could be higher or lower based on that.

I think if you look at the cycles, they go up and down -- the trend lines usually tend to go up, but it's almost invariably not going to be these numbers, but it could just as easily be higher as it is lower. And these calculations just distribute the gains that we've talked about across the main taxing jurisdictions based on the current formulas for how those monies get allocated.

The next table -- I just want to once again return to the question of affordable housing. As we mentioned, this was one of the goals of this Urban Renewal Area package. So as you can see, this is a net increase in investment in affordable housing. You can see where those funds come from. It obviously -- there's a dramatic increase in the affordable housing investment in North Macadam and that along with the slight increase in Central Eastside and us shifting current dollars in the remainder of South Park Blocks that offsets

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the loss of affordable housing investment that would have come from the Education Urban Renewal Area. And so you see a total nominal gain of investment of \$3.5 million but because the investments are accelerated, meaning they happen sooner than they would have under the Education Urban Renewal Area, the present value calculation actually makes it a higher number. So, we get money for affordable housing sooner -- we get more money sooner, and that's why the present value calculation is higher.

Fritz: Do you have similar tables for parks and transportation?

Quinton: We don't, but we can certainly get you that information.

Fritz: Thank you.

Quinton: Now I'm going to dive in a little more specifically to each of the Urban Renewal Areas and talk about some of the priorities there.

Within North Macadam, this is a high-level picture of the difference between what we can accomplish under the current scenario and what we can accomplish with an amended Urban Renewal Area. I think it's clear it's a dramatic difference. North Macadam right now is -- with the deadline looming of 2019, 2020 and the lack of an expansion area and development just restarting in South Waterfront, there really isn't the prospect for significant tax increment generation over the remaining life of it. With additional five years and including the expansion area, that we believe gives us a chance to capture a lot of development in the resulting value.

So, it allows us to do things like build SW Bond which is going to be a major north-south thoroughway for the development of the north part of the district. Additional money is available for open space or other infrastructure needs. It allows us to have the money to invest in growth around Portland State. Money to support business growth in the area, and then last but not least, we have a significant increase in affordable housing from nine million under the current projections to \$47 million under the amended scenario.

Novick: Patrick, can you elaborate on what kind of business/redevelopment loans you may be making?

Quinton: As you know from our budget -- and we're in the budget season, so we'll be revisiting this project -- we have a number of lined items in our budgets that allow for us to make business loans as opportunities arise. So that can be businesses that want to move to the district, and we can lend them money for the build out of their space or for the acquisition of their space. But it allows us to make strategic investments in real estate projects that might have a financing gap. It may that be there's parking needed and the parking is the gap, and so we can put the investment in parking to allow development to proceed. But this is more of an opportunity fund for those type of investments.

Novick: So, this is money set aside for investments. At this point, you don't know what they're going to be.

Quinton: Exactly. And like I said, all of our budgets have these lined items to varying degrees. As a relative percentage, this is actually pretty small relatively to some of the other budgets we have.

Fritz: I notice you don't have contingency on either of these. How much was the contingency of the status quo and how much of the amended?

Quinton: I don't -- hold on one second. Do we have that number handy?

*****: [inaudible]

Quinton: I think we talked about it this week -- there's 20 million at the end of the life of this district. Under the amended scenario, I don't know that we had really much in the way of an ending balance but we can clarify that for you.

Hales: It's essentially unallocated, right?

Quinton: Yeah.

Hales: Call it contingency or call it --

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Quinton: But at the end of the life of the -- I mean, with this status quo scenario, there isn't much less. We're basically spending as much as we can of those dollars.

Fish: I think you said -- just to clarify -- on the amended side, that's the amended North Macadam Urban Renewal Area assuming as of today there's no agreement with ZRZ.

Quinton: Right. For the sake of these numbers, it assumes minimal development on the ZRZ property.

Fritz: And what percentage of the URA is the Zidell property?

Quinton: Well, it's 35 acres out of how many acres -- 400 acres?

Fritz: Thank you.

Hales: Less than 10%.

Quinton: So as I mentioned earlier -- as a result of public input, we spent a lot of time refining the plans for affordable housing in North Macadam, and we think we have a much better affordable housing as a result.

I've mentioned the increase in resources -- so we are projecting increasing the set-aside from 30% to 42%. Some of that is back loaded, so -- and it's additional \$38 million, as I mentioned, the nine going to 47.

But the other thing we've done is get more detail about specific projects. And right now, I think we can talk about a very specific project on a parcel we own called Parcel 4, which is in Riverplace which in the URA, and you can see the numbers up there but it would be roughly 200 affordable units. We would have a minimum of 62 of those units would be at zero to 30% MFI. That can break ground really as soon as we can move the project along, and that date is likely to be a 2017 date.

And then we would begin making plans to acquire a site for a second project. That would happen much later in the district because we would be spending a big chunk of our dollars up front for the first project, we would have to wait a few years for new dollars to be generated, and then we would have a second project later on in the life of the district. That would be roughly similar scale, but would certainly -- would at a minimum -- finish the remainder of the zero to 30 units that were part of the original goals. In doing that, we would exceed the overall zero to 60 goals and meet or exceed the zero to 30 goals on that.

Lastly, before -- I know you have a question -- we have an affordable housing provision in our development agreement with Portland State. Any other development agreements that are executed within this district would have language around affordable housing as well.

Fish: A couple of points just for clarification. Under your projections for the Urban Renewal Area, you have the TIF to fund this so you don't have to actually do something exotic like obtain a bond or something like that, right? We could just move the TIF forward.

Quinton: Correct.

Fish: And secondly, you have a line here about PHB and partners working to secure operating subsidies. So just to be clear, what we're talking about is things like Section 8 --- project-based Section 8 vouchers, VASH vouchers, McKinney funds. What the Council would be doing is directing the Housing Bureau, PDC, and to secure the subsidies so you can buy down the rent to zero to 30, correct?

Quinton: Correct.

Saltzman: What is the nature of the affordable housing agreement with Portland State? Is that for University Place?

Quinton: The agreement with Portland State in short requires them to offer to the City to sell units in a residential housing project that they do, which would most likely be on University Place. It doesn't relate to student housing, but it relates to any other residential development. So, Central Eastside --

Fritz: Before you move on from that --

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Quinton: Sure.

Fritz: I'm looking at the ordinance. It doesn't reference that particular allocation on that plan. How is that set in stone?

Quinton: I'm sorry, allocation for --

Fritz: This project, the Parcel 3 project. How can we be sure that's what's going to happen?

Quinton: It's in the plan documents.

Hales: In the appendix, isn't it?

Quinton: Yeah. It's in the report to the resolution, which is where we put all the detail on that.

Fritz: Don't we need to have that in the Council directs?

Hales: Well it goes with the plan.

Fritz: Oh, it is -- you're right.

Hales: Rides with the plan.

Fritz: So those can't be changed without further Council action to shift the numbers.

Quinton: If it's in the plan, we can't change it without further Council action.

Fritz: Thank you.

Quinton: So, Central Eastside. Once again, somewhat of a similar before and after scenario. The numbers aren't as dramatic, but you can see Central Eastside has limited resources left. The bulk of these resources we plan to use to acquire some strategic sites in Central Eastside and then try and generate additional resources from the sale of those sites -- and we have other money allocated, as you can see.

The amended district gives us more opportunity dollars to accomplish the objectives I talked about earlier. Much of this relates to how we support development along the new light rail corridor. The Clinton Triangle I talked about -- you can also see some of the other investments we would be able to make. We do believe that the neighborhood needs to at some point address parking. We're not exactly sure what the project is or what our actual role is, but as the district grow and attracts more jobs -- and it is one of the main jobs districts in the city -- we are going to have to figure out some solution to parking, and that may require us to make an investment in structured parking, but -- so money is set aside for that.

And then you can see it gives us some more opportunity to put money to work in supporting businesses and other individual projects, which we know we're going to need some kind of gap financing if we're going to focus on commercial industrial development in that district. And then it does increase the affordable housing numbers from four million to 10 million. Commissioner Novick?

Novick: Patrick, you said you might acquire property which you then might sell. But the income from potential selling of property isn't included in these projections. It would be money that we get subsequently, right?

Quinton: The money does come back in, it's still TIF and it has the same restrictions. But let me just add -- do we have the sale of ODOT blocks included? We budgeted for the conservative manner typically, so we don't include in our -- if you picture our budget, the top has the resources, there's a line for property income. We don't often include that as we forecast out just because of the uncertainty in land sales, but that would in fact increase the pool of money we would have available to invest in the district. Depending on what kind of outcomes we want to see on the ODOT blocks, we would certainly expect there to be a return to PDC that could be reinvested.

Fritz: So why is there no increase in the amount allocated to parks in this plan either?

Quinton: I think we have flexibility on some of the business and redevelopment loans around what happens as part of a particular redevelopment, also the investment around

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the Clinton Station that those dollars could include some type of assistance there. But the Washington and Monroe Community Center budget has been sitting in our budget for I think as long as I've been at PDC. So, I would assume -- I would also say that money is there to help Parks move forward on whatever community center plans exist for the Southeast.

Fritz: It's grossly inadequate, and that's why it's sitting there -- because you can't do very much with a million dollars. So it's interesting to see other areas getting more money from the proposal on this side and no discussion of what the Parks needs are.

Hales: Well, we might wanna hear from --

Quinton: Commissioner, we would be happy to come back with a breakdown of the historical expenditures in the Central Eastside. PDC funded the entire esplanade. So if you look at historically what's been invested in the Central Eastside, I think the picture might look a little different.

Fritz: And can you point me to the place in this plan where it talks about affordable housing in the Central Eastside and particularly in the expansion area?

Quinton: Right now, we have -- PHB is actually working on current project in the Central Eastside that will add how many units?

*****: [inaudible]

Quinton: Yeah. So anyway, there's a current project that's using up PHB dollars now. And the Clinton Triangle -- assuming the Southeast Quadrant Plan or comp plan comes back with us allowing housing to happen there -- I think we would work with PHB, with their dollars, as well as I think other incentives we might be able to provide to develop affordable housing within that triangle. Beyond that, I don't think we can get more specific until we --

Fritz: But where in the plan does it talk about that? I'm just looking for a page number.

Quinton: It's in the report.

Fritz: Where in the report?

*****: [inaudible]

Fritz: Thank you. I don't think that's right. If I could at some point before next week get the information about that -- because that was one of my concerns that I voiced at the hearing last year was if we are going to expand, let's make sure we have appropriate policy language in the -- I apologize, I was looking at the wrong report there. It could well be 26, sorry. We need strong policy language. Like Commissioner Fish has inserted in the North Macadam plan, there needs to be similar language in the Central Eastside to make sure if we're choosing to do these extensions and amendments, what is the public benefit that we're going to get?

Quinton: I'm sorry, I had a slide I could have clicked to. So there's -- you can see an additional 55 affordable new units. I think as we've talked about, I think on the Central Eastside -- given the numbers go from four to 10 million -- still not a big pot of money. I think this is a conversation that should also happen within the Southeast Quadrant conversation. I think we have an opportunity given the current zoning to use our tools there to encourage affordable housing development that isn't as heavily subsidized as it is elsewhere, because there's a lot of market interest in developing housing.

Hales: We also have some other work to do that's not PDC's responsibility, but ours. We have an aging fire truck maintenance facility occupying four acres of property at a light rail station area. We have to find a new place to do the Fire Bureau maintenance work in order for that property to be freed up for housing or anything else. But that's our work to do, not PDC's.

Fritz: Given the focus in the Central Eastside has not been housing -- in fact, it's been to try to minimizing the amount of housing -- I want to be sure if this expansion happens,

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there's appropriate policy language to guide future investments as well as to inform the Southeast Quadrant Plan. So, if that's not there, there may be at the next hearing --

Quinton: OK.

Fritz: Because there's not 26 in this one.

Quinton: I wanted to spend most of the time on North Macadam and Central Eastside. That's really what I have today in terms of an overview. We can answer more questions, we can bring up the invited testimony as well as the folks who have signed up to testify.

Fish: I've read some of the testimony we got ahead of the hearing today, Patrick, so I want to ask a couple questions while you're still in the hot seat, and we'll bring you back later. One of the questions was, if we move forward with Parcel 3, and then at some point in North Macadam we have a second site identified for affordable housing, what is the current framework for deciding the allocation between deeply subsidized units at zero to 30 and other units at 30 to 60? Recognizing that when we use TIF, it has to be 60 and below to be eligible under the 30% set-aside policy, what is the mechanism for deciding the next allocation and split between deeply affordable and affordable in any future development?

Quinton: Well, I would start by saying that the goals are the goals, so we would use the dollars we have to meet the goals that have been established, I think. So beyond that as kind of our guiding principle, then it comes to the budget process. So the money that we send to PHB that appears in our budget and your budget committee -- you would obviously have the ability to direct it there. I mean, I could invite Traci to come up and answer the rest of that question, but I think it's then -- the obligation would also be on PHB's part to be accountable to the objectives of Council. So, I think it's kind of any -- it's the typical accountability in any budget that we have and bring to you.

Fish: OK. I think we're likely to hear today in the next development, we need to continue to focus it where the need is. So, that will be affirmed.

The other thing is, in the ordinance in the attached report, it has boilerplate at page nine that says essentially the 30% set-aside policy applies. And on page 28, it talks about the modified set-aside policy that was the result of Planning and Sustainability's push. Are we clear that it's the set-aside policy as modified by the recommendation of Planning?

Quinton: You mean the 30% of --

Fish: The net of 40. The proposal that says it's 30 but 50/50 split at the back end, which is not technically the policy -- we can argue about whether the policy is a floor or ceiling, I believe it's a floor. Is it clear enough in this document that in fact we're modifying the policy to provide for the additional resources at the back end?

Quinton: I mean I think we've been clear in the report and our intent. I think we've shown that, but it would have to get affirmed when budgets get approved.

Fish: Right.

Quinton: So I think that's where the legal -- if you wanna get technical, the legal authority is when the budget gets approved. And so, I think that's direction that can be provided by our board as well as City Council to our board.

Fish: Just so we have a record -- again, at pages 28 and 29, you have the specific language, most of which I can read except there's a draft to a part of it -- but most of it I can read -- [laughs]. And that makes clear that we're modifying the 30% set-aside policy to create the additional resources. And that's reflected in the chart and the text. I just want to be clear that that in effect modifies the reference to the set-aside policy on page nine, which is --

Quinton: Yes. Yes --

Fish: What we're saying is for this district, we're actually committing to a higher goal.

Quinton: Yeah. And as you like to remind us quite often, the set-aside doesn't really limit us going up. So in some respects, it doesn't change the set-aside policy. Like on

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Interstate, we're now spending well above the set-aside goals -- so, set-aside allows us to go up. It's consistent with set-aside, but yes, the commitment is in the document but it's going to need to be reaffirmed when we go back for budgets.

Hales: Other questions for Patrick?

Novick: I have one request and then one big general question. My request is, would you mind giving Art Pearce a minute or two to explain the significance of the transportation investments in the Central Eastside?

Quinton: Sure.

Novick: Would that be OK, colleagues?

Hales: Come on up.

Art Pearce, Portland Bureau of Transportation: We worked on this stuff many years ago, so I'm quite familiar with all the plans for South Waterfront.

Novick: Central Eastside --

Pearce: Central Eastside -- I'm sorry --

Novick: You could talk about both --

Pearce: Oddly enough, I'm well versed in both. Starting with South Waterfront -- as you all remember in 2009, we adopted the North Macadam transportation investment strategy, and so there's a number of transportation projects in South Waterfront that are very key to supporting the development outcomes down in South Waterfront.

The near-term ones or the very key one is of course the extension of Bond that allows us to complete the Moody Bond couplet, the really primary mobility within the district.

One of the next items that's coming up is in the very southern end of that district, what we call the South Portal, it's at the Bancroft Macadam intersection. So that's another key element that's identified really since the formation of the Urban Renewal Area as a district in the mid-'90s. That's been one we've been tracking for many years.

Those are the key ones. There's a number of smaller investments that are also platted for the district. Of course, urban renewal resources are very important to allow us to make both of those investments possible.

Fish: I got a briefing the other day from OHSU, and what I learned is that the Moody Bond investment is extremely important for them to connect the streetcar to their work force on the Schnitzer campus. Could you comment on that?

Pearce: Absolutely. The way the district functions right now in part is we're waiting for -- as the whole district evolves and the Zidell site to be developed, we're really reliant on the two-way Moody portion of the street system. The next phase -- and certainly for us to have enough vehicular capacity for the district -- we need to have Moody function in the southbound direction and Bond function in the northbound direction. So that's definitely crucial to making the district work.

There is a contemplated realignment of streetcar right around the base of the tram where currently it comes along through the plaza area at the base of the tram, so that's platted as part of the evolution of the system there. So, on the Central Eastside --

Fritz: Before you move from that, is there -- my understanding is the proposed allocation does allow enough money to build Bond, but does not allow enough money to do the South Portal. Is that correct?

Pearce: That's correct. The money that's currently listed in the budget is contemplated for Bond. We don't have -- we're just beginning the process of designing Bond, so it's what's based on past projections of the cost of that project. We're just beginning the engineering just as we speak.

Fritz: Are you hopeful it will cover it?

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Pearce: I'm very hopeful that it will cover it, but I don't know that we know enough about all the engineering challenges to know for certain.

Fritz: And how about the South Portal?

Pearce: At the South Portal, the line item that is the \$7 million line item that's listed as parks and transportation infrastructure is part of what was contemplated to help support the South Portal. Once we work farther through that design -- for the South Portal, it already is on an SDC list, so it is something that is eligible for some portion of it to be funded through SDCs. It also is -- because we've known about it really for the whole life of the district, as properties have redeveloped such as Prometheus, we've requested of them -- they have not provided a remonstrance clause of their agreements of their platting, so they are anticipated to be a contributor to the project. But we don't believe we have enough resources between the SDCs and the private properties' contribution to do it without also TIF resources. So, that's something that is anticipated as a need for the district in the coming years.

Fritz: So you were figuring that that parks infrastructure was for the South Portal. I was considering that it was for parks and the greenway -- that's interesting.

Pearce: As I understood it, it's a generic line talking about both parks and infrastructure, not necessarily just parks itself.

Hales: It's also the case that we could apply for grant funds like we did with Moody.

Pearce: For sure. Certainly, the precedent in Moody -- we did very, very well. In fact, we were able to do it with very little urban renewal, if any --

Quinton: I don't think any --

Pearce: Not at all with that based on really making an aggressive chase federally and getting a TIGER grant. So, there's always possibilities. The great benefit I think is for both parks and transportation -- having that as a generic resource allows us to leverage additional external resources. It's also possible for Parks to chase external resources and use that as a leverage fund to do that same chase.

Fritz: That's not our assessment.

Pearce: OK, fair enough.

Hales: What was the total cost of Moody, do you remember?

Pearce: 56 million.

Hales: OK. So obviously if we budgeted for that item, it would have blown the budget of the old district. But we were able to obtain resources that aren't just from TIF. Not all progress is paid for with TIF, even though we love paying for it with TIF.

Fritz: We it from got stimulus money too, right?

Pearce: The TIGER grant was stimulus money. But at this point it's an ongoing program.

Fritz: Right. I think the days of large federal appropriations are certainly gone for the next few years, so I don't think we should rely on that.

Hales: Rely, no -- but again, we should apply. TIGER is still an active --

Pearce: Yeah, another round of TIGER grants will be announced soon. We don't think we're ready for the South Portal in terms of having a new design to propose, but it is the type of project that we certainly will pursue external resources for.

Quinton: And if you look at the timeline just in availability of TIF for a lot of this, it's -- we're still three, four years out from this money being available. So we don't know, the timing -- the environment could be very different, and South Portal, something that would definitely be at least four years out if we were to take it on.

Pearce: So for Central Eastside, much of the infrastructure needs is in that southern end in supporting the expansion area as well as where the district connects on to Powell Boulevard. So that's where there's a lot of transportation infrastructure challenges there.

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The Milwaukie-Powell intersection itself is probably the primary investment that's contemplated there. There is additional street connection infrastructure through the Northwest Natural parcels and some of those other parcels in the southern triangle area. So that is a variety of infrastructure that's needed to support the redevelopment of those parcels in the southern end.

Novick: So it might actually be possible to improve that intersection?

Pearce: We believe it can be, yes. [laughter]

Hales: I don't think there's any way you could make it worse.

Pearce: I don't think you could make it much worse, exactly.

Quinton: You can see that in the slide I brought up -- the transportation improvements there. That's what Art is highlighting.

Novick: Thank you, Art.

Quinton: We won't talk about parking on Central Eastside -- that's a whole other --

Pearce: No, please -- that's another conversation.

Hales: Thanks, Art. Other questions for Patrick?

Novick: Yes.

Quinton: Right, the big question.

Novick: Here's my big hairy question for you. A few weeks ago, we had a discussion about the Portland Building, and we were told we need to spend something around \$100 million both to make it habitable and prevent it from falling down in the event of an earthquake. And we had a bit of a discussion about where are we going to come up with a \$100 million, and one of my suggestions was well, maybe we shut down all three Urban Renewal Areas, and how much of that could we pay for it by early defeasance of Urban Renewal Areas?

And it's not that everybody jumped to endorse that idea, but we didn't have too many ideas around the table -- and I asked you last week to compare these amendments not with status quo but with early defeasance, or defeasance as early as possible of all of the URAs. And I really appreciated you actually got that information to me yesterday. I'm going to pass the sheet out to my colleagues.

And it says that if we shut everything down as soon as possible compared to what's contemplated in this plan, we won't wind up actually getting about a hundred million dollars in general fund. And so my assumption is that even if we adopt all the amendments, that doesn't mean that if nobody has a better idea about how to pay for the Portland Building six months from now, we might be able to -- that we can't decide as a Council, you know what, we actually just can't afford to do urban renewal anymore, we need to spend it on the Portland Building instead.

So, my question for you is at what point and at what actions are these decisions irrevocable? I mean, are there actions like signing development agreements that mean that we can no longer think about early defeasance as a way to get more general fund money?

Quinton: Yes, I would -- so the answer is there's a nuanced answer to that. I think every single day you get more and more locked in, and so how much debt you issue is really the ultimate indicator. But yeah, we have a development agreement with PSU when the Urban Renewal Area -- or if the urban renewal gets approved, I should say, then we now have obligations to PSU of a certain amount. Or working -- projects with PSU. I know people are sensitive around the topic. So, projects in concert with PSU. So then that gets triggered and that's totaling \$19 million right now.

You would have that kind of all over the place kind of slowly adding up. You'd have obligations that would require you to borrow and you'd be locked in there. So, I'm not going to say that at some point it's irrevocable like everything is off the table, but I do think we

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are beginning to make plans that I've laid out that would within a year or two would lock us in to these -- to the entire package here.

Novick: But the PSU agreement would happen automatically.

Quinton: That would happen automatically, yeah. So we're coming to you because it's a PSU-PDC agreement, so we're coming to you; Council approves the amendments. If you approve that amendment, that does trigger our obligations under that agreement. I would say we have other obligations within the Urban Renewal Areas that we would probably lay on the table that would also kind of constrain what we could do in terms of shutting down Urban Renewal Areas.

You know, the other thing is if you look at what we're doing in River District -- I mean, maybe at the end of the day what's left is you get to chip away at Urban Renewal Areas if there really is excess AV and do it that way. I know I'm bouncing around, but it's a pretty theoretical question. I think we're more locked in than maybe the question acknowledges.

Fish: Patrick, the chart you handed out -- just so I'm clear -- if you were to just take this abstract concept -- and Steve said that it didn't generate a lot of enthusiasm. I don't think it generated a second, but I think to illustrate a point, it's worth having this discussion. The loss to categories of investment that the City is committed to is pretty staggering to this, so let me just be clear. Your memo says that the loss to housing would be \$84 million.

Quinton: Correct.

Fish: So that shuts down affordable housing investment as we know it. And the loss to PDC economic development is \$216 million?

Quinton: Well, it's to everything else. That's everything non-housing, so --

Fish: That includes the loan programs, the --

Hales: Infrastructure.

Quinton: Anything we have in our line item for parks or for infrastructure, for redevelopment projects --

Fish: You total that at 300 million.

Quinton: The total 300. So the difference between -- 84 goes to housing, so the remainder -- what is that --

Hales: 216.

Fish: So I guess I would say if we move to a complete defeasance of urban renewal, I'll bring an amendment to say we'll take the first 84 million off the top and put it back into housing because I think we all agree that's the first priority of the City. But it will come at the cost of no economic development, and that may end up having impacts on jobs and growing the pie. There's a time and a place for that debate.

Fritz: I know you want to go to -- I have one question.

Hales: Please.

Fritz: And that is, on page 31 of the North Macadam report, it says the total TIF we're expecting is \$122 million, but then it says that the project staffing is 15,200,000. Is that right -- 15,200,000?

Quinton: Over the remaining life of the district. That's roughly 10 years of -- 10, 11 years of work on projects of significance. So for a district of that size with those projects, that's what that equates to.

Fritz: About 1.5 million a year in administrative costs. OK, thank you.

Hales: Patrick, we'll have more questions later, but let's get our panelists up. Our first three folks are here from our partner local governments, David Wynde from Portland Public Schools, Brain Newman from Oregon Health and Sciences University, and Kevin Reynolds from Portland State University. Thank you for being here. Whatever order you'd like to go in. David?

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David Wynde: Good afternoon, Mayor Hales, City Commissioners. I'm David Wynde, I'm the deputy chief financial officer and the budget director for Portland Public Schools. First of all, thank you for including Portland Public Schools in the advisory committee that considered these changes. We appreciate that as a partner jurisdiction.

We do support these proposals. Moving properties out of urban renewal and back onto the tax rolls is the ultimate objective of urban renewal; we're pleased to see that happening. I've joked for some time that urban renewal is the Hotel California of public finance -- you check in but you never leave. I think I may not be able to use that anymore if we start accelerating putting things out of urban renewal. So I'm disappointed at losing that punch line but happy to see us moving property back on the tax rolls. This will benefit the state school fund and schools across the state, including Portland Public Schools.

The other thing I wanted to say is in regard to the Education Urban Renewal Area. The original plans for that which never really took off did include the Lincoln High School site, which we care about. And we are in the early stages of developing some possibility of including that in the capital bond. While we'll also be disappointed to see it fall out of that possible Urban Renewal Area, we're excited about the possibility of working with the City as we get and development plans over time for that site.

Hales: Thanks very much. Thanks for working on this with us.

Kevin Reynolds: Good afternoon Mayor Hales, members of the City Council, My name is Kevin Reynolds, I'm vice-president for finance administration of Portland State University. President Wiewel is out today, but he wanted to convey his personal thanks to the Mayor, Executive Director Quinton, members of the council, and others who have worked so diligently over the past period of time on this development agreement between PDC and PSU. We're very grateful.

We do fully support the changes to the Education North Macadam URA as proposed this afternoon. We really appreciate the collaborative effort to develop a synergistic plan which not only supports the growth of our university over the next 10 years and benefits the students, but continues development of this great city of ours.

We believe this new agreement continues to recognize our critical role in education and research and our contribution to economic development and cultural impact in Portland. It further strengthens what is already a great relationship between the City and the university, and it helps us plan our future as we expand our urban mission.

As you know, Portland State University worked closely with the City and with the PDC to develop the Education URA. We advocated strongly because we believe would it have bolstered our growth, created new downtown low-income and student housing, and had other benefits. That said, from our standpoint, the changes proposed today to expand the North Macadam URA is a cost effective alternative and would guide further development of the downtown area, including the university district.

In closing, we fully support the URA changes as approved. The changes show continued commitment from the City to support our university and our students and our community partners. Thank you very much.

Hales: Thank you. And I want to thank you and President Wiewel. This is an extraordinary act of civic partnership on PSU's part, and it's much appreciated here.

Reynolds: Thank you very much.

Hales: Brian, welcome.

Brian Newman: Thank you, Mayor Hales, members of the commission. Brian Newman with Oregon Health and Sciences University. I was also a member of the urban advisory amendment committee that Jillian Detweiler chaired, and I want to thank Jillian and the PDC staff that kept us laser-focused on the three goals you set out at the beginning of the hearing today.

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Before I jump into my testimony, I just want to clarify one thing that Patrick mentioned. There's no OHSU land or buildings that are being transferred from the Education URA to North Macadam. I think he made an honest mistake in that there were two parcels that OHSU owned in the original Education URA, but those buildings -- like most of the land that's in the Education URA -- are being removed from that district, they're not being transferred. So I want to make sure that was clear.

As you know from my testimony three weeks ago, we're actively expanding our academic and clinical campus in South Waterfront, including building out the local road network to serve our building. Through the Knight cancer challenge and our own revenue, we will have developed just over 40% of our campus by the time this next wave of development is completed in 2018, well on our way of building up that full campus -- as we expected -- over 25 years.

Health care is an industry that's changing rapidly, and this campus expansion allows us to continue to carry out our mission of providing the state of Oregon and all Oregonians access to health care, the research and clinical trials we provide, as well as training for health care jobs. Although we're not an economic development agency, when we do our work well we produce quality jobs -- temporary jobs from the construction activities for the projects that we're working on now, but also permanent well-paying jobs in health care, teaching, research, and support roles.

We also ensure our job creation actions benefit the community as a whole. As an example, our construction jobs are 100% median wage prevailing wage jobs, and we include significant mentorship opportunities and participation for minority, women-owned, and emerging small businesses. We're also making significant investments in the Jefferson High School cluster to encourage and enable students from underrepresented communities to pursue health care as a career.

OHSU strongly supports the ordinance before you today, as we believe it is the only mechanism the City has to complete the regional portion of a transportation network serving South Waterfront. Today all traffic in South Waterfront -- be it bike, pedestrian, auto, truck -- is funneled on SW Moody Street, which is already congested. The extension of Bond Avenue is critical. Our patients, students, and employees appreciate the City taking the action necessary to continue improving access into the district.

And so with that, we support the ordinance and really thank the City for its partnership and we're happy to participate in the process.

Hales: Thank you.

Fish: If I could make one comment -- I was just doing the math. I'm the only member of the Council before you today that actually voted for the Education URA. So, we have a little history with at least two of the three presenters and I want to thank particularly PSU for the collaborative way they have engaged the Plan B that has been put before you. And from my point of view, there were two necessary conditions that had to be met.

One was that we had to find an alternative way to support the growth and expansion of the university district, which is both good for PSU and good for the city; and we have to find a way to compensate for the loss of the set-aside money for affordable housing in an area that was ripe for development. There was a lot of dirt that could be developed. And I appreciate in that regard that, as Patrick noted, the proposal to expand North Macadam actually accelerates the availability of dollars for affordable housing. So, that's not just sort of a neutral consequence that actually puts us ahead in the short-term in terms of available dollars. I appreciate the way you approached those negotiations.

Fritz: And I wanted to add to that -- thank you for raising the issue of who voted for the Education URA and who did not, because I did not.

Fish: It's awfully lonely up here.

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Fritz: Well, it was very important to me that a promise is a promise. And so I worked with President Wiewel over the past year to make sure that he is OK and this university is OK with the revised proposal. I don't know that I'm going to support it or not, but it's still important to me when the Council as a whole makes a promise that we keep our promises. So, thank you for being a partner and figuring out what that looks like.

Hales: Brian, thank you and President Robertson as well for being amazing partners and carrying out your part of the plan rather aggressively and we appreciate that. Thank you all.

Now we have some more folks that were on the committee that I want to call, please. Debbie Kitchin, Sean Hubert, and Marion Hayes. Good afternoon.

Sean Hubert: Good afternoon. I am Sean Hubert, I'm the chief housing officer for Central City Concern. I had the opportunity to serve on both the URA advisory committee and the West Quadrant Plan, and my testimony bridges both of those.

The advisory committee was tasked as you know with balancing key URA district goals with the desire to return revenue to the taxing jurisdictions.

Overall, I think that this has been achieved in the recommendations before you which deliver a significant net gain to the taxing jurisdictions while preserving key investment opportunities needed to realize URA goals. I particularly want to highlight a few areas relevant to our work at CCC: the River District downtown URA adjustments and the North Macadam and affordable housing goals.

By many measures, the River District has been a success. But its boundary also includes areas within Old Town that continue to struggle with disinvestment and blight. The committee engaged in a very robust conversation on how much acreage to remove or retire in light of this need in Old Town. In the end, while not unanimous, the committee voted to include Block 33 within the River District while still achieving a significant overall reduction in URA acreage. CCC strongly supports this proposed amendment, as Block 33 represents a significant potential catalytic site in the heart of the Old Town district. In our view, inclusion of the site supports the City's ongoing efforts in the revitalization of the original downtown and the one area of the central city which has not participated in the broader real estate recovery.

In terms of the North Macadam URA boundary, the committee affirmed the value that Portland State University brings to both the local district economy as well as that of the overall city. However, the district has been challenged in living up to its original affordability goals and the comprehensive plan goals around economic diversity reflective of a broader city. And this led to a difficult discussion about whether to revise downward these goals given resource constraints. We are pleased after much discussion, the district's original housing goals have been reaffirmed in the recommendations before you.

But the struggles present in the North Macadam affordable housing conversation are reflective of the issues faced by the city as a whole and illustrate that affordability and economic diversity in neighborhoods will not be achieved without a robust set of tools and resources coordinated across the City's bureaus. I want to applaud the City's ongoing look at zoning incentives and other tools to further affordability, and also its deployment of additional resources in the Interstate URA. But I also want to encourage the City to continue to look at ways of deeper and more effective coordination across City bureau behind an aligned housing policy, and I'd like to continue to press the importance of achieving a dedicated revenue source that can be deployed citywide. Ultimately, if we're going to deliver on affordable, diverse, and inclusive neighborhoods, we'll need a dedicated and predictable source of ongoing funding outside of the Urban Renewal Areas. Thank you.

Hales: Thank you. Welcome.

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Debbie Kitchin: Thank you, Mayor Hales and Commissioners. I'm Debbie Kitchin and I'm representing the Central Eastside Industrial Council. We had a member of our board, Peter Finley Fry, who participated on the advisory committee.

We support the advisory committee's recommendations on the expansion and extension of the URA with the understanding that the projects supports the following priorities. It's important to us to ensure efficient freight movement. Infrastructure improvements that enhance freight movement are a top priority, especially in the southern end of the district where higher density development is envisioned to occur -- and this is in the light rail stations, primarily. These improvements would also improve safety and access for all users of the transportation system and the district.

Safer and easier access to Powell Boulevard and the Ross Island Bridge are a high priority and will facilitate more intensive business development around the light rail stations.

We are concerned about the amendments that were in earlier versions of the advisory committee report about under developed areas adjacent to the Clinton Station. However, at the time that we were looking at it, it hadn't been identified for affordable housing. We are fine with affordable housing at the Clinton Station, other -- we would prefer that the -- other than affordable housing, we would prefer that the investments focus on transportation and infrastructure improvements such as that.

The ODOT blocks on Water Avenue have long been identified by our board as a priority for important development opportunity to add to the City's tax base. It's a high priority that we have development on the property that contributes to both the employment base of the City as well as the tax base, and this development should be prioritized for private sector employment expansion.

More intensive development around ODOT blocks and the light rail station may lead to the need for structured parking in the future, so we support evaluating the need and adding structured parking if it is deemed that it would unlock the development potential for those priority sites. This assessment should be coordinated with the CEIC's transportation and parking advisory committee.

We support considerations that the Hosford-Abernethy Neighborhood Association has put forward about safety concerns on 11th and 12th between Hawthorne and Division. We don't favor speed bumps on those roads or narrowing the right of way, but something like pedestrian crossings or traffic lights we think would be appropriate to kind of slow down traffic through that area. It is a connection where it's residential and the commercial on the Central Eastside district side, and we want to maintain the safety of those crossings for pedestrians.

Central Eastside has been a unique opportunity and continues to be a unique opportunity for growth of employment and industrial sectors in our city's economy, so we want to support the diverse industry clusters that are there. We feel that this expansion -- and especially if the dollars are focused on some of the transportation improvements and ODOT blocks and the sites around the light rail stations -- that that will help achieve that goal.

We also feel it's important to maintain the affordability of the business development opportunities there. It's going to be distinct and different from what's available in South Waterfront, although there may be connections because of the bridge. We feel this is an opportunity for start-up businesses and smaller businesses to grow and prosper because we do have the industrial zoning, the stable conditions that promote long-term investment, and close proximity to downtown and the central city. So thank you for the opportunity to testify today.

Hales: Thank you.

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Fritz: Debbie, thank you for your testimony and all your work on this. Is the Central Eastside industrial Council confident that the language in the report addresses the concerns that you just raised?

Kitchin: Especially the projects that were identified, how the money was being spent I think does support what we are recommending. So we're happy with that and support that. We do feel there's more -- that this increased density around the light rail station is going to lead to some congestion issues, and the ability for freight to move through the area and other transportation at the site is really important. So we were happy to see those additions.

Fritz: So there's strong enough policy language on the freight movement that you're comfortable?

Kitchin: Yes.

Fritz: Thank you.

Kitchin: And it's combined with the work that's happening in the Southeast Quadrant planning process. Where we are maintaining the district as a freight district, it does have underlying industrial zoning in most of the industrial sanctuary areas and then with just small modifications in the corridors and around the light rail stations.

Fritz: Thank you.

Fish: Debbie, by the way, I'm going to nominate you later for the Scott Andrews award for this year. I was reflecting that you're the perfect candidate for this year. And that goes to someone in the private sector who wears three or more leadership hats, testifies before us on a regular basis, has no possible way of maintaining her day job. And if there was any honor on our side, we'd give you an office so you could do your work while you were here.

Kitchen: [laughs] Well I appreciate that. I do have to give testimony to my husband, who does maintain and carry on the business while I am busy with many of my civic activities.

Fish: Thanks for all the hats you wear.

Kitchin: Thank you.

Hales: Marion, welcome.

Marion Haynes: Good afternoon, Mayor Hales, members of the Council. My name is Marion Haynes, and I'm with the Portland Business Alliance. I should thank Debbie as well, who serves as our board chair this year. The Alliance served on the advisory committee for these changes and supports the package before you today. I would also like to thank PDC staff -- this was a complex topic with a lot of moving parts given the six districts we were working on, so they did a lot of work to keep us on track.

The issue that was raised earlier by Central City Concern I should just touch on briefly. We had gone into this process with the a focus on Old Town/Chinatown Skidmore area had and had brought forth a recommendation for moving that block. It didn't ultimately come in the recommendations before you here today, but we do hope to be able to have ongoing conversations about Old Town/Chinatown. It's an area of the city that still needs significant investment, and we think we can continue to have those conversations in the future. That being said, the Alliance has always supported the promise of urban renewal, and I think there are two sides to that in our view.

One is the investments that we can make with the tax increment money to instigate new development, job creation, economic development, things of that nature that ultimately increase property values which then brings you to the second part of fulfilling urban renewal, which is actually returning the money to the overlapping taxing jurisdictions. And I think with the package before you today, we've accomplished that goal and balanced those two things. So, we're happy to support that.

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Hales: Thank you very much. Questions for this panel? Thank you all. So, now I want to call a distinguished housing panel, former Commissioner Gretchen Kafoury, former City staff Margaret Bax, and --

*****: [inaudible]

Hales: OK. No, she's giving you deference. We're all giving you deference.

*****: [inaudible]

Hales: That's fine, but why don't you come on up here, Gretchen, if you'd like?

*****: [inaudible]

Hales: Oh, OK. I hear you. I will bow to your organization.

Kathleen Hersh: Hi, I'm Kathleen Hersh, co-president of the League of Women Voters of Portland. This will be the first nay-sayer.

The proposed Central Eastside amendment would expand the size and extended life of that district by five years. The League urges the City Council to oppose this amendment. The proposed acreage expansion and half the funds from the five-year extension are targeted for development adjacent to the new Clinton Street light rail station. The City owns much of the land in the proposed Clinton Triangle area. Surely, we can find a different way to fund moving the City services located there, installing infrastructure, and guiding planned private development without taking money from classrooms and mental health services. Is it possible, for example, to issue bonds that could be repaid with proceeds from the sale of the improved land and the system development charges that would be collected when the land is developed?

The district was created in 1986. It was due to expire nine years ago. In 2006, a review committee, the PDC board, the Planning Commission all recommended extending the life of the district by eight years and increasing the maximum indebtedness by \$23 million. City Council instead chose to extend the district by 12 years and increase the maximum indebtedness by \$35 million. If five more years are added to the Central Eastside URA, it will have been in existence for 37 years before it stops issuing debt. This would make it the longest-lived district in the City's history.

The local taxing jurisdictions -- including the schools, the County, and the City's general fund -- will not fully recover their forgone revenue until mid-century this century: 2051-52. If the district ends in 2018 per the last amendment, this break-even point will occur in 2035-36.

The other funds from the extension are targeted for opportunities that have recently emerged. Anyone passing through the Central Eastside today will observe an actively developing district benefiting from many years of public investment. It by no means exhibits the underperformance and decay of an Urban Renewal Area. Additional projects that would be nice to do will continue to come up because the Central Eastside is an interesting and viable area.

It is the League's position the district should end in 2018, as it is currently planned. It is time to let the district continue its positive trajectory with private investment under the guidance of the Bureau of Planning and Sustainability and with support from City resources when needed. It has been said urban renewal districts should not be used as the City's ATM. Extending the Central Eastside Urban Renewal District is doing just that by taking money from the county and schools' accounts to pay for improvements the City alone should provide.

We urge the City Council to let the Central Eastside Urban Renewal Area expire -- after 32 years -- and find another funding mechanism for the Clinton Triangle development.

Debbie Aiona: I'm Debbie Aiona, representing the League of Women Voters also.

Although the League appreciates the consideration staff have devoted to the North Macadam affordable housing concerns, we cannot support adoption of the planned

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amendment until there's more certainty about how the housing goals will be met, more details on the number and affordability of units on the Parcel 3 project, and secured commitments for sites from each of the major property owners, PSU, OHSU, and Zidell are needed. The district's five-year extension expansion is critical to their success. That should be used as leverage to acquire items that benefit the public, including land for affordable housing and parks.

The public is understandably skeptical of the City's commitment to affordable housing in South Waterfront. Fifteen years have passed, and only 209 units have been developed. Long-time observers have seen the City release property owners from their affordable housing obligations in the central district on OHSU's Block 33, and with PSU at the Doubletree site. Collectively, they represent close to a thousand affordable units.

The League recommends that you rebuild community trust by securing commitments for sites from the three major property owners before taking action and provide more details in the plan amendment. Oregon's urban renewal statute requires that substantial amendments include a description of each project, estimated total costs with sources of monies, and anticipated completion dates. This information is available for transportation, commercial redevelopment, and other anticipated projects, but not housing.

We recommend the following revisions to the amendment. The concept of meeting the income profile of the city as a whole is a City policy and should be stated as such. Include a commitment to meet the income profile in newly developed unit in the expansion area. The Harbor Naito site should be left out of the document unless the City is confident it is a viable location for housing.

A recent report in Governing Magazine places Portland at the top of the list of 50 U.S. cities in a number of neighborhoods experiencing gentrification since 2000. The city anticipates significant residential growth in the central city, including South Waterfront. If Portland is going to live up to its ideal of a diverse and inclusive city, we need to devote considerably more attention and resources to housing affordability.

Again, we urge you to withhold approval of the amendment until there are more specifics on Parcel 3 and firm commitments for affordable housing sites in the district. Thank you.

Hales: Thank you. Welcome.

Shelley Lorenzen: Mayor Hales, Commissioners, I'm Shelley Lorenzen, League of Women Voters of Portland.

The proposal before you today would extend the life of the North Macadam district for five years. These additional five years would allow the PDC to collect property taxes to support improvements important to the Zidell's private development plans. We understand negotiations with the Zidells have stalled or maybe are ongoing at best. In the League's view, extending the district in advance of a deal would be a critical mistake. That extension is your bargaining chip. No development agreement, no urban renewal dollars for infrastructure investment that will benefit the Zidells.

We also urge the City not to consider the Zidells' planned development to be the fair exchange for urban renewal dollars. Per the development agreement, the Zidells do not have to develop anything unless the market is there. The City should stay firm that the Zidells must commit to affordable housing, parks, and greenway improvements in exchange for urban renewal dollars. Should the Zidells decide they are not willing to make those commitments, then the League urges the City to use the zoning power to require those fundamental features as part of this development. And in fact, we would suggest that apply to OHSU properties as well as the Zidell properties.

Today's proposal also would remove about 36 acres from the River District as you heard earlier, and the League respectfully requests that you remove more acres from the

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district. While 36 acres may sound significant, but the financial impact on the affected jurisdictions is actually very small. For example, in 2015-16, the City will have 1.5 million more dollars to spend, the County 1.4 million. These are insignificant sums compared to the tens of millions of dollars that go to PDC each year to pay for River District projects: \$32 million in 2013 and 2014 alone.

We believe there's at least one obvious way that more acres could be removed from the district now and money for that Portland Building: \$30 million is in the budget for the post office property. We have been advised by the PDC that in any post office deal, the City will simply serve as a legal intermediary between the U.S. Postal Service and the private developers that will develop the property. In short, the City will buy and flip the property. Because of the unfortunate impact on the City, County, and schools, we urge you to explore whether this plan could be better financed in a different way without using urban renewal dollars. In other words, find another source of financing for the purchase of the post office property, release the assessed value supporting the \$30 million post office line item in the budget, and return the corresponding tax revenues to the taxing jurisdictions.

Should this prove impossible, we ask through remove that \$30 million line item as soon as the post office deal is done. Thank you very much.

Hales: Thank you. Questions?

Fish: I have a few -- and Debbie, I will direct them to you.

Aiona: OK.

Fish: And I want to start by saying -- and I apologize for my voice, I'm going to head home soon -- but I believe that you are if not the indispensable person, you're an indispensable person on this affordable housing piece. And I want to thank you for service on the committee, for holding our feet to the fire, and for the quality of your advocacy.

Aiona: Thank you for saying that.

Fish: And because you've given us comprehensive written testimony, I just want to clarify a few things. Because it's very clear, but I just want to make sure that we have all the available information. The first is, with respect to the proposal to spend more than 30% on housing, do you have a position on that?

Aiona: Well, I certainly think it's fine to spend more money on housing.

Fish: With your help, maybe we'll export that. Number two, in your testimony, you raise a concern about getting further details about the number and affordability of units at Parcel 3. At page 29 of the document before us -- and I realize this has gone through a lot of revisions at the end, so you may not have seen everything here. But it says that it will be at least 62 affordable units at zero to 30, and the rest --138 -- at 30 to 60, and there is a whole paragraph describing that that's been drafted. Is that the kind of specificity you are looking for in terms of the hard numbers, at least the floor numbers of what we're going to build, and what income level?

Aiona: Yes.

Fish: OK.

Aiona: Although, let me just say, I'm going to be followed by a number of people who have a lot of expertise in housing development, and I hope that you ask them a similar question so they can give you more information.

Fish: I will, but I also think that -- I trust it's been verified so we want to be sure the language is clear about the floor that we're building, and you've called that out, so I appreciate that.

You also mentioned in your testimony that we should consider deferring take any action until we have a deal with Mr. Zidell. And I appreciate the spirit of that, and there's been some discussion about, you know, whether that creates leverage and can we get certain goals. I'm going to just make a comment about that, which is we have no power to

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compel an agreement with Mr. Zidell or any other property owner. So, the one concern that I have is that I'd hate to be coming back here in a year or two, and saying, gosh, where are we in the negotiations and missing the chance to move on some things that the community has said is a priority. I just want to be clear -- we can't force a deal. We can be clear about the terms of a deal but we can't compel a deal. And frankly, if there is no deal -- which I think is regrettable -- there will actually be more resources to spend in other parts of the district. Because the City was contemplating spending money to build out the infrastructure. So, Mr. Zidell will make his own judgment about whether it's in his interests or not to have a deal, but we can't compel that deal. And I'm just deeply reluctant to condition a lot of things that I think are important on whether a property owner comes to terms with the City. So, I just offer that as an observation.

In your testimony, you also questioned the idea of buying units in market rate housing, and you say that your preferred approach is planning and developing affordable projects from the ground up. I just want to say that I wholeheartedly support that. And my understanding is that the City's current position in negotiations is that we want to be able to have dirt for a project, not buying individual units.

Aiona: Although in the PSU development agreement, it's buying units in market rate.

Fish: At that one site. At the University Place.

Aiona: And that was also what was in the Zidell development agreement, the one that is no longer --

Fish: So my understanding is the City is now looking at acquiring a piece of dirt for development. I just want to affirm -- with respect to Zidell and that deal -- that my preferred approach would be to have a piece of dirt that can be developed, not acquiring scattered sites and units in other buildings. And frankly, I don't even know how that would work given that we're also trying to focus on the needs of very low income folks -- the deeply subsidized units. We've gotten away from scattered sites in all of our housing, so that is individual units. I just want to say that I agree with that, and my understanding is the City is trying to negotiate dirt, not individual units with Mr. Zidell.

Tell me again why you think that Harbor Naito should be taken out? Is it because you think it's not a decent enough site for development?

Aiona: It's been mentioned for a number of years and I really don't think I've heard anybody say anything good about it. And again, I think I will defer to people -- you're going to have people here who used to be City employees in the housing world, who can speak -

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Fish: But you're raising a question whether that's -- given its location -- the proper place?

Aiona: Yeah. If you go by it, it doesn't really look like a great place to have people live.

Fish: It's not my preferred site either, but I don't know that we need to take it out of the document because we are hopefully going to have more than just those two options.

Thank you for your testimony.

Aiona: I just -- let me just -- I think it gives people false hope to put something in there that really isn't viable. That's why we're saying you should really make sure you think it's viable before it stays in the document. Thank you.

Hales: OK. Now, I might be able to persuade former Commissioner Kafoury to come up and perhaps Margaret Bax with her and Will White. And then after that I'm going to call Andre Baugh, who's our Planning and Sustainability chair. I think you want to speak, Andre, so thank you for being here. Let's hear from this distinguished panel, and then we'll call up our volunteer superstar.

Gretchen Kafoury: I'm Gretchen Kafoury -- retired, I thought -- and I feel today like the ghost of Christmas past. My job is to remind you -- I'm Scrooge, by the way, and everybody that's had to work with me or for me knows that's the truth. But I would really

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like to remind my friends up here that three of you were involved with me in '98, '99 when we did in ambitious housing policy rewrite for the City. And Charlie, you were the planning person; and Dan, you came on to keep my chair warmed all these years; and Amanda was on the Planning Commission. And I think Steve was agitating about urban renewal financing in the community at the time. So, we all have --

Fish: He was in middle school. [laughter]

Kafoury: I was going to leave you out, but it would be hard to do that. But we all put a lot of work and energy before I rode off to PSU in the sunset, and the purpose was to set clear goals for the City. The reason I feel like the Christmas past reminder is that the commitments that we made at that time have not been kept. And you've heard already that they have not been kept. They are not necessarily planning to be kept except for a lot of scurrying in the last few weeks -- and believe me, I know how hard this is. But I still don't think that it's enough.

Our little rump group of the old timers, or the old bats, or whatever we call ourselves

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*****: Speak for yourself -- [laughter]

Kafoury: I know -- speaking for myself -- [laughter] -- I am, I am! The Scrooge. We just don't think that this is specific enough. There isn't enough agreement as to what will be developed and when it will be developed, and we want to see more of that specificity. It doesn't sound like it's there on the parks or on the housing, and I'm just begging you to reserve this very critical tool -- like it or not. Like it or not, it is a critical tool that the City has to finance affordable housing. Use it wisely. These are precious resources, and you have the power to use them wisely. Thank you.

Margaret Bax: Margaret Bax, 3535 NE 22nd. I passed out -- Karla has my written testimony. As we all know, I do better if I read from written things than speak extemporaneously.

I want to first thank you for your decision to reaffirm the City's comprehensive plan housing policy that states all newly developed areas will reflect the income distribution of the City, and for reaffirming your commitment to meet the North Macadam housing goals which we adopted in 2003. I also want to thank you for the decision to reestablish a process for annual monitoring and reporting of progress towards meeting the goals. These are welcomed modifications to the plan that was released last fall. I also want to strongly encourage you to now make a concrete plan to meet these goals. With the City Council's commitment and leadership, the goals will be met. Without it, they won't.

Portland has a history of getting things done. It has taken on and successfully completed difficult, expensive, complex projects such as a redevelopment of Columbia Villa, light rail, streetcar, and the aerial tram, to name just a few. These all required long-term commitment, coordination, multiple City agencies, as well as significant public investments.

Similarly, to meet the North Macadam housing goals, the City needs a multi-year development plan with specific sites, draft project concepts with anticipated number of units, and timelines. Buying the units in future market rate development is not an effective strategy, nor is it a wise use of public funds. It would most likely result in higher per unit costs. You could easily spend the money, but that's not the goal. The goal is to build housing for lower income people.

The need to secure land for affordable housing was identified as fundamental to meeting the housing goals in 1999 when this URA was established; in 2003, when the housing strategy was adopted; and several times since. It is still literally the foundation of a successful housing strategy, yet it has not been done. Most of the infrastructure has been

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built. Thousands of market rate condos and apartments, office, retail, parking, garages, hotels. But today, there is still only one building with 209 units of affordable housing.

On page 29 of the report accompanying the amendment today -- I made a copy of it for you -- is a list of 14 PDC-owned properties. According to this chart, most have been either sold or supposed of for the parking facilities, hotels, condos, parks, streets, and there are four remaining active sites, including the double block across the street from the park. This is often referred to as Block 33.

In the early days of the district, this lot was slated to be the centerpiece of the City's affordable housing strategy. In fact, by 2006, the City had invested over \$6 million to secure this site for 400 units of affordable housing. No housing has been built there, and the City has now released the owner of the site, OHSU, of its obligation to make it affordable for housing -- yet it appears that at least \$3 million of PDC housing funds are still tied up at the site.

I suggest the City considers entering an agreement with OHSU to build affordable housing there if you do indeed still have a stake in the property. OHSU has had the use of City funds for over 10 years, and during this period, property values have risen dramatically. Alternatively, OHSU could transfer another suitable site from their extensive holdings in the district for affordable housing, for its low income clients and workers.

Similarly, PSU should be required to make the site available for low income housing. They, too, employ workers, many who travel a long way to their jobs because they can't afford to live nearby. Zidell also should be required to make housing site available.

The City intends to spend \$25 million to build the streets and other public improvements to make Zidell and OHSU's land developable and more valuable. Allowing the City to buy land for affordable housing is a minimal requirement in exchange for past and future large public expenditures. Alternatively, Zidell and OHSU could pay to complete Bond Street and the other public infrastructures as developers must do in non-URA projects. The City could then use this money for affordable housing and parks.

Sixty years ago, Portland established its first urban renewal district, the South Auditorium URA. Historic Italian and Jewish communities were demolished, displacing thousands of residents along with churches, community centers, and small businesses. In their place, high-rise apartments, strip malls, concrete parks, and fountains were built. It seemed like a good idea at the time, but I think that many of us today would agree that this wasn't the right thing to do.

Much of that area is being added to the North Mac URA in this amendment. As a community, we have an opportunity to get it right this time. To build a vibrant, diverse neighborhood and to not repeat past mistakes. With your leadership and direction, we can do this. Without it, it just won't happen.

Thanks again for taking the time and effort to make this emerging neighborhood one that is affordable and accessible to people of all income levels, and one the City will be proud of for generations to come. Thank you.

I've attached the original housing goals from the URA that was adopted in 1999 and the list of properties -- which interestingly enough on the back side are your demographics of the neighborhood, which are pretty interesting, as well. Thank you.

Hales: Thanks, Margaret. At the end of the -- I'll let you keep going with your testimony and the others we've invited, but I want to make sure that we get Patrick back up and also Traci from the Housing Bureau to address some of the specifics that have been raised. One of them, of course, is this Block 33. As I understand it, the Housing Bureau recommended abandoning that housing commitment there, and that was a decision that was supported by PHB, so I want to hear about the rationale behind that later on.

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Bax: I would, too. Certainly, it happened well after we were gone --

Hales: Me too.

Bax: And I think that -- yeah. Thank you.

Fritz: The point too is where is the \$3 million?

Hales: Let's hear from Patrick about that. Go ahead, Will.

Will White: Good afternoon. I'm Will White, former City Housing Director and until recently, senior advisor to Senator Jeff Merkley. I really appreciate the opportunity to testify today on a matter that I've been working on for now about 20 years.

So, I want to start with a bit of history, because I think that it helps inform what is going on now. I was already active on housing issues in Portland in 1996 when the River District URA was first created. At that time, along with other advocates, I advised the Council that a deal where she the City investments -- which were taken down the Lovejoy ramp, building the streetcar, building two parks and a water feature -- should not be responded to by simply getting development at higher densities per acre. And that was the plan at the time, and it was clear to me that's exactly what the developers want always is to develop at the highest possible density because that's the maximum profit that will be realized.

We presented data demonstrating this and said that the City should instead require a mix of incomes in the new neighborhood so that we really ended up with a balanced and diverse neighborhood. Ultimately, as you know, the River District did become a successful, mixed income neighborhood because of the development of projects like Pearl Court, Lovejoy Station, the Sitka, Station Place and others. And when I am with people from out of town visiting there, they are astonished that they can't pick out the affordable housing in the neighborhood. It looks every bit as nice as the market rate rental apartments and condos. That happened because we built those affordable properties early while the land prices were low and the City held the developer to explicit standards. And so I think we need to learn from that.

Two years after the River District was established, then a member of City Council called me and apologized for having not listened to some of the advice that we offered back in 1996 and he said, "I'd like you to sit on the advisory committee for a new district we're about to establish called North Macadam. It's going to be 130 acres, much larger, and we really need to get the housing piece right this time." And so, along with Tasha Harmon, I accepted that appointment and spent the next several years in those meetings trying to get the housing piece right. But guess what -- that did not happen.

PDC and the council adopted sound targets, but some strategic mistakes were made in three areas. First of all, it was decided that the housing should happen at the back end of the development period rather than at the front when everything was going to be more expensive, and that was with the understandable rationale that TIF-producing projects had to be done first. But secondly, sites were not acquired while the land was cheap. I don't know how many meetings that I went to where staff reported to us that they'd turned down a possible acquisition because the owner wanted too much money for it. And then the prices would continue to escalate, of course.

And finally, affordable housing was not required in the specific development agreements with property owners early on in the process. So as a result, we have nearly 3000 very handsome condominium units and luxury participants that had been built, but not a single unit of affordable housing until we began -- until more than a decade had passed, and only that sole project, I believe, was approved because it would provide housing for homeless veterans during a time of war. So, it was a very compelling and important project; I'm glad it got approved, but it took that heart connection to get a first

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and only project approved in North Macadam. We then made another serious mistake, in my mind --

Fish: Will, it took one other thing --

White: Yes.

Fish: It took the reversal of the collapse of the tax credit market.

White: Yes.

Fish: In fairness, it just didn't pencil out during the depression, but when the tax credit market came back, Margaret Van Vliet, I believe, took 10 different runs at that one. But once the tax credit market solidified and the financing, we were able to move forward.

White: We had a period where the credits were getting a very low return, I agree with that.

The other mistake in my mind was in 2003, when we abandoned the comprehensive plan policy that Gretchen Kafoury just referred to which states that new neighborhoods created with public money should reflect the income profile of the City as a whole. Instead of being bold and finding creative ways to get the funds to do this, we adopted the now well-known constrained funding model, which lowered the housing goals by 64%. Not just a small cut in the housing goals, a 64% slashing of the goals that would have made this neighborhood comparable to the rest of the city of Portland.

Then what happened after that? We didn't even meet those modest goals. We have built 479 units of affordable -- we were to have built 479 units under the constrained goals, but we're short of that by 270 units, which is a 56% shortfall on the slashed goals. And now we have a chance to get some additional money, but I just want to point out -- as Patrick explained with the reconfigured urban renewal districts -- the net gain for affordable housing across all districts is only \$3.5 million. \$3.5 million, which is 10% of what's been spent to date in North Macadam to get one single project accomplished. So, it's a very small amount of money. It's 48 million in North Macadam, but that's because we're taking money out of the Education district and other districts.

So, I regard this as our third and final chance to get it right in North Macadam. We finally have to hold on to keeping our commitments as a city, and to me that means doing the following four things. Number one, we should develop all of the missing 270 units required under the constrained funding goals on Parcel 3. The City already owns it. It's been assessed on the site that could handle 400 units of housing. We've already built nearly 3000 market rate units in North Macadam -- to my mind, we don't need to do more on the Parcel 3. We should get those 270 units there and have at least 100 of those affordable to people below 30% of medium income. Those are the people that have the hardest time finding a place to live anywhere in the city, and nonprofit developers have created many successful models for this type of housing. We can do it and we can do it much cheaper than the one project that was built so far in the district -- and another time, we could go into the many reasons why it could be done less expensively.

Secondly, we need to stick to the goal that was established in 2003 and under the comprehensive plan that after the first 3000 units were built, we would revert to the commitment of having the urban renewal district's population match the income profile of the city as a whole.

Thirdly, in order to accomplish this we have to secure sites now. I've talked with people actively involved in doing the hard work to do this, and there isn't enough money right now to go out and buy all those sites, but the negotiation could happen now and purchasing agreements could be made to be then actually paid off down the line as the money becomes available. We don't have to lay out all of the cash right now in order to tie up those sites.

Fourthly and last, we need to require a strong housing development in the Zidell development agreement and require that both PSU and OHSU step up to provide land or

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resources for housing that would be appropriate to the many Portlanders who work or study at these institutions -- institutions that have received great benefits from the North Macadam URA over the past decade and half. So, one example of that is the money that's been paid for Block 33 for the air rights. We were supposed to get 400 units of affordable housing out of that. I think we need to go back and say, how do we make up for that? It's not necessarily the same plan of parking underneath and housing above, but we need to do something to make up for what we lost when that agreement was allowed to go away.

So, I appreciate the fact that you, Mayor Hales and other Commissioners, have agreed to slow this process so that we can look at it and get it right, getting in particular the housing component correct. And I salute you for doing that. Those of us that are here today that have already testified or are about to do so will hold the City accountable, but we're also very willing to work with you and your staff to do this. And we will want to find smart strategies for creating a true mixed income neighborhood in North Macadam, not a City-funded district where only the wealthy can afford to live.

I'll say in closing that I know from my five years in Washington that Portland has a national reputation for bold and progressive accomplishments. A neighborhood developed with immense City resources that doesn't accommodate the hard-working people that keep this city going falls far short of that reputation. So let's regroup, refocus, and find a way to do that now. I urge you not to approve the current amendment until a detailed strategy has been developed for accomplishing that goal. Thank you very much for your time.

Hales: Thank you. Let me ask a question maybe of all three of you, and that is -- it's good that we have looked back at the history of what worked and did not work, some of us have been involved and some haven't. I appreciate your willingness to roll up your sleeves and work with Jillian Detweiler on my staff and others on this package, but frankly, some people listening to this discussion might be a little confused by the apparently dissonance between Mr. Quinton's presentation, and yours, and that is -- to put it kind of bluntly -- do you approve -- we can only spend the money that we have now. We can't spend the money from the past. We have awesome power on this panel, but it's not over yesterday, it's over today and days subsequent to today. So, we get to spend the money that we have now. The proposal that Mr. Quinton has laid on the table with your help, is that we -- of the available resources -- put \$23 million into development projects, \$15 million into infrastructure, and \$47 million into housing. Do you think that that's the right balance?

White: Well, I think that number is a little misleading, but to give due credit to Patrick, he presented both figures. And I'm glad to be corrected if wrong, but that \$47 million isn't the net figure, that's the increase just for North Macadam by taking something like -- I think \$25 million that would have been spent in the Education district and moving that over, and similarly in the other districts. And so the net increase is just \$3.5 million. And as I said, that's only 10% of what has been spent in the North Macadam district on housing, and we can see how a little was achieved with that.

Hales: Right, but we can only spend money that we have. And as we've seen with Gateway and the Education URA, just because you draw an urban renewal district doesn't mean that development happens, right? And recessions come along as they did in North Macadam and Central Eastside. So we have a -- what we do is adopt a general plan here, and then we do development agreements. As you recall, we adopted the general plan for the River District in '96. We inked the development agreement in '99. We do the plan first and development agreements second, typically. So again, we're being presented with a plan that spends \$47 million of the new districts' available resources on housing, \$23 million on development, and 15 on infrastructure. I assume that you like that split.

White: I very much appreciate the work that Patrick and his team have done to increase the resources for affordable housing in the district. I think it's important to keep the net

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amount in mind. I think that we also have been proposing for now a couple of decades other policies that could be adopted by the City that don't require just cash in order to realize these objectives. And I think that it's important to remember that the development agreements -- the time of the greatest leverage with any given property owner or developer -- is before the City agrees to spend the money on the infrastructure that all of them need in order to realize their projects.

In other neighborhoods, if I am a developer and I want to build an apartment and I need to do new curb cuts and sidewalks and street frontage, I need to pay for that. Here, the City is doing that. So before we ink that deal, I think we should make sure we're getting the right quid pro quo from all parties that have an interest in seeing this move forward. And I hope that it does move forward, I want it to be done in the right way.

Kafoury: Charlie, if you want a blunt answer, there isn't a lot of confidence that, if those are the numbers, that that's in fact what we'll see when the projects get done. That's why I think you're not seeing everybody in the audience stand up and go, right on, right on. You know, there's just not a lot of faith that these goals are going to be met.

Hales: I hear you and I appreciate that.

Bax: And when you spend the money matters. You know, when this district started there was 25 million for housing, and they thought that that was enough or that's how they came to those constrained goals. By spending it later and continuing to wait both for identifying and securing, taking options out on property as well as developing, makes it go more [indistinguishable] -- so we'll be able to spend the money no problem. But unless we are smarter and more strategic about it like right now, then we're not going to meet the goals, we're not going to get the units. And it's about housing people, not about spending the money. And there's other resources in the community that those resources can be leveraged with, and that's where it's gets gnarly and people's eyes roll back.

Fish: Wait a second, did you just say "gnarly"?

Bax: I did. Do I owe you a quarter?

Fish: That brings back a flood of memories. You owe me a quarter. Mayor, can I -- let me jump in with what Charlie was saying.

You know, we've had very deep, robust debates in this chamber in the last few months about police accountability, about investments in Northeast Portland, and a common feature is advocates come in and say, that's a good start but we want you to do more. And that's what I hear you saying, but you're asking for more specificity. And that's the role of advocates. In almost every area, we're being pushed to be more specific.

So, I want to take Will's four points. We have a proposal for 200 units at Parcel 3. You challenged us to find a way to finance 270. So that seems to be clear -- that's clear.

You have reminded us that as we continue to expand housing units in the district that the denominator gets bigger so the numerator has to get bigger. So the affordable housing goals are not static, they grow over time because we have to look at the income profile of the city and we have to constantly adjust based on the number of units built generally. So, you've said, you've reminded us our affordable housing goals that were set once upon a time assumed a certain number of overall units, and as the district gets more units, we have to add more affordable housing units to maintain the right proportion.

White: If I may, it's not quite that -- because when that deal was cut in 2003, the constrained funding said we're going to cut our goals back by 64% until we reach 3000, and then we'll go back to the matching City income profile.

Fish: I see. That's a clearer statement but again, that I understand. You're saying that our current targets need to be readjusted as the district grows, and I understand that.

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You've challenged us to secure sites now because they are not going to get any cheaper. That certainly is true, which is why I believe that fundamental to the Zidell negotiations has to be a piece of dirt that's identified that can be built.

Number four, you've said that there actually has to be a piece of dirt in the Zidell negotiations, so I think that that is stated. And then we've heard a lot about Block 33, and I think that we should have some testimony on Block 33. Because one of the astonishing things is that is that the investment we made in the district is substantially above the actual amount that we invested in Block 49. And that makes Block 49 on paper look like a more expensive program because there was a lot of real estate transactions that occurred before the City put its money into what's now called Gray's Landing. So it becomes an expensive project, but almost a third of that money actually had nothing to do with the project.

Bax: Yeah, and there will be someone later that will break that out --

Fish: And that has been -- there's -- I know it was a gnarly deal, but it didn't have to be that gnarly.

So anyway, I appreciate the specificity and I think you've put down the markers and the challenge, and I think that we have to be very clear -- not just because we have to be clear about the intentions, but because every new dollar that's generated, there's competing priorities here. Commissioner Fritz is going to be advocating passionately for a greenway or a park. The mayor and Commissioner -- the mayor and others will be back advocating for infrastructure, and that's the nature of what we do. So, if we're not intentional, then we may not be in the first position or the second position from your point of view. So, I appreciate that.

Hales: Thank you all very much. Appreciate it.

Bax: Thank you.

Kafoury: Thank you for your time. Appreciate the detail.

Hales: Thank you. Now, we'll call one more panel, and that's Andre Baugh, the president of Planning and Sustainability Commission; Dave Unsworth from TriMet; and Len Michon from the South Portland neighborhood. Thank you for waiting. Thanks very much for being here.

Andre Baugh: I'll go first. Andre Baugh, Planning and Sustainability Commission Chair. The URAs that came before us were only two that we were able to look at -- that's the Central Eastside and North Macadam -- because under the code, we only look at significant changes. So, my comments and the letter reference only those two.

We looked at the URAs twice. It came before us and we delayed it to get more specificity around housing. It came back again and reluctantly we passed it and sent it onto Council. And I'm just going to go through many of the things -- our recommendations have been talked about already, so I will just highlight the ones that we really felt needed to be pushed forward and really taken up by Council from that standpoint.

Housing. 30% of the units in this district we feel -- and we put this forward also in the westside that you have before you right now -- 30% of the units being affordable units. That is key. This is a key component of the central city. And if you don't get the units here, it's going to put more pressure on the rest of the city to meet your overall housing goals for affordability. And so, you need to think about that as you think about doing housing.

The share of TIF funding allocated in North Macadam should be increased. The current policy is 30% of the TIF goes to housing and the remainder goes to infrastructure. We think you ought to rethink that position. And this is not a competition of parks, infrastructure, and housing because we believe a good, diverse neighborhood should have parks. So we think that you ought to do parks and affordable housing. The real question is, what is the priority down there and what is the -- how do you spend that money and when?

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So as you look at that, you already have in there about a minimum of 50%, but remember that 50% is a back end proposal that we put forward for going to housing. We think that you ought to look at that earlier and every year through a budget process to say, if you're not spending the infrastructure money, could you spend it on housing, could you spend it on parks? And through a budget process so that you are accountable every year to the housing question.

Council should support the Housing Bureau's effort to secure funding for the operating subsidies needed for units at zero to 30. We heard that's a tough issue and that's a barrier to affordable housing, and we support getting more operating dollars.

ZRZ, the Zidell development -- we strongly support affordable housing in that development, and the question that we had and the discussion that we had was if this was an inclusionary zoning -- which we support, we've testified for, we've said we're putting in the comp plan -- we've done everything to try to get it for years in Portland -- Zidell would pay or build affordable housing. However, in the TIF district, the City has to pay to do affordable housing and not sure why that is.

Fish: Unless, of course, he chose to do just commercial buildings.

Baugh: Unless he chose to do commercial buildings. Lastly, we would like to strongly support the lot 3 project, and between 200 and 400 units. We're not specific there.

That's really my comments, and we did not -- we had a discussion just to be clear about the issue of parks or housing, and we are clear: we think you need to do both, and we think the funding needed to be earlier than later because it's not -- building North Macadam without parks or without the housing didn't seem fair at the end of the day.

Fritz: But the proposal doesn't have the money for the parks.

Baugh: It does not, you're correct. And it doesn't have the money that we think for affordable housing either to reach the numbers. So that's the change in looking at that 30% to 70% allocation. You have to change that number or you or just don't have enough money when you look at the budget.

Hales: Thank you, Andre, appreciate it. Len, why don't you go next since you volunteered for this.

Leonard Michon: Good afternoon, my name is Leonard Michon, and I'm a vice president of the South Portland Neighborhood Association as well as the land use committee member, and I am a resident of South Waterfront. I also just recently joined the PDC'S central city advisory committee representing residents, not businesses. I'm here to advocate for transportation infrastructure improvements.

Table 4 within the report accompanying amendment four to the North Macadam Urban Renewal Area highlights 24 different transportation infrastructure issues of which seven are identified as complete, seven partially complete, and 10 incomplete. There are actually three which residents of South Portland believe should have priority.

First is the extension of Bond Street from Gibbs north to River Parkway. This is a key for development of Zidell Yards, as well as for access and further construction on Zidell -- I'm sorry, on the OHSU Schnitzer property. Both Zidell and OHSU will certainly be economic supporters and really, a lot of funds coming from Zidell once development gets started.

Second is the South Portal access into and out of the South Waterfront. This is a traffic flow restrictor in current configuration. What's needed at this point is an extension of the SW Moody and Bond to Hamilton. This would involve taking the former [indistinguishable] springs property, which is used as a parking lot. PBOT at this point is looking at several options to access South Waterfront from Macadam with the possible alignment of Lowell, taking property that is actively in use.

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The third is the Willamette greenway trail from Ross Island Bridge to River Parkway, linking Tilikum Crossing to Tom McCall Park. What I am seeking consideration for is representative of SPNA and resident within the South Waterfront community association is installation of a temporary hard top trail. Zidell's multi-year remediation of the river bank has already created a dirt trail that makes that connection. I expect that Portland Parks has concerns, but I am certain that Zidell is willing to work with the City in getting a temporary greenway built. This is not only important for the residents, but it is an incentive for workers and employers and everyone soon to be taking advantage of the Tilikum Crossing.

What I would also like to say is as a representative in the South Portland Neighborhood Association, we are also very supportive of affordable housing. So it's not that we are looking for transportation or affordable housing, we're looking for both. Thank you very much.

Hales: Thank you, thanks for your help. Dave, welcome.

Dave Unsworth: Mr. Hales, Council members, Dave Unsworth. I'm the director of project development at TriMet. And on September 12th this year, 2015, we'll be celebrating the orange line, so it's the connection that goes from Portland State, has a station at Lincoln, and what could be the expanded North Macadam URA. There's a station down at SW Moody. The infrastructure we put in place is already there for the extension of Bond, and TriMet spent millions of dollars in investing in the greenway trail down in the South Waterfront as well. We cross across Tilikum Crossing -- that's part of the \$64 million -- we put in bicycle and ped improvements throughout the corridor. We have a station at OMSI and we have a station at Clinton -- those are in the eastside urban renewal district. And we continue down through southeast Portland neighborhoods to Clackamas County 7.3 miles. So, excited to invite you to the first ride on May 15th. We're moving along and things are happening, and it will open up on-time and on budget.

That's not why I'm here today, though. I'm here to talk about finishing the work that we have done. So, as we look at the Clinton Street station -- through the Southeast Quadrant planning effort that's gone on, the community has come together and say they see a vision for many uses. And for those to be successful, there needs to be improved access -- that's roadways -- changes to that land use in there. And it's not just the zoning, but it's actually what the community has said that they think that they need. So, that's the end point.

TriMet supports the extension of the Central Eastside industrial URA, if you will. Similarly, when we go across the river and we look at the Lincoln Street station -- I know Portland State through the Lincoln station, and the strategic plans they've gone through, they have visions for what will occur there. We think that inclusion of that station in that area in the North Macadam area is a smart investment and builds on the investment that this region is done. So, urge you from that standpoint to support these ordinances.

Hales: Thank you. Thanks for all your good work. It's exciting. Questions for this panel. Thank you all very much. OK, so let's turn to the signup sheet for the other folks here who'd like to testify.

Moore-Love: I show 17 people left on this list. The first three, please come on up.

Hales: Susan, welcome. Go ahead.

Susan Emmons: Thank you. My name is Susan Emmons, I'm the director of Northwest Pilot Project, and I'm here today to speak for people who can't be here, and that includes the low income seniors calling us every day desperately seeking housing -- 20 calls every day, and we have nothing to offer them but waiting lists. We have to tell elderly people sleeping outside that there's a waiting list for our emergency shelters.

I've been doing this work for 30 years. I chaired the Housing and Community Development Commission from 1992 to 1995 and we did a needs assessment every year,

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just as we are doing today. In 1995, we had a countywide shortage of 10,000 units for households at 30% of median income or less. Fast forward 20 years to 2015, and our shortage countywide is 23,245 units.

We have a severe housing crisis, and the poorest of the poor are the ones in greatest jeopardy. And I think that we all understand the need, so what are we going to do about it? Identifying Parcel 3 as a site for affordable housing is a terrific first step. We've been told that there can be 400 units on the site, and we're looking at one building of 200 units. At Northwest Pilot Project, we think all 200 units should be for people of 30% of median income or less. We've been told there's concern about so many very low income units in one building, and our response is we can give you a list of buildings with a concentration of people with this income level that work beautifully. And I'd love to take you on a tour, but I'll give one example. Rose Schnitzer Tower, SW 12th and Clay, 235 units, subsidized housing, all very low income seniors and people with disabilities, preserved by the City as one of the 11 by 13 --

Fish: 12.

Emmons: 12 -- one of 12, thank you, Commissioner Fish, and your City funding.

Residents of the beautiful Mirabella have kind of adopted the Northwest Pilot Project and done amazing service projects for us. I was speaking to them in early December last year, and the subject came up about the lack of progress in their neighborhood to provide housing for very poor people. And they asked me why and I told them truthfully that I think that there are people who don't want more housing for poor people in their neighborhood. One resident got up in the audience and said that she and others were at the opening of Gray's Landing -- that they think it's a beautiful building and would welcome more buildings in their neighborhood, that they know that they are privileged and want to live in a mixed income neighborhood. She wanted to be here today to testify, but she couldn't miss a medical appointment -- she was lined up with me for January 29th -- we had a few delays.

I would like to close with a story of a woman who lives at Gray's Landing. She's 74, she's been poor all of her life. It's not because she's not smart -- she's as smart as can be, it's not because she hasn't worked hard all her life, raised her family, was widowed earlier -- she's a real survivor. But she would tell you, "I'm poor because of the jobs that I had never paid much money." She was at our annual holiday luncheon for seniors last December, and she told me that when she stood on the balcony of her studio apartment watching the Christmas ships coming down the river, she cried because she knew that she had the same views as people with considerable wealth and it meant so much to her that the powers that be felt that she had value and that she deserved to be in a beautiful setting.

And I know that every one of us in this room loves Portland. So the question is, can we make it the city we dream of? The beautiful, equitable, progressive, fair place for every citizen? I urge you not to adopt the amendment as is until we have answered the questions posed by so many people testifying today. Where are the sites? What are the affordability levels? When will they be built? And if not now, when? And if not in North Macadam, where?

And I would also like to say from your previous questions about the money and all the competing priorities you have as City Council members -- and I wouldn't want your job for all the money in the world, I think that you have really tough jobs. But I think we always find the money for the things that we really want to do. Aerial tram, state of the art transit system, extending the streetcar to South Waterfront -- we find the money for what we want to do, and we always build housing for poor people last -- [applause] Thirty years in the business, that's what I see.

Hales: Thank you, Susan. Thanks for all you do.

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Emmons: Thank you.

Hales: Who's next? Go ahead.

Dan Valliere: Dan Valliere with REACH Community Development. As you know, REACH manages the one affordable housing project in South Waterfront, Gray's Landing. And thank you, Susan, for that story. I'll just offer one other example of how affordable housing gives back to the community.

One resident at Gray's Landing is also a board member at REACH, so there's volunteer service right there that he gives to REACH helping govern the organization. He also had a stroke and has a disability as a result of that, but he teaches yoga, gentle yoga -- so, it's yoga for anybody, you don't need to be able to sit on the floor or do any stretches over your head. And he volunteers all around town almost every day of the week, so he's giving back to the community in countless ways to other people at no cost. I mean, he's an incredible person. That's one example of many of people who give back, too. It's not just about helping, it helps give back.

You already heard developing housing on Parcel 3 is a great step forward. Increasing the set aside also is a great step forward. These are all things that have just come about in the last few months, and that's great. I also would point out that the proposal includes at least 62 units for people with income 30% of median and below -- that's a good place to start, at least. I think that we need to strive more. I would echo what Susan said -- we can do more. There are countless buildings where there are way more than 62 people of very low income. So, we can do that, there are ways to do that. The resources need to be figured out, but it's been done many times.

I would encourage you to look at the number 200. Again, there are bigger projects than that, so to a degree that could be a floor -- leave the room for the City and others to try to exceed that.

I also provided a handout just with more information. It's a breakdown of the reported total North Macadam housing expenditures -- and this was talked about a bit earlier -- so it just has more breakdown. Oregon Opportunity Network prepared the hand out -- I gave it to the clerk. And one lesson to glean from this is that there is room to be more efficient with the funds.

As an example, you heard about the gnarly deal of Gray's Landing, and an example, it was first envisioned in 2003, the land and project stalled mid-stream and the City ended up issuing an RFP in 2010. REACH was chosen in 2011, and many of the high-cost aspects were already locked in, as Commissioner Fish pointed out. For example, PDC paid \$5 million for the land in 2006. So if it had been acquired in 2003, you know, it would have been less than that, so there are many dynamics to be factored in to why it was so expensive and that doesn't have to be repeated here. But the conclusion is it means aggressive action. And to use the moneys efficiently, we need to be as aggressive as we can be today and that will lay the groundwork a wise use of funds going forward. Thank you.

Hales: Thank you. Good afternoon.

Marianne Mauldin: Good afternoon, thank you for having us here. My name is Marianne Mauldin. I am a lifelong resident of Northeast Portland. I was born and raised on 19th and Stanton, and we married in 1971, bought a home at 4335 NE 40th, and have lived there for 43 years. Our home is paid for.

As I reflect on our lives, I can't help but think of those in the community who do not have the means and the opportunities that existed for us. I'm thinking of a particular family in our community that attends our church in Northeast Portland. They are a family of four comprising of a mother, father, teenage son, and daughter. They previously resided in a

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two bedroom apartment in the Cully neighborhood. The teens shared a bedroom and the parents the other.

The family agreed that the children sharing a bedroom was not a tenable living arrangement during the adolescent years and needed a home that could accommodate the growing needs of the family. Over a two-year period, they were able to save and borrow from relatives the \$8000 required for a down-payment on a three bedroom trailer at the Arbor Park trailer park in Cully neighborhood. They owe a sum of \$50,000 on it in addition to a monthly fee charged for leasing the space. Both the parents work full-time at minimum wage jobs, and they've used all their resources -- so are really hurting for this.

My husband and I also deliver emergency food through St. Vincent de Paul in that area as well, and you know, I just went, I just need to come and be a voice for them. You know, we've been so lucky. So as you are making decisions on the North Macadam renewal area that will create an opportunity for low income families such as the ones I have referred to above -- I voted for all of you, each and every one of you, believing that you would honor the commitment to permitting low income housing for those in need. And I just ask you to act thoughtfully and justly in making your decision. We all have just this one life to live, and we gotta to do the best that we can, all of us. Thank you. [applause]

Hales: Thank you.

Fish: Susan, I just have a quick question, if I could. Because you are here at a time we're talking about two issues that are near and dear to your heart. One is no net loss. And one is obviously expenditures for the urban renewal. So, in the connection with the West Quad Plan, I've asked for some updated information on no net loss because I want to better understand how we're doing. Now you publish an annual survey, but it occurs to me we ought to be thinking about no net loss and this urban renewal district because if there are older adults that are displaced in the West End, for example, because of some market force, what better place to live than South Waterfront within walking distance of great healthcare and having access to all the other benefits? Do you know offhand if we have any significant at-risk buildings in the West End right now?

Emmons: It seems to me from looking at our map that anything that's privately owned is at risk. Anything that isn't in the hands of a nonprofit is at risk. And it may be -- I mean, when we count our inventories, the building still exists but the rents have gotten so high that they are not available to our folks, and we've seen so much displacement from that.

Fish: So, with all the likely development pressure particularly in the West End where there are still some older buildings and very low income people, I think inevitably we're going to see displacement, just natural, and we're also going to figure out how that relates to the no net loss policy. And I think that we have to keep our eye on South Waterfront as a place where we can do some replacement.

Emmons: I think that -- you know, it may sound very negative to you, what those of us housing advocates are coming forward, but I think it would be a lot worse if we hadn't done what we've done. I mean, we've done some wonderful projects. It doesn't deny that we've done some good things as a city, but we could do so much more. We have a lot of talent and we have a lot of knowledge. Thank you.

Hales: Thanks, thank all three of you. Jean, would you like to go first?

Jean DeMaster: My name is Jean DeMaster, I'm the Director of Human Solutions, which shelters or houses approximately 350 homeless families every single night. This is about 1100 homeless people, about 600 homeless kids, and about 500 homeless parents. I also serve on the Portland Housing Advisory Commission, although I am certainly not speaking for the commission today. But I think that when the Portland Housing Advisory Commission meets next week and we talk about these issues, I'd like to offer that the

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Portland Housing Advisory Commission do the monitoring on the progress of how many affordable units we have produced once we agree on a goal.

According to an analysis completed by the Portland Housing Bureau, in Multnomah County there's at least 23,000 affordable housing units that are in deficit, which would mean that these are units that are needed for the lowest income renters but are not available. For us, this deficit means that although the homeless families have vouchers to be able to get out of the shelter or get out of the situation of being homeless, they are not able to find apartments or apartment owners that will rent to them. As a result, they are stuck in the shelter or they're doubled up with family and friends, sometimes in unsafe situations.

I'd like to ask you to imagine yourself as the parent in a homeless family and you have several homeless children with you, and you finally finally finally get yourself out of the emergency shelter by having a voucher that you can take to a landlord and it will pay for five months' worth of rent, and you go to apartment after apartment and no one will rent to you. And then someone asks you, how many units should they build in North Macadam, 62 or 200 or 400? If you were that homeless parent, you wouldn't say 62, I don't think.

For every 100 extremely low income renters, there's only 21 affordable rental units for them to rent. For Human Solutions, we have 700 units. Our vacancy rate is 1%, which means we have seven vacant units at any time, and they're only vacant for as long as it takes to turn over the unit and the next family moves in.

And as you know, being homeless is harmful, both short-term and long-term, to parents as well as to children. Children have a very hard time keeping up in school if they're homeless. Parents can't keep jobs if they're homeless. But this lack of affordable housing and the 23,000 deficit in affordable housing units is what keeps these families being homeless.

Part of the solution of course is to build more affordable housing. I would just like to ask you in summary to think about whether we have enough affordable housing for all of our citizens, whether or not we can purchase land now to make it more cost effective, and if we can identify strategies to build housing for very low income people and write that into the plan so we are certain that would happen. Thank you.

Hales: Thank you. Welcome.

John Miller: Thank you. I'm John Miller, I'm Executive Director of Oregon Opportunity Network. Oregon ON is a statewide association that advocates for affordable housing groups. In Portland, we have 19 nonprofits that we serve. So we advocate on their behalf, but really we advocate for the 23,000 families that Jean just mentioned that are heavily rent-burdened right now.

I wanted to first thank the mayor. Your staff has been great to work with over the past several months. We've also been working with many of the advocates that have already spoken today. What I'm going to do today is really sort of recap and put a fine point on some of the asks that we've had. And I think -- you know, you mentioned as advocates we ask for more, and that's right. And that really is our role and I think with the screaming need out there, we would be remiss if we were not doing that. And we'll keep doing it until the problem is solved. There's 23,000 families that are rent-burdened in Portland, and until we get that solved we'll continue with this message.

Just to recap our ask -- what needs to be added for the plan for North Macadam URA to really make it be a complete community -- which is one of the initiatives that I know that the City Council is looking at, is making the communities throughout the city -- this is a great opportunity in North Macadam URA to make it happen.

Some of the things we are looking for -- on Parcel 3, commit to reach the constrained goal of 270 units. Two hundred is a great start but really, 270 would get us to

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where we need to be with the original plan of the URA. Also, we need to act now to secure additional sites. We don't have to tie up the money right now -- we can put down options to purchase later -- but we need the sites in the pipeline now before the area has been redeveloped and the land cost goes through the roof. We should turn to OHSU, PSU, ZRZ and others, and they should help by making land available.

Given that the expanded area is already or will be at 4000 units, to match the City-wide income profile we're going to need at least another 300 units at below 60% MFI. Recently, we had an issue in North/Northeast Portland, where there was an affordable housing imbalance. And Mayor Hales, you made a bold move and dedicated \$20 million to meet that need. We see that this is a good opportunity for perhaps another bold move such as that to try to meet these goals.

Also in the Central Eastside URA, there should be language to ensure there's a firm commitment to secure affordable housing in the Clinton Triangle, or other sites.

There are many developers and owners here that are ready to jump in. We know that there is not enough money, and right now, we're trying to solve it with the URA funds. The big picture is we do need a very large sustainable revenue source, which we'll be talking to you about more in the future. So, thank you very much.

Hales: Thank you. Welcome, stranger.

Sam Galbreath: Commissioner Hales, Commissioners, my name is Sam Galbreath --

Fish: He got a promotion --

Hales: But he was here when I was a Commissioner.

Galbreath: Mayor Hales, excuse me --

Hales: It's a flashback for both of us.

Galbreath: Excuse me. My name is Sam Galbreath. For almost 20 years, I worked for the Portland Development Commission. The majority of that time was in charge of the housing programs. And during that time, we accomplished some seminal things, I think. One of the things I'm most proud of because of its lasting value was a 1979 document -- Vera Katz, I think, was on the advisory committee -- to establish downtown housing policies and programs that live to this day in terms of the ongoing policies, such as the income profile that's in the North Macadam project. Based on those programs and the recommended policies, thousands of units have been retained, upgraded, and built in the following 20 years.

I also want to thank you for pursuing the overall URA changes. Mayor Hales, this is long overdue, I think it's an excellent move and I commend it. And also for the ongoing goal for the North Macadam in terms of the housing goal; for the Parcel 3 objectives, maybe with modifications like Will White suggested; and for earmarking \$47 million to meet it. But why am I here?

I've been out of the maelstrom of public policy, and public development for quite a while. But in rapid succession at the beginning of the year, I read a couple of quotes in one of our daily newspapers which made me incredulous. I knew it must be an error. Both people are in the room -- I won't name them, but one said that we can proceed with development of North Macadam without a development agreement with Zidell. And another prominent person said, you know, Zidell can go and pull permits at the development office without any development agreement. Well, maybe so, but not likely without the 27 million plus in infrastructure that the plan is scheduled to carry out. You don't give away your leverage.

The goal of an urban renewal project is secured public benefit for the City as a whole. And certainly a heterogeneous neighborhood -- a neighborhood in which over 50% of the workers will make 60% or less of the median income -- is a worthy public goal. So, what I ask is that a continued goal of matching the city income profile that was established

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in the plan in 2003, after the 3000 initial units are developed -- so we're looking forward -- no amendment to the development agreement without key properties like the Zidell Block 33 and Block 3; and development agreements to reflect the ratios Are consistent with the income mix in the goals for the project. Thank you very much.

Fritz: Mr. Galbreath, just to clarify -- you don't think we should do the URA amendment until we have the ZRZ agreement?

Galbreath: That's my position. I know that there's some feeling otherwise, and it is true that we've initiated the urban renewal areas and not had development agreements. But I think the development agreements have to be -- I think we need to hold off on making incentivized infrastructure investments that benefit primarily a major land holder until we have a development agreement. So I think that we have leverage. We don't have legal authority, but I think that we have prevailing attitude and certainly precedent to do that.

Fritz: Thank you.

Fish: Sam, just to follow up on that. OHSU has made a pretty compelling case for making the investment along Moody. If we held up indefinitely for Mr. Zidell to come to the table, we might be holding that hostage. The other concern that I have is that we have the money now to invest in Parcel 3. And again, if we wait -- let's say it takes a year or more to conclude a negotiation -- we cannot compel that negotiation. Are we prepared to hold that hostage in effect to a development agreement that may not happen where we have the money to move forward on a substantial down-payment of affordable housing in Parcel 3?

Galbreath: I didn't realize that there was a tie between the Zidell agreement and Parcel 3.

Fish: No, the only -- the point is without the amendment that we're proposing here that expands the geography and puts more TIF in North Macadam, we don't have the resources to do Parcel 3. So I get that leverage is the key word here -- and gnarly. Leverage cuts both ways and different people are gonna -- but one of the things that I'm concerned about is holding an affordable housing development in Parcel 3 hostage to a requirement that we have a development agreement with Zidell that might not happen if Mr. Zidell chooses not to consummate a deal.

Galbreath: And I understand the dilemma. I think there is a way to have both.

Fish: I'll wanna know more about that. Thank you.

Hales: Your ideas on how the time could run forwards and backwards at the same time would be most welcome.

Galbreath: [laughs] Thank you.

Hales: Next three, please. Good afternoon, welcome.

Tasha Harmon: Good afternoon, Mayor Hales, Commission. You've heard a lot of details in the last couple of hours and several specific requests, and I'm not going to rehash them. That's been well covered. I'm here to look at the big picture with you again.

Portland is becoming a city that doesn't work for a large percentage of the people who live and work here. Even before the vacancy rate fell to 2%, an estimated 54% of all the renters in Multnomah County were cost burdened, were housing cost burdened, paying more than 30% of their income for housing. That's only going to get worse. We're on our way to San Francisco if we do not make different choices.

The new draft comprehensive plan says that most of the housing is going to be built in the central city, but the vast majority of the housing need is for people in low and moderate incomes. And if this process in North Macadam is any example to us of how it's going to go, that need will not get met. Without strategies for preserving a real diversity of housing in our older neighborhoods, you won't even be able to build sufficient affordable housing in the central city to offset those losses, never mind increase the supply.

We can't do what needs to be done for this city around the affordable housing strategy simply by investing public dollars. That's going to have to be a necessary part of

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the strategy. It cannot be all of it. We need to shape the incentives and requirements -- the environment in which development happens -- to level the playing field between the people who want to create a diverse housing stock and the people who simply want to make as much money as possible from their land and development.

We need a commitment to policies and tools that will shape the city's housing supply to match the incomes of the people who live here. Advocates gave you a list of the tools 20 years ago. They included mandatory inclusionary zoning, linkage fees, a land speculation tax, land banking, and permanent affordability requirements. Not one of those tools, say, something sort of like permanent affordability requirements for subsidized housing, have been implemented. And here we are. The City has invested millions and millions of dollars in urban renewal districts without those tools in play. And here we are.

The City is failing to create a framework that will lead to a housing supply that meets the needs of its citizens. The best time to create that framework was 20 years ago. The next best time is now. If you fail to make this shift, you are not only creating hardships for innumerable people, you are also undermining a bunch of the other goals that you hold dear. You cannot succeed in limiting carbon emissions, increasing high school graduation rates, eliminating food deserts, creating livable complete communities without making the creation of a supply of housing that actually matches the income profiles of the City a major priority.

We're here to ask you to acknowledge those connections and not limit yourself to what's easy, to what feels possible, to what you have enough money for. We're asking you to be stewards of the future, to champion diversity and equity and sustainability and build a city that works for all of us. [applause]

Hales: Thank you very much.

Diane Linn: Good afternoon, Mayor and City Council members. My name is Diane Linn, I'm executive director of Proud Ground, Portland's community land trust that creates permanently affordable home ownership opportunities for medium and low income people, as you all know. We also maintain about \$18 million in land assets for the community through the land banking process. Tasha reminds me -- I was Chair when I was at Multnomah County as a County elected official, and today I don't miss that job in watching all of you guys grapple with these issues. I did have a chance to chair the regional affordable housing committee. A lot of those tools were discussed thoroughly again, after that 20-year-old conversation, and we did help -- Multnomah County worked very closely with the City of Portland on its 10-year plan to end homelessness.

I'm really here just to say that I am wanting to support this group of housing advocates who bring this amazing institutional memory to these efforts to try to create real housing opportunities for people. A lot's happened in all these years, but I think we can all agree that we haven't come even close to meeting the progress we know is necessary to meet the needs. It has now become imperative.

I would also like to thank all of you, and specifically Commissioner Saltzman for supporting House Bill 2564, which is the effort to reverse the mandatory ban on inclusionary zoning, the one hope of -- just imagine what it would have been like if we had had that in place over all these years. Since 1999, we've lost that tool. We need to bring it back to the table, along with all the specifics you've heard today from the advocates about what can be done, we need to bring that tool back to the table also to give Portland a fighting chance to make this progress possible.

I'm also here to say, look, let's all work together to offer support, leadership, creative ways with the cross sector communication and collaboration that we can do. The land trust could even be a part of helping establish a land banking or getting options on the

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land that's available in North Macadam today. That's just an idea. We can work together, we've got the brain power, we've got the heart.

The people that are here today are here because we really care about this City, as you all very well know, and we're here to help figure out how we can do better in this particular effort. Thank you.

Hales: Thank you. Welcome.

Kathy Orton: Hi, I'm Kathy Orton, I represent Brooklyn Action Corps, and I guess I'm a change of pace with all the housing discussion. Presently, only the Clinton Triangle is proposed to be part of the new URA. And the reason it's to be added is because it adds to the development of the Portland-Milwaukie light rail line. However, this ignores the vacant and marginal uses along 17th Avenue, as well as the south side of Powell. If the goal is to encourage development along the new orange line, then the entire segment should be incorporated.

To make this point, I have included several tables. Table 1 shows the south side of Powell business, of which there are 17 of assorted sizes, a mix of old and new businesses, and a variety of site owners. Table 2 shows 17th Avenue Brooklyn businesses not going beyond the boundary of Holgate. There's 17 businesses there, and an equal number of unused lots or TriMet parking areas.

You'll also notice Table 3, which shows the current uses of the Clinton Triangle. There are only six small businesses in existence there now, as well as the Fire Bureau. The majority of lots on that section are owned either by the City of Portland, or by Stacy and Witbeck, who are the contractors for the orange line. The Fire Bureau is considering moving -- and we're not even talking about the Brooklyn industrial area from 25th to 18th Holgate to Powell. So, transportation is a huge issue at Milwaukie and Powell, as we all know. There's also huge issues with the Brooklyn industrial area, Union Pacific, Holgate will all be impacted when the orange line actually begins running.

In conclusion, I would say either add the south side of Powell businesses and down along the 17th orange line additional stations as part of the URA, or leave the Clinton Triangle out altogether.

Hales: If we were to do that, how far south would you think we should go?

Orton: We go as far south as Holgate, and even consider the Brooklyn industrial area.

Hales: Down at the McLoughlin?

Orton: Yes.

Hales: Yeah, OK. Thank you.

Orton: Thank you.

Hales: Thank you all. Welcome.

Eleni Kehagiaras: Thank you, Mayor Hales and Commissioners Fritz and Fish -- the only two left. My name is Eleni Kehagiaras, I chair the Lincoln High School long-term development committee, and we would like to acknowledge and express support of the proposed URA amendment impacting the Lincoln High School site. We agree the amendments may have a positive impact on other areas of the city, but would like to note the loss of support to the site of Lincoln High School.

Lincoln High School campus plays a vital role in the life of urban Portland. As part of the Education URA, Lincoln would have benefited from the urban renewal that it is in dire need of. Schools -- and importantly, urban schools -- are economic drivers for our city, ones that we could better utilize and support. When people consider the city of Portland for their future home, they look to the schools, the public schools. Lincoln High School is the only public school in downtown Portland and it gets looked at, toured, judged, and often the city of Portland in our great public school gets bypassed for the suburbs and the

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private school not because Lincoln lacks programming or success, but because of the quality of its facilities.

Having been officially named -- along with Benson and Madison High Schools -- through the 2016 bond measure, Lincoln has a strong possibility of being rebuilt in the near future. The bond has the potential to ignite economic and civic growth in the city of Portland by creating a hub of education, civic engagement, and economic mobility in the heart of our city.

Master planning for the proposed project will begin this year. We seek open dialogue and opportunities to keep the City Council of Portland and the PDC apprised of our progress, and solicit input and support as our community prepares to go before the voters.

In addition, the amendment as stated by the PDC has three goals, one of which is to support Portland State University. Lincoln and PSU, while no longer may be bound together by the urban renewal boundary, are nonetheless in development of programmatic and potential building partnerships; projects regarding the sharing of facilities and spaces such as classrooms, labs, athletics, and parks. The loss of URA dollars will have an impact on future partnerships.

Also please note the I-405 physically divides the schools today. With this new educational partnership and the sheer size of the two schools continuing to grow, the importance of the land over the I-405 and its connections will become more and more vital.

We encourage the City to direct PDC and applicable bureaus to begin working with regulatory agencies to clear the way for bridging this divide by making it feasible to undertake such a project as soon as the opportunity presents itself.

Finally, with the loss of the Education URA, we are uncertain how offsite and infrastructure will be developed. We seek support and understanding that the City, PDC, and PPS work to establish other secure sources of funds to cover extensive offsite and infrastructure improvements related to the development of the Lincoln High School site, as these are extraordinary relative to the other bond-funded projects PPS has planned, and because Lincoln High School is a unique urban site on public transit lines with shared public spaces that benefit the entire city. Thank you for your time and consideration.

Hales: Thank you, thanks very much. Welcome.

Susan Pearce: Good afternoon, and thank you for the opportunity to speak on this. I'm Susan Pearce, I am chair of the Hosford-Abernethy Neighborhood Association, or HAND, as you'll hear it referred to.

The HAND board has not been able to -- it neither supports nor opposes this project. The amendment was first brought to our attention in September. We had brief periods of time in October and November to discuss it amongst everything else that's going on in HAND. Things are pretty busy right now, and we haven't been able to discuss it since. The whole concept of urban renewal, TIF financing -- it's a little complex for some of our board members.

We do, generally speaking, support the CEIC position on this sort of issue. I could sort of attach everybody that Debbie Kitchin had to say as an amendment or a beginning of what I have to say here.

There are some aspects for considerations, however, on which we the board agree. The Clinton Triangle is the area immediately adjacent to the Clinton station, a stop along the soon-to-be opened Portland Milwaukie light-rail line. HAND board members and residents, along with our neighbors in the Brooklyn neighborhood, have been considering what we want to see as station area development for a number of years.

It's a developmental challenge in part because it's currently not accessible -- as we've heard earlier today. If the URA funds are to be contributed toward reconfiguring SE

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Powell and Milwaukie Boulevard, this could address some of that accessibility of the property, along with freight transit that's so important to the CEIC.

However, if this is done the -- already, the residents along 11th and 12th Avenues -- which is in addition [indistinguishable] the Central Eastside Industrial District is a residential district that actually predates the industrial district of which it's now a part. These are all old homes -- or for the most part are. Those residents are really concerned about the traffic and the speed of traffic up and down especially 12th Avenue. So if there is enhanced accessibility, then we would be adamant that changes to the infrastructure at SE Milwaukie -- or that there be mitigation. We also would support the CEIC concerns about speed bumps, however we would be interested in stop lights.

The Clinton Triangle could absorb the low-income housing required as a part of the URA spending, thus increasing concerns of the CEIC about putting it in the midst of industrial properties. We see that as a good thing. It's right there at a transit center with a new orange line. [beeping] And we have been -- is that the end of my --?

Hales: Please try to wrap up, Susan -- thank you.

Pearce: We would be very happy to see more low-income housing, because we've lost a lot to big developers. The Crescent Park assets -- and you have that paragraph from the notes -- HAND is park deficient. We have one tiny little park named Piccolo Park. We're a little disappointed that we have not been -- this is our neighborhood, and yet we the residential part of the neighborhood are not at the table. And should this amendment go forward, we are adamant that there should be a representative from the residential part of the neighborhood at the table.

Hales: Thank you very much.

Fritz: I highlighted Crescent Park part of your letter, and also the other ones. I got it. Thank you.

Hales: Thanks very much. Mr. Stull?

Barry Joe Stull: Good afternoon. My name is Barry Joe Stull. I feel kind of like I gave at the office. I was at the affordable housing memorial. My friend was actually camping in the area. He says, it's down by the end of the streetcar line, and I went down there. We were memorializing the fact that affordable housing wasn't built. That was years ago.

I know that we're putting on a lot of airs here in the city of Portland. The best way I can describe what's going on is to tell -- it's a little bit of an aside, but it'll give you some sense here. I'm a [indistinguishable] historian, so I some classes, and one of the guys was doing a class on hashish. He told about his exploits, and they were importing hashish into the United States and other countries using dogs to get the dogs through customs. They had cages that had the hashish in them, and they had one dog that was apparently nuts. And they said we're going to drug this dog and we're going to send it on through but as soon as you get it you're going to have to kill this dog because this dog is crazy. Well, the dog had unexpected layover and came to and ate its way out of the cage, was shot dead by the airport staff. They found out the cage was made of hashish. And the whole scheme kind of all fell apart.

Well, the whole scheme here is I was living in affordable housing as a person with a disability and I had a job. And my nonprofit affordable housing landlord filed a 30-day no-cause and destroyed \$20,000 worth of my property. That left me broke, sick, and homeless. And now, taxpayers are paying for me to be in HUD-subsidized housing. I'm the metric equivalent of that dog that you all are using to do your metric equivalent of importing hashish. You're taking the federal money.

This is all about taking federal money -- building transit infrastructure and taking federal money. So me as a homeless person was worth more than me as a person with a disability with a job in an affordable housing. And I got the joke when I saw that Maxine

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Fitzpatrick was signed up to testify today. Because when I saw that I remembered one of the affidavits in that case file -- as I was fighting that bogus eviction and destruction of my property -- one of the affidavits had her characterized as Maxine Fitzgerald. Didn't even get the name right and it didn't even matter in this bogus system.

So, if you want to know why people have some questions about the way you're doing things -- is we don't have questions about the way you're doing things, we know the way you're doing things. You had all the tools -- we heard it here today -- all the tools you had to prevent this mess 20 years ago, you didn't use. You know why? Because you're giving money to the rich and you're taking it from everybody else. There's plenty of poor people like me that you can pretend you're helping.

Hales: Thanks. Come on up. Thank you for waiting.

Jeanne Galick: Well, nearly last but hopefully not least.

Hales: Not at all.

Galick: My name is Jeanne Galick. Like many here, in the 1990s, I worked on the North Macadam Plan, but I was an advocate for future parks and the Willamette greenway.

If the new South Waterfront is to be successful, it must have more than buildings and roads. Parks and the greenway are critical infrastructure and civic assets. They are an essential urban service. They provide space for recreation, habitat for urban wildlife, and a safe transportation corridor for bikes and pedestrians. They help sustain both our physical and mental well-being. They are an incredible attraction for both businesses and developers. And in the discussions on the West Quad, of which I was on the SAC, it was a top priority for this district to have the greenway completed.

Parks and the greenway have been promised but under-funded in the past, and today their full funding continues to be vague and on the back end. We need both affordable housing and the parks and greenway to become a priority. We need them to be funded adequately, and we need them soon. We've been waiting years and years and years for that greenway and for more parks in South Waterfront.

So, I urge you to please make it a priority. Give it funding. I just wanted to say please don't make the greenway a temporary solution. We find that temporary solutions become permanent. People just kind of forget about it because they are kind of taken care of. So, let's do it right and get that greenway done.

Hales: Thank you.

Fritz: Just to reassure you, we don't even have the money for a temporary solution, so.

Galick: But we need to find it.

Hales: Welcome.

Hiram Asmuth: My name is Hiram Asmuth, I'm a Southwest Portland resident. I think there's different motivations that folks have for talking to you guys. With all due respect, a property developer is motivated on profit. These housing advocates are motivated for protecting Portland's houseless and under-housed citizens and the integrity of our city.

I went to a thing called the Portland renters assembly last night. There was about 20 of us. And what we were talking specifically about how the rents are increasing while our incomes aren't matching those increases. And so I think it's very crucial when you're talking about something that's going to have impact five, 10, 20 years, 30 years down the line, specificity -- and I wish Nick was here to hear this -- is crucial. We have to have this. We have to have these developers -- we got to hold their feet to the fire. We have to find ways to be very specific about where this money goes and how much it gets dedicated to affordable housing, and we have to follow through on it.

I keep hearing time and time again about all these grand plans to end homelessness and all these grand plans to create affordable housing, and somehow it doesn't happen. Meanwhile, these developers? They have no horse in the game. If there's

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any kind of operation that occurs there that involves a median family income -- right now our median family income in Portland for one person in Portland is \$48,000 per year. That's \$4000 per month, which is \$25 per hour at a 40-hour work week.

I don't know anyone making 25 bucks an hour. I just don't. It's not a reality. We need to think about housing people who are making what we realistically do make, which is 35%, 40%. Some make 20% of that number. So I think that a key thing to talk about with affordable housing is what is affordable.

There was another woman who made a very cogent point recently. She said, match the housing with the incomes. I think that's so crucial, and we have to be very specific because if we're not specific, these developers will walk right over us. You know, they're the reason why our rates are going up so quickly. We're green lighting all these massive projects, and I'm seeing old home after old home getting smashed around turned into a McMansion all over the place. I think it's bringing in people from out of city, and it's not accommodating the people in the city.

You are the advocates of the people who are here now. Please be our advocates and defend us from this onslaught of development by at least making very specific requirements that the development that comes is going to not treat displacement like a casual word. Thank you.

Hales: Thank you. Mr. Johnson, you get the last word.

Charles Johnson: Thank you, Mayor, Commissioners. I'm Charles Johnson for the record. Although I was -- both of these remarks have just touched me.

I visit the neuropsychiatry at OHSU on the eight floor of their high rise, and I look out to the south at a vast sea of unaffordable housing. And no green spaces, no parks, as the lady has pointed out -- or minimal. Then my friend Hiram talks about MFI, median family income.

Mr. Stull was just up here and he's worked with various nonprofits that take their clients and they code them into a computer where the clients get a barcode on a plastic card, not on their body. That's for HMIS -- probably some federal contract -- the Homeless Management Information System. Except the last three letters are a lie. It's just homelessness -- there's no management, there's no information, and there's no system. There might be information.

We have people -- we don't ever have a clear coherent discussion about the coordinating committee to end homelessness or here about exactly how many people are never ever going to have an income above \$790 or whatever the latest social security adjustment is -- that we absolutely have to have an equal -- exactly equal -- number of units for those people as people are getting social security checks. That information is out there but we never seem to pair up that information.

Then we have the issue of the working poor, as Hiram has raised -- people who really don't have any rational connection through their pocketbook to median family income and poverty level. And every time we have these conversations -- I realize we're talking about urban renewal, but essentially, part of our urban renewal strategy is to find more affordable housing units. But we have never set -- we never talk specifically about the data of how many people are under there, and if developers want to make any profit on real estate, they have to find a way to fill that need. If they can't fill that need, they can't have any assistance and we need to have publicly owned and managed properties.

I understand there are federal obstructions to getting new Northwest Tower and new Home Forward owned properties. Let them sue us if we try to house our homeless. We need to get 3000 people off the street and into sanitary, safe housing. I'm also -- obviously this is a vast issue, I can't fully address it in three minutes of remarks, but I was over in the CEIC, the central east side industrial corridor -- whatever it is -- near St. Francis

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at 1131 Oak, where there's a big transition around there around 11th and 12th to the residences of the Buckman area. And things like Grand and MLK, where REACH and JOIN -- well, particularly REACH -- I know one person who is being evicted. Supposedly, a case-managed service. He'll either be couch surfing or sleeping on the streets. So, we need to improve the safety net and talk about real transitional publicly-managed shelters. Thank you.

Hales: Thank you all. Thanks very much. So we've had a long hearing. Commissioner Fish has soldiered on despite having a cold. What I would suggest we do is close the public hearing and continue this item for at least a week so that then we can bring Patrick and staff and Traci and others up for Council discussion when we're a, fresh; two, well; and three, have time to get into the details.

Fish: First of all, Mayor, thank you for diagnosing me with a cold. I put in an absence for tomorrow because I'm at death's door, but if Dan calls in sick tomorrow you've at least got me off the hook because you couldn't have gotten it from me.

Saltzman: Well I'm feeling a little -- something's coming down -- [laughter]

Fish: I tried to sneeze this way, but we can ultimately blame my son who brought it home from school.

Mayor, this has been an extraordinary hearing. And just in terms of managing things, I'm looking at the items that we have. I will not be here tomorrow. In terms of 230, 229 and 228, I don't think anyone -- those are issues that at some point that I'm prepared to act on. I have some questions -- I'm going to follow up with some questions for staff about 225, because I'm unclear about at least the detail around whether there is in fact a housing component to the Clinton Triangle. I just want to look at the language and I want to better understand that and potential funding.

Then there's three or four things that came up time and time again with respect to 226 and 227, and they're of course linked, because as you sunset one you create the other. Since you have agreed to continue this a week, which would give us a chance if we had amendments to bring them next week, I will reach out to Jillian and to PDC with those questions. I'll be back in the saddle hopefully on Monday and we'll see if there's -- I'll have some questions then follow-up discussions. And I appreciate you continuing this. This would be continued until next Wednesday or next Thursday?

Hales: We're just trying to figure out where there's a little room in the calendar for Council to deliberate here.

*****: We think we'd like to avoid a conflict with the West Quadrant Plan next week because it will be lengthy, and Patrick will also be out of town next week, so we suggest two weeks.

*****: Can we do it on a Thursday afternoon or something?

Moore-Love: That's the 12th, but you have an evening budget hearing at 6:30.

Hales: Want to meet during the day and have a budget hearing?

Fish: That's fine.

Hales: OK. 2:00 p.m. on the 12th.

Fish: Budget hearing might be less contentious this year.

Hales: [laughs] Might be.

*****: Yeah -- and maybe we can do that in an hour.

Hales: Yeah. We'll close the public hearing and continue these items until the 12th. In the meantime, obviously Council members can direct further questions to Patrick or anyone else.

Fish: Can I also just clarify something?

Hales: Sure.

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Fish: We do have a pretty big stack of testimony. To the extent someone has presented an idea that's not reflected in the testimony, please don't be shy about just emailing the Council offices with the specific proposal.

Hales: Absolutely.

Fish: We've all been making notes and we have a big stack of paper. But we have that opportunity and I think -- assuming I can come back to work on Monday, I would hope to have some meetings Monday, Tuesday.

Hales: Good. Any other questions or requests?

Fritz: Well, I wanted to say first of all thank you to everybody, especially those of you who stayed this entire time -- very much appreciate that -- and those who waited until the very end to testify. It was very, very helpful.

Some of the questions that I will want more information on are about the League of Women Voters' suggestion about the U.S. Postal Service site with the 30 million for flipping and what happens to the 30 million after it's flipped. So, that's a question for me.

I have several questions on the River District and the pros and cons of just ending it now versus -- or ending it in 2018 versus extending it -- what really has to be done there.

The Block 33 question raised by Margaret Bax with the OHSU \$3 million is a question that I have.

Kathy Orton's testimony on behalf of the Brooklyn Action Corps raised a question in my mind, which is did we look at ending the Central Eastside Industrial District -- the Central Eastside -- it's good we're putting this off because my mind has stopped working properly -- but did we think about ending the Central Eastside district and starting a new one for the triangle and Brooklyn? If so, why are we not doing that? I do want to make sure Sue Pearce's points from HAND about the traffic and the Crescent Park money -- what happened to that.

And then I'll have several others, in particular, the question of whether to -- how do we move forward knowing that we don't yet have an agreement with Zidell? If you look at where the numbers are without Zidell, there isn't enough money to do everything that we need to do, there isn't even close to enough money to do everything that we need to do. And do we actually need to build Bond? That was another question. Does the development agreement we have with OHSU actually require us to build Bond? And if not, maybe we should not build Bond or tell OHSU they can build it. So, that's a question that I have because that would free up some money for other transportation improvements, including the South Portal, which -- I share Commissioner Novick's concern about how -- there should be a little bit of money in the tables we received for the South Portal, even if we get most from the state or the federal government. It just doesn't feel like we're doing what we need to do right now.

What we're deciding now is whether to continue and extend this district and get more money to invest in it. It seems like a good thing to do, except that it then takes money away from the other taxing jurisdictions. So, we have to be really clear about what are the public benefits and how is this going to fit together? And we won't have any more magic money flowing in for the next 20 years or so. So, we need to be figuring out, how are we going to provide the parks, and if not on Zidell, where else could a park be that's going to need money for acquisition as well as development? How are we going to get the greenway trail finished -- which we don't currently have the money in the Parks budget -- and how are we going to do the necessary transportation improvements? As well as how are we going to get at least 270 units of very affordable housing -- and hopefully to 400?

I would like us to look at all of these things together rather than OK, we'll fix this piece and then figure the rest out. We have to have a framework for how we're going to move forward to make this work. I was part of setting this up -- as Gretchen Kafoury

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mentioned -- when I was on the Planning Commission. I feel a real responsibility to deliver on all of the promises and the hopes that we had back then. And yes, we spent \$57 million on the tram. But that was then -- as you said, Mayor -- and now is now. Let's figure it out now as to what's the best use for the available money and how do we encourage development throughout the district that would then allow us to meet our goals?

Fish: Mayor, can I just make one other point?

Hales: Please.

Fish: You know, I used to have housing and parks. I'm reminded in these discussions that it's much better to have those divided up among two Commissioners, because I used to have this conversation with myself -- [laughter] -- housing and parks. Now at least we have two advocates fighting the good fight. I just want to close with a Gretchen Kafoury story, because she's here and of course she needs to be embarrassed.

When I came to Oregon and didn't know anybody, I was introduced to her by Mike, and she promptly at some point asked me to serve on the Housing Authority of Portland Board -- that's what it was called back then. Fast forward -- Gretchen has a unique place in all our lives up here. And I got a call about a week ago and the phone went off it, and it was the County Chair. And I thought, this is nice, the County Chair is calling me. And I answered, "hello, Deborah," and we exchanged pleasantries, meandered around. And I said, "well, so, why did you call?" She says, "do you mind calling my mother?" That was a high point for me -- getting a call from a County Chair to call her mother.

Hales: And it was a good idea. Any other questions, instructions, requests? Again, thank you all very much for a great hearing. I'll continue those items to the 12th, and we're adjourned until next week. Thank you.

At 5:27 p.m., Council adjourned.