



CITY OF
PORTLAND, OREGON

**OFFICIAL
 MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **15TH DAY OF APRIL, 2015** AT 9:30 A.M.

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

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

Item Nos. 380, 382 and 384 were pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

COMMUNICATIONS		Disposition:
371	Request of Amanda Shore and Jade Bradford to address Council regarding Civic Scholars at City Club of Portland (Communication)	PLACED ON FILE
372	Request of Michael Krupp to address Council regarding military and the Commissioner of Police (Communication)	PLACED ON FILE
373	Request of Charles Johnson to address Council regarding taxes and justice (Communication)	PLACED ON FILE
374	Request of Lightning Watchdog X to address Council regarding Joint Terrorism Task Force-Memorandum of Understanding-Amendments (Communication)	PLACED ON FILE
375	Request of Michael Blas to address Council regarding proposal to help everyone (Communication)	PLACED ON FILE
TIMES CERTAIN		
376	TIME CERTAIN: 9:30 AM – Proclaim April 2015 to be Fair Housing Month in Portland (Proclamation introduced by Mayor Hales and Commissioner Saltzman) 30 minutes requested	PLACED ON FILE
CONSENT AGENDA – NO DISCUSSION		

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<p>377 Reappoint Hermann Colas, Maxine Fitzpatrick, Rob Humphrey and Kristin Wells and appoint Justin Wood to the Development Review Advisory Committee for 3-year terms (Report introduced by Mayor Hales and Commissioner Fritz) (Y-5)</p>	<p>CONFIRMED</p>
<p style="text-align: center;">Mayor Charlie Hales Bureau of Planning & Sustainability</p>	
<p>378 Consent to the transfer of Weisenfluh Sanitary Services LLC residential solid waste, recycling and composting collection franchise to Portland Disposal and Recycling, Inc. (Second Reading Agenda 354) (Y-5)</p>	<p>187086</p>
<p>379 Consent to transfer of residential solid waste, recycling and composting franchise from Hoodview Disposal and Recycling, Inc. to City Sanitary Service, Inc. (Second Reading Agenda 355) (Y-5)</p>	<p>187087</p>
<p style="text-align: center;">City Attorney</p>	
<p>S-*380 Authorize police officers at the rank of Captain or above who have previously been members of the Portland Police Association or Portland Police Commanding Officers Association bargaining units to contribute, upon retirement, unused sick leave into a Voluntary Employee Beneficiary Association trust (Ordinance) Motion to accept the substitute: Moved by Fish and seconded by Fritz. (Y-5) (Y-5)</p>	<p>SUBSTITUTE 187091</p>
<p>*381 Authorize continuation of benefit of reimbursement of legal fees for police officers at the rank of Captain or above under certain conditions in accordance with Settlement Agreement (Ordinance) (Y-5)</p>	<p>187088</p>
<p style="text-align: center;">Office of Management and Finance</p>	
<p>382 Authorize a contract with Pierce Manufacturing, Inc. to provide up to nine Triple Combination Pumpers for a not-to-exceed amount of \$5,000,000 (Procurement Report - Project No. 117404) Motion to accept the report: Moved by Fish and seconded by Saltzman. (Y-5)</p>	<p>ACCEPTED PREPARE CONTRACT</p>
<p style="text-align: center;">Commissioner Dan Saltzman Position No. 3</p>	
<p>*383 Amend the Ground Lease and Sublease Agreement with Portland Public Schools and the Native American Youth and Family Center for intergenerational housing and an early childhood education center to change the tract boundaries and provide for dedicated roadway (Ordinance; amend Contract No. 30003309) (Y-5)</p>	<p>187089</p>

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<p>384 Extend real property lease for Portland Children's Levy staff offices in the Spalding Building, 319 SW Washington St (Second Reading Agenda 362; amend Contract No. 30000628)</p>	<p>CONTINUED TO APRIL 22, 2015 AT 9:30 AM</p>
<p style="text-align: center;">REGULAR AGENDA</p> <p style="text-align: center;">Commissioner Nick Fish</p> <p style="text-align: center;">Position No. 2</p> <p style="text-align: center;">Bureau of Environmental Services</p> <p>385 Authorize a contract with the lowest responsive bidder for construction of the Hollywood-Grant Park Sewer Rehabilitation Project No. E10384 for \$9,000,000 (Second Reading Agenda 366) (Y-5)</p>	
	<p style="text-align: right;">187090</p>

At 10:28 a.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **15TH DAY OF APRIL, 2015** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Saltzman left at 4:51 p.m.

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

<p>386 TIME CERTAIN: 2:00 PM – Accept Park System Development Charge Methodology Update Report for implementation and amend the applicable sections of City Code (Ordinance introduced by Commissioner Fritz; amend Code Chapter 17.13) 90 minutes requested</p> <p>Motion to accept Fritz amendments to Parks SDC Methodology Report to revise the ranges of sizes of dwelling units: Moved by Fritz and seconded by Fish. (Y-5)</p> <p>Motion to amend effective date to January 1, 2016: Moved by Fritz and seconded by Fish. (Y-4; N-1 Saltzman)</p>	<p>Disposition:</p> <p>CONTINUED TO [DATE TO BE ANNOUNCED] AS AMENDED</p>
<p>387 TIME CERTAIN: 3:30 PM – Require annual energy performance reporting for commercial buildings to promote reduction in local carbon emissions (Ordinance introduced by Mayor Hales; add Code Chapter 17.104) 1 hour requested</p>	<p>PASSED TO SECOND READING APRIL 22, 2015 AT 9:30 AM</p>

At 6:00 p.m., Council adjourned.

MARY HULL CABALLERO
Auditor of the City of Portland



By Karla Moore-Love
Clerk of the Council

April 15, 2015
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.

APRIL 15, 2015 9:30 AM

Hales: Good morning, everyone. Welcome to the April 15th meeting of the Portland City Council. Would you please call the roll?

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

Hales: Welcome, everyone. We have some informal business up front and then some communications items and then the regular agenda. Let me first turn to Commissioner Novick, who has a proclamation to read.

Novick: Mayor, I want to offer my thanks to Deanna Wesson-Mitchell of your staff who came up with the idea for this proclamation, which is highly embarrassing because I should have come up with it myself.

Hales: [laughs] No harm, no foul.

Novick: Whereas, emergencies can occur at any time to require police, fire, or emergency medical services; and whereas, when an emergency occurs, the prompt response of police officers, firefighters, and paramedics is critical to the protection of life and preservation of property; and whereas, the safety of our police officers and firefighters depend on the quality and accuracy of information obtained from citizens who called 9-1-1 and professional public safety telecommunicators are a vital link between citizens and victims and are often the first contact our citizens have with emergency services; and whereas, public safety telecommunicators monitor the activities of police officers, firefighters, and emergency medical personnel by radio and provide them with information while seeking to ensure their safety; and whereas, according to the Association of Public Safety Officials International, National Public Safety Telecommunications Week was initially conceived in 1981 by Patricia Anderson of the Contra Costa County sheriff's office in California, and Congress formally designated the week in 1991; and whereas, public safety telecommunicators of the City of Portland's Bureau of Emergency Communications have contributed substantially to the apprehension of criminal suppression of fires and lifesaving treatment of patients experiencing medical emergencies; and whereas, telecommunicators in the Bureau of Emergency Communications exhibit compassion, understanding, and professionalism while performing a critically-important job as Multnomah County's first responders; now, therefore, I, Charlie Hales, Mayor of the City of Portland, Oregon, the City of Roses, do hereby proclaim April 12th to 18th of 2015 -- and I note that the fact that this week includes the day of the midnight ride of Paul Revere as very appropriate, as public safety telecommunicators play a similar role -- to be National Public Safety Telecommunicators week in Portland and encourage all residents to observe this week.

Hales: Thank you, Commissioner. Let's hear it for our 9-1-1 operators, they do a great job. [applause] I've had a chance a couple of times -- I think everyone on the Council has -- to actually sit on the floor and watch them work. I think when we call, we have no idea of the highly trained complexity of their work, so it's pretty impressive and nice that we could recognize them. Thank you.

We have communications items up front, some folks who have signed up to speak to the Council, and we'll take them in order.

Item 371.

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Hales: Good morning. Welcome.

Amanda Shore: Thank you. Dear Mayor Hales and Commissioners Novick, Fish, Fritz, and Saltzman -- I'm pleased to also have Parkrose Superintendent Karen Gray here in the audience -- on behalf of the City Club of Portland, I am pleased to present to you today about Civic Scholars, City Club's youth civic engagement program. Civic Scholars seeks to demystify leadership, advocacy, and government for youth from underserved schools. To do this, we invite students -- many for the first time -- to a formal business environment. We also include students in discussions with community leaders and work with them to build advocacy skills. After a Q&A with Portland Police Chief Larry O'Dea, a young woman from East Portland told me, "I had been prepared to ask him all these tough questions, but then I met him and he seems like a nice guy and I froze." [laughter]

The ability to speak one's mind in front of intimidating leaders takes practice. By including students in multiple events per year, this program provides the practice necessary to build confidence and have one's voice heard. This advocacy practice also takes the form of questions at the microphone at Friday Forum, where I've seen future leaders bravely ask questions about gun control, legislation protecting undocumented immigrants, affordable housing, and the lack of affordable arts opportunities in Portland. These questions again build confidence. If a student can look the governor in the eye and ask a question in front of 300 people and the whole state on OPB radio, I think they'll be fine lobbying their school board for money for new planners or impressing their next employer in a job interview.

The Civic Scholars program works with youth to build these skills, but the program has just as profound an impact on the adults surrounding them. Scores of people have approached me at these events and sent me emails to tell me how inspired they were by a student's question. I set out to inspire youth, yet most of the emails that I get are from inspired adults. I believe this is because for all the despair that can go around about kids today and the future, not many people are actually asking young people what they care about or giving them a chance to voice their passions, concerns, and ideas.

This program has shown that our future is in innovative, smart, and compassionate hands. On that note, I now introduce Jade Bradford, a senior at Parkrose High School and a Civic Scholar. Thank you for your time.

Hales: Thank you. Good morning.

Jade Bradford: Thank you, Amanda. Good morning, Mayor Hales and Commissioners Novick, Fish, Fritz, and Saltzman. My name is Jade Bradford. I'm 17 years old and I'm currently a senior at Parkrose High School. I'd like to express my gratitude to you for taking the time to listen to my colleague and I on behalf of the organization that we represent.

This year, the City Club of Portland introduced their Civic Scholars program, and little did I know that I would end up being a participant in the organization's pilot session. The program was introduced to me through our school's student senate association. I didn't think much of the program at first and simply saw it as something I could put on a resume, but then I attended my first Friday Forum and experienced a life-changing event.

The Civic Scholars program has opened up so many doors for me, and just as a young 17-year-old, I've done and experienced many things that many established adults haven't been able to. I was just one of very few lucky students able to experience this wonderful program, and I feel that all students across the nation should experience similar organizations so that they may receive a small taste of what the world has to offer. Thank you.

Hales: Thank you both for coming. We'd love -- if you're willing, Council members -- we would love to take a picture with five current and two future occupants of these five chairs.

Shore: I'd love that. [photo taken]

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Hales: I got to be closely cross examined by these Civic Scholars at that Friday Forum, and actually one of the great things -- a number of great things that former Mayor Adams did with his revitalization of the City Club was introduce this relationship with the Civic Scholars program. It's just one more sign of how that old institution has become new and has really reached out to and started to include student leaders. So, very happy about that, and very happy about what you're doing, and we look forward to having you back in the civic life in a number of roles over the next few years. Thank you. OK, let's move on to 372.

Item 372.

Hales: Mr. Krupp? OK, let's move on to 373.

Item 373.

Hales: Good morning, and welcome.

Charles Johnson: Howdy y'all, I'm Charles Johnson. I'm here to actually talk about how our taxpayer money is being kind of squandered on this idea of Portland being a champion for climate change. It seems like every year, we actually get an award for being the champions of climate change because of, you know, the great work of people like Tom McCall back in the '70s and '60s. But really, we have kind of seen that Portland has become a fossil fuel center. The fossil fuel industry is booming here. They get wonderful tax breaks, they get wonderful incentives to come into our community, and it just doesn't sit well with me with the green reputation that Portland has.

So, coming up, we actually have the propane vote that I'm sure y'all are very aware of. I hear it's a win for the climate, it's a win for the environment, but really it will be sending propane from tar sands and fracking operation this is Canada that are poisoning indigenous communities' water right through our city, creating a giant blast zone in St. Johns.

I really encourage you members of the City Council to actually take a stand on this vote. This is something that's really important to people in my generation because we're going to have to deal with the effects of catastrophic climate change, and the propane terminal when it's burned will contribute to .07% of all global emissions of carbon dioxide. It seems like a small amount, but Portland really is the leader on these things.

But I have a bit of lack of faith. Unfortunately, Steve Novick, I know that you have accepted several thousands of dollars in campaign contributions from Greenbrier Industries, one of the largest constructors of coal barges, oil trains, that sort of thing. And you say that coal is social justice for China. I hope you fall back on your environmentalist credentials on this vote. Saltzman, I know you used to work for CH2M Hill. You may go back to work there again after you're done, but CH2M Hill is in the business of constructing fossil fuel terminals, and I know the City Council has voted to give CH2M Hill many contracts to build these things. And then Charlie Hales, I know you worked for HDR Industries, which is in the same boat as CH2M Hill in constructing fossil fuel terminals both upstream and downstream.

But I think that this is an issue of environmental justice and the violation of public trust, so I'm here to plead with y'all to actually think about my generation and the effects that it will have on not only me but my roommates' daughter, who's still even younger than I am -- also, injustice to communities of color in St. Johns in North Portland. They have higher rates of cancer and lack of access to food because of the increasing drought in California. And they're also just dealing with a lot more injustices promoted by the City in general, like less than \$15 an hour minimum wage, rapid gentrification promoted by the city developers, and police violence on a daily basis. So, as we come up to this propane vote, let's really think about our action plan and take an action on it instead of just kind of talk about it. Thank you.

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Novick: Sir, I have a --

Hales: Appreciate your interest in the issue. Actually, we're having a hearing this afternoon on commercial energy benchmarking in order to actually reduce carbon emissions from commercial buildings, so I'm not sure if you are available but that's at 3:30 today. And then secondly, you might want to check but I'm pretty sure that neither the City or the State has ever given tax breaks to fossil fuel companies.

Johnson: It happens on a lot of different levels.

Hales: Well, it may happen at other places, but I don't think here because we have a limited number of tax incentives that we can offer, and I don't believe that they have been offered to anything associated with fossil fuel. But it would be worth checking.

Johnson: They pollute our climate, which in turn, they should be paying taxes on.

Hales: Oh, sure, you bet. But again, in terms of the tax breaks, I think it's pretty important to know when the City is actually giving people a break on taxes. We do it for affordable housing, but I'm pretty sure we haven't done it for fossil fuels.

Johnson: And then don't mandate that the affordable housing gets built.

Hales: We're working on that, but -- Commissioner Novick?

Novick: Sir, I have a question which is that right now, people in Portland use propane in like their backyard grills. And do you think that if we -- and that obviously has to come from somewhere, it's transported here somehow. Do you think that if we choose to deny the propane terminal that's proposed, to be consistent, we should also prohibit the use of propane by Portlanders?

Johnson: I definitely think that we should be cutting back on that. I don't think that sending propane to China so that we're sending our jobs over to China -- because this propane is just going to fuel jobs in China, where they have lax labor laws, unions here in the USA aren't going to be getting those jobs, they're all going to be sent to a place where workers are dying on a daily basis because of the labor laws, and they're not unionized. So, with your kind of labor credentials, I think that you would probably see that it's an important issue to make sure that those jobs are staying here and not going to China.

Novick: I just note that actually, the union organizations have spoken out about this issue because the building trades would like to get the jobs of building the terminal have actually spoken out in favor of it.

Johnson: There are several unions that spoke out against it at the hearing last week.

Hales: Good, thanks. Appreciate you coming.

Item 374.

Hales: Good morning.

Lightning: Good morning. My name is Lightning, I represent Lightning Watchdog X. I'll have a few issues to go over.

Pertaining to the Joint Terrorism Task Force, I didn't feel we had adequate time to make amendments to the MOU. A couple of the current concerns that I had was who was going to pay the overtime -- we didn't have enough transparency. In the event of excessive use of force being used, can we maintain our compliance with the current settlement agreement by joining the Joint Terrorism Task Force? That's my main concern. I think the timing of this should have been after the settlement agreement expired, and then possibly consider going into the JTTF. So, remaining in compliance -- I have a concern about that.

Now, about pertaining to affordable housing, one of the concerns I have is that the 30% MFI or below -- we're not meeting the inventory out in the marketplace. We're meeting the inventory from private developers for a higher MFI. I think we need to plan aggressively on the affordable housing issue to meet this demand like the Pearl District has done in their location, like North Macadam has done in their location. I would propose that we set aside the purchase of the U.S. post office at 715 NW Hoyt, approximately 13

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acres, and designate that towards 30% MFI and develop that whole parcel out for that purpose. We have a lot of area there to work from. We have a lot of land, and we can build a tremendous amount of affordable units at 30% MFI. I'm asking that foundations will step up to the table and offer assistance on this project -- and again, we need to focus on a large scale effort at the 30% MFI, and I think that we can do that if we begin planning now and understand the demand is there of 23,000 plus units. We're not meeting that demand. The number is growing higher. We can do that with the planned development with the U.S. post office -- if it's purchased through PDC -- of 13 acres, and designated for that purpose -- that purpose only -- and to have no height restrictions on how high that they want to build the buildings there and offer assistance from foundations, corporations to get the job done, get the people off the sidewalks into housing.

Now, as far as on Uber coming to town -- you asked a question all the time, "why didn't we regulate the caps or why did we regulate the caps in the past and why aren't we doing it now in the future?" Well, you need to turn that question around, back to you in the past administration and ask that administration why they did that. Exclusivity, scarcity offers value in the marketplace, and that's why they did it. When Uber comes to this town, it will saturate the market. The value to these other companies will go down. And remember, that was past administration that put that into place, so that's who you need to ask on why that was put into place and how that's going to affect the cub companies in the future. Thank you.

Hales: Thanks, Lightning, thank you very much.

Item 375.

Hales: Mr. Blas, are you here? Let's go to 376, please.

Moore-Love: Do you want to do the consent agenda first?

Hales: I'm sorry, the consent before the proclamation? No, we can do the proclamation.

Fish: Well, it's a time certain.

Hales: It's a time -- OK. We can do consent. We've got some things to pull off. So, let's see, we're going to pull item number 380 and 382 from consent to regular. Anything else that anyone wants?

Fish: Mayor, I would like to pull 384 onto regular agenda.

Hales: OK.

Hales: Anything else? OK. So, let's take a vote on the balance of the consent calendar, please.

Roll on consent agenda.

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

Item 376.

Hales: Commissioner Saltzman.

Saltzman: Thank you, Mayor. Before we begin our presentation this morning -- and I'll read the proclamation, but I'd like to call up Diane Hess of the Fair Housing Council of Oregon; Housing Director Traci Manning -- oh, there she is -- and Jason Trombley, the chair of the Fair Housing Advisory Commission. If you could all come to the table and I'll read the proclamation declaring April as Fair Housing Month.

Whereas, our community is committed to equal opportunity and housing choice for all; and whereas, the theme of Portland's Fair Housing Month is "overcoming and mitigating disparate impacts" along with this year's national fair housing month theme, "fair housing is your right, use it" and whereas, the City of Portland and its partners are working together to combat discrimination, disparate impacts, and other impediments to housing choice; and whereas, the City Council adopted Portland's first-ever fair housing action plan in September 2011 and established a Fair Housing Advocacy Committee to oversee its implementation; and whereas, the plan calls for a combination of enhanced outreach in

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education, increased testing and enforcement, and expanded supply of quality affordable housing options, mitigation of displacement, and increased inter-bureau coordination; and whereas, the Portland Housing Bureau is working with landlords and tenants to increase choice for low income renters citywide; and whereas, under federal fair housing laws, Oregon civil rights statutes, and Portland City Code, it is unlawful to discriminate on the basis of race, color, religion, sex, disability, familial status, national origin, marital status, sexual orientation, source of income, military status, gender identity, age over 18, type of occupation, or history as a victim of domestic violence; and whereas, Housing and Urban Development memo of 2001 states, "actions to affirmatively further fair housing should further practices of the Fair Housing Act be actively promoting wider housing opportunity for all persons while maintaining a non-discriminatory environment in all aspects of public and private housing markets," and whereas, executive order 12892 as amended requires federal agencies to affirmatively further fair housing in their programs and activities; and whereas, 2015 marks the 47th anniversary of the signing of Title VIII of the federal Civil Rights Act, also known as the Federal Fair Housing Act of 1968, and the 27th anniversary of the Fair Housing Act amendment of 1988; now, therefore, I, Charlie Hales, Mayor of the City of Portland, the City of Roses, do hereby proclaim April 2015 to be Fair Housing Month in Portland and encourage all residents to observe this month by joining the effort to promote fair housing for all because fair housing is your right, use it.

And now, I'd like to ask our distinguished panel to provide some testimony. Should we start with Traci or start with Diane?

Diane Hess: Hi, I am Diane Hess, education director from the Fair Housing Council of Oregon. And April 11, 1968 -- 47 years ago -- one week after the assassination of Dr. King, President Johnson signed the Federal Fair Housing Act, which at that point made it illegal to discriminate based on race, color, national origin, and religion. The history of -- oh, and it actually covered both individual acts of discrimination and systemic segregation, so that was in the act right from the beginning.

Our history in Portland in Oregon kind of mirrored the nationwide history of discrimination, segregation, and displacement going back to the Oregon Trail. And I think that most kids who learn about the Oregon Trail and the Oregon Donation Land Act may not learn that it was for whites only. So, starting with that and our original constitution in Oregon where it said it that African Americans and people of Chinese descent could not purchase any real estate, and it was illegal for African Americans to actually live from the state under that exclusion clause, which is one of the reasons there was not a lot of African American migration to the state until World War II.

Here in Portland, in 1919, the Portland Board of Realtors' code of ethics basically said a realtor who sold a home to an African American or an Asian in a white neighborhood -- which was considered four blocks of housing where whites lived -- would be kicked out of the Board of Realtors. At that time, an area of North/Northeast Portland identified as the Albina neighborhood was the area for African Americans. There was a history of redlining, lack of loans, lack of sidewalk and other infrastructure repairs.

At that time, restrictive covenants became common. So, many individual homes and neighborhoods in Portland were restricted to whites only -- and even today, you can purchase a home and be at the title company signing the paperwork, and they in the deed are this language -- which is no longer legally enforceable -- the house can only be sold to whites, but African Americans and Asians can live there as domestic servants. The trend continued in the '20s when the Klan was very big in Oregon, and the legislature passed a bill preventing Oregonians of Japanese descent from purchasing real estate.

A long history of displacement, starting with Native Americans of the Oregon Trail. I don't know how many folks now that there was a community of Chinese vegetable farmers

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near the Multnomah Athletic Club and Providence Park that were displaced by the City in the 1900s -- 3700 Japanese, two-thirds U.S. Citizens, after Pearl Harbor. The Roma community that lived in the Pearl displaced by Mayor Riley in 1944, and the Jewish community of South Portland displaced by the urban renewal later in the century.

African Americans in Portland were displaced by a series of urban renewal projects in the 1950s, '60s, and '70s -- Memorial Coliseum, moving I-5 and the planned expansion of Emanuel Hospital. And during that time, over a thousand people lost their homes and many businesses were eliminated.

So, first African Americans were restricted to North/Northeast Portland, and then after building community, they faced steady displacement first from these urban renewal projects and now, for a quarter of a century, gentrification that completely has altered that community and forced many whose families have lived there in the area for generations to move into other areas -- primarily, East Portland and East County.

So, looking back to 1968, fair housing rights have continued to evolve since President Johnson signed the act. Women's movement in the 1970s made it illegal to discriminate based on sex. 1988 fair housing amendments act -- Commissioner Saltzman mentioned -- illegal to discriminate based on disability, families with children. Here in Oregon, before 1988, between 60% and 70% of the rentals were off limits to families with children, and that's when we first had strong enforcement mechanisms. As the proclamation mentions, over time, Oregon and the City of Portland have expanded the protections.

There's been tremendous progress over the last 47 years, but discrimination and segregation persist. HUD estimates more than three million instances a year -- and I can say just from the calls that come into our hotline -- we have 3000 calls last year -- some of things that we see a lot of -- we don't see much anymore of, you know, "no Jews allowed" or "no children allowed" or those kinds of things. But we do see a persistent or subtle discrimination where the landlord might not say they want a Latino family where they'll say the unit has been rented. We've seen an increase in harassment of individuals based on protected class, and also, continuing problems with not only landlords, HOAs and so on that are refusing to provide reasonable accommodations for people with disabilities. Racial segregation persists nationally and locally. Locally, for example, 75% of our African Americans are living in just 16% of the census tracts.

Whether intentional or not, housing policies may have a discriminatory impact or a disparate impact on protected classes. We see this on an ongoing basis and in individual situations. For example, in Newport, there was a landlord who refused to rent to anyone who worked in a fish cannery. Unlike Portland, occupation is not protected in Newport, but we found more than 90% of the folks working in fish canneries there were Latino. So, whether it was intentional or not, that policy had a disparate impact. Or a large apartment complex that says "no tricycles anywhere in this community." They're not directly saying, "no families with children."

So, intentional or not, that falls under the housing discrimination. And it's not just the individual acts, but systemic acts as well. We deal around the state with communities that don't want low income housing, don't want group homes for people with disabilities that clearly have a disparate impact. Here in Portland, we still have that legacy of urban renewal and gentrification that has obviously had a desperate impact on the African American community.

As the proclamation says, jurisdictions have the responsibility to affirmatively further fair housing, and that means using a fair housing lens in planning, code enforcement, allocation, and resources -- and really, all aspects of housing and community development. Traci Manning and Jason Trombley are going to address Portland's fair housing efforts.

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Traci Manning, Director, Portland Housing Bureau: Thank you, Diane. Good morning. Happy Fair Housing Month. So, now the good news.

We as a community have for years partnered with our neighboring jurisdictions -- Multnomah County, City of Gresham, some of our great community organizations, the U.S. Department of Housing and Urban Development, the State bureau -- BOLI --

Hess: Bureau of Labor and Industries.

Manning: Thank you -- to really try impact people's ability where they choose to live. And I think some of the things that Diane cited -- there's a real growing awareness that it's not OK that people can't access the communities they want to live in. And if you look at the City of Portland and your housing policy as it has evolved over time, we have spent more and more time really focusing on the opportunities that people have based on where they live. So, while it is true that our history of racial segregation is both present, it's also changing, and that whether that segregation is present because of the discrimination or unintended consequences, our intention has the capacity to impact those problems.

Diane shared the history of North and Northeast Portland. It's a great example of where recent Council action has directed us to impact the access of the people to fair housing. So, while in those neighborhoods, the percentage of African Americans has been reduced by half since 1990 -- and those community members do still feel at risk of displacement -- because in part of Council action and also because of the City of Portland's fair housing action plan, which outlines exactly these kinds of actions that we can take to address the issues of segregation and displacement, we can have an impact.

One example is the funds that you've provided to offer for closure assistance, home repair assistance, first-time home buyer assistance. There's a wait list of 100 people. We're going to be able to start chipping away at that. We know these programs work. Based on our current program performance, at least 80% of those assisted will continue to live in their homes 12 months after receiving services.

So, I think that we -- it's important to know and to acknowledge our history of how we got where we got. I also want to put in context that our work partnering with the Fair Housing Council of Oregon, and with our really great community organizations, we have the ability to have an impact. It's not just the list of awfuls.

With that, I'd like to give the floor to Jason Trombley. Jason is the chair of the Fair Housing Advocacy Committee. That's a committee that we share with Multnomah County and the City of Gresham. It includes all kinds of community members who sit at the table together to create a plan to actually change the way our community looks, and I'm deeply grateful for their volunteer time and their intelligence.

Jason Trombley: Thank you very much, Director Manning, Mayor Hales and members of the Council. So, first with regard to the FHAC, I wanted to talk about the fair housing assessment.

We're very proud of the work that the City of Portland has undertaken to address fair housing choice. Every year, we educate a significant number of landlords. For example, over 776 landlords received fair housing education during the annual Bureau of Development Services landlords training. From the training, we can see the awareness of the rights of people with disabilities to have pets at their apartments, and an awareness that all landlords in Oregon must take an application regardless of the source of income.

The Portland Action Plan also sought to increase fair housing awareness and renters. The national theme is "fair housing is your right, use it." In the annual community needs hearing, we learned from our immigrant communities that many do not know their fair housing rights, and until we share the knowledge, they will not know that landlords cannot refuse basic habitability repairs like repairing leaks and broken appliances. There is

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evidence of the growing awareness and the increase in the visits to the Fair Housing Council's website -- 13,556 website visits in the fiscal year 2014.

Also, market conditions are changing in Multnomah County, and new populations are arriving. To address the changes, we are creating our next five-year plan for prioritizing spending of federal and local resources in ways that expand housing choice. To prepare the consolidated plan, housing and urban development requires a fair housing assessment. Demographics, segregation, disproportionate housing needs, disparities in access to community assets and exposure to adverse community factors, disability in access in fair housing complaint outcomes, fair housing knowledge, and practices that further or hinder fair housing choice in Portland, Gresham, and Multnomah County.

Next is the disparate impacts. The Fair Housing Advocacy Committee is focused on disparate impact because we are hearing from the community about the impact of displacement. There is a lot at stake in the national conversation about fair housing. In a recent Supreme Court case of the Texas Department of Housing and Community Affairs versus The Inclusive Communities, a decision in favor of the state of Texas could potentially weaken the Fair Housing Act by not recognizing disparate impacts as a condition of discrimination, and thus reopens the door to housing policies and practices that excludes people on the basis of their race, color, national origin, gender, religion, and disability, or family status. A decision in favor of Inclusive Communities could complicate how and where public dollars are spent if they are made in places of poverty.

Regardless of which direction the decision goes, it should not weaken our City's resolve to prevent, overcome, and mitigate disparate impacts in Portland. We need to do both -- invest in low income communities and invest in high-opportunity areas in ways that increase access for low income families and communities of color and other protected classes.

And third -- which I think is the most exciting part of the morning -- which is our fair housing poster contest. Today, we are honoring two students from the statewide Fair Housing Council of Oregon fair housing poster contest. Both won third place in their respective age groups. The students are Jasmine Bonahan [spelling] from Gresham Valley Elementary, and Morgana Cartwright [spelling?] from Southwest Charter School. She could not be here because she's attending outdoor school.

Morgana is from Southwest Charter School and won third place in the fourth to fifth grade category. Again, she couldn't be here because of outdoor school, but we wanted to acknowledge the efforts of Morgana and her school.

The Fair Housing Council of Oregon has been working with the Southwest Charter School for several years now. They did an amazing comic book on the housing discrimination and the local history of Portland. You can take a look at the copy on display at the table today.

And lastly is Jasmine from Gresham from Powell Valley Elementary School, the third place winner in the first to third grade category. Jasmine has family here and in the Philippines, she excels in gymnastics at northwest gymnastics training center, she's won multiple trophies and medals at every meet this season and recently was asked to join their junior Olympics team, which she began on April 2nd. And so very quickly, I'd like to invite Jasmine to come up and share a few words about her poster.

Hales: Great, good morning.

Fish: Which of the two is hers?

******:** The top.

Hales: The top? Great. Welcome! Don't be nervous, we're really happy to hear you talk about your poster. How did you get the idea? Did you change your idea as you worked on it? Tell us more about it.

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Jasmine Bonahan [spelling?]: Well, I just thought about it, and I was just thinking, and I was doing the poster for fun. I didn't know if I was going to win, I was just thinking of doing it for fun. And I just thought of it, and I started drawing houses, and then it started coming to me.

Fish: Where do you go to school, honey?

Jasmine: Powell Valley Elementary School.

Hales: Excellent. I like how you included a lot of trees in your poster. We're a city that loves trees and loves our parks. So, a bunch of us up here noticed that in particular.

Saltzman: And we'd love to take a picture with you and your poster, too.

Hales: Yeah, we wanna do that, too.

Fish: Do you have anybody with you from your family or friends?

Jasmine: I have my mom and dad and my sister.

Fish: Let's give them a round of applause. [applause] Can I just make one comment? Today is actually the day that the arts tax is due. [laughter]

Hales: That's right.

Fish: The arts tax has allowed us to have 70 arts teachers in schools throughout Portland serving 30,000 children. As we look at your beautiful poster, we're reminded of how important it is to have art as part of the normal curriculum. You obviously have a lot of talent and by putting all the trees in there, I know you've Commissioner Fritz's heart.

Hales: She's the Parks Commissioner.

Saltzman: Let's have a picture, and family members are welcome to join us. [photo taken] [applause]

Hales: Thank you all.

Fish: Dan has already taken all the posters? [laughter]

Hales: We'll have to argue with him about that.

Fish: Do we have time for a couple of questions?

Hales: We sure do.

Fish: Let me kick it off by asking Diane -- the last two weeks, we all saw full page ads in local newspapers declaring the commitment of the private landlord community to observing fair housing laws. Two questions. How did that come about? And I don't remember ever seeing full page ads in newspapers signed by Multifamily NW and other industry leaders making explicit commitments during this week. So, could you give us the back story?

Hess: Sure. Well, there are a number of different organizations that represent landlords and property management companies. Multifamily NW we've had a growing partnership with. We've always done trainings, but they now have a fair housing committee, and they actually just had a fair housing fair for property managers that hundreds of people came to. So, that is an emphasis -- both education and outreach. And a great thing is they're doing more and more of this not just in the Portland metro area, but other areas of the state. So, this is the first year that they did the full page ad, and I think a lot of it is that they have this activist committee. We're actually next Friday doing one of our fair housing bus tours for their members, and I know we have a waiting list. So, there's obviously an increased level of consciousness.

I will say, one of the challenges is that there are so many landlords that are not affiliated with an organization like that, and that would be great -- actually, I think that it would be great -- I'm just going to throw this out there -- if right at the point people purchased rental property -- either licensing or at least a requirement to take a test or something like that, which they do have in other states and jurisdictions in other parts of the country. I mean, one of the things that we try to do is give information on an informal basis to realtors, to title companies to give it to the folks so they don't find out they did something wrong at the point that the Bureau of Labor and Industries has a complaint

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against them. But it's a great thing how Multifamily, how the industry -- and other industry groups, too -- are really affirmatively making efforts to educate their folks to get a real understanding of fair housing, and we hope that we can get more of the individual mom and pop landlords hooked into that.

Hales: Other questions? OK.

Saltzman: I want to thank our panelists, and today, our actions restate our commitment to the housing choice and affirm that we hold ourselves to a higher standard. Thank you all for and being here today.

Novick: Commissioner, I'd like to bring up a fairness issue.

Saltzman: Uh-oh.

Novick: I think that it is grossly unfair -- and I made this clear to her -- that Traci Manning is planning to leave. [laughter] And I wanted to let her know that I asked the City Attorney if we have authority to draft her and compel her to her position.

Manning: Thank you, Commissioner. I appreciated your email. [laughs]

Hales: Thank you very much.

Saltzman: Well, she's going out with a bang. She'll be here several times more this month -- [laughter]

Manning: [laughs] It's true.

Hales: We won't let her off that easy.

Saltzman: Thank you.

Hales: Thank you all very much. Thank you, Commissioner Saltzman.

Manning: Thank you.

Hales: So, we're going to move in a moment to the rest of our agenda. We have a relatively brief one this morning. And want to just ask that folks testify on the items that are before us -- specifically, you are a lobbyist, we need you to disclose that information. If you are here representing an organization, we ask you to do likewise. Please testify to the matter at hand. We typically limit testimony to three minutes per person, and I think given the small group of people here this morning, we won't have any trouble staying on the schedule. We have a relatively new member, Denis Vannier from the City Attorney's team here serving us this morning -- a lot of you know him. So, let's begin with the regular item, and we'll return to the past consent items after that. So, the regular item is 385.

Item 385.

Hales: This is the second reading. Roll call vote.

Item 385 Roll.

Fish: Mayor and colleagues, last week, we had presentations from Bureau of Environmental Services and Water Bureau. They were two of the -- I thought -- better news presentations at that the bureaus have had in a while. One was this BES item about a major sewer rehabilitation project and the extensive community outreach they've done in laying the ground work, and the second was the Dam 2 project up in the watershed that came in on-time and under budget.

We had a bare quorum of the Council when these things came before us, and I think the chambers were empty. Steve made some comment about good news being no news. But while we can't control that, I do think it's important at these moments just to acknowledge that the good work these bureaus do is a result of a lot of highly-dedicated people doing their job, usually without a claim. And I'm very proud of what they do and proud to be their Commissioner-in-Charge. This is a project that is very promising. There's been a lot of work done, and I know that I will be hearing from people in that community if it doesn't go as scheduled because after all, I live in Hollywood. Today, I'm pleased to vote aye.

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

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Hales: OK, let's return to our items from the consent calendar that we pulled to the regular calendar, starting with 380.

Item 380.

Hales: Mr. Amberg from the City Attorney's Office is here to walk us through this, and there's a proposed substitute.

Mark Amberg, City Attorney's Office: Yes. Good morning, Mayor and Council. We have introduced a substitute ordinance because of a little bit of a change in the direction, not on the substance of what is going to happen with regard to this, the basic issue, the contribution of sick leave into this VEBA trust. In consultation with the attorney for the Portland Police Commanding Officers Association -- which signed the settlement agreement we entered into last fall -- and the attorney for the PPA VEBA trust, which is the trust into which the contributions will be made.

Long story short is originally, we thought that there was going to have to be an entity created, a captains beneficiary association. On consultation with the VEBA trust attorney, it was determined that's not necessary.

When the ordinance was originally drafted, we drafted it with the idea there would be this captains beneficiary association. We've eliminated that, and there was a substantial enough change in the ordinance that we felt it was appropriate to ask this to be introduced as a substitute ordinance rather than an amendment to the ordinance.

Hales: The practical effect of this is that after members of the Police Bureau in effect graduate out of a represented status by being promoted from Lieutenant to Captain, they can pay into this VEBA trust and it will be managed by their former union, the Portland Police Association, right?

Amberg: Correct. If I could clarify a couple issues -- this happens only upon the retirement from the City. There's a formula where if they have a crude unused sick leave, a portion of that can be placed into this VEBA trust upon their retirement from the City. It's only for officers who -- as the Mayor has stated -- have graduated, so to speak, or risen up through the ranks from a represented position in either the PPA or the PPCOA.

And the PPA VEBA trust is the trust, and they currently administer these trust funds for the represented police officers in the Portland Police Association, as well as the Portland Police Commanding Officers Association. So, this is an existing relationship and arrangements that's being transferred over to these officers in their non-represented positions.

Fish: Mayor, I move the substitute.

Fritz: Second.

Hales: Further discussion on the motion to adopt the substitute? Let's take a roll call.

Item 380 Roll.

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

Hales: And anyone want to speak on this item? If not, we'll take a roll call on the substitute as an emergency ordinance.

Roll.

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

Hales: Mark, thank you.

Moore-Love: 384?

Hales: No, 382 first.

Moore-Love: Sorry. Did we pull 384?

Hales: We did, but we did both of them.

Item 382.

Hales: I think I pulled this just because even though maybe it doesn't technically require that we have it on the regular calendar, I thought it was a significant enough purchase that

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wanted to make sure that we noted it. It's coming through -- and Commissioner Saltzman, anything that you wanted to add about it -- but it's a big deal. We're keeping our equipment up to date.

Saltzman: Yeah, we're purchasing new equipment pursuant to the expressed desire of voters when they supported the general obligation bond, which I believe was 2010. So, this is purchasing new firefighting -- or fire apparatus consistent with that bond measure.

Hales: Are we still maintaining our practice of occasionally making used equipment available to one of our sister cities when we cycle older vehicles out of the fleet?

Saltzman: Yes. And in fact, I think just last year we donated a vehicle to Guadalajara -- another one -- which we've done.

Hales: That's great.

Fish: One of the great traditions is when the bomberos come up here. And they actually drive it on I-5, which is amazing. [laughter]

Hales: The ultimate road trip. OK, any other questions about this item? Anyone want to speak to it? Then the motion to adopt the report, please.

Fish: So moved.

Saltzman: Second.

Hales: Further discussion? Roll call.

Item 382 Roll.

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

Fritz: This is a remarkably rapid purchase, considering you passed the ordinance authorizing the purchase on March 18th. Aye.

Hales: Aye.

Item 384.

Hales: Commissioner Fish, did you have a question about this item?

Fish: Yes, Mayor.

Saltzman: If I could make some opening remarks --

Hales: Go ahead --

Fish: Since I pulled it -- if I could just explain why I pulled it, Mayor, and we can figure out the procedure.

Hales: Sure.

Fish: It is not my practice to pull things from the consent agenda generally, and certainly on a second reading, that is procedurally irregular. I had a couple of questions about this that only came to my attention this morning. My preference is to set this over a week, unless there's a reason that it has to be voted on today to get the answers to my questions from Facilities and then come back and vote on it. That would be my preference. I don't control that. Otherwise, I have some questions which I could raise in a hearing, but I think that it's more respectful to the sponsor to do that during the interval.

Hales: Commissioner Saltzman, your thoughts?

Saltzman: This pertains to the lease for the Portland Children's Levy and the registered historic building, the Spalding Building. We've been there for over 10 years. No issues have ever been raised before, so I regard this as -- we have no other place to go. We need this lease. We've been working fully with OMF on its efforts to consolidate offices and relocate, and we all know that something is happening to the Portland Building and it's going to be involving moving people out in the next few years as opposed to moving people in.

But we have examined all those options in terms of the relocating to the Portland Building, relocating to the 1900 Building, and this turns out to be where we are, where we've been for over 10 years -- again, a historic building, which is consistent with our City building policy to support historic buildings.

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So, we need this space, and I think everyone knows the commercial vacancy rate in Portland is at a record low. We have no other place to go. And I think that if you read all the supporting documents filed with this, it documents everything that I've just said. It's all here. So, I would urge us to move ahead with this lease.

Fish: Mayor, I don't have a substantive objection to the terms that have been negotiated. I have some questions about the duration of the lease, how this fits within the policy we've been grappling with as a Council about using City-owned space first, and also the labor conditions of the building. My preference is to address those with the one week set over and normally that would be a professional courtesy, but it's up to the Council about whether to set it over for a week.

Hales: Are you willing to do that, Commissioner Saltzman?

Saltzman: I want to make sure that's not going to interfere with the terms of the lease -- let's see --

Fritz: It says the lease term expires on May 31st in the ordinance.

Saltzman: Yeah, OK. I'm willing to set it over a week.

Hales: OK, then that's what we'll do. We'll set that over a week and make sure those questions get answered.

Fish: Mayor, if the questions are answered, I would be happy to sponsor an emergency clause if that becomes a question.

Hales: Ok, great, that might be helpful. Alright, I believe we are done with this morning's agenda, right? Did I miss anything? If not, then we are recessed until 2:00 p.m. Thank you.

At 10:28 a.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.

APRIL 15, 2015 2:00 PM

Hales: Good afternoon, everyone. Welcome to the afternoon session of the city council. Will you please call the roll?

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

Hales: Welcome, everyone. We have two items on the afternoon calendar, they are both time certain. The first is 2 o'clock, the second is at 3:30. If you are here to testify on those items and you are representing an organization as a lobbyist, please disclose that because that's required under our code. If you're representing an organization, it's helpful to know that, too. So let us know. We'll have opening comments and presentations and then we'll take testimony on this item after the presentation. We will typically limit individual testimony to three minutes, and again, we're a little bit time-constrained this afternoon. So with those parameters and understandings, why don't you read the item please, Karla?

Item 386.

Hales: Commissioner Fritz.

Fritz: Thank you, Mayor Hales. It's my great pleasure to introduce this item. Since 1998, we have had a Parks System Development Charge program that has been the primary funding source to meet the impact by growth. During the recession, under the leadership of Commissioner Nick Fish, our scarce SDCs -- that's what we call system development charges -- paid for the E205 initiative which provided some parks improvements in East Portland. SDCs also began to pay for development in a new park in one of our growing neighborhoods, K'unamokwst Park in Cully -- and the dedication is gonna happen next month.

Over the past two years, I have had the honor of working with neighborhood park subcommittees reviewing options for SDC-eligible projects. So, we have a community process for deciding which of the hundreds of millions of items on the necessary projects list are constructed with the scarce money that we do collect. We've been able to build bridges and paths to connect people and places, play areas to keep up with demand, and adding entire parks in developing neighborhoods. And I also was able to announce two entirely new parks in East Portland and one in Southwest Portland.

We've been strategic in our priorities and we've leveraged other funding, including Metro and state grants and other partnerships where possible. Today is the culmination of a multiyear effort to review the Parks System Development Charge program.

In December 2012, Commissioner Nick Fish and Parks Director Mike Abbaté convened a task force to assist Parks in updating the program. These task force members have worked very diligently and I'm very grateful to them. I am very pleased to have the Parks staff here to present it. So bear with us, everybody -- it's a complicated issue and I want to make sure that we explain it well to everybody in the chamber and to those watching at home. Parks Director Mike Abbaté.

Mike Abbaté, Director, Portland Parks and Recreation: Thank you, Commissioner. Mayor, members of the Council, Mike Abbaté, Parks Director. I'm joined today by Randy Young, principal with Henderson, Young and Company -- national experts in system development charges or SDCs. Today, our presentation will cover several topics.

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First, I'll help define system development charges, give a brief history of Parks SDCs in Portland, and discuss why we update them every five years. Randy will then discuss the primary changes to the methodology, how this compares with other cities, and what we've heard from the community. And then I will close the presentation and open it up for questions. Finally, we have four people invited to testify about this topic.

So, what is an SDC? It really is a one-time payment paid by new development for capital improvements that are needed by new development. In other words, whether we're talking about transportation, sewers, or parks, the essential purpose of an SDC is that growth in demand pays for growth of the system to meet the demand.

In 1998, the Council established a Parks SDC for residential development. At that time, the rate was set to recover about 30% of the demand created by growth. In 2004, that cost recovery rate was increased to about 50%. In 2008 -- the last time we updated this -- commercial development was also added to the SDC calculation, and the recovery rate for residential was increased to about 75%.

So, why do we update SDCs? There are two main reasons we're required to update the program every five years. First of all, there are changes in our community, whether it be population, employment, development centers, types of development, and location. And the second reason is to improve the accuracy by updating our levels of service, our costs, and persons per dwelling unit. At this point, I'd like to ask Randy to discuss the proposed changes included in this update.

Randy Young: Thank you, Mike. Good afternoon, Mayor and Commissioners. We're going to be talking about five major areas in which we've changed the methodology to improve it and make it more accurate. The first we'll talk about is the level of service used as the basis for calculating the fee. The second topic will be changes that affect residential development. Then, I'll talk about changes that affect commercial development. The fourth topic will be changes in the type of Parks facilities included, and I'll close with a discussion briefly about the recovery rate. After I finish discussing these changes -- there will be about a slide or two or each one -- I'll then summarize the changes in rates for you, talk briefly about some of the concerns we've heard from the community, and then turn it back to Mike to finish our prepared remarks.

The first change is about level of service. In the current study, the 2008 study, the method used is a traditional park benchmark. It's called acres of park per 1000 population. When you as a City adopted the goal-setting document for Parks, Vision 2020, you established in that a benchmark of 19 acres per 1000 population as the aspirational goal that you want to get to. You have not ever used that number in your SDCs because you haven't attained that number yet, and state law would prohibit you from charging more than you can actually achieve. So, your SDC is based on the current ratio of parks that you own in relationship to your current population.

We started off this 2015 update thinking to use the same methodology, and we updated the acres of park you own, we updated the number of population that you have, we did the math, and we did a projection of how many more acres you would need in the future. And we ran into a little problem, which is starting to generate some unrealistic numbers of acres that we would have to acquire in the future.

Let me share some facts. Right now in the city of Portland, every square inch of land -- whatever its use -- is approximately 95,000 square acres of land. Of that land, only about 6700 acres are remotely undeveloped or vacant or available for any use -- not just for parks but for commercial development, growth, housing -- for anything. Parks right now constitute about 12% of the land in the city. So, we did the math and said 12% of the remaining 6700 acres -- that's about 800 acres. But when we did the methodology from the level of service -- the current ratio of parks -- it doesn't say we need 800 acres, it says we

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need 2200 acres. Well, 2200 acres is a third of the remaining acreage. That would diminish your ability to attract business, development, and housing.

Our task force -- to whom we're eternally grateful for being very bright people and paying attention to all this -- looked at the presentation and said, you've gotta find another way. There's got to be a better way to have a defensible park SDC without being stuck in these rigid ratios of park acres. What can you do for us? Well, with our background having done impact fees and SDCs around the country for nearly 30 years, we started introducing new strategies. And what we're here today to talk to you about is a strategy we've been using actually since the late 1980s in some jurisdictions, and we think now is the time for Portland to consider this. It's called investment per person. So, instead of acres per person, it's investment per person.

And here's how it works -- it's a pretty simple set of calculations. The first thing we do is we get a list of everything you own. And Portland Parks and Rec has a good inventory of the land and improvements, so we took that and said, great, what is it worth? Not, what did you pay for it, but what does it cost today? Because if we're going to calculate a future SDC payment and then we spend that, we have to pay today's prices to buy something. We can't buy it in yesterday's prices. So, we asked the staff to research what it costs for a new ball field and a new light pole and bleachers and those kind of things. And we came up with the current value of the entire Portland Parks system.

Portland Parks has been maintaining an inventory for other purposes, and the value without land was about \$1.3 billion. But adding in the land into it -- we're now at \$3.5 billion worth of park assets and land. If we divide that by the current population, that gives us a number, a dollar amount we would ask new development to simply match so that they don't use up the parks we have, but we're also not trying to ask them to pay for any existing deficiencies. We simply want you to keep up with what we've got. And that in simple terms is the level of service methodology that we're proposing in this new update. So, that's our first big change.

Change number two has to do with residential development. The current fee -- based on the 2008 methodology which really goes back to all of your previous park SDCs - - has a method of charging all new residential development a flat rate regardless of whether it's a big house or small house. If you're building a single-family house, it's X dollars. If you're building a multifamily or a condo or an apartment, it's a little less than X. Those are the two fees. There's another fee for accessory dwelling units and one for single room occupancies, but that's it. And size really hasn't mattered.

What we've discovered is that in the real world, size does matter. One size does not fit all. We've been able to obtain -- with the help of demography experts at Portland State University -- a detailed analysis of census data that tells us there is a variation in the average number of persons per dwelling unit based on the size of the dwelling unit. Remember, you charge SDCs -- whether they are for Parks or Transportation or whatever -- when a permit is pulled, but you're not really charging for the house or the condo, you're charging for the impacts on your system. And so, we're talking about people impacting your park system.

I'd like to give you an example of what it looks like from this new data from the PSU folks. We're going to look at the average persons per dwelling unit and we're going to show you two visions of the future. One is to continue what we have now, and the other is to change our way of thinking and base it on size.

Here's what the table would look like. Down the left, the type of housing or the size of housing. The blue rows are the old way of doing things -- the way we're doing it now -- a flat rate for single, a flat rate for multi. But these are not rates of fees, it's the average number of people in-house updated to today's data. And you can see there are important

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differences. I'd like to do a version of this slide and highlight some numbers to tell a little story about how this works out in the real world, so stick with me as we look at an example.

Imagine you're going to build something in the central city that's multifamily in character, like a condo building or apartments. Here's our same table. I've highlighted in black two numbers for comparison purposes. Under the old system, every condo or apartment would be charged for 1.03 persons per household. Big apartments, small micro units -- they'd all pay for the same number of people. Down below, if we can switch to a size-based system, you can see that it would be for the small units actually fewer persons per household because the census data documents that's the factual case. And for the larger houses, there would be more persons per household.

Let's do a different example. Go to the non-central city and imagine we're building a single-family house. Same background table, but here I've highlighted in black the flat rate for a single-family house in the non-central city would be charged for 2.57 people. Down below, if you're building single-family houses in the non-central city, you're probably going to like our new schedule, because unless you build the very largest houses, you're going to pay for fewer persons per household. Only the very largest would pay more. And so, we think basing this on persons per dwelling unit is a much improved way of being more accurate in our SDC charges.

The third topic of making changes involves commercial development. What you did as of year 2008 was for the first time you started charging Parks SDCs for commercial development. In the course of establishing that, there were two distinctions listed here.

There was a question of where the workers live. And a decision was made at that time to charge new businesses -- because only new businesses building in new buildings would pay this SDC -- those new businesses would only pay for the workers who come from out of town. And I think the theory is that the new workers who live in town are probably new residents in residential places. But the problem was that didn't make those businesses pay for their fair share.

The other distinction that was made that didn't seem to make a lot of sense is there are local access parks, and in the current method, the central city new businesses have to pay for local access parks. But for some reason, the decision was made not to charge outside -- in the non-central city, new businesses there don't have to pay for local access parks. And I couldn't find a rationale for that and recommended we need to get rid of this inconsistency.

And so, our new update eliminates those differences in where the workers live and eliminates the difference in where the local access parks are. It sounds complex -- the study has the data in it, it is a bit complex.

Let me summarize the outcome for this in very simple terms. In 2008, taking all of these decisions into account, the net effect was that businesses were responsible for just under 13% of the impact on the park system -- 12.9%. After all of these changes, we've increased that all the way up to 14.5%. So, it's not a huge change but we think it's accurate and it has led to a small increase in the commercial rate category as a result.

The fourth area is the type of park facilities. In the 2008, study some things were excluded. You have a half dozen or so community centers and another five or so community centers that also have pools in them. All of 11 of those community centers were left out of the 2008 methodology. You have five or so aquatic facilities -- great facilities, and new development would benefit from them, too -- but they were left off the table. We're not sure why that happened, but we thought that the problem was obvious: it meant that gross SDCs weren't contributing to the entire array of park facilities for which

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they would benefit, and it would prohibit you from buying more facilities of those types in order to serve their needs.

The update says, get rid of the exclusions. If Portland Parks and Rec owns it as an asset in the public trust, it belongs as part of the consideration and value per person of everything that we own.

The last change I want to talk to you about -- and then I'm going to show you the rates themselves -- is the recovery rate. As Mike said in his introduction, we've gone from 1998, 30%; 2004, 50%; now 2008 we've got up to 75%. One of the problems is none of those documents says how we're going to make up the missing percent. If we only recover the 75%, where's the other 25% gonna come from? And so, the problem that growth wasn't paying for growth. And it isn't.

What we're recommending is for the first time in the City's history, a 100% recovery rate program. We do recognize that Portland Parks is the beneficiary of modest amounts of money on a regulated basis from urban renewal funds, from the occasional grant, occasionally from transfer from other bureaus. And so we need to under state law recognize those funds and not double charge SDCs plus that money when we have that other money available. Turns out that other money is only worth about 11% of the total. So, our 100% cost recovery is 89% SDCs and 11% from urban renewal and grants.

Now, let's look at some numbers. I'm going to show you four slides with SDC rates on them. I'm going to show you one slide for the central city for residential, one non-central city for residential, then we'll do two slides for commercial -- one for central and then non-central city. We're gonna be trying to compare what we're doing now to where we're going, but remember we're changing the methodology so it's going to be a little odd.

Here's the central city residential, and the blue rows are the way we do it now -- flat rate for every single family, a different flat rate for every multifamily. The reason we can't line up the rows down below in green is now we're recommending basing it on size. We're no longer interested in the type, we're interested in the size because that's a better, more accurate measure of the persons. Still, we understand people will compare those above to the numbers down below, some of them increased, some of them decreased. We're interested in being more accurate, and that's where we think we're landing with this.

Let me show you an identical format. These are the numbers for the non-central city, and they're a bit higher. Sometimes we go intuitively, "yeah, but isn't park land more expensive downtown?" Yes. But remember, one of our key drivers is the average number of persons per household, and we have more in the non-central city -- that's where the bigger houses are -- so the rates will be higher in non-central city as a result.

Now, let me show you the two rate comparisons first for central city, and then non-central city for the commercial development. These we can put next to each other because we're not changing the underlying method. We have a fee now for office, we'll have a fee in the future for office. This is the cost per square foot. So, if you build one square foot of new office, right now we charge you \$1.09, and in the new rates we'll charge you \$2.37. From a dollar nine to 2.37 is a big percentage, and you may be hearing people talking about oh my goodness, that's a 200% or 300% increase. In a minute, we'll be talking about the fact that yeah, but it's still only a two-dollar increase.

Here's the same set of numbers for the non-central city. Again, increases in the vicinity of a dollar or so for each of the types. They're a little be lower in the non-central city because in this case, the number of employees in the businesses is a smaller ratio is smaller than in the central city which holds those rates down.

I think the last thing I want to do about the rates before I talk about the community concerns is to put into perspective what these new rates look like in the metropolitan area, because we're not alone in charging SDCs. This chart lists Portland's new rates,

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highlighted in green background and blue background mostly at the bottom half of the chart. And then all the entries with white type on black background are 15 other rates charged for park SDCs in the metro area. These are listed in order of the numbers in the right-hand Colum from top to bottom. It's the total SDCs because the builder is less interested in the park portion vs the transportation, they want to know what size check they are going to write. And if they are going to build a residential unit, they will write the check in the right-hand column.

As you can see from this chart, the Portland new rates -- six of the eight rates are below that yellow bar, which is the average of all of the 15 other jurisdictions. So we think that being consistent with your past practice of not being the highest and trying to be competitive economic-development strategy-wise. We've met that goal in the middle of the chart or in some cases practically at the bottom of the chart by using the new and improved size-based methodology.

So, those we think position you well with the new rates. I want to close my conversation, take three or four minutes and deal with concerns Portland Parks has heard as it's been out in the community, talking to people, receiving letters -- the commissioners receive letters. We are not going to attempt to answer everything we've heard; we want you to hear from the public and various organizations and what the concerns are.

But four of them struck us as things we needed to provide a little additional information to enrich the community's understanding and yours. So, I want to speak briefly to these four things: exemptions, plans for spending, what's the deal about commercial rates, and what's this business of SDCs based on size of housing.

Exemptions. The question is, are we changing exemptions? And we are making no changes to the existing exemptions for park SDCs for affordable housing. We're making no changes to the exemptions for tenant improvements. And folks, this is one to remember the significant of that little phrase -- if you're planning on overhauling or moving into new business space, some jurisdictions will charge you a new SDC for that change in use, basically a tenant improvement. Your code has said for years -- and we were going to leave it in place -- that for park SDCs, we're not going to try and come after you and capture some small or big amount of money because you are changing use. So, tenant improvements will not be charged.

There is a new policy we've included in code for the first time. I want to talk for a minute about campus housing. When you started your SDCs in 1968, you only charged residences. College campuses are not residences, they are businesses or institutions. In 2008, when you started charging businesses and institutions, that brought the college campuses into the park SDC arena. But we had in mind that if a campus builds a new office building, it would pay the new office building rate. What none of us thought about -- they didn't think about it, we didn't think about it -- is if they build campus housing, dormitories, what do we do about that? There was no authority for us to exempt them. And so, we didn't. We've been charging park SDCs for dorms.

The campuses came to us and said, do you know that you, the City, have another policy we must comply with? It's a policy that says we have to have a master plan for our campus. And as we grow and have more students, we have to provide housing for them on campus, because you the City are protecting your residential neighborhoods, you don't want the student housing to overwhelm and co-opt the residential housing.

Well, it's true you have that policy. It's true the college campuses comply with it. And yet, they point out we actually penalize them for complying with it because we charge them a parks SDC when -- irony of all ironies -- they are the one commercial land use that brings with it its own athletic field, its own recreational space, substantial investment in park opportunities for its students. Taken as a whole, the recommendation from staff,

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consultant, and the task force has been to create a firm and affirmative exemption for campus housing. The universities understand that does not change their treatment of new office buildings or college classrooms. They will still pay SDCs for those, there's no question about that.

The second thing we've heard about is, so, where's the money going? Aren't you supposed to have a CIP? For the listeners and those in the audience not familiar with our government jargon, CIP is capital improvement plan or capital improvement program. And it's a list of where you're going to spend your capital dollars. It's a list of specific projects you're going to use and spend the money on. And the question that's arisen is, where is that CIP? How do we know where you're going spend these park dollars?

The answer is that Portland Parks has a bunch of CIPs that I'm going to talk about in a minute, but the first thing I want to remind everybody is if we were having a conversation about the transportation SDC -- it's been my privilege to serve the City since 1997, I was your consultant for the 1997 transportation SDC and for 2007 in the two subareas, so I know how those work. And with those SDCs, you start with the CIP because you know what you need to fix, and then you divide it by the amount of growth and that's your SDC.

Parks has never been that way. It isn't that way for most other cities, it isn't that way in Portland and has never been that way. Instead, for Parks, we start with a benchmark like acres per thousand -- or now, dollars per person -- and we say, ah, that tells us the magnitude of what we need to build. Parks professionals, do you have projects that equal or exceed that? If you don't, we can't charge that much of an SDC, but if you do, please prepare us a CIP that demonstrates that. And what you'll find on the record is that Portland Parks since the beginning of your 1998 SDC -- and even predating that -- has always been planning for CIPs and maintains a number of them: a short, an intermediate, and a long-term one. So, we're able to demonstrate where the money would go, but we didn't use the where the money would go to back into the SDC. Instead, we used the investment per person to get there.

Last thing I want to reassure everybody is -- this has been a concern raised by some of the community concerns we've held -- really, can you do that legally? Don't you have to have a CIP and then back into the SDCs? A careful reading of ORS 223.309 -- it never says that's how you do it. It says you have to have a CIP -- and we do -- but that's not how you calculate park SDCs.

The question I mentioned earlier about those commercial rates going from a dollar to \$3 and it's a 300% increase -- it is a 300% increase, but what does that mean in the market? If you go out and rent an office space, you're not going get a 300% increase in your rent. What is going to happen? Here's a table we have compiled. The first row shows very recent data of what an average lease for office space is in the city of Portland as of this last February. It was \$19.61 per square foot. A lot of places cost more than that, a lot of places cost less than that. That is the average. That number includes for any new office space the existing park SDC. So, our only concern is, are we increasing that SDC? Yes, we are proposing to do that. The second row acknowledges if we take that increase -- let's say it's \$1.3 -- and we amortize it over 10 years for the life of the lease, it's 13 cents a year per square foot.

So, add the 13 cents to the \$19.61 and we've gone up to \$19.74. That's not even a one percent increase; it's two thirds of a percent. And meanwhile, that two-thirds of a percent -- if it happened or didn't happened -- is overwhelmed by the number below it. The market forces with or without any changes in SDC raised the rents on office space in the past 12 months 6.9%. So, we don't think we're the cause for concern, we don't think we're

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going to stop office development in the city by this modest increase. By the way, we did the same analysis for retail and industrial leases and the results were the same.

My last discussion point from community concerns is about this business of using the size of dwelling units as the basis for charging for SDCs. We've had some community members and professional groups express some real concerns, and the question was asked in a particularly thoughtful way: doesn't it change the SDC into a tax? Because under state law, if we've charged something based on the value of property, that is a tax and we run into Measure 5 and all the other limits that we face. So, it's important for us not to have our SDC tied exactly to the value of the property. But changing residential properties into a size base doesn't automatically turn this into a tax.

The first reason why -- it's on the screen in front of you -- is we've been charging SDCs for commercial space based on size forever. We do it with transportation, we do it with park fees. That has never run afoul of calling this a tax. So, we think it's unlikely to somehow magically turn it into a tax because we're doing it for park SDCs.

The census data provides us the objective protection we need to fend off any challenge or litigation. The data -- those tables we looked at earlier with the 1.03 people per household and 2.57 -- those numbers are from the census, those are official government data. The raw data has been provided to us by the Portland State University demographers. We have confidence in the accuracy and the expertise behind those numbers and we think that it's something that you can rely on.

Now, I'd like to turn it back over to Mike to summarize where we've been and talk about some of the program's successes.

Abbaté: Thanks, Randy. Parks SDCs are the City's primary source of funding to address the need for expanded park facilities. And as Randy mentioned, we've acquired a lot and built a lot of parks through our SDC program. As a matter of fact, we've funded the acquisition of about 976 acres using parks SDCs over the years -- that's about 9% of our total acreage funded through SDCs. That's allowed us to build new parks and trails and be strategic in acquiring property.

We have also been able to leverage another 165 acres in joint funding with other bureaus and other agencies to acquire land. So, this idea of being able to leverage the public investment has been a key part through these joint funding strategies, and we've been able to construct 18 new park facilities from turning empty facilities or empty fields into new fields and play areas. In addition to brand new things, we've been able to make improvements in about 31 parks -- so, converting turf fields to synthetic or expanding trails and expanding play areas, for example.

So, here's a few recent highlights of projects that would not have been possible without SDCs. The South Waterfront central district greenway provides a critical north-south link along the river on the westside. It also created a model for ecological restoration and function along the river. Parks SDCs were a primary funding source -- along with major contributions from the North Macadam Urban Renewal Area, TriMet, and the Bureau of Environmental Services. This project -- just nearing completion -- will be open to the public in late May with a dedication ceremony on June 27th.

K^hunamokwst Park in the Cully neighborhood was entirely funded with parks SDCs, including both the acquisition of the property in 2009 and the design and construction complete this year. Cully is a transitional neighborhood that's seen considerable growth in the form of infill housing, and this park creates not just a place to recreate but a focus of pride and community gathering. The grand opening for K^hunamokwst Park will be May 16th of this year.

I think you're all familiar with the recently-completed Westmoreland Park adventure play area in Southeast Portland. It received a lot of national attention for its innovative way

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of creating creative play and nature exploration. SDC funding provided a huge portion of the construction dollars, with contributions from both Metro and the City's general fund.

Finally, on the other end of the spectrum, acquiring property. This is the view from Eagle Point along the Terwilliger Parkway. That was set forth in the original Terwilliger Parkway master plan in 1913. And the opportunity to purchase that property was brought to our attention by the Friends of Terwilliger, who noticed the temporary for-sale sign on the property. Fortunately, parks SDC funds were able to quickly purchase the property and realize the vision set forth over 100 years ago.

These are just a few examples of the many strategic investments that have helped forge the success of our Parks System Development Charge program. I urge you to take the next step to preserve this success and see it into the future. We ask for your consideration and approval of this updated parks SDC methodology. We believe -- as Commissioner Fritz said -- that this will provide no more but no less than what's needed to do ensure our beloved parks system continues to keep pace with our growing community. So, thank you, and I'd like to turn it back over to Commissioner Fritz at this time.

Fritz: Thank you very much. Before we do questions, there's a couple of amendments I'd like to introduce which I've passed out to my colleagues. One is -- when looking at the sizing issue, I wanted to make sure very small units -- including accessory dwelling units and small apartments -- pay even less, because our methodology shows the number of people per dwelling unit is even less in those small units. So, we're proposing to amend Table 3.2 to start the cutoff at 800 square feet instead of 1000 square feet and then proportionately. That also amends the numbers in terms of the cost of that.

Young: Commissioner, I have those numbers on a slide --

Fritz: Yes, could you just -- that would be great, thank you.

Young: This slide is the revised -- OK. There we go. These are the revisions that the Commissioner is including in her amendment, and they would be revised in the technical documents and in the appropriate sections of the code. These would be the new persons per dwelling unit that would replace those earlier tables. And then the next table replaces the earlier version that I showed you of the central city rates. Instead of four sizes down below, there would be five, and the smallest would be under 700 square feet. And last but not least, the non-central city would also have the new five categories with the smallest category being under 700 square feet.

I want to hasten to add that we were very careful in working with the Portland State demographers that we didn't just pick a number and say, can we get 300 or 500 square feet units? This is the smallest size that they can rationally defend as having enough data in it to be statistically valid. To go lower than that puts us all at risk of being not statistically significant.

Fish: I have a question off this table. The category of less than 700 square foot -- which I'm actually pleased you're adding -- that brings back some conversations over the last few years where developers have said that by charging by the door, we are working at cross-purposes with our green building policies. We wanted to encourage a smaller footprint but we were charging the 5000 square foot residential unit the same SDC as the 2500 square foot penthouse. So, the theory here I guess is if we have a category less than 700 square foot, we're talking about that smaller unit which, under this table, would come in lower than the current multifamily rate. So, there would in fact be an incentive for that kind of housing. Do I read it correctly?

Young: That is correct.

Fritz: Yes. And I misspoke -- before it was 700, not 800. I move that as an amendment.

Fish: Second.

Hales: Thank you. Further discussion on accepting the amendments? Roll call.

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Roll.

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

Fritz: Because we had published and had a comment period for 30 days with the previous number, we left it in for the presentation. This is a result of public testimony and my own consideration. Thank you. Aye.

Hales: Aye. The question I have -- this isn't new to this change in methodology but I guess I wanted to make sure it captured in the methodology. You've mentioned there's roughly 7% of the land in the city that's vacant.

Young: Correct.

Hales: When it's developed, that's when it pays this SDC, right?

Young: Yes.

Hales: But part of how we've funded parks in the past and in the present is general obligation bond measures that are added to property taxes on all property, including vacant land.

Young: Correct.

Hales: So, is the methodology already discounted for the fact that that property has paid multiple times on levies or bond measures but not received any actual service from the parks system?

Young: So, anyone who has already paid their SDC has paid an SDC that did take into account whatever the policy was intended to be for future bond issues. Let me put it this way --

Hales: Say that again -- I'm sorry.

Young: In 2008, the study was adopted and it anticipated between 2008 and now, you were going to have multiple bond issues for the purpose of expanding parks for new development. Therefore --

Abbaté: Which we didn't end up having.

Young: Which you didn't do. You did the 2014 bond issue to take care of the current parks. So, the answer to your question is, in this new SDC calculation are we anticipating more bond issues? And if so, have we reduced the SDC because of future tax payments? And we don't see another bond issue for adding capacity to the parks system for new development, so we have not calculated that tax credit that for commercial development was 50% in the non-central city in the 2008 rate. That's one of the reasons the commercial rates went up. You gave a large discount for bond issues you didn't then approve.

Abbaté: Does that make sense, Mr. Mayor?

Hales: Sort of -- because this is a forward-looking SDC --

Abbaté: Right.

Young: If we adopt this and you then two years from now decide to put out a bond issue and it's approved and it is parks for new growth, then at that point you could call a time-out and redo those numbers. But anybody that pays between now and when you change that policy needs to be basing their payment on current policy.

Hales: Yeah, I guess I'll need to process that a little longer. We have a mixture of forward-looking and backward-looking SDCs when you look at all of our water, sewer, transportation, and parks. I live in a house that was built in 1930, before there was an SDC. There's a vacant lot down the street from me. My property and that property both paid taxes to support the bond measure, but only one of those properties received service from the parks system before the time that that vacant lot has a house on it.

Abbaté: Right.

Young: Correct. It did pay a lower tax because a large portion is on the house.

Hales: Sure.

Young: But your point is they paid some tax, that's correct.

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Hales: Yes. So, does our methodology account for that sunk investment? No, because it's forward-looking.

Young: Correct.

Hales: OK.

Abbaté: But once it's developed then it's going -- yeah, obviously.

Hales: Yeah, I get it. Thank you.

Abbaté: Because there's nobody creating demand on that vacant lot. When the house goes in, now there's a demand for parks.

Hales: It's per person, now there are people there. I get it. Thank you. Commissioner Novick?

Novick: What is the median size of new dwelling units in Portland now? I mean, I look at these categories and I don't know if each category represents 20% of what's going up now or if it's wildly different than that.

Young: I do not have the answer to that question; I'll ask staff or others to get us that answer very quickly. But do I want to point out we didn't base these size categories on median and above median and below median. We based it on what that census data told us we could defensively create five categories around.

Novick: OK. I just want to note that according to the census, the average size of a new single-family home was a 2010 is over 2000 square feet. So if that's true in Portland -- we'd also have to adjust for multifamily housing -- but it's not as if houses over 1700 square feet are big in today's world.

Abbaté: Commissioner, I would say that -- you mentioned multifamily, and there's been a large uptick in the number of multifamily units, whether it's apartments or condos and those have tended to be on the smaller side. We'll find the median of all housing, both single family and multifamily, and provide that.

Hales: Other questions?

Saltzman: So, back to the point about a capital improvement schedule or program. This was the most details I've seen -- I mean, the place holder was very vague. I'm noticing almost all the investments -- a vast majority are occurring after 2020 and in the 2025, 2035 period. So it's not front-loaded -- whatever the opposite of front-loaded is -- back-loaded?

Young: It's actually relatively smooth. It isn't exactly equal in those first five years. The document lays out each year for the first five, and then a column for the next six, and then the last 10. So that last 10 looks like a big number, but it's covering a 10-year period.

Saltzman: I guess to me that begs the question -- I accept your point there, I was looking at year by year plus five year aggregates -- but it does beg the point -- I've heard people suggest this be staggered in, the new SDCs. I guess, what is your response to that? Could this be staggered or staged?

Abbaté: Phased in, Commissioner?

Saltzman: Phased in. I guess I'm not choosing my words well today -- phased in.

Abbaté: I would say it could be. It's a little bit challenging because of the change in methodology and the way it's now being calculated in investment per person as opposed to -- but I think, Commissioner Fritz, you've given this some consideration.

Fritz: I have. Thank you, Commissioner Saltzman, you reminded me of my second amendment. [laughter] If you turn to the third page of what I handed out, that is to have the effective date be January 1st of 2016. So, using Commissioner Fish's experience with the previous increases in system development charges, phasing it in didn't necessarily help folks. What developers need to know is certainties. So, we figured that by putting the start date of January 1st of next year, that would be time enough for projects that are currently being designed and figured out to factor in the one to two thousand dollars or whatever the increased cost is. Instead of doing a little bit of an increase and then another increase, we

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decided to do it once but set out the start date. So, I'm moving that amendment to have the --

Saltzman: I guess I'd prefer -- before I vote on that, I'd prefer to hear some testimony on it.

Fritz: Well, just put it on the table.

Fish: I'll second it for purposes of putting it on the table.

Hales: Further discussion? We can accept and act on them at the end, if you'd like to. Roll call.

Roll.

Fish: Aye.

Saltzman: I guess I want to hear testimony -- no.

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

Saltzman: If I could just ask my last set of questions here. We were given a memo from NAIOP -- from a Daniel Heffernan -- company. I don't know if he's planning to testify. Have you seen this? Have you had a chance to respond to it?

Young: It was given to us last night, but I have read it in detail. I have responses for all those questions there. I will present them when and in whatever format you choose.

Hales: Why don't you follow up in writing? I want to make sure we hear the people here today.

Saltzman: OK.

Hales: Other questions for our team?

Fish: First of all, I want to say as a student of PowerPoints, I think there should be an award for someone who fits so much complex information in such a brief and understandable PowerPoint. And my basic rule of thumb is if I can understand it, that's progress.

Hales: Extra credit for type face size?

Fish: Yeah. I really appreciate the clarity of your PowerPoint. I have a hunch you've done these before.

Young: It's not my first rodeo.

Fish: I'm also pleased that you've not only reaffirmed the exclusion for affordable housing but you've put the campus housing on the table, and I think you've made a really compelling rationale for that. I'm pleased that's in your proposal. Two questions. One is under the investment per person model where you use current value of assets, does that have the effect of inflating the value of any of the assets in our portfolio?

Young: Like, from the viewpoint of insuring it, would we have to raise the insurance to protect it?

Fish: The argument that I read somewhere was Forest Park as an example. Does it have the effect of in any way inflating the value of Forest Park because of the denominator you're using?

Young: No, because we've evaluated the different parcels very carefully in terms of what the pricing mechanism was. Is it being valued today at more than what donations were made in acquisition --

Fish: [speaking simultaneously] -- basis --

Young: Clearly. But we're stuck with the dilemma I mentioned earlier. We can't buy the next new park, whether it's as big as Forest Park or one bazillionth of that -- we can't buy any park acres at those prices, so we have to charge today's prices. That's why we're using the replacement costs. This is by the way a methodology I've been using since the late '80s and we use replacement costs in all of these places because we have to pay new prices.

Fish: OK, thank you. The only other number that we haven't put out for the public to consider that might be useful -- we're in the middle of sort of a bull market for housing and

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commercial development, a very healthy amount of SDC receipts. Do you have a sense -- let's say under a calendar year 2014 -- what the difference would have been in terms of what we collected in SDCs under the old system? And then if you applied the new system what the increase would have been? Do you have any year-to-year projection to give us a relative sense of how this sweetens the pot?

Abbaté: Commissioner, I don't think we do. The challenge is we're introducing a new methodology that's based on size and we'd have to go back to every permit in 2014, collect information on every unit its size and run that calculation. So, we don't have that.

Fish: Is there any question that would be fair to ask -- I mean, assuming this is adopted and there isn't a fundamental change in market fundamentals today, do you anticipate an X percent increase in SDC revenue for parks?

Abbaté: I don't, and I think as the table showed, there are many situations where the SDC is going decrease rather than increase. SDCs in terms of total revenue is really not so much a factor of methodology as it is about how much growth happens. That's why three years ago, we had virtually nothing in SDC revenue that came in. That's what's difficult to predict.

Novick: I've got a couple additional questions. In the -- you touched on this -- in the status the City assets report, parks assets are listed at \$1.3 billion. And you explain that's buildings and such and doesn't include the value of land. The value of land must be another \$2.2 billion.

Young: Approximately.

Novick: But you've said there's not enough land in the City for us to continue to buy the same amounts of land per person. Just seems to me off the top of my head that by factoring in the value of land as part of the base you start from, you're kind of ignoring the fact that we physically can't buy that much more land.

Young: Good point. But it's also true that if we want new people to join us in Portland to have the same asset value working for them on their behalf, we would need to make a higher investment in non-land -- in improvements -- in order to provide them that equal value. So, we're earning it because our previous investment was land; we're going to spend it in our future Investment on improvements.

Abbaté: Which are much more expensive really on a per acre basis than the land cost itself.

Novick: Alright. It does sound like you're talking about totally different things in the future than you've done in the past but assuming that you're spending the same amount of money per person, and I'm not sure that's intuitively obvious. But let me move on to another question, which is it seems you're kind of assuming there's no additional capacity in our existing parks. That if one more person moves to the city, then they can't go and spend time at an existing park without driving up the cost of that park. You're also assuming as you said before that there are no deficiencies in the existing system, which is obviously untrue. But I think that again it's not going to be intuitive to people that there's no room for any additional person to take advantage of our existing parks.

Abbaté: Commissioner, what this will allow us to -- any improvements we make in an existing park that expands that park's capacity -- so an easy one is let's say we triple the size of the play area. That would be eligible for SDC investment because it's increasing the capacity. Adding a pump track into an existing park, building tennis courts in an existing park that doesn't have them -- all of those improvements that expand capacity would be eligible for SDC investments.

Novick: Another question is I see that you're discounting Metro's growth projections and you say that doesn't have an impact in cost per person. Again, some people might think -- I can kind of see what the counterargument might be -- someone might think well, if you're

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talking about the cost of growth and dividing that by people, if you're going to have more people you can spread the cost of growth over a larger number of people, so why wouldn't adopting Metro's larger growth estimates result in lower costs per person?

Young: The key to the answer is the way you framed the question. You began with if we had the cost of growth and then divide it. Well, what is that cost for growth? If the assumption is there is this magical CIP document that somehow knows what the future needs -- regardless of the amount of growth -- and we're going to divide that by a different number of people, that completely is out of compliance with our state law and how we're supposed to think about charging a proportionate share to new development. What we're saying is whether we're buying acres per thousand or dollars per person, either way we have to set to benchmark to achieve, and then we have to list the projects that will accomplish that. That's always going to be a number per person, and if you have twice as many people, it's going to be twice the cost.

Novick: Understood. My last question is actually for the Commissioner-in-Charge, which is this -- I asked PBOT to calculate if we adopted Parks' methodology, given that PBOT's assets' replacement value is about \$9.6 billion, then the SDCs for Transportation should go up from the current 2800 per house to \$14,000 per person. I would ask the Commissioner-in-Charge if she had support that increase in PBOT's SDCs. [laughter]

Hales: She does not have to answer that question. [laughter]

Fish: Steve, what's your cost recovery number? If hers is 89%, what's your net of all the other sources?

Fritz: Colleagues, I'm going to interrupt this.

Hales: I think we need to let folks testify.

Fritz: Yes. A good conversation, thank you very much.

Hales: Thank you for interrupting.

Fritz: The Mayor has announced that he definitely wants to get to the other speakers. I'd like to invite our invited testifiers up and then open to it public testimony. And just so everybody knows, if there's significant concerns or if my colleagues want more time to discuss, they will get more information especially from our wonderful Randy Young and his consulting team, we're going to be available between now and whenever we vote on it. So, plenty of time for discussion.

Hales: Who do we have for invited testimony? Come on up.

Kathy Fong Stephens: Good afternoon. Kathy Fong Stephens, the chair of the Parks Board. My partner here, Jim Owens. And I will give a very brief overview of our role as the Parks board -- very brief, because I think you know that -- but also what our process was for considering this item, especially considering there was a task force dedicated to it; and also our thinking about the recommendations.

Our role as Parks Board is to advise on citywide and long-term prospective issues and policy issues. Obviously, a key funding mechanism is the SDCs, and so that was a high priority for us to address this year. And imagine our dismay when we find out that SDCs in looking at the issue is far more complicated than just a percentage of how much more money do you want to raise through SDCs. It's quite complex.

Our process for looking at this was we had Jim Owens as one of our Parks Board members as liaison to the task force. He spent hours and hours looking into this with that task force, and this was discussed at three of our Parks Board meetings and it turned it upside down and inside out and really tried to get a grasp on this complex issue.

The bottom line of our thinking on our recommendations which we sent to you earlier was that presented basically were these two scenarios of what's included in the methodology, what's included for the calculations, what are we trying to pay for, how much do SDCs pay for, what's the fair proportion of what they pay for for new growth and new

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improvements? If you looked at our current system -- and we didn't know which was which -- and then we looked at what was presented today very thoroughly and accurately, what our board really decided was what made sense -- what was more appropriate and a reasonable approach was the methodology being presented today.

So, I think that's one way of looking at it. It's not just what are the changes or the ultimate charges -- which was something that we couldn't crunch the numbers and go into all the weeds of that -- but what made more sense as far as methodology, what was included, and that's why we came up with the recommendation which Jim will go further into.

Jim Owens: Good afternoon. For the record I'm Jim Owens. As Kathy indicated, I'm a Parks Board member and I served on the task force. It's nice to be here on a different topic.

I'm going to speak quickly to three things: methodology, exemptions, and implementation. On the methodology, the Parks Board voted unanimously to support this new methodology on the basis that it's a reasonable, more accurate, and I want to emphasize a necessary approach to ensuring we have an adequate level of park and recreation improvements for future residents of the City.

As a Parks Board, we think this methodology is rational, very defensible. We had a variety of reasons for it, and three I want to cite are one, as Randy indicated, we simply cannot meet future parks and recreation needs with our current methodology, period. We're just not going to get there. Two, SDCs should not just be meeting the demand for park land, they are also about meeting the demand for recreational facilities. This new methodology will enable SDCs to fund recreation facilities such as pools and community centers that cannot be funded under the current methodology. And third, as Randy indicated, we're not breaking new ground here. There are a number of jurisdictions around the country of comparable size using a similar methodology.

Regarding exemptions, we strongly support a continuation of the existing exemption for affordable housing so that we can assure the neediest Portlanders have a place to live. Secondly, we're recommending that the exemption for accessory dwelling units -- ADUs, granny flats -- be allowed to sunset in 2016. And this is based upon our perception that an increasing number of ADUs are being converted to Airbnbs and VRBOs, and those are commercial uses. Third, we support the on-campus university housing. As Randy indicated, it is City policy to concentrate that housing on campus, and we think that's totally supportable.

And finally, on implementation. I believe the Parks Board would support the Commissioner's proposal to delay implementation for six months. We did have concerns about immediate implementation and associated sticker shock, so this would help that.

We support moving from an SDC model that provides about 75% of the cost of providing services to something closer to 100% of the cost. Our understanding is this proposed change would increase the recovery rate from about 75% to 88% or 89%, and we would make up that differential with other funding sources.

Finally, as the Parks Board, we would like to get an annual report on implementation so we can see how this new methodology is doing, and early on recommend adjustments as needed. This update to our SDC program is really important for the livability of this great city. We urge you to just do it. Thank you.

Hales: Thank you. Mr. Kuffner?

James Kuffner: Mr. Mayor, members of the Council, my name is Jim Kuffner from the University of Portland, which was a member of the college coalition. One of our other members, Denny Stoecklin, vice president for financial affairs at Concordia University, sat on the task force that reviewed the changes to the parks SDC program.

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I am here to testify on only one element of the SDC update as it relates to college campuses. On-campus housing has been historically exempt from the parks SDC. In the 2008 update, this exemption was eliminated without discussion. Instead, by later interpretation, on-campus housing was simply lumped into SRO housing and therefore subject to the SDC where it had not been subject to the SDC before 2008.

We very much appreciate the Parks Bureau and the task force engaging in a productive and thorough conversation over the last two years about why on-campus housing should again be excluded from the parks SDC, and we appreciate the task force and Parks recommendation for such an exclusion that is now reflected in the update that is before you.

Colleges are unique. We approved through a discretionary review process that requires in the case of a conditional use master plan that we include all of our uses within our boundary. The approval process also requires that we demonstrate that we are not lessening the overall character of the area by introducing college uses into a nearby single family and multifamily neighborhood. The same is true for an institutional master plan process.

These criteria heavily encourage -- if not require -- that we build student housing on campus. There is a significant policy issue at stake. The City wants to encourage on-campus housing in order to protect the livability of nearby neighborhoods. This on-campus housing keeps students on campus, reducing noise, vehicle trips, and other potential conflicts in the neighborhood.

Further, the students who live on campus have very easy access to recreational facilities and park-like settings on these campuses. Take for example the University of Portland. We have play fields, open space, indoor and outdoor sports venues, trails, and the like. Our students play on campus, choosing easy and fast access to their own campus park over a trip to a City park.

A parks SDC for on-campus housing would discourage the very on-campus housing that the City is trying to encourage through its own conditional use processes. And the colleges, unlike other uses, provide ample open space as well as for these on-campus residents, as well as open space for community members to enjoy, whether it is walking a trail through our campus, throwing a Frisbee, or walking their dog. In fact, almost every night of the week, community soccer clubs use our fields instead of the fields at local parks.

For all of these reasons, the task force recommended excluding campus housing from the parks SDC, and we urge you to adopt the ordinance language before you that carries that exclusion. And there is one important clarification. You will note that this exclusion applies only to on-campus housing. If a college builds off-campus alone or in a joint venture with a private party, then that off-campus housing would pay its own parks SDC. Thank you very much for this opportunity to appear before you.

Fritz: Thank you for your participation. Any questions for this panel? Thank you. Our final invited speaker is Debbie Aiona from the League of Women Voters.

Hales: Welcome.

Debbie Aiona: Thanks. I'm Debbie Aiona, representing the League of Women Voters. As a member of the parks SDC task force and League action chair, I appreciate the opportunity to comment on behalf of the League on the SDC methodology update report.

We support the new methodology and rates. With the able assistance of the project's expert consultant Mr. Randy Young and Parks Bureau SDC manager Riley Whitcomb, the task force carefully considered several complex issues, including quantifying the level of service, occupancy rates in single and multifamily housing units, and SDC fees for college dorms.

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The League's involvement in this issue dates back to 2000 when we challenged a City decision to grant a parks SDC credit to a Pearl District developer. League representatives have served on all three task forces since the parks SDC program was created. Our organization supports quality infrastructure and public facilities designed to meet the needs of residents and businesses, as well as a fair distribution of tax burdens and government investment.

The process the task force used for this update helped develop a more realistic way to assure that the parks will serve the needs of future residents while equitably distributing the SDC burden on new development. Early in this update process, task force members questioned whether the current level of service methodology based on acres of park land per thousand residents was still useful given the growing scarcity of undeveloped land in Portland. Mr. Young explored other approaches to quantifying the level of service and presented the task force with the methodology now under consideration. It places a dollar value per capita on existing parks in order to project what the cost will be to maintain that level of service as development occurs and the population grows. Task force members agreed that this is a more suitable approach.

The task force also discussed whether the current practice of using one rate for each type of housing -- single or multifamily -- accurately reflects occupancy rates, and thus the capacity needed to serve the city's residents. Mr. Young consulted with the PSU population research center and provided the task force with census data and analysis on the occupancy rates of various types of housing units. The task force discussed the disadvantages of using the number of bedrooms as a yardstick. Unit size based on square footage, regardless of whether the unit is single family or in a multifamily development is supported by the available data and better reflects occupancy rates.

Although the recommended methodology will no longer be based on acreage, we urge the Parks Bureau to continue to acquire new park land. As densities increase over time, it is essential we preserve vital natural areas and provide the open spaces Portland residents need to experience nature, play, and exercise.

The task force discussed at great length SDCs for college dorms. Although we did not resolve the issue, the League recommends including the topic in the next scheduled update. The City should take into account the parks capacity needed for the students living in campus dorms and establish an appropriate rate.

I just want to thank you again for the opportunity to participate in the task force and to comment that we support the new methodology and the rate structure, and also agree with the amendments that Commissioner Fritz has presented. Thanks a lot.

Hales: Thank you very much.

Novick: Debbie, can I ask you a question?

Aiona: Yeah.

Novick: And I'm asking you this because the League has a real commitment to fairness, and there's a fairness issue that I want to throw at you. We are not maintaining our existing parks. There's a maintenance deficit which means basically that we are not asking the current residents of Portland to pay to maintain the parks we already have in the amount that would be necessary. Do you think that somebody moving to Portland into a new house, buying a new house, a 1700 square foot house which would have increased rates under this proposal -- would you think they would have a fairness argument that wait a minute, you're not asking the existing residents to pay the full cost of maintaining the parks they already have, why is it fair to ask me to pay the full cost of what I'm allegedly adding to the system?

Aiona: I understand the dilemma, and it's interesting -- when I submitted this issue to our board for consideration, that's exactly the response I got from one of our board members.

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It was, you know, she hates the idea of adding more parks when we can't take care of what we have. And I understand your fairness issue, too. We just passed the parks bond to help maintain our parks. Clearly not enough, but you know, I always have this hope that someday we will have this revelation that we need to pay for what we have. And by now saying we're not going to plan for keeping the capacity to meet the growth, we won't have the capacity -- the added parks to take care of. And you know, Portlanders like to pay for things, maybe we'll get to point where we can really take care of our parks adequately. So, that's the best I can do, sorry.

Fritz: Well, I appreciate that, and also the fairness issue is that some Portlanders currently have parks and others don't. And if we don't continue to invest in new parks, then that will continue to be unfair.

Hales: Thank you, Debbie. Commissioner Novick and I are hoping that consciousness dawns on the need to maintain infrastructure on a number of fronts. [laughter]

Aiona: I agree with you one hundred percent.

Hales: Thank you. So, I think we had a sign-up sheet. We are probably going to have to break at 4 o'clock to take or next item, so I'm going ask people to be succinct. Let's start down the list --

Fritz: How many do we have, Karla?

Moore-Love: We have 25.

Hales: So, we'll try to get some of you. Again, the briefer you can be, the more people you can hear from. Let's try to hold comments to two minutes, please.

Moore-Love: The first three, please come on up.

Hales: Good afternoon.

Jim Labbe: Good afternoon, Mayor Hales, City Council. My name is Jim Labbe with Audubon Society of Portland and I'm here representing our 15,000 members in the Portland metropolitan area. I'm wearing little stickers --100% for parks. Some of our supporters are here in the audience wearing them because we're here to support 100% adoption of this proposed SDC package. We realize that's not 100% of cost recovery, but we're asking to you adopt it without any reduction.

I'll say briefly -- as you know, access to parks and nature is a public good. It's also an essential urban infrastructure -- and in Portland, good access is a widely-shared community value. People who've always come here and have experienced and lived here - - they've come here because of good access to nature. And when the Portland voters passed their first bond measure in 1907, they did it because they cared for that, and that's shaped future generations in terms of this value, this core value. It's certainly a core value of Audubon Society of Portland's mission -- equitable access within current generations and to future generations as well.

I worked on the regional equity outlets in 2006, and one thing we found -- it was very clear from that analysis that the deficiencies and inequities we have today in our park system are a result of failing to pay for parks as we grew. So, that's why this is really an essential point, it gets to the issue Commissioner Fritz raised. It's about really dealing with equity in the future.

I served on the committee, the task force in 2008, and it's amazing what's been achieved under this program. I really urge you to adopt it in full. There's a lot of specific projects out there to achieve, and I sat for office in East Portland at Leach Botanical Garden, and I see on the ground the great work being done funded by SDCs to really make park access equitable in the City. Thank you.

Hales: Thank you very much. Good afternoon.

Lin Harmon-Walker: Hello. Today, I am here on behalf of the Coalition for a Livable Future whose board unanimously supports the 2015 Parks SDC proposal.

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The Coalition, as you all know, represents more than 60 diverse institutional members serving many, many thousands of Portlanders. The mission is to protect, restore, and maintain healthy, equitable, and sustainable communities -- both human and natural -- for the benefit of present and future residents of our greater metropolitan area and of course of Portland's. This cannot be done without adequate provision of park and greenspace lands in all parts of our city.

CLF has supported the development of parks SDCs for more than 10 years now, and we commend Commissioner Fritz in her hard work in ensuring strategic investment in long-neglected areas of East Portland. The Coalition's regional equity atlas provides a lot of detail. It's in its second edition and has been identified many areas of Portland that are deficient in parks and community spaces, as well as other indicators of quality of life. So, now that historic inequities are finally starting to be identified and remedied, we'll be able to see this happening in our atlas.

We all know that safe and secure parks make a huge difference in the community's collective physical and mental health, our sense of community, and the viability of our ecosystem which provides many different ecosystem services that may or may not be valued but are essential. In the future, future generations of Portlanders will have to do more with less and live in a more populated city and will still be able to play and meet their neighbors if we act now to preserve lands for parks. So, we are thinking ahead to how we can create a sustainable, equitable and healthy city; this is one step in that direction. Thank you.

Hales: Thank you very much. Thank you very much for CLF's advocacy. Welcome.

Joyce Ley: Hi, I'm Joyce Ley and I'm with Wilkes Community Group, which is a neighborhood association in East Portland but it's the northern part of East Portland. My backyard is Gresham.

I love parks and natural areas, and for that -- those two -- I have such a passion. So, I drafted a letter and it's kind of a summary maybe of what Oliver Twist might say in the two words: "more, please." Build it and they will come. There are many citizens in our city who want to be involved in developing a local park. Their visions of future experiences that they might anticipate with their families and friends in a new park can fuel energy and enthusiasm. Unfortunately, this eagerness is too often thwarted when there is no master plan in place for this designated property.

We have learned that there must be a master plan for it establishes what community members' desire in and from their parks and more. Without the master plan in place, any progress toward a property becoming a park is minimal at best. The Portland Parks and Recreation system development charges made at the time of development contribute funds for park improvements and master planning of properties designated to be parks.

Purchasing land for the explicit intent of establishing a future park demonstrates foresight. However, when such land lacks access for public use, the public is not being served. This is like building ships to be safe while they're in harbor, but we all know that is not why ships are built.

My request to the City Council is that your decision will be to continue using system development charges with no reductions. And I liked the presentation, I think that really gets at the equity and a fairness issue. The investment of these SDCs into city parks can offer in return a healthier and happier citizenry, a result that we could say is actually priceless. We must not forget that children should have experiences in nature when they are young. If not, we can only expect them to grow into adults who will hold little value for preserving our natural and wild places for everyone to enjoy and utilize.

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Our Portland Parks and Recreation system recently won a national award recognizing outstanding qualities throughout the parks system. The City of Portland should be unwilling to commit to anything less. Please continue the SDCs with no reduction. This action can ensure improvement in the City's parks and properties designated to become parks. Thank you for consideration of this request.

Hales: Thank you --

Fish: Mayor, I -- Jim, you raised an issue in paragraph five of your letter -- I had a chance to read it. I agree with everything in your letter. Paragraph five talks about a Lewis and Clark rebate. And your characterization is so at variance with the facts -- I don't think we have to debate it now. But I think if Audubon's interested in that, we should give you a briefing. Because under the arguments Lewis and Clark made on the then-applicable code, they weren't covered. So, the City made a decision that rather than spending a lot of money litigating abstract questions, they would put it on ice waiting for the report to be done -- that's entirely different than just saying we're going to apply retroactively, or your analogy about a tax rebate. I understand why you'd be concerned. I think a little more information shared with you would allay that concern.

Labbe: OK, thank you.

Hales: Thank you, thank you all very much. Welcome.

Stephanie Haas: Good afternoon. My name is Stephanie Haas, and I am here on behalf of my nonprofit organization Portland After School Tennis and Education, which offers at-risk youth from low-income families access to free educational activities and tennis lessons in St. Johns.

We support public parks and community centers because we know that children and families we serve have restricted access to private tennis clubs and exercise facilities. Our organization benefits from St Johns Park and community center every day for fitness activity, and we also run a soccer league at that park on the weekends.

Currently, there are no useable tennis courts within three miles of St. Johns. So, it is a challenge for our families who are learning to play tennis to find useable outdoor facilities to enjoy tennis together as a family. We hope that Parks SDCs will support an upgrade to outdoor tennis programs in North Portland in particular. Without these Parks and Recreation resources within walking distance to St. Johns, the youth and families we serve would be at greater risk of health concerns caused by sedentary behavior because they would not have a free, safe space to exercise.

We believe the proposed methodology is more sustainable and fits better with the expected growth in North Portland and the limits of our city's boundaries. Growth in the city, especially North Portland, results in park and open spaces become more valuable -- as we all know.

Citizens of St. Johns and members of the Portland After School Tennis and Education program continue to hope for better parks facilities and services, and this update will allow Parks SDCs to be used to improve community centers, tennis courts, and other park facilities which cannot be done under the current methodology as we see it -- or at least not as effectively. We believe that new development should pay for its share of costs, and this will hopefully benefit our families through improved parks facilities, particularly in St. Johns. Thank you.

Hales: Thank you very much. Good afternoon.

Terry Parker: Good afternoon. My name is Terry Parker, I'm a fourth generation resident of Portland. I'm speaking for myself.

The concept of calculating the amount of system development fees being related to the square footage of a new house is on the right track. However, it should be taken a couple of steps beyond what is being proposed. When a single-family home is torn down

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and replaced by a new larger house, a one-for-one replacement, system development charges need to be assessed on the additional square footage of the new house.

As I have previously testified before this Council, when my neighborhood Rose City Park was platted over 100 years ago, the planners clearly envisioned a residential village in a park geared to the working class. New houses that replace older homes all too frequently homes are almost two and a half times the size and price of home being replaced, and they extend to the edges of the lot lines, eliminating the unsurpassed backyard part for parents that want to keep tabs on a small child.

This out of scale development places the basic fabric of older, single family neighborhoods at risk. Due in part to rapid demolition of older homes, the working class -- often called the 99% -- is systematically being priced out of the housing market. System development charges that will be utilized to help pay for parks is a fitting venue to add incentives to promoting affordability and maintaining the park-like ribbons of green that backyards and front yards provide. The percentage of property -- or lot -- not taken up by the footprint of the new house needs to be calculated as part of the system development charges being assessed. Bonused reductions can be given for a proportionally greater amount of open space, including larger all-around set back and yards. Penalties need to be assessed for lot line to lot line development and footprints that proportionately cover a larger amount of the square footage of the property. This needs to apply to any size house, how including new skinny houses that are wedged in on small lots.

In addition to the cooling effect on the atmosphere, without the green park-like amenities and ambience that surround our living quarters, the living environment is compromised and housing for everybody becomes less affordable. We need to keep neighborhoods like mine working class affordable while still maintaining the long-standing values of intended vision of a residential village in a park. Homes with yards create less of a demand for parks. Establishing development charges that have a dual role can not only help pay for parks but also help protect the quality and character of life of single family home neighborhoods. Thank you.

Hales: Thank you. Good afternoon.

Bob Sallinger: Good afternoon, Mayor Hales and members of the Portland City Council. My name is Bob Sallinger, I'm the conservation director for Audubon. Jim Labbe already spoke to our general support for this -- we do encourage to you adopt it.

I want to speak specifically and very briefly to one aspect of it, and that is the per capita investment calculation. We do support the idea that we shift and allow improvement of parks as well as acquisition of parks, but we want to capture this moment because it's important. This is the first time the City is formally recognizing that it's running out of land; that we can't just focus on getting new acres to meet our needs. And that's really a watershed moment for us. We are a land-locked city. We don't have an endless land supply. So, allowing park improvements as well as focusing on acreage makes sense

We do want to make sure though that we don't lose that acreage focus. It is important that we continue to add to our park system, it is about quality and quantity, and just improving parks is insufficient in and of itself. So, we want to make sure to continue to look for acres where possible.

Secondly, we think it's really important that we apply this across all land uses. It's not just parks. Regardless of whether we're talking about commercial, residential, parks and open space, or industrial, we are a land-locked city. We don't have endless supplies. We continue to maintain a rigid acreage-based approach to industrial land. And in fact, it's ironic because right now we are converting open space to find new industrial land. Colwood Golf Course being a case in point; the new comprehensive plan also anticipates conversion of open space to find new industrial land.

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So, at a time when we are recognizing we don't have an endless supply of acreage to add to new parkland, we think it's important the council applies that same paradigm shift to other land uses. Thank you.

Hales: Thank you. Thanks all three. Good afternoon. You're on first.

Nancy Olmsted Spanovich: Mayor, Commissioners, my name is Nancy Olmsted Spanovich. I currently reside in Tualatin and I've worked in Portland for 20 years.

As a scientist, my company Olmsted Legacy continues the work of a relative, Frederick Law Olmsted, who was creator of the Central Park in New York and saw parks as a social justice instrument. Olmsted's lasting legacy is because he knew how to design, search for funds and land, and guide the construction of what have become some of the key parks in our United States today. He understood the importance of parks to the human psyche.

Our firm works to promote Olmsted's design principles within urban park planning. And by way of full disclosure, we currently have no PSAs or contracts with the City of Portland.

From 2001 to 2010, I was appointed to Clark County Washington's Clean Water Commission. And in that regard, I understand the complexities of trying to establish SDCs and the importance of this to not be an impulsive or political decision. In my role as director of the Holistic Peace Institute, I've developed a heart for social justice, promoting universal human rights and equitable solutions for public areas and services within civil society.

Parks provide services that support the community's direct social and psychological needs, and allow for mixing of classes of society which would not otherwise mix. Through these life experiences, I've observed the repetitive peaks and troughs of the revenue stream, and we support this SDC update and amendments to enlighten and bring to bear the essential services of the parks for urban landscapes. I've taken numerous runs at trying to turn weedy patches into healthy riparian habitat or turn them into interpretive centers for all manner of things -- groundwater management, geothermal energy, sustainable design, sensitive species, carbon and water quality, credit training, and ecosystem services production. And essentially, the parks can be an extension of our built environment and enhance our understanding of the universe.

Fritz: Nancy, could you give us the rest of your testimony in writing?

Spanovich: Absolutely.

Hales: Thank you very much. Mr. Spevak, welcome.

Eli Spevak: Thank you. My name's Eli Spevak, thank you Commissioner and Mayor.

I've been working for years -- as have others -- to try and get some scaled SDCs, and it's reserving to see Parks put that on the table. So, thanks very much for that. I want to cast our support for that. I put out a letter four days ago and have over 40 people signing on, many of whom are builders and designers impacted by this fee who also like the scaling of impact fees. And it's the most equitable way to go.

I think Randy Young did a great job of describing it earlier, but I want to underline -- houses don't use parks, people use parks. And home size is the best proxy we have in terms of reliable data for number of people, so it's a totally appropriate metric and much more defensive than the current system we have now. And even though with the proposed set of fees a 2500 square foot house would still pay the same as a 5000 square foot house -- I have a little bit of a policy issue with that -- but that's what the data showed, that once you get over about 2500 square feet, you don't have more people living in the houses.

I think that I've heard people say somebody with a big house might have a big yard to go with it and may not use the park systems so much. Well, it also may be true that someone with a large house has a vehicle to jump into to run across town to Forest Park or a community center and go to parks with a more regional draw. Both of those are kind of

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hand waving arguments, frankly, and so I think it's appropriate to go to the hard data on this and just say we know how many people on average live in a house, let's use that as our benchmark.

Lastly -- actually, two more things. One is that there's going to be a devil in the details on this. I think it's appropriate to say, what happens if someone tears down or mostly remodels an 800 square foot house into a 2000 square foot house? What happens if someone takes a large house and carves out a chunk of it to make an accessory dwelling unit so they pay the small house size but that large house became smaller? I'm kind of asking how this is going to get dealt with. It totally can get handled, but I just hope it's handled consistent with the Parks methodology so the implementation goes smooth.

Lastly, I want to say that this is Parks. Other people have other bureaus. In terms of water, sewer, I hope people will be thinking about -- does it make more sense to scale those fees based on how many people are peeing and pooping and washing their dishes and doing their clothes and all that, or does it make sense to base it on how many home's shells are created? Transportation -- walking, crawling, biking -- transportation is related to people more probably more than a number of home shells created. It's a logic that really could go through all the bureaus. Thank you.

Hales: Thank you very much, very clear. Mr. Cavanaugh?

Kevin Cavanaugh: Hello, I'm Kevin Cavanaugh. I, too, am in support the new math versus the old math. Very quickly and simply -- the old math promoted McMansions and dissuaded developers from doing what would be called livable and supporting walkable neighborhoods. The new math takes care of that error, so it's a pretty straightforward reason for me to support it.

Fish: Since you're here, Kevin, and just quickly -- I either take the bus or drive by your new thing on Burnside. What is it and when are you opening it?

Cavanaugh: Am I allowed to answer that right now? I guess I have to. [laughter] The Fair-Haired Dumbbell, you mean? On the Burnside Bridgehead?

Fish: No -- the rocket or something.

Cavanaugh: Oh, the Zipper.

Fish: The Zipper.

Cavanaugh: On 28th and Sandy. It'll be a micro restaurant. And there's six pieces of public art on that, too, so you gotta take your time and walk or ride your bike around it.

Fish: It also got my son's attention, because it changes as you --

Cavanaugh: My goal is to have small fender benders happen because people are staring and wonder what the hell is going on -- but no injuries. [laughter] That's my genuine, honest goal.

Hales: Your insurance company hopes that, too.

Cavanaugh: Oh, yeah -- is that on the record? [laughter]

Fritz: Thank you very much.

Hales: Welcome, good afternoon. Arlene, would you like to be first?

Arlene Kimura: Thank you very much. Good afternoon, Mayor, Council members. My name is Arlene Kimura and I am here as a representative of the East Portland Action Plan. We have written a letter of support for the methodology change and the increase in the SDCs.

In East Portland, we are the recipients of two parks that are being developed with SDC fees, and I cannot tell you the number of acres we have that are still undeveloped and we may be waiting another 15 years or 20 years. And in the meantime, our population is slated for an increase in 91,000 people. So, I urge the Council to support this. The devil is in the details, and I hope it is done sensitively. Thank you very much.

Hales: Thank you. Welcome, good afternoon.

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Daniel DJ Heffernan: Good afternoon. In the Monty Python era of things [indistinguishable] completely different, since I am the first one that's going to speak in opposition of the proposed methodology. I'm in an unfamiliar position today --

Hales: Just give us your name, I'm sorry.

Heffernan: I'm Daniel Heffernan, I reside at 2525 NE Halsey in Portland. I'm speaking on behalf of NAIOP, of the Commercial Association of Brokers, and Portland Building Owners and Managers Association for whom I've prepared a memo that I've given to the Clerk and that some of you may have. Usually, I work as a consultant in the role that Randy is in, helping them develop methodologies for their parks systems. So, while my comments today are critical, they are not critical of staff or the City's intentions. But I believe the methodology is flawed and if challenged, it could be overturned. And I'm just going to talk about two things.

The first is that this is a new SDC fee and methodology. This isn't an update, this is brand-new because of how different this is. So, we're essentially at the start of compliance with the SDC statutes. And ORS 22033091 specifically says prior to establishing a system development charge, a local government shall prepare a capital improvement plan, blah, blah, blah, that outlines all of the projects that it intends to fund with the improvement fee. And then there are specific requirements for what goes into that. And as Randy said, your water system, your transportation system, sewer system, etc. are based on master plans. I just fundamentally disagree that jurisdictions around the state that have park systems don't use master plans -- they do.

The approach essentially capitalizes the balance sheet for the parks system as the basis for the fee, and the statute does not permit that. It has to be project-based on the CIP. Secondly, the methodology states that there is no existing unused capacity, nor is there an existing deficiency within the park system. I just find that hard to believe. Forest Park as 5000 acres certainly has some capacity to handle some additional residents. And golf courses -- golf course participation rates have been falling. They shouldn't be included in at least the portion of those assets that have capacity to serve additional residents. That value should be captured through a reimbursement fee, not an improvement fee.

I also have quibbles with how costs are being allocated between residential users and nonresidential users. The City has data for who's using its parks. Why this fuzzy math approach to allocating costs over actually sampling and looking at who your users are and then base the allocation between land uses on that data as opposed to this hypothetical proxy that's in the methodology. Thank you.

Fritz: Thank you very much for providing it in writing, and we'll be sure to get your written response.

Hales: Thanks very much.

Fish: I have a question for you, Mr. Heffernan. This appears to be a roadmap in part for a potential legal challenge if we were to adopt this. When would someone have standing to challenge an SDC? Is it upon adoption, effective date, or upon payment?

Heffernan: The methodology could be challenged within 60 days of development. And then after that, no challenges can come forward and whatever decision is rendered on those, they are in place, and if the methodology is upheld you can't challenge the methodology any longer. So, you have jurisdictions out there whose methodologies weren't challenged.

Fish: Is there a particular court you have to go to?

Heffernan: I don't believe -- it's certainly not a land use issue. That's very clear -- [speaking simultaneously]

Fish: Circuit court with a 60 days to challenge the methodology --

Heffernan: Yes --

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Fish: Court has a hearing and --

Heffernan: Correct --

Fish: Can that be appealed?

Heffernan: Judicial review can be appealed, yes.

Hales: Thanks very much, we look forward to reviewing this. Mr. Failing?

Bill Failing: I am Bill Failing. Commissioners, I am here to talk a little bit about the positive effects that an SDC can have, and in this particular case, the K^hunamokwst Park is a project that I've been involved in.

My role at the Oregon Historical Society -- I was asked to participate with a naming committee, and I said I'd be happy to. I didn't know much about the neighborhood. So I said, tell me about the neighborhood. Well, according to the 2010 census, it's 20% Latino, 16% African American, 32% of the households have members under 18, 17% of the households are over 65, 56% are owner-occupied housing. So, I got a little bit of a sense of the community which was basically -- you know, my perspective on how to come up with the right name. A lot of names floated out of sky that weren't particularly -- I thought -- relevant to the area. But one thing I found out -- being a history nut and therefore history reasons -- is that this particular plot of land was actually a Native American meeting ground at one time. And I thought, a-ha, that sort of transcends a lot things. It goes back to the origins. So, we kicked this idea around -- terrific committee -- and we came up with Tilikum Park. So. [laughter]

Hales: Somebody stole your name.

Failing: I knew that the new bridge had a naming committee and they weren't divulging what the name was, so I gave Chet Orloff a call. I said to Chet, "do you have any problem with Tilikum Park?" "Bill, I do. Don't." So, we came up with another name that still addresses -- by the way, Tilikum basically means for people, and it's common people, not chiefs. So, we liked that. But we came up with -- and pronouncing is a bit of a challenge, but if you practice you can get it. K^hunamokwst Park is a Chinook word for "together," and we thought that was a very appropriate name for a park.

Hales: Bill, I wanna get you to wrap up because we're running out of time.

Failing: Wrapping up, I do just wanna read quickly what one of the residents of the area had, because I really wanted to see the positive effects this had. I hung around after the naming because I wanted to see how the community accepted this, what the impact was.

This is quoting Noelle Studer-Spevak. As a Cully resident with small children, I can say that this park is going to make a big difference to the families of this neighborhood. There has never been a place to gather outdoors with neighbors for cultural activities, meet for play dates, or push children on swings. At the naming ceremony last summer, I was struck by how many familiar faces I saw together in one place. This has never happened before.

The last sentence I have is from someone -- I asked if the SDC made a difference, and he said, "Bill, without the parks SDC program, this never would have been built." Thank you.

Hales: Thank you very much.

Alan Hipólito: My name is Alan Hipólito, I work for a Northeast Portland-based nonprofit named Verde. I appreciate the previous gentleman giving all the statistics for Cully so I don't have to do that now. I am here to speak in support of the change in the methodology in the proposal, and I will be very brief -- I know there's a lot of folks.

I think we're discovering together all the great things that parks can do. They can create jobs, they can educate children, they can improve a community, they can build a community together. And we're also learning how to leverage those SDC investments with lots of other dollars to both design and build parks. In Cully Park, I think right now we're at

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three non-SDC dollars for every SDC dollar invested in the development of the park. So, we're going to leverage these resources for a great benefit for the community. Thank you.

Mike Houck: Mayor and Commissioners, my name is Mike Houck, I'm here today on behalf of the Urban Green Spaces Institute to support the methodology. I served on two rounds of SDCs while I was on the Parks Board for two terms -- about eight years.

I will echo Commissioner Fish's comment -- that presentation was much clearer than the ones that I remember from four and eight years ago. And I think, basically, the methodology is unassailable. You may disagree on philosophical grounds or other grounds, but based on what I heard and what I understand with regard to the work that's been done, it's unassailable. And I'm pleased that the amount of recovery will go up to 88%.

While I understand the rationale for establishing a per capita approach to address the fact it may want be possible to acquire as much acreage as may be needed to meet the City's needs, I agree very strongly with Bob Sallinger and the Audubon Society of Portland's comment that we are, in fact, running out of the land for a number of things, and it should not -- that approach should not apply only to parks.

And it is incredibly ironic that we're rezoning open space golf courses to create more capacity for industrial development at the same time we're talking about acquiring less land for parks because we know that there's just not enough land out there. This illustrates the urgency with which the City's bureaus need to double down on their efforts to seek multiple benefits by combining efforts on stormwater management, using the City-owned properties, green streets, and eco-roof programs.

Additional acreage might be made available through creative inter-bureau and intergovernmental agreements, and I think a good example is the Riverview natural area where Metro, BES, and Parks joined to go to come up with that 146 acres. So, I think that there are ways that we can stretch the dollars and still acquire land.

And just as BES and PBOT have entered into a compact to work more closely to integrate their missions, so too should Portland Parks, the Water Bureau -- all four bureaus get together and figure out how they can meld their missions to actually create situations where you have park land as well as addressing some of the issues related to stormwater and so forth.

All that said, the City should continue to aggressively acquire as much additional acreage needed to serve our citizens and protect our natural landscapes, and we strongly support the exemption for affordable housing. Thank you.

Hales: Thank you. Mr. Ross, welcome.

Kelly Ross: Mayor Hales and Commissioners, my name is Kelly Ross and I proudly serve as lobbyist for NAIOP Oregon and the Commercial Association of Brokers, and I've also been authorized to speak today for the Building Owners and Managers Association of Oregon but am not retained by them.

I was deeply involved in both the 1998 and 2004 methodology updates, and to a lesser extent with the 2008 update, and the thing that I want to emphasize to you today is that I cannot express strongly enough how this methodology update departs from the previous ones in its approach, assumptions, and level of detail for future improvements to the City's park system. I actually want to support the move from an acreage-based level of service.

I have long argued for that in the discussions that we've had on the parks SDCs and long argued that before Metro and their planning for parks and the region. It just doesn't make sense in the land-constrained environment we are in, and I would submit to you that it was because of that constraint that past City Councils did choose a lower recovery rate

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for the SDC because I think everyone recognized that there was -- it wasn't going to be possible to acquire the level of acreage that would be needed or implied by the formula.

So, I do agree with a change in the methodology. Not sure about the investment approach. I certainly believe that a more sophisticated approach needs to be taken to that, and would go back to a question raised by Commissioner Novick that 63% of the value in that approach is real estate assets. And if the Council is talking about taking an entirely new approach for the park system from here on out in terms of the land supply, there has to be a little more sophistication in how you view that revenue and perhaps additional discounts in the recovery rate to reflect that high percentage of land value.

Fish: Kelly, we have your thoughtful written testimony. Quick question, though.

Commissioner Fritz has proposed an amendment to move the effective date to January 1st. Does that address the concern you raised in the letter?

Ross: Mayor Hales, Commissioner Fish --

Fish: We're not the legislature, you don't have to do that -- [laughter]

Ross: OK -- force of habit.

Fish: We don't require you to do that, and you don't have to give your address, either.

Ross: I was pleased to see that amendment. It certainly helps.

Fish: And that additional time would allow a developer to decide whether to go to permits before or after the new effective date because there may be instances actually where there is a lower cost as well as an instance of a higher cost.

Ross: Correct. But I would also suggest to you that a phased in approach could be done in a predictable way, and that would also be valid.

Fish: Thank you.

Hales: Thanks very much, very helpful, again, from you and others here who provided us detailed testimony. Thank you. Next three, please. Good afternoon and welcome.

Moe Farhoud: Good afternoon. My name is Moe Farhoud. I own Stark Firs Management and second chance land [indistinguishable] -- we own a unit, and we provide housing for people with an eviction, conviction, we work with parole officers, we buy abandoned buildings or old buildings that need rehab, and we try to fix them up. We take two bedroom or three bedrooms with two bathrooms and split them in half to provide more housing to people. We try to -- by doing this kind of like create more housing for low income because become micro-unit. And basically, we're here because we did our methodology for five years, and it will not impact traffic, you have two units with two or three bedrooms with two bathrooms split in half -- create more traffic and lots of stuff. Bottom line, I'd like to get the SDC when we do this kind of project for low income. And this is what we've been doing for 30 years. Thank you.

Hales: Thank you.

Fritz: It doesn't apply to conversions, only to new construction.

Peter Finley Fry: It's Peter Finley Fry, and the problem is the methodology uses a word called dwelling unit, and a dwelling unit is defined by a kitchen. So, when we did Alder Apartments, we created 30 new kitchens even though we did not create a new bedroom. So, we ended up having to pay \$100,000 in SDCs for parks because of the kitchens, not because of the intensity -- no intensity increase. So, you're right, it does apply to kitchens. And so, building up, it did create new kitchen and when we had a building up in say create 35 new kitchens, we're looking at \$350,000 in a new SDC. So, the SDCs are based on the impact on a system. So, theoretically, the methodology is flawed -- I would say more than theoretically, actually, because it's not actually based on our increase of intensity; it's based on our counting the unions up and adding new kitchens.

Fritz: I'll get clarification on that from staff. Thank you.

Hales: Thank you both. Mr. Wood?

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Justin Wood: Good afternoon, Mr. Mayor and Commissioners. My name is Justin Wood, and I am here representing my construction company, Fish Construction Northwest. We are an infill builder in Portland. I was also a member of the parks SDC task force and worked on this project.

I wanna say, I am a little disappointed in the net result of what came out of the task force. I -- like Kelly Ross said earlier -- I was actually supportive of the idea of changing the methodology. I think going away from the land-based system makes sense given the constraints we have in the land system. However, it was not until the end of the project that we really started to see the numbers and what the true cost of the parks and the assets were going to be, and that's where I kind of didn't like the end result of it.

But I'm going to speak mostly to the scalability based on the square footage of the houses. It's real clear that SDCs are supposed to be based on impact. I know that people have made some comments regarding bigger houses should pay more or whatnot. But whether you can truly make the case that a bigger house has a bigger impact on a park system is truly the only question that we're supposed to ask.

My belief is that it isn't, and it's -- for one, the common sense question that I ask is if you build based solely off the number of people in a house, then a small 700 square foot condo with absolutely no yard or green space -- regardless of the fact of how many live there -- they have to use a park for their dog to walk, for their kids to play, and they have no other option. If I live in a larger house with a yard -- and I realize that we can't always make assumptions when people can use the park, but I have the ability to not rely on the parks. So, that just goes to -- how do you calculate the demand that a house has on a park?

Also, the ordinance says that if you are remodeling, and you go from one square foot to -- if you are just under and you go to the next square footage up, the remodel house would be subject to that increased SDC. I'm not here to advocate that we should be charging SDCs on remodeling. However, if you're making the case that more square footage on a house means more demand on a park, I don't know how you should not -- you can't say that remodeled houses shouldn't have to pay a larger SDC. You could easily get to an example where you have a house that you added -- bump out to the kitchen and go up 20 square feet, and in the house you change no demand on the house but the ordinance as written now says that person would be responsible for paying the difference in the SDC.

Hales: So, what basis do you think that we should use?

Wood: This is a tricky one because most of the houses that we built are smaller. So, on one hand, every other cost of construction -- and I realize that I'm not speaking for the Homebuilders Association here -- every cost of construction is scaled to the size of a house. So on one hand, I have always thought that having that having scaled SDC to the size -- you know, somehow, makes more sense. I don't think that this is the answer. I don't know what the right one is.

I would say that -- you know, we've talked about comparing to cities and other jurisdictions. No other cities in Oregon currently base square residential SDCs off the square footage of houses, in part because it's not very defensible so far that we've seen. We've talked on the task force as to how do you best address this question, and we couldn't -- and this was what came out of it.

The only other thing that I want to add real quickly is that there's been some comments that this lowers the SDCs in some categories. If you look at the chart and compare it to what it is now, only the lowest categories actually see theirs go down. Everybody else will see theirs go up. We build starter homes 1200 to 1300 square feet, and our SDCs are going to go up 20%. Other than the smallest multi-family units,

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everything else downtown will be going up as well, so this is an increase on most new development other than the absolute smallest units.

Hales: Thank you. Well, obviously follow up with more if you can after today's hearing.

Fish: Actually, if I may ask -- Justin, do you have the answer to my earlier question which is, what's the median size of a new unit in the city?

Wood: Exactly? No. But I want to say the last time I saw it, it was about 2200 square feet. But that's single family residential, that's not considering -- you would have different numbers if you are considering multi-family.

Hales: Thank you very much. We're going to have to break in a few minutes to take our other time certain item, but let's take three more people signed up now, and then we'll continue. Good afternoon, welcome.

Dave Nielsen: Good afternoon, Mayor Hales and Commissioners. My name is Dave Nielsen, I'm the CEO for the Homebuilders Association Metro Portland. Our industry membership are active in building infill and redevelopment housing in the city. We care about the quality and affordability of the city's housing, neighborhoods, communities, and park systems. And we've built, remodeled, and improved hundreds of beds in capacity in several homeless shelter providers in Portland and throughout the region. With those commercials, I ask for your careful attention and consideration.

You've heard many people speak eloquently about the value in a park system, and we willingly and enthusiastically submit to all of that. This is not about the park systems per se as fairness and equity in terms of how we charge development for that and compliance with the statute. And that's what I'm here to speak to.

I've read this, and I honestly have found numerous faults and fallacies in the legalities in terms of how this process is being done, something I've never seen before in my 13 years of reviewing this. It isn't fair and equitable. It adds hundreds of millions of dollars in vague park improvement fees on the backs of new homeowners. It contradicts itself as well as the Parks 2020 plan.

It creates a Parks slush fund with no actual plan in place for how it will add capacity. And as has already been pointed out -- so I won't duplicate testimony -- I do believe also that it violates the SDC statutes in a couple of places regarding the requirement for capital improvement plans. In fact, so much so that what hasn't been discussed so far is that you will also be asked to change your City Code and strike language that shows that you previously did comply. You are taking up the specifics of requiring a capital improvement plan that has specific assets and striking that from your City Code, and that hasn't been mentioned yet.

It gets worse. There are only two ways for calculating SDC. I think those were explained so I won't go into detail of those either -- but a reimbursement and an improvement fee. This is not take door number one or door number two, it makes a new door number three. It creates a new methodology that assigns a hypothetical value to existing assets. Not only is this new methodology not allowed by statute, it makes no sense. It inflates existing values to astronomical and imaginary limits by including assets that were largely acquired at very little cost to the City, or current residents that are typically funded through non-SDC sources, or by grossly inflating land values. We've already talked about Forest Park and the capacity issues. The question was asked, isn't there existing capacity in the park system?

The park's methodology before you -- this is one of the areas -- says, quote, there is no existing deficiency in the current parks and rec system and suggests an even higher share of all new costs and borne by developers, translate new homeowners, families and renters as their fair share. And yet, you've already heard from others saying that there are

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efficiencies in the current system. And in fact, the Parks 2020 plan identifies there are current deficiencies in the parks system. So, which is it?

We've heard about how it changes the fees for remodeling and it can increase that by a bump-up in the fees. It would charge up to 50% more, \$3000 to \$5000 in high rates to new homes in underdeveloped neighborhoods in the east and southeast. This would add \$10,000 to \$15,000 in debt onto a high percentage of new homeowners.

And it's supposed nod to affordability? Now, I didn't have the benefit of hearing Commissioner Fritz's change to that where there might be more that would helped by this, but at the time we saw, it would give a token \$74 savings on a \$5500 fee to a small percentage of very small apartments. Probably a focus [indistinguishable] on a good park system the most.

Just like housing has to be built more efficiently given our region's limited land supply, parks need to be done keeping affordability and reality in mind. The Parks 2020 plan had a goal to develop 100 new ball fields in the City. The Parks department realized that that wasn't feasible or practical, so it got creative and partnered with schools to use underutilized ball fields. This was at a fraction of the cost of trying to buy land and develop new ball fields. It was efficient, kept down costs down, and opened up great park assets for the public. It's what you are telling the industry to do, but it's not what you are being asked to practice.

Honestly, the entire method needs to be scrapped. I do agree that I think that there is a different basis for it in terms of the calculation per capita, but it has no basis and reality, and it unfairly charges astronomical fees to future homeowners and renters. It doesn't identify an actual capital improvement plan as required by statute. It ignores existing capacity, and unfairly calculates the costs into new homes, remodels, and businesses. All it does do is create a very large illegal slush fund and a very large illegal blank check.

The one comment I also want to finish with is I want to thank Commissioner Fritz for understanding the certainty that is needed in the development process and for making that recommendation. I think there's more than can be done, but I appreciate the understanding of that -- when you change things made stream, that has a huge effect that's aside from just the overall picture of the amount of the fees being charged. Thank you.

Hales: Thank you. I hope you will submit that testimony

Nielsen: It has been submitted.

Hales: OK, thank you. Ms. Haynes, welcome.

Marion Haynes: Thank you. Good afternoon, Mayor and members of Council. My name is Marion Haynes, I'm with the Portland Business Alliance. I will try to be brief because a lot has been said already. But the Alliance very much supports the park system. We recognize the value that it has to the community's overall health and livability and economic wellbeing. So, any criticism that we may have of this proposal at this stage is not a reflection on our view of the value of the park system.

We did participate -- my predecessor -- on the Parks SDC task force, and I think that there was a bit of frustration in that process because we didn't actually get the rate impacts and the numbers until the process was pretty much over. And it's one thing to discuss the methodology at a conceptual level, it's another thing once you see what that means on the ground. And then that causes some concern once we saw those numbers. The impacts are significant, particularly on the commercial development when you're looking at 300%, things in that area. It's a large impact.

We agree with others that moving away from a level of service makes sense given the environment that we're in. Although, we do think that the replacement value -- including

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all the land costs and some of the things that we've already heard -- has inflated that numerator, and then that flows through into the rates and the large increases that we're seeing in the rate schedule.

I think Commissioner Novick raised a bunch of questions that I think that we share in just wanting to understand if we don't have enough land the city to continue on the level of service but we're essentially using that full land base in the cost for what the rates will be going forward, have we kind of backed ourselves into the same problem that we found ourselves in before?

In closing, SDC rates in parks in particular are one of the highest SDC rates. They can make a project go upside-down, especially when you look at the cumulative impacts of all of them together. So, we would really hope that we could take more time, understand some of the issues, and do some refinement on the proposal that's before you, and maybe take that opportunity as well to look at the cumulative impact of all of the SDCs and fees and what that means on development and affordability and the City's ability to provide for the expected economic and residential growth that we have forecast.

Fish: Marion, thank you for your testimony. We did have a chart in the presentation on where the cumulative impact fees rank in the region. We're sort in the middle of the pack. If there are additional comparators you think we should look at -- peer cities or others comparisons you think are valid -- would you submit those?

Haynes: Sure. And some things will not be exactly related to SDCs in and of themselves -- that's why looking at the impact -- land values are going to be higher in the city, so that changes the development pro forma. So, looking at it really in context I think is important to understand what the real impact on the ground is going to be.

Fish: Yeah, I'd just encourage -- you have a perspective and if it's in writing, it's just going to be easier for us to track.

Haynes: Absolutely. Thanks.

Hales: Thanks very much. You have the last word on this subject for this afternoon.

Michael Alexander: Good afternoon, Mayor Hales and Council. My name is Michael Alexander. I am here today as a member of the Portland Parks Board.

I moved to Portland in 2005 to work for a local insurer based here in the downtown area, and for the first two years, I lived within walking distance of the office to give myself time to decide where I wanted to live within the city. I chose the Sellwood neighborhood. And part of my decision was the impact that the Sellwood Park has on the quality of life in that community.

In much the same way that the park influenced my decision to choose Sellwood, there were other areas of the city that were less inviting because they lacked easily accessible parks, programs, and natural areas. And although we are all citizens of Portland, there are clearly greater and lesser of equals as it relates to the ability to have access and enjoyment to the gifts and the assets of our park system.

In 2010, I joined the Parks Board because I welcomed a chance to be part of a group that would advise the bureau and its commissioners on how best to strengthen the financial stability of Portland Parks and Rec, and to also deliberately and intentionally make the benefits of our park system and its gifts more equitably accessible to all Portlanders.

The manner in which the system development charged revenues are generated and allocated plays a critical role in achieving that goal. As a resident of the City and a member of the Parks Board, I am fully supportive of making the riches of our parks area and its programs more accessible to all regardless of race, culture, economic status, or geography. I believe that the proposed change for residential fees to factor in the size of dwellings will result in more consistent and accurate calculation in assignment of SDC

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charges, and help to control for the variance and square footage for single and multi-family residences.

As a result, the new methodology will focus on intensifying the maintenance of the existing parks while allowing for acquisition and development of new parks in our rapidly-changing demographics here in this city. So, I ask that Council approve the proposal before you. Thank you.

Fish: Michael, I know you said you are here as a Parks Board member -- is today the last day you will appear before us as an Urban League CEO?

Alexander: I have another month, Commissioner.

Fish: Alright, so we'll have a chance --

Hales: Don't rush it -- [laughter] Thank you very much.

Fritz: Mayor, I think we only have four more people.

Hales: Is that right?

Moore-Love: Yes.

Hales: There are only four more signed up? I'm sorry -- I thought that we had many more after that. Let's take those four and then we'll -- thanks, everyone, for your patience -- and then we'll switch to the second item. I told Michael Alexander he got the last word and I was wrong -- one of you will. Who would like to be first?

Julie Vigeland: Mayor Hales and Commissioners, I'm Julie Vigeland, and I'm a member of the Parks Board. As a Parks Board member, I have become familiar with and more knowledgeable about SDCs than I ever thought I would, and realized the critical role that they play in assuring that our parks keep up with the growth.

At the core of the discussions we have a Parks meeting is equity. All recommendations to you, City Council, are based on equity for all the citizens. As a Parks Board member, I've been involved with over six years of discussions regarding investments in Parks projects. How is it that we can accommodate our population growth? How can we meet the demands of that growth?

Through SDCs, we have accomplished many incredible projects. A few examples from the years I was chair would be the acquisition of property for the Fields, Buckman field, the Waud Bluff Trail, the renovation of Dawson Park. These are all important to our community.

Two issues of that are of high priority to the bureau and personal passions of mine are community centers and the poor condition of our maintenance facilities. We need more community centers for our growing population. They are key to the health and well-being of communities all around the city. And the maintenance facilities at Tabor Yard? They are not only in physical shambles but they actually hamper the work of the employees. The first time that I visited, I truly could not believe my eyes.

With the updated methodology for SDC implementation, there will now be the allowance for funding of these two absolutely vital components of the park system. Additionally, antiquated aquatic facilities can be updated so our citizens have access to pools, instead of a "closed" on the doors.

We need to make this change on SDCs and see it as the investment that it is; as an investment that can provide economic benefits -- open space conservation actually attracts investment -- parks help to keep the cities vital, parks boost tourism, and unquestionably safeguard the environment. For our people and their communities, and for the health of the city, and for equity among our citizenry, and as a long-time Portland resident and ardent member of the Portland Parks community, I support the updated SDC system, and would urge your approval and passage. Thank you.

Hales: Thank you. David?

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David Sweet: Mr. Mayor and Commissioners, my name is David Sweet, I'm the land use chair of the Cully Association of Neighbors. And last night, the CAN board voted unanimously to support the parks SDC methodology update.

The Cully neighborhood has benefited greatly from Parks SDC funding, which has paid for improvements to the Sacajawea Park, Thomas Cully Park, our new K^hunamokwst Park opening next month, and the acquisition of Colwood Golf Course, a future nature park.

It is well-known that our neighborhood has been parks-deficient, and we're grateful that these funds have been available to provide recreational opportunities for our community. Cully was annexed to the City in the 1980s along with much of the East Portland, and we share with East Portland neighborhoods a lack of the essential infrastructure. East Portland is being asked to house a growing share of our low income and immigrant families. It is critical that we establish funding to correct these historic inequities.

We believe that the proposed parks SDC methodology update is a step in the right direction. We are particularly pleased to see that the proposal will scale SDCs by house size. This was a policy change that the Cully neighborhood requested in our comments on the proposed comprehensive plan. It will encourage the construction of smaller, more affordable housing, and we hope to see this policy emulated in SDCs levied for transportation, sewer, and water. I would be remiss if I failed to thank Commissioners Fish and Fritz for their advocacy for parks in Cully. Please approve the methodology updates so that this work can continue. Thank you.

Hales: Thank you. Welcome.

Veronica Bernier: Oh, hi. We're on, huh? Good. Veronica here, Veronica Bernier from Portland State University school of community health education, and most recently, a graduate alumni of 2005 working in the field of park and recreation. That's why I'm here. Good afternoon, Mayor Charles Hales. It's good to see you. You always look well and rested. I don't know what your secret is, but whatever you are doing it, keep doing it.

[laughter]

Fish: Veronica, you used to say that about his predecessor, too, so I'm a little suspicious.

[laughter]

Bernier: I think that you are right. I've been following this City Hall for about 10 years now. I introduced it through Terry Anderson, through Gretchen Kafoury's office; and of course, former Mayor Vera Katz, who we all love and know and remember. Commissioner Nick Fish, you're looking well, I'm pleased to see you. I like your leadership in the movement. And Commissioner Amanda Fritz, it's always good to have another nurse on board because we can take them over at any time -- for good things. You know, nurses can use their powers for good things or for other things, just depending on their mood. No, that's a joke -- you can laugh later.

OK, Parks and Rec, here we go. I am a veteran of the Parks and Rec since I was 12. I was in Edward R. Burton Park learning tennis and playing tennis with everybody. I love Parks and Rec. I'm studying it at PSU because I believe it's important. Your issues are very important. I notice that right now, many parks need your support two-thousand percent, because sometimes the infrastructure is failing -- particularly, the bathrooms, the restrooms, the water fountains and everything needs to be a big step in certain areas. I would like to see more concessions, more food and concessions, but also, I'd like to see concessions given to people who have dogs.

Off-leash dog walking areas are important. Commissioner Saltzman has run that one all around, and the people in the neighborhood love that dog walking area. The only problem that we have with the doggies now is the birds and bees. I'm not going to go into

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that -- everybody knows -- but we have to have them restraining themselves just a bit and a little shorter on the leash -- [beeping] -- when the doggies approach another doggie, we need to have a formal introduction --

Hales: We need you to wrap up, Veronica.

Bernier: I'm almost done -- we did wrap that up, we did get feedback on that one. We already have enough puppies. So anyway, I'm glad you are here. And also, we support you what you are doing and keep coming back. I like dogs, friendly dogs with green coats on -- helping dogs -- thank you.

Hales: Thanks very much.

Fritz: Mayor, I know you're anxious to get to your next piece. If you could close the public hearing, and then our consultant flew in specially for the occasion -- we could ask him to come up.

Hales: Further questions for the consulting team or the --

Fish: Time is dear, Mayor. We had some very specific issues raised in an unusually thick and thoughtful set of documents. I think I would simply make a request that if there is an issue raised in any of the written testimony that we haven't had a chance to discuss -- if you had some follow-up -- because in the beginning of the hearing, you did address some of the concerns you heard from the community. If there is a new issue -- I don't think that we need a lot of attention on the legal issue, per se, we can always ask the City Attorney for advice on that. But if there's a policy question -- and I did find that discussion about whether SDCs should apply to a demolition interesting because there is a house on my street going from a one to I think a five bedroom, and I don't know whether there is an equitable argument for applying or not. I understand the other side of the argument. I would like something further on that.

Fritz: Can you tell us that right now? Because I am concerned I may have misspoken earlier. Does it apply to demolitions and internal conversions?

Randy Young: So, your SDC current code -- and as we've amended it -- still applies to building permits. So, if you need a building permit for something, we would have to at least consider whether it applies. We specifically said in the old rules that if you built a new dwelling unit, then you would pay an additional fee. But let's say that you were tearing down a building with four units and you were going to build five, you would only pay for the one additional one. Now, we're adding square feet to the equation and the way the code is written, it would change with the square footage. So, if you went from 1050 square feet to 1245 square feet, it would kick into the next category. But it would also work in reverse. If somebody tears down a big house and builds a smaller one -- we haven't written the administrative rules on this, so there's room for interpretation --

Fish: The scenario I'm more familiar with in my neighborhood is the smaller house like the bungalow being torn down and replaced by a very large house -- two or three stories with triple the square footage. So, you're saying that under the proposal, there would be an additional SDC for that -- associated with that?

Young: They would pay for the amount that would be due for the three-story -- the large place -- but it would be reduced by the amount that they would have paid, whether they ever paid it or not, but what the fee would have been for the smaller place. Your code has always had that difference in it.

Fritz: What about the situation that Mr. Fahoud mentioned where it's the same square footage but we're dividing one apartment into two?

Abbaté: I think that we need to look at that in terms of what is the actual building permit, and we can get a response back.

Young: I also heard him say something about affordable housing, and I wasn't sure if he was qualified under that exemption.

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Fish: I would appreciate something in writing on this issue we've just discussed, because there's other policy proposals which are kicking around around demolitions. I would just like to better understand how this works under the current code and under the proposal.

Abbaté: If I might also mention -- another topic was brought up was our capital improvement plan. I think that you have copies of that, and it is also posted on our website.

Fish: Do you agree with the characterization this is a slush fund for the parks?

Abbaté: I do not, Commissioner -- for the record. Thank you.

Fritz: Well, I wish it were a lot bigger because part of the reason this capital improvement system isn't more defined is that the cost of building new parks -- as we're finding with the parks bond -- varies greatly, as do system development charges coming in on a month-to-month basis. So, it's not like we can count on them like property taxes, there are wide variations.

Fish: But we did -- to the consultant -- we heard testimony that the CIP may not be extensive enough or detailed enough. You addressed that in your remarks on the front end. Anything else that you want to add?

Young: Well, I encourage you to talk to your attorney about a careful reading of the statute because that's what they are experts at. I believe that you have been seriously misdirected by some of the testimony this afternoon alleging that this new approach is in contradiction to the state statute about CIPs. You're hearing from speakers who are used to starting with the CIP and then ending with an SDC. I gave you a slide that this, you can do it that way, but you can do it the other way. They are asserting the statute requires you to do it only one way. That is not true. Talk to your attorney. It does not require a particular sequence. We have a CIP. It is produced before you adopt. We're allowed to do that. And if I had a longer period of time, I could get into a little tutorial about why it works that way for parks and not for streets, but suffice it to say your attorney, I believe, will assure you that this is not an item on which -- I mean, anybody can challenge you on anything but it's not an item I see you losing on.

Hales: It's an important item to follow up on.

Fish: Commissioner Fritz, I just have one question for you. We have a proposal. We have put amendments on the table -- we've put amendments before the public for testimony. We have closed the record. What is your will proceeding?

Fritz: I would like to set it over for a second reading not next week. Am I required to say how many weeks' time?

Hales: We can continue it, and then set a date. So, it sounds like -- certainly there is a need for some time for analysis given the depth of the testimony that we received. So, I want to give you and the bureau a chance to go through that in-depth and then return to Council discussion. So, we can continue it and not set a date certain at this time.

Fritz: That sounds good.

Young: Mr. Mayor, could I close with perhaps lay person's explanation about why this is not a reimbursement fee?

Hales: Please.

Young: I know it's fundamentally a legal question, but if we can get practical here. So, I'm going to go out to dinner. I walk into the restaurant, I walk by another customer, they are eating a meal that looks really enticing. So, I go and sit down at my table and I will say to my server, I'll have what she is having. And what happens? Did they bring me her plate? If they do, then I have to pay for part of her dinner. That's a reimbursement fee. But if I say, I'll have the same dish that she's having, then she pays for her dinner, the server goes into the kitchen and gets me an identical dinner, that's not reimbursing the existing dinner on the table. I've got a whole new dinner just like hers, and that's what our investment per capita method is all about. We want the new customers coming to town to our restaurant to

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buy a meal like the meal that we've been having, and we want them to pay for it, but we're not asking them to pay for our meal.

Fish: I just want to throw one little twist at you. What if you order the exact same dinner but by the time you get into the kitchen, the price of beef has doubled? [laughter]

Young: And if it's an all-you-can eat buffet -- [laughter] -- and they've run out of roast beef --

Hales: Torture a perfectly good metaphor --

Young: Thank you.

Fritz: Randy Young, excellent job as our consultant. Commissioner Fish, I commend you for hiring this firm. And Riley Whitcomb and the rest of our team -- Mike Abbaté -- great job. Really appreciate it. Thank you to everybody who came to testify today. To be continued.

Hales: Thank you. Excellent hearing. We'll continue this and reschedule when we're ready.

Item 387.

Hales: Thank you, and thanks for folks waiting to speak on this item. Why don't we take just a couple minutes and introduce it. This is a resolution that will require commercial buildings over 20,000 square feet to track their energy use and report that to the community on an annual basis.

Around this time last year, I got the chance -- as I think some of us have -- to present these kinds of awards. I presented some awards to owners and managers for their work and success in what we call the Kilowatt Crackdown Program. That's a friendly competition among building owners that tracks their energy use and work with technical advisors to make operational changes. And it was very successful, it worked. The buildings that tracked their energy and made low to no cost improvements saw some significant reductions in their energy use -- meaning they saved money and they lowered carbon emissions. We were happy about the results, but only 51 buildings participated. So, there's obviously a lot of potential for more people to obtain these benefits.

Commercial buildings alone create about a quarter of our local carbon pollution, so this is an important area for us to make policy in. The proposal that we'll hear today is similar to one that's been working in 11 other cities and two other states. Just like the miles per gallon sticker on cars, information about energy performance gives owners, managers, tenants, and buyers useful information for making decisions. It also -- as obviously was the case with the Kilowatt Crackdown -- gives people motivation to make improvements and save energy.

We know that a lot of people already are tracking and managing energy in their buildings, and we know that some people have some discomfort about sharing their performance information. In response, this proposal has been revised -- and you'll hear about that from the Planning and Sustainability Bureau staff that here to talk about that to try to make this more responsive and more workable for people.

I just want to say before we go going that I really appreciate the very careful effort that the Planning and Sustainability Bureau has made to reach out and work with the community, work with the commercial building community in developing this proposal. Although in any new thing we rarely reach perfect consensus, and we haven't reached a perfect consensus in this case, we certainly have brought a lot of people along in this discussion and reached a lot of agreement with the commercial building community. I really appreciate the extra effort, Susan, that you and your staff made to get that far in mutual understanding about a mutual program that will have a lot of community benefit. So, thank you. And with that, I will turn it over to you, Director Anderson.

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Susan Anderson, Director, Bureau of Planning and Sustainability: Thank you, Mayor and Commissioners. Susan Anderson, Director of the Bureau of Planning and Sustainability. With me is my team who worked on this: Michael Armstrong, Alisa Kane, and also Vinh Mason, who is right there.

The ordinance in front of you is a result of great collaboration among many of the different bureaus and among community members, including very dedicated building owners, managers, and industry professionals. As you all know, in 1993, we adopted the first Climate Action Plan in the United States for a local government. Since that time, the rest of the U.S. has continued to increase carbon emissions by 7% on average while Portland has cut total emissions by 14%, and cut per person's emissions by 35%. So, we're clearly going in a different direction. And we did all this while we were creating jobs and also, obviously, by growing the city's population to more than 600,000 people.

We continued to be a leader nationally and internationally, and we've set a goal to cut emissions by 80% by 2050. But to reach that goal, all of us have to do our part -- so that's government, that's residents, and that's businesses. As the Mayor indicated, reducing energy use in buildings is a critical part of that picture.

In Portland, commercial buildings alone contribute 25% of local carbon emissions, and powering those buildings cost more than \$330 million a year. We know that reducing energy saves money. We also know that it creates local construction jobs, and jobs in our clean tech industry. So, thousands of these jobs are now a part of our local clean tech economy.

The proposed ordinance that you have in front of you -- you're considering that will make Portland the twelfth city in the United States to adopt the energy benchmarking policy. You usually wouldn't catch me coming up here and saying, "we're number 12." I try to get the number down to one or two, but this time, we're number 12, and we're number 12 by choice. Because a few years ago we chose to step back and see how this would work on the ground.

We actually started this effort when I worked for Commissioner Saltzman when it was the Office of Sustainable Development. We decided very clearly to go a voluntary route first to see how it worked, and we did a very collaborative pilot project with BOMA, with the Energy Trust of Oregon, with many other partners in what we called the Kilowatt Crackdown. Several dozen buildings were a part of that project. We learned a lot about the tracking software, we learned a lot about opportunities for energy savings, and during the pilot, we also researched and compared all of the different ordinances from other cities -- and sometimes the value of being number 12 is you learn a lot from everybody's mistakes. So, I think that we've really got this one right. With all the study, I feel like we're on the right track, and we will have real savings as a result.

We've also found that it's not just something that's true for cities. We found that tracking energy use and investing in energy efficiency in our own City facilities has had a great payoff. We've been tracking energy use for City facilities for more than 25 years and making investments. We've saved more than \$55 million over those 25 years, and last year alone, saved more than \$6 million on our energy bills.

So, to wrap up -- in my job as Planning and Sustainability Director, I often try to bring you something new, innovative, and sort of on the edge. And this time, I'm bringing you something tried and true. We know this works and we know that it will be a smart move for the City. So, I will turn it over to Michael to walk through just what it is that we're proposing, and it's probably just a four or five-minute presentation.

Hales: Thank you. Michael, Alisa, please.

Michael Armstrong, Bureau of Planning and Sustainability: Mayor Hales, Commissioners, I'm Michael Armstrong, I manage sustainability programs for the Bureau

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of Planning and Sustainability. I'll describe the key elements of the proposal, and then -- as you noted, Mayor -- there are several modifications that have emerged as a result of the process and so I'll highlight those.

The central feature to this is improve the transparency around building energy performance. You referenced the miles per gallon sticker. We all see this and we get a sense of it. We've got the energy guide labels on appliances of all sorts. We have a tool like this for buildings but don't yet use it widely, and so this proposal would bring that into a wide adoption among larger buildings.

Many building owners already do this -- an even larger number do not. And so, the proposed ordinance would affect about a thousand buildings, and those buildings account for 80% of the square footage of the building types that this would address. It does not affect about 4000 buildings that are smaller, and so we're trying to focus this effort on the buildings where we do get the largest square footage and we don't want to create undue burden for the smaller buildings for which this might be more of a stretch.

The ordinance requires owners to do two things. If we could bring up the slide here -- I have a couple of these. As I noted, this would affect commercial buildings larger than 20,000 square feet and it would require them to do two things. First, they would benchmark their energy use using the Energy Star Portfolio Manager tool. This is a free tool made available by the U.S. EPA and Department of Energy. It's very well-established and widely used in the industry, and so it's a good benchmark that many of our owners are already familiar with.

The second thing the ordinance would require is that those buildings on an annual basis would provide the City with three things that are produced out of this portfolio manager tool: an energy star score, the energy use intensity -- so the amount of energy per square foot in the building -- and then the carbon emissions.

The ordinance also requires tenants to provide their energy use information to the building owner if they have it separately metered, so the building owner can get a whole building picture of that energy use. It also requires utilities to provide building owners access to their data, and they already routinely do this, so we're formalizing that relationship so that building owners have the easiest opportunity possible to get that data.

And data access is actually a good example of the issue that we've been working through for a number of months. We need to make sure that tenants are supplying to the owners, that utilities where it's practical can roll that up for building owners so that this becomes a lot easier and streamlined. We're not to full automation yet -- I think you'll hear from a couple of the utilities about where they are moving toward that, and we'll keep working through this. As Susan noted, this is in place in 11 other communities. They also have worked through these issues, so we're confident it can be done here as well, and we have buildings already doing it.

The ordinance is proposed to cover five different building types -- so the ones on the left-hand side in the slide -- offices, retail, grocery stores, healthcare and higher ed, and hotels. It's not proposed to cover any sort of residential facility, including nursing homes, places of worship, parking structures, educational facilities, and warehouse and industrial. And the reason we don't have schools in here is because they already are benchmarked through a state program, so that already happens and there's no need for an additional local requirement for that.

The other key feature here is this policy would phase in over two years. We would start with the larger buildings 50,000 square foot buildings and up. They would report a year from now on the 2015 calendar year performance. And then the smaller 20,000 square foot buildings would report starting the following year. In each case, it would move forward on an annual cycle.

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During the policy development and public comment process, we heard a number of concerns. Mayor, you identified several of those. One of them is simply discomfort with sharing these scores publicly. We heard some concerns about uncertainty about the ability to get access to the actual energy use data, and so that led to some of the provisions that I described around the tenants and the utilities being obliged to provide that to building owners.

We also heard concerns from institutions like a big campus -- and you'll hear from at least one of those -- where they may have several buildings, all of which are fed by a utility meter, and so to disaggregate that by building is impractical, they don't have the data. And so to address this last concern, we've included a provision that lets campuses aggregate their buildings and report on an entire campus basis -- so energy use per square foot and carbon emissions rather on a building by building basis. And for the most part, we know that they do a very good job tracking their energy use, so we think that that's a really important accommodation.

One other thing that we did was to add a year to the timeline by which the scores would become public to give building owners a year to improve their performance and hopefully get a better score if they feel like they would like to have one before the scores are made readily available to the public. I think, as you've acknowledged, that's probably not going to satisfy everyone's concerns, but we think it adds to the phase-in of the policy and gives building owners a chance both to make sure they're benchmarking correctly and gives them a chance to improve their score as well before it's readily available to the public.

One final recommendation that we heard during the public comment process was to include more building types -- so, perhaps, multifamily apartment buildings, perhaps warehouse and industrial. And that's the kind of thing that I think that as part to this conversation or next week we'd welcome your guidance on, in terms of if there is a next phase to this. We're certainly willing to work on that.

We see the reporting requirement as an essential component to accomplishing energy efficiency in commercial buildings. We also know that to really see these benefits, we need to work with the building community to provide technical assistance to help connect them to incentives and to access all kinds of financial and technical resources from our partners like the Energy Trust of Oregon, Northwest Energy Efficiency Alliance, and others. We stayed in close contact with those organizations throughout this process. They're very interested in this, I think they're looking at how their programs may be able to work with building owners who are following through on this. So, I think this creates a lot of opportunities for further partnerships.

One other piece is that we have also stayed in close touch with Multnomah County - and Commissioner Bailey is here. This afternoon, the County is working on some new financing tools that may be a good opportunity for commercial buildings to finance their energy efficiency improvements, and so all of this I think supports the broader community effort to make it easy, provide motivation, but also the resources to improve energy efficiency in buildings.

As Susan noted, we are in line here to be number 12. This gives you a sense of the geographic distribution of the other cities that have already done this. We have learned a lot from them. We certainly look forward to following up with them on how it's going and what seems to be the key to their success, and certainly sharing our own stories as well. With that, I know we have a number of people lined up for testimony. I think that Alisa, Susan, and I are happy to answer questions if you have them at this time.

Fish: I just have a couple questions. The first one is, how much of a variance will we see in commercial buildings based on the kinds of tenants that occupy and use the building?

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What's the range from high energy consumer to a lower energy consumer that we might see?

Armstrong: You wanna answer?

Alisa Kane, Bureau of Planning and Sustainability: Sure. Good afternoon Mayor and Commissioners, I'm Alisa Kane, green building manager with the Bureau of Planning and Sustainability. To answer Commissioner Fish's question, in an office building, you'll see a number -- the score is between one and 100. So, a low performer would score less than 50 or be less than average, a high performer would be in the 80s or 90s. To point out, for example, this building is in the high 80s in terms of its Energy Star score because we spent a lot of time looking at energy efficiency here.

In terms of its tenancy, the beauty of the program itself is that it allows you to identify high energy users, such as a data center or if you have a dry cleaner or a restaurant in there, it makes note of that and doesn't try to compare you to then an office building. It will help to blend those numbers and create a score that does not penalize you for having high energy users in your building.

Fish: That's helpful, thank you.

Hales: Other questions for the team? Might be more later, but thank you very much. Let me next call Commissioner Bailey, who's here. Welcome. Good afternoon.

Jules Bailey: Good afternoon, thank you very much. Thank you for the opportunity. For the record, I'm Jules Bailey, Multnomah County Commissioner for District One, and I have some history with energy efficiency as well. It's a pleasure to be in front of you today. I want to start out by commending the work of your staff. You have a group of rock stars at BPS. There's just no other way to say it, and we really enjoy how working with them on this and on the climate action plan -- which we're very proud of and obviously, is in the development as we speak. Speaking of rock stars, there's a whole room full of great minds behind me, so I'll keep my comments short so we can get through the testimony.

As was mentioned before, Multnomah County is excited to partner with the City, look forward to working with you on this effort through the ages of the Climate Action Plan that really calls out the energy use as a key strategy towards achieving our climate goals. And in doing so, as you may know, we are also working with the City in development of a commercial property assessed clean energy program, where, hopefully, when the program is up and running, we will have the opportunity to be able to provide low-cost financing options and resources to commercial building owners to be able to upgrade their buildings for energy efficiency. It's a very exciting program, and I think that there's a partnership here on it.

I also have to say that as we have this discussion about energy efficiency, I am reminded of the principle that you get what you measure. And what is really the case is that when we measure energy efficiency, we measure energy use, we get an investment in it. And I have a little bit of a bone to pick with Jimmy Carter. Jimmy Carter I think is famous for saying that conservation is about turning down the heat and putting on a sweater, or something to that effect. That has I think set back the conversation on energy efficiency to this day. That is not what we're talking about.

What we're talking about here is the investments in an asset. And we know that the energy efficiency is the cheapest way to meet our climate goals. It's one of the most cost effective ways to invest in an energy asset, and it's one of the best ways that we know to work on our job creation goals and put people back to work.

We've got a huge competitive advantage in Multnomah County, in the City of Portland, and the region around building professionals and energy efficiency, old school firms and new school firms partnered on this from architecture to data management to the

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folks that actually are the boots on the grounds doing the work. We've got a cluster and we've got an opportunity to build on it.

I do also want to say that I would encourage you as this goes forward to continue in the vein that has been pursued by the staff at BPS in making sure that this is a program that is workable for building owners -- that is a process that is easy to use, that is a smooth pathway, and respects the challenges that they face in this. Because at the end of the day, we're going to win when they are interested in partnership and in improving those buildings, and it has to be a team effort. So, thank you for the work you are doing today, excited to be part of it and happy to take any questions.

Hales: Thank you.

Novick: Commissioner Bailey, I have great respect for all the work you've done on this issue and many other issues, but I have to say that as Transportation Commissioner, I'm kind of a big fan of Jimmy Carter because Jimmy Carter established the 55 mile per hour speed limit, which saved both lives and energy. So, if you've got a problem with Carter, you've got a problem with me. [laughter]

Hales: Take it outside.

Bailey: Touché, Commissioner.

Hales: Thank you very much, Commissioner. Appreciate you being here and your cooperation in this, and the rigor you bring to it from your professional experience as well, so thank you.

Bailey: Thank you.

Hales: Thanks very much. Let me call a panel, please, of John Russell, David Genrich, and Renee Loveland. Welcome.

John Russell: Good afternoon, Mr. Mayor and Council members. I'm John Russell. I have some credibility to testify in this matter because one of my buildings, the 200 Market building, is the first LEED building in America in the biggest category of all, which is existing multi-tenanted buildings. I'd like to say that Commissioner Bailey enabled my testimony to be even shorter, because one of the two points that I was going to make is that you get what you measure, and building owners are motivated to care about this.

But the other point is that there's just so much low-hanging fruit in energy efficiency. It's really remarkable. And we did achieve this remarkable thing with LEED, but we didn't do it with anything that was very sophisticated. It wasn't rocket science. Here's just one example. The 200 Market building has a four-acre underground garage. The lights were on for 30 years. You couldn't turn them off safely until we figured out with the dimming ballasts and sophisticated occupancy centers, at Sunday at midnight, the garage is dark unless there is somebody there. So, that's the sort of thing that if people cared -- and I think if you measure it, they will -- there is tremendous energy efficiency without rocket science.

Hales: What a great example. Thank you. Welcome.

David Genrich: Good afternoon. For the record, my name is David Genrich. I'm a general manager here in town with Jones Lang LaSalle and I'm also the Oregon chapter president for the Institute of Real Estate Management. On both behalves, I'm going to speak in favor of the proposed ordinance.

In my industry, a few years ago, if we were tracking energy, if we were putting in green initiatives, it really was considered a good business practice. Today, it's absolutely a must. My clients expect it. My tenant customers expect it. My staff expects it. It's no longer really an option for what I do here in Portland, it's really a requirement of my job.

Energy Star really is the gold standard for measuring this. Nationally, there are over 400,000 buildings that are participating in the Energy Star program. Of the 11 current municipalities in the program today, there are over 49,000 buildings that are currently

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reporting. Of those buildings reporting, only Austin and Seattle are in a non-reporting jurisdiction from a public standpoint, but 92% of the buildings today of those 49,000 are in jurisdictions where that information is being reported. The same information -- inspect what you expect. Your MPG analogy -- very accurate and very online with that.

It's not a difficult process. It's not a difficult program. I worked with it for several years. It comes at no cost from a fee standpoint. It does take some time to do it, but it's a great metric.

Does Energy Star in itself does save money? Absolutely not. But nationally, the buildings that are in Energy Star versus those that are not typically see about a 3% savings, and that's a huge number. Any other comments I'd love to answer on this, but I'm very much am in favor of this.

Fish: I have one question. Almost every debate we've had as a Council last month, someone has come forward and said that some aspect of compliance violated a privacy right or proprietary information. Is there any information that we're requesting in connection with this ordinance that you view, in your assessment, could qualify as either covered under a right of privacy or proprietary information?

Genrich: Not being an attorney but from my practitioner standpoint, it's really -- owners coming into the market want to know this information. Tenants want to know this information, people track that. 92% of the 49,000 buildings across the country are reporting currently. Chicago and New York are the two biggest markets, they make up about 60% -- they are in full compliance, full reporting markets. So, I don't see an issue with this.

I've heard the comment that it penalizes older buildings, and that's not the case. I have the 2014 report with me from New York and Chicago, and they very specifically address that issue and very clearly and statistically state that's not the fact. I worked on an older building in downtown Portland in 1979 construction. One of the recipients won an award in the Kilowatt Crackdown program, and that building has a 93 Energy Star score, meaning it outperforms 93% of the buildings in the country. Portland is not being modeled against Portland, we're being modeled against like buildings around the country. And as they mentioned, there are parameters for data centers, retail, that truly stabilize this and truly make this a level playing field and an inexpensive one at the same time.

Hales: Good point. Sitting here in an 1895 building, it's nice to know it's possible. [laughter]

Genrich: It's very admirable that your current score is in the high 80s. It's a huge accomplishment.

Hales: Yeah, got that with the remodeling. Thank you. Thank you very much. Welcome.

Renee Loveland: Mayor Hales, Commissioners. For the record, Renee Loveland with Gerding Edlen. I'm the sustainability manager there, so I've worked across a lot of our portfolio on this side of the energy efficiency and lately have been using Energy Star across our investment management portfolio in many different markets.

Portland continues to be a national leader in green building. We know that, and we're very proud of it. But not all green buildings perform to their full potential, as we've been learning in recent years. There's a tremendous amount of opportunity in the existing building stock. This is where the potential for is a real impact on decreasing carbon emissions and reducing the energy use lies.

In order to accomplish this better awareness, greater action is needed. The first step to taking action is basically just having information. As my fellow panelists have indicated a lot of this information is being tracked already. Energy Star scores are useful in comparing a building's performance against the national accepted baseline for similar buildings, so that's an important part of what we're looking at with this program. Building owners and operators who track and pay attention to their performance metrics can then

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use this information to make more informed capital improvement decisions and determine within their portfolios which assets need that attention more than others.

The fact that the policy requires the use of Energy Star Portfolio Manager makes a lot of sense. It's widely used, well recognized, it has a lot of credibility, and the EPA makes a lot of training available for people to get familiar with the program. We've been using it -- as I said -- over the past years. All of the other markets in which we're doing the business currently have this mandatory reporting in place, and we have seen it work well for our properties. We haven't yet had to report on our multifamily, but for commercial buildings, certainly, and then actually just recently this past year in Boston for one of our multifamily properties. But the statement of energy performance that's generated by Portfolio Manager becomes the reference point, and so it's all very streamlined and easy to manage and deal with.

Many energy efficiency improvements have added benefits. I think it's important to look at how indoor air quality is improved and thermal comfort can be improved by taking on energy efficiency improvements. And so there's additional value created from building owners in that context.

There are also incentives that are available, and I'm very glad that the Kilowatt Crackdown and other steps that the City has taken is emphasizing the linkage there, and making those resources well-known and available to building owners and managers.

And as we heard from Commissioner Bailey, there are some alternative financing proposals that are coming about and I think are really going to change the landscape and give building owners and managers additional resources to act upon this information that is so vital. So, this is about promoting Portland's leadership and best practices to advance energy efficiency, and we commend the work the bureau has done to date and are here to support that.

Hales: Thank you. I had a technical question that you're in a good position to answer that I didn't get a chance to ask the staff, and that is you have in the brewery blocks a central chilling plant that serves multiple buildings. Does either the campus exception or the campus approach or just the way that you measure energy make it feasible to do this on a building-by-building basis even though you have a common centralized district energy system there?

Loveland: That is a very good question, and that is a more technical question than I am prepared to answer. We have not -- we don't own the brewery blocks any longer, so my connection there isn't what it used to be.

Hales: I'd be curious about how that's going to work. Because we are trying to encourage more district energy, and they actually -- or your company -- actually did it in the case of the development of that project. I assume that there's metering involved in terms of how much each building is using, so maybe -- Michael is looking like he might know the answer to that question. Maybe it comes out building by building even though there is a central source for the energy.

Loveland: I would suspect that that's true. The 12 West building, which we currently do still have an ownership interest in and manage, is attached to the chiller plant and is served by the chiller plant as well. It's the one building outside of the brewery blocks that is also served. And we definitely have our exact usage information that comes to us and we're billed on that.

Hales: Thank you.

Goldberg: I think the short answer to that would be sub-metering. It's very feasible and easy today.

Hales: Yeah, OK, so you could figure it out through that.

Russell: And for the record, I'm also an admirer of Jimmy Carter. [laughter]

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Hales: The debate continues. Thanks very much. Good afternoon and welcome.

Susan Steward: Good afternoon, I am Susan Steward -- Mayor and Council -- for BOMA Oregon. First of all, BOMA started these contests similar to the Kilowatt Crackdown -- actually, they're all kilowatt crackdowns, we just call them different names to keep things confusing -- and since 2007, my members have reduced their energy usage by almost 29 million kilowatt hours. So, benchmarking works. Everything the previous panel said is correct.

When the City came to us a couple years ago and said, "hey, we like what you're doing, let's partner." We went "OK" a little hesitant but thought OK. And I have to tell you, it turned out to be a great experience. We met a lot. I don't know if I could ever count the number of hours, but we met a lot. We argued a lot, we worked hard, we did good work, and I think the biggest benefit that BOMA got out of it is I really feel like we have a strong public-private partnership now. We work with a lot of bureaus but -- I think that we work well together and are looking forward to going forward helping with this program.

Having said that, because of our experience with benchmarking all these years, we have a few concerns about what's planned. I'm understanding that the City is not planning on adding staff to BPS for this program. And as I look at -- and I've played with Portfolio Manager myself, and benchmarking a thousand buildings is a big undertaking, and there are going to be questions, and you're going to need more resources to make this happen.

Fish: Are you speaking for BOMA or as a registered lobbyist for the other Susan?

[laughter]

Steward: Yes? Sure, both! I'm concerned that you need more staff because I co-chair the tree code project right now, and they're getting 60 calls a day on trees. You have a thousand buildings that are going to have to do something, and you are going to need more staff.

Fritz: I didn't pay her either.

Hales: I'm overwhelmed.

Steward: I'm sorry, can I do anything for you? [laughter]

Fritz: You're on a roll, keep going.

Fish: Something nice about Jimmy Carter I think would go a long way. [laughter]

Steward: Other states that have the mandates -- the utilities are able to upload the data from the utility to portfolio manager. There's some magic button in the sky. I don't know how it works. But right now, our utilities are not there. So, the burden of setting up the accounts and tracking the data and inputting the data will fall solely on the building owners until the utilities get up to speed.

Speaking of buildings, for my landlord, John Russell, he has a building, they do great things. I love my building, don't kick me out. But for some of my members with 50, 60, 70 buildings, this is going to be a burden. You're talking about a separate account for every building. Separate utility bills. It's going to be expensive and time consuming. So, I was pleased to hear Commissioner Bailey talk about the PACE program, and I hope that the City of Portland can work with Multnomah County to help us to finance this because it's the only way it's going to happen.

Hales: The City and County, by the way -- thanks for bringing that up -- we're working very well together, everything from coordinating what we do and how we budget to trying to make tax policy make sense. So, I have a high level of expectation that if it's possible that through governmental coordination we can help, that we will. We really do have an effective working relationship with the County now. That should bear fruit for this problem.

Steward: Thanks.

Jeannette Shaw: Thank you, Mayor Hales and Commissioners. My name is Jeannette Shaw, and I'm authorized to represent McKinstry and its energy division here today. As

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you may know, we're a full service design build contractor, and we specialize in many things but in particular, integrating mechanical and electrical plumbing energy. We have offices in 19 states and proud to say that we've been here in Oregon for 46 years. I'm here to share not only McKinstry thoughts but also our support for the City of Portland's proposed energy performance reporting for commercial buildings.

We commend the work done by the City of Portland's Bureau of Planning and Sustainability as well as the commercial energy performance reporting policy advisory group. They put a lot of time and effort in and we're very appreciative of the efforts, and for providing us the opportunity to provide the public dialogue with regards to the performance reporting.

As a company, we do believe deeply in energy efficiency and our performance-based outcomes, and we work directly with our clients to track their energy use and sometimes near and very real-time. This also helps us uncover opportunities to improve efficiency and save money, which of course, we all enjoy doing.

Active energy management as you've heard does provide 3% to 5% of energy reduction for energy retrofit projections, and as well as energy retrofit can go as high as 5% to 30% in energy bill savings. And the good news is, when building managers make energy efficiency improvements, they turn to local business, such as McKinstry and hire those businesses.

Specifically, we have clients that have reported their work tracking energy and performance that it provides a savings, and in particular, one of our clients reported that the annual Energy Star benchmarking helps them to manage costs as well as seek out new opportunities annually across their portfolio to produce savings. Additionally, the good Energy Star scores assist them in marketing their properties to the potential tenants -- which of course, as we always want to do -- and as they improve and increase here in Oregon, and gain better pricing structure. The client actually is reporting to us the direct use of Portfolio Manager improves the score at little or no cost to them.

So in closing, energy benchmarking to our clients does not require a lot of effort. It assists on the part of billing owners to fulfill the tenants, and also for owners and managers, just knowing how much energy their building consumes is the first step towards reducing it and saving money. Thank you again for your time, and I look forward to hearing further dialogue from my colleagues.

Hales: Thank you. Welcome.

Alan Scott: Thank you, Mayor Hales and Commissioner, pleased to be here today to speak in favor of Portland's commercial building energy performance reporting. For the record, I'm Alan Scott, I'm a director with YR&G Consulting. I'm also here as a board member of the American Institute of Architects Portland chapter, so representing the architectural community.

Just a little context on my perspective that I'm bringing here today. While I am a proud 28-year resident of Portland working in the sustainability field here, I'm also starting a new office for YR&G, which is currently based in New York, Chicago, and Denver, so I'm bringing perspectives from my colleagues from other cities, two of which have adopted similar measures.

First, just wanted to state for context and as a Portland resident, I've been very pleased with our leadership in areas of green transportation, infrastructure, carbon emission, and climate action at the City level, so there's been tremendous effort there, as well as leadership in City buildings going green. So, the next untapped potential is us supporting the private sector in energy efficiency and raising the bar because there's tremendous untapped potential in existing buildings' energy performance.

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Just the reason why I'm so excited about this is because it is a big win for both building owners, tenants, and the environment to touch on this by reducing operating costs, making buildings more competitive, and reducing the carbon emissions and energy use in buildings. So, I'm stating the obvious but it's a very important of an element to why I care about this.

Just to kind of cap and complement other people's comments on this -- a recent study by the EPA demonstrates this is principle of when you measure something, then you can manage it. The study looked at 30,000 buildings within Portfolio Manager and found that just by simply tracking the energy performance in Portfolio Manager, on average, buildings reduced to energy usage by 7% over three years and increased their Energy Star score by six points. So, that awareness of energy -- just the simple awareness -- drives efficiency without going into all the investments in energy retrofits and other things. So, that gets people started and moving down that road.

I wanted to address -- based on our experience working with clients, who are commercial building owners -- is this reporting a burden on them? And I would say hardly, because it is the best management practice of building owners to pay attention to their energy and their buildings, and it's an opportunity for us to encourage others along the way.

To close this out and bring that perspective from other cities, I wanted to share some lessons learned from my colleagues who have been working with building owners in Chicago and New York. And what have they found? We've been working both with individual owners as well as large portfolio owners in those cities. One of the things we see is in Chicago, the initial compliance was 90% on buildings that had fell under the program. So, a very high compliance. In New York, it was 70%. So, it was already something that people were doing, and they jumped into it readily without a lot of resistance.

The other piece, anecdotally -- from feedback we've received from building owners - is that there are many of them were like, "it's no big deal, we're already doing this, so we'll report it as we have to for the requirement." Others -- maybe they were lagging a bit, but it was a little nudge that they needed to start doing more of that work. And of course, there were some that were maybe initially resistant, but once they jumped in to it, they found it was not as hard as expected. So, it worked.

The last lesson learned I wanted to share with that is that the participation of the utilities is really critical to the success in those two cities. Building owners appreciated the utilities, making it easier for them to report, providing tools and other support. So, having utilities on board is part of the success model for the initiative.

So in closing, I'm just really excited about energy performance reporting. It is a best management practice for buildings, it increases competitiveness, saves owners and tenants money, reduces carbon emissions, and it's a leadership position to drive the market for further sustainability, which is an area that we need to focus. Thank you.

Hales: Thank you. And that observational effect you mentioned -- occasionally I get to drive a Prius, and of course it has that function where you can display the consumption of the electric power when the engine kicks in to charge the batteries, and you become dangerously interested in that display -- [laughter] -- while you're driving the vehicle because you're already -- the competitive instincts kick in and you want to see if you can get the usage of the electric power higher and the engine lower.

Scott: Exactly.

Hales: Just the power of observation changes your behavior in the car. So, obviously, you make the point -- it also does once you start looking at your energy use in the building. Thank you. Thank you all and appreciate all your work on this. We know, Susan,

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occasionally we need you to come to a meeting here. We appreciate the fact that you did so for this. Thanks. Three more people, please. Good afternoon.

Elise Glancy: Good afternoon, Mayor Hales and Commissioners. I'm Elise Glancy from the Port of Portland. The Port supports the adoption of the proposed City of Portland's energy reporting policy for commercial buildings and the City's goal to reduce total energy use of all commercial buildings by 25% by 2030.

This policy makes sense. It targets an area of greatest gain in addressing climate impacts. As you've heard, commercial building energy use accounts for 25% of the city's greenhouse gas emissions, and is the second largest source of carbon emissions in the region. Energy tracking and management is part of the Port's commitment to sustainable practices. In 2008, the port became a founding reporter to the climate registry and has reported our carbon emissions each year since.

While the majority of the Port-owned facilities would not be subject to reporting under this policy as the predominant use is not commercial in nature, the Port has committed to joining with other public partners -- Multnomah County, the City of Portland, and Metro -- in voluntarily reporting our energy use at all Port-controlled buildings, and support Port tenants, tenant-owned buildings on the property.

We believe that reporting by public agencies will lead the way for others to voluntarily track their energy use and help to model conservation. Transparency of building energy information will help us to track our progress towards meeting our greenhouse gas goals. I want to thank the Bureau of Planning and Sustainability staff for their work on this. It's been very helpful -- the workshops and other information that they provided. And I appreciate the opportunity to testify today.

Hales: Thank you. Ms. Greer, welcome.

Kari Greer: Thank you. My name is Kari Greer. I'm with Pacific Power and here to provide you some utility perspective on how this will work for us. I want to underscore that Pacific Power is very interested in helping commercial customers achieve more energy efficiency, and we think that benchmarking can be one of those tools that helps them.

Our current experience with Energy Star Portfolio Manager is different than the other Portland utilities. We've been working with -- having this data available for several years, and there are some factors here I'll get into in a moment. Currently, customers can log into their secure account, they can press a button and it will provide 24 months of Pacific Power electric energy information that's available in a Portfolio Manager compliant spreadsheet. So, the customer can take the spreadsheet and they can manually update it into Portfolio Manager today. The customer then enters in their own data -- so, square footage, employees, and whatnot -- and they can produce their own Energy Star score.

Some external factors that have driven us to perform this data or create this data for customers is that we have areas outside of Oregon that have really influenced this. So, California and Washington both have state policies that require commercial customers to participate with energy benchmarking, as well as Georgetown University energy, and we have quite a few communities that are participating in this competition currently that require public buildings to track their performance over the next several years.

Because of all of this interest in other states -- and Portland now as well -- we have entered into an RFP process to automate benchmarking data. So currently, it's manual. We believe by the end of the year we will have this. Customers can go in and select what they are interested in, automatically put data into Portfolio Manager, and off they go. And we will supply that data on a regular basis.

So, along with this RFP process, we're midway through it now. We think it will be fully functional end of the year. But we're also analyzing the cost and staffing requirements

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to go along with that. So, it will cost us to perform the IT work. We believe that there will be some utility staffing time as well to manage the customer inquiries.

Some prior experience with Portfolio Manager tool -- during the Cool Schools days here in Oregon, Pacific Power wanted to help our schools and public buildings utilize Portfolio Manager, so we did a series of workshops around the state doing some classroom training on what is Energy Star Portfolio Manager, how do you generate a score. We did classroom and then we did computer lab so that they can get their hands on this thing and put data into it so they know how it worked. We had 230 participants come to the class, it was a half-day session. Most people got it. It was not so bad. Some are more computer-savvy than others. And so that would be universal here, as well.

I think that some of our participants were surprised at how much data they needed to provide to get a score at the end. So it wasn't just the energy information from the utilities, but they've got to figure out the square footage, how many employees, how many computers, how many cash registers, how many other things need to go into Portfolio Manager to create an accurate score on the backside. So, that was more for the simple buildings. I think that we had people realizing that the more complicated their buildings got or how many more business types in their building -- "oh, I've got to figure out what's the deal with the pool. We've got a data center" -- there are other things that they will have to get. So, they were able to do it, but there were other data requirements that they were going to have to think through on how to obtain that.

I wanted to wrap up with a couple notes here. Our utility is different than Portland General and NW Natural, and I'll believe that they'll probably provide some comments today. Because of the external factors, we've been doing this thing for customers for several years -- so, we've had several years to fine-tune it. And we started this RFP inquiry last year, so we've been in this process for a while.

The benchmarking that's being proposed requires dedicated focus from building owners. They really will have to participate to get data in and accurate to create a good score on the end. So, we are making a recommendation to the City to spend a lot of time looking at training opportunities for these building owners. It can be a complicated system, so we really encourage training, training, training. And not only training during the start-up phase, but training on-going. Building owners will change, designees will change, it's just great to keep people refreshed. And since we did the Cool Schools training, the version of Portfolio Manager has changed as well. So, we need to update our own training as well.

And lastly, about public disclosure. Because of our experience with training and watching customers enter data and some of the strange results they got, we would recommend delaying public disclosure for two years, just to get through the hiccups of "did I do this data right?" "did I transpose a number?" "did I add too much information or not enough?" We really would like to see accurate scores -- or as accurate as possible scores -- before they go out to the public. And that's it from Pacific Power.

Hales: Thank you. Mr. Harrison?

Michael Harrison: Thank you. Michael Harrison, Oregon Health and Sciences University. OHSU is committed to sustainable buildings, as evidenced by the LEED Platinum status of our two newest buildings, which is the Center for Health and Healing and the Collaborative Life Sciences building. What you sort of don't see, which is less obvious, is the millions we spend every year on upgrading our energy systems up on Marquam hill. As some of you know, we have buildings that are over 100 years old and very old systems. So, it doesn't take our energy manager too much thought to be able to look around and find plenty of opportunities to improve the energy performance.

However, by having a number -- he derives a number monthly showing the energy usage of our entire campus -- enables him to have a conversation with folks that make the

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financial decisions within OHSU to stress how the savings affect the entire bottom line, and the money we save on savings ultimately drives down the cost of providing health care, drives down the cost of doing research, and drives down the cost of providing health education. If we didn't measure the number and didn't continually report the number, it'd be a little harder to have that conversation internally.

Mostly, just wanted to show up to thank staff -- and obviously, thank you, Council, for giving the opportunity to testify -- but thanks, staff, for working with the universities and working with the hospitals -- we're both -- to find a way to report energy in a way that is meaningful. I believe, Mr. Mayor, it sounded like you had a question a bit earlier about the brewery blocks. I'm no expert in the brewery blocks, but I do know the challenges we faced. We wanted to make sure that the numbers we produced and provided and made public were accurate numbers. And given that we have some buildings that may be 75% of this meter is on this building and 25% of the energy goes to this other building -- that sort of one challenge of reporting meaningful numbers.

Another is if you have a central plant and it serves 20 buildings. It takes a lot more energy to serve the building that's farthest away from the plant, and which building do you apportion those extra costs to? So, we pretty quickly ran into the fact that if we wanted to take the energy manager and give him totally over and dedicate him to coming up with a more meaningful building by building scenario, it would take him away from some very near-term investments like the 10 million upgrade to our main chiller plant that's going to save HVAC costs by 80%.

So, we have really low-hanging fruit given that we have such an old system. It may be that newer buildings -- or newer campuses, as it were -- that have centralized systems have a more accurate system. And when it was built, the sub-meters were put in and folks focused on one sub-meter per building. And they may not face the complications we would face.

Again, it's important to track, we're happy to make the information available on a campus level, and we appreciate staff working with us so we can spend most of our time and invest our money on getting the biggest returns in retrofitting our system. Does that help? Again, without me knowing really anything about the brewery blocks other than knowing it's a lot newer than OHSU.

Hales: Yeah, the situation -- just a bigger scale, actually. Questions for this panel? Thank you all very much. I think to close our invited testimony, we have video from Mayor Mike Nutter in Philadelphia, former president of the U.S. Conference of Mayors and somebody who has innovated a time or two. So, it'd be nice to hear from him.

[video]

Mike Nutter: Hi, I'm Mike Nutter, Mayor of the City of Philadelphia. I want to briefly share our experience in developing and implementing the building benchmarking and disclosure law. In Philadelphia, more than 60% citywide greenhouse gas emissions stem from building energy use. We came to understand very quickly that in order to make meaningful reductions, we would have to address our building energy usage issues. We had little information about building energy performance, few programs in place in which to engage with private building owners in energy-related matters.

In 2012, my administration worked with our Philadelphia City Council to pass a law requiring commercial buildings over 50,000 square feet to report and disclose energy usage using the free Energy Star Portfolio Manager tool. Three years into our program, I have some exciting news to report.

First, building owners are actually willing and able to report this data. More than 1900 buildings reported last year -- 90% compliance rate. Just last month, Philadelphia

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City Council passed another law to expand energy benchmarking to large apartments and condos, which will add another 800 buildings to our program.

Second, based on the data we've now collected, we now know that there are opportunities for energy savings in buildings of all types and ages. In fact, we've learned that some of our older facilities often outperform similar newer buildings.

And finally, we're very proud to have made this information available about building performance in an easy-to-use visualization tool. Having this data readily available helps us to recognize the highest-performing buildings, and to reach out to those who might want to learn more about energy efficiency. Educating buildings owners and building performance will help Philadelphia to reach our carbon emissions reductions goals. We're building out a next generation of programs using what we have learned.

I encourage Portland to join Philadelphia and the 10 other cities with similar policies in place to take this important first step. I want to thank the City of Portland for your leadership in the urban sustainability movement. I've had the pleasure of working with Mayor Hales through a variety of forums, and we often look to your work to guide what we do right here in Philadelphia. I'm glad to have had this opportunity to share back. If you want to learn more about our program, visit phillybuildingbenchmarking.com or just come visit us in Philadelphia!

[end of video]

Hales: [laughs] That's great. He's an active participant in the C40 process on behalf of Philadelphia and has been a real leader there. So, it was nice to hear from him. Questions?

Novick: Mayor, I really appreciated that because based on what I read about him over the years, he's one of my favorite mayors, but I had no idea what he looked or sounded like. So, that was a real treat.

Hales: He's great and he's a great colleague. We have folks signed up in addition to the folks we've already heard from. Let's take those, please.

Moore-Love: We have a total of 16 people signed up. The first three, please come on up.

Hales: OK, some of those are still here. Come on up, please. Good afternoon. Welcome.

Stan Price: Thank you. Good afternoon. My name is Stan Price, I'm the executive director of the Northwest Energy Efficiency Council. We're a nonprofit business association that represents companies that provide efficiency products and services. Many of my members are in the room today. I'll keep my comments very brief -- I won't reiterate value propositions that you've already heard. I will just underscore a couple of points.

There's a value proposition I think for you all as elected leaders in the City of Portland. The information in aggregate provides an opportunity for you all to track the performance of your building stock over time so that you can measure progress towards important energy and climate goals. So, the information is important to the individual building owner, but also important to you all as the elected officials for the City of Portland.

My last point is I just want to commend the bureau for the work that they've done on this particular proposal. My organization has been involved nationally on a number of these benchmarking ordinances at the state and local levels, and these folks really did take a lot of lessons learned from those experiences and have applied it to the material you see in front of you. We're very hopeful and encouraged that the City of Portland will move forward with this. Thank you.

Hales: Thanks very much. Welcome.

Jenna Garmon: Good afternoon, Mayor Hales and Commissioners. My name is Jenna Garmon, and I'm here representing Climate Solutions. We are a northwest-based clean energy nonprofit, and our mission is to accelerate practical and profitable solutions to climate change. I'm here to voice our strong support for this policy and to also commend BPS staff for their excellent work on policy.

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This policy is really about transparency and empowerment, and it presents a huge opportunity to save money, reduce emissions, and create jobs. As you well know, buildings are the largest source of carbon emissions in Portland, yet data on how buildings use energy is not widely available for tenants, owners, and others who can take action to improve energy use. By making building energy use visible and actionable in the marketplace, this will policy drive the market toward energy efficiency and reduce the carbon footprint of Portland's buildings.

In doing so, we'll also achieve a number of key benefits. It will reduce energy costs by helping owners and tenants identify opportunities to cut energy waste. It will inform real estate transactions and help businesses make more informed decisions that take energy cost into account when buying or leasing property. It will enhance real estate value. Recent studies have found higher performing buildings also have lower vacancy rates and increased rental and resale prices. And finally, it will support job relocation. By increasing demand for energy efficiency services, the policy will support the growth of the clean energy sector in Portland.

In addition to our strong support for this policy, we also offer the following recommendations to maximize its benefits. First, we think it's crucial that the City maintain the requirement to publicly disclose the energy use data. We think public disclosure is the cornerstone of the policy, and it is key to driving the market toward energy efficiency. Secondly, we also recommend that the policy be expanded in a future phase to include other building types. In summary, we urge the City to join the two states and 11 cities that have already adopted these policies and are realizing the benefits. We thank you very much.

Hales: Thank you. Good afternoon.

Anna Huttel: Good afternoon. Hello, and thank you for this opportunity to voice my full support and enthusiasm for the commercial building energy performance reporting policy. My name is Anna Huttel, and my background is in architecture.

Prior to moving to Portland last June to join the nonprofit Salmon-Safe, I lived in Chicago where I served as group leader for a sustainability planning studio and was entrenched in the green building community there. As part of that community, I assisted the City of Chicago in rolling out its energy benchmarking ordinance. From the fall of 2013 through spring of 2014, I served as part of Chicago's volunteer energy benchmarking working group, a group of roughly 10 industry professionals who led training on the ordinance for building owners.

When I learned of Portland's interest in implementing a similar ordinance, I was very excited and wanted to lend my support and experience from Chicago, which is what brings me here today. I attended an information session in mid-January and have reviewed the draft ordinance currently being considered by the Council. I think the policy is a tremendous tool through which the City can help protect our environment as Portland's landscape becomes increasingly dense, as well as achieve goals set forth in the draft 2015 Climate Action Plan.

I'd like to share three key concerns that I heard raised during the January session, since they were identical to those that I had heard previously in Chicago and have also been raised partially today. First, there's fear about how the data will be used and shared publicly. Second, there's anxiety over the reporting process and potentially added workload. And third, there's doubt about potential effectiveness of the policy.

In my opinion and past experience, all of these concerns are easily resolved and largely already addressed by the draft policy. The public disclosure piece has been well-addressed in the draft and is consistent with New York City's approach to their ordinance. Through conversation that I've had with industry leaders from New York City, I learned that

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their local property owners have become completely accustomed to public disclosure of building by building energy data. One tactic that the City of Chicago used to put building owners at ease was to only disclose the first years' worth of data on a citywide summary basis, which Portland's policy also does.

With regards to anxiety about the reporting process, I'd note the City has wonderful resources at its fingertips to aid building owners through established networks that have been referenced by others. The City can establish a volunteer working group like the one I was part of in Chicago to lead trainings for building owners and managers and facilitate the first year of reporting. In Chicago, as was previously noted, utility providers were also immensely helpful to their customers in creating tools to allow easy collection of aggregated data.

Lastly, with regards to the potential effectiveness of the policy, I was going to reference the same 2012 EPA study about the annual saving of energy, but I won't duplicate that statement. The study clearly demonstrates that by consistently tracking energy use of a building alone -- even without capital expenditures on any energy saving projects -- an average building can receive some savings.

In summary, the City of Portland has much to gain by joining its sister city Seattle and others like Chicago to become the next city in the U.S. to adopt an energy reporting policy. Thank you.

Hales: Thank you. Appreciate you being a resource for this conversation here now. Thank you all. Welcome. Good afternoon.

Kaci Radcliffe: Hello, Mayor, Commissioners. My name is Kaci Radcliffe, and I am an energy analyst for the Oregon Department of Energy. The Oregon Department of Energy helps implement the State's energy goals and policies, administers programs such as energy incentives and loans, and ensures reliability energy for Oregon's future. I'm here today to share information about our existing programs that focus on energy use reporting as a mechanism for improving building performance.

One of our programs at the Oregon Department of Energy is the energy efficiency schools program, which works with K through 12 public schools throughout the state to track energy use and energy use intensity, opportunities for improvements, and provide technical assistance. A core component of the program requires our participants, comprised of 112 school districts, to collect and report energy use data. We found many schools did not have a centralized place to collect and analyze this information, so we have used this reporting database to serve as an historical archive and analytical tool. While setting up reporting can initially take some time, our staff worked with participants to establish an effective and repeatable process that is simple to maintain.

By measuring performance, we also provide targeted technical and financial assistance that allows us to work more effectively with our local partners to provide incentives, rebates, and loans.

Oregon's State agencies also participate in energy use reporting through the state building innovation lab, which requires annual energy use reporting and incorporation of energy efficiency measures into new state agency buildings. These agencies have reported energy use to our agency since 2001 and have successfully met the goals set by the Oregon legislature to reduce overall energy use by 20% by 2015. This alliance with national findings of buildings that complete benchmarking are shown to reduce energy consumption by an average of 7% over a three-year time span.

We have also transitioned our state agency reporting into EPA's Energy Star Portfolio Manager. We find this is more user-friendly, provides better analytic tools, and allows users to more quickly report simple energy information. We will continue to work with our state agencies, including those in Portland, such as the Portland State office

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building and Commission for the Blind. Reporting through Portfolio Manager allows us to be consistent with similar regional and national programs, and ensures compliance with Oregon's existing statewide scoring program developed in 2011.

For more than a decade, our program participants have completed energy reporting and used benchmarking as tools to understand their building performance. These core elements have been successfully implemented in our programs in alliance with the City's proposed policy. Reporting is a critical first step to understanding our built environment. We support the City's proposed efforts to provide better information to building tenants so they can make more informed decisions towards greater efficiency and savings. Thank you.

Hales: Thank you very much. Thanks for coming. Welcome. Good afternoon.

Webly Bowles: Hi. Good afternoon. Thank you for allowing me to speak today. My name is Webly Bowles. I'm an architect in Oregon and I'm a member of the American Institute of Architects Portland Chapter, Committee on the Environment. That's also known as AIA Portland COTE -- that's our initials, I might say that again. I'm also an energy efficiency advocate in Portland and I work for Mpower Oregon in work on energy efficiency and water efficiency measures for affordable housing in Oregon. So, I'm very interested in this and want to show my support for it.

As you guys know, Energy Star Portfolio Manager is an industry standard, and it is recognized by LEED for existing buildings by recognizing the Energy Star score and by the architecture 2030 challenge by using energy use intensity to determine progress towards the net zero energy goals, which has also adopted by AIA.

AIA Portland COTE supports the proposed ordinance. The building energy performance reporting policy aligns directly with one of AIA Oregon's position statements, which is ensuring that the effort, investment in high performance buildings demonstrates improved environmental quality and reduced energy consumption. AIA Oregon supports the principle of publicly-disclosing energy consumption for commercial and institutional properties in Oregon, whether publically or privately held.

Transparency in building energy use enables architects to understand how building design compares to the actual use, which is essential for us -- getting that feedback. It allows us to continue to design high-performance buildings and empowers building owners, which is essential for them to operate better facilities. And in the end, it all reduces energy use and saves costs, as you are aware of by a lot of the testimony here today. Thank you.

Hales: Thanks very much. Good afternoon.

Ralph Dinoa: Good afternoon, Mayor Hales. Thank you, Commissioners, for allowing me to speak today. My name is Ralph DiNola, I'm CEO of New Buildings Institute. NBI is a nonprofit think tanks that works nationally, and we're dedicated to advancing commercial building energy efficiency. We're happy to announce that we're going to be moving our offices to Portland in June. I want to just make a couple of points.

We applaud the City for adopting this policy. Many of the municipalities and states across the U.S. have adopted a similar policy, as we've heard, and as a leader in sustainability and green building, the City needs to be included in this growing cohort across the country.

Benchmarking policy is a key strategy in lowering carbon emissions and the impact of Portland's buildings. Understanding that performance of the building stock is an essential first step, but it's necessary to provide that data and analysis to create a foundation for achieving the building sector goals that you've set out in the City and County Climate Action Plan.

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Benchmarking is immediately adoptable, as we understand from the other cities that are doing it, and the component of a long-term building policy program that is part of the Climate Action Plan. Progress in moving towards low energy buildings and zero net energy buildings in the commercial building sector in Portland is called for in local, state, and regional policies, including the Pacific Coast Collaborative, and this effort will definitely boost your action through the ordinance. I thank you and appreciate the opportunity to testify.

Hales: Thank you. I appreciate having you engaged in this here. Thank you. Thanks very much. Welcome.

Lauren Loosveldt: Thank you. I'll get started. Mayor Hales, Commissioners, thank you for having me this evening. I'm happy to represent a number of organizations, and I'll run through a quick list. First of all, I'm a registered architect. I work for a local firm, Hennebery Eddy Architects, in town.

Hales: Oh, put your name in the record?

Loosveldt: Lauren Loosveldt, thank you. We serve a variety of clients from government to private projects, high ed, etc. I'm also the chair of American Institute of Architects Portland Chapter COTE, Committee on the Environment, as my colleague Webly had brought up earlier. I'm a board member of AIA Oregon, and as a board member, I sit on the legislative affairs committee representing Oregon's registered architects.

Legislative affairs committee is responsible for reacting to health, safety, and welfare legislative issues that come before the state of Oregon, and supporting claims that affect our communities. Webly had mentioned the position statements, and I'd just like to add to that.

Last year, AIA Oregon took it upon themselves to survey the 1400 registered architects in Oregon, and 58% of those who responded were in strong support of that position statement to disclose energy performance for public and private buildings. 25% were also in support, with some minor language changes, which we're now listening to and informing BPS with that information.

You've heard a number of different facts stated, so I won't repeat those, but I will say that that as an architect, we represent our clients and so we must be critical of these kinds of ideas and policies that are positioned in front of us. So just even as of yesterday, I've been talking with BPS and Vinh Mason about this measure and I'd like to share a few facts that we found and also state my strong support as responsive of how they have reported back to us.

First of all, Energy Star Portfolio Manager is a very current, very fair, and effective model and tool for benchmarking. Benchmarking is critically important as though it lets us know where we stand today and how we move forward tomorrow. Without benchmarking, we can't make progress -- we won't know what progress looks like.

The second question in our mind was balance and fairness. Is Energy Star Portfolio Manager a fair and effective way? We're reassured and we understand and we've heard today there are a number of categories in which the Energy Star Portfolio Manager normalizes buildings over a variety of buildings, whether they be dense office spaces or even very energy-intensive -- otherwise on the spectrum. We're assured that the program is rigorous and fair. We've asked about the amount of time required and have been told that in the first year it would be four to 40 hours required for a building owner, and after that, subsequently two to 20.

We're very happy with this information. We look forward to understanding more how training and education will move forward with this program, and we look for the oversight of both architects and professional engineers to help implement. Thank you for your time.

Hales: Thank you. Appreciate the AIA being a resource for this.

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Fish: I know it's late, but can I ask one question? In the work you're doing, one of the many hats you're wearing that involves environment and affordable housing -- did I hear that?

Loosveldt: No, not necessarily.

Fish: Just the environment?

Loosveldt: The environment, right.

Fish: OK.

Hales: Welcome.

Jana Gastellum: Mayor, Commissioners, my name is Jana Gastellum. I'm with the Oregon Environmental Council and we appreciate you taking on this policy and applaud these efforts. And particularly, we appreciate there's follow-up on the recommendations from the first Climate Action Plan and we're glad to see carry-through and follow-through. We think this is a really excellent type of policy, it's been implemented well in other jurisdictions. We'd actually even love to see it on a statewide basis. Though Portland might not be one of the first 10 cities to adopt, we can certainly show state leadership in Portland by adopting this policy.

There are three main reasons why we think we should move forward with this. One, the environment; two, for health; and three, for economic gain. I'll just touch on each quickly since I think a lot of people have made great points.

First, energy efficiency and energy disclosure are effective ways to really reduce energy use, and that's an important tool for addressing climate change. We know that climate change will impact the health of Portlanders and Oregon citizens, so anything we do to address climate change also has health benefits, especially those who are most disproportionately impacted by climate change. We applaud you on those two fronts of tackling both climate change and health together.

We're also really impressed by -- the many comments say, you know, if we just measure and are aware of data we can make improvements. And since energy is also tied up in water use and waste management and other things, we think there could be great spillover effect in really monitoring energy use and getting gains on other City goals around water and waste reduction and other areas.

I also want to just point out that transparency I think is a key part of this policy, and I appreciated, Mayor, your point about the Prius giving you a display and that giving you instant feedback. I was thinking about other places where we do public disclosure in the city. I live in Northeast Portland, and I come down Sandy Boulevard. There's a big hill right before a major pedestrian area, and there's a public reader board that lets you know your speed limit. There's a posted speed limit, but then it measures and tracks individual car speeds. And it's incredibly effective to have public disclosure of what actual car speeds are. It improves safety and it improves effectiveness.

So, we think there's been a nice balance struck to have maybe a delay in that one year of public disclosure, but we think that's a really key part of making this an effective policy. Thanks very much.

Hales: Thank you.

Fish: I love your idea about similar models of tracking other kinds of energy use like water and sewer. The one irony, of course, is that while we believe in conservation around water, the more successful we are, the more likely we are to drive up everyone's costs in a fixed cost system. So, there's an inherent dilemma we face because we have such an abundance of water, we put about 300 million gallons a day into the streams we can't use. So as people conserve, it actually has the perverse effect of raising people's rates.

Hales: Saving it for the people who are moving here in large numbers.

Fish: We're schizophrenic on this question, but we like the idea of monitoring.

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Gastellum: All the more reason to then save more on energy.

Hales: There you go.

Fritz: I really appreciate your observation about the speed reader boards, because I have the same reaction. When I mentioned it to a transportation engineer, he said that studies show that doesn't work. I wonder if there's a gender difference. [laughter]

Hales: Here to tell you there's not. In every case, it works on me, too.

Gastellum: You have to hit the brakes because there's a lot of brake lights in front of you when you hit that sign.

Hales: Yeah, it works. Good afternoon.

Shanna Brownstein: Hi, my name is Shanna Brownstein, I'm here representing NW Natural. I want to thank you, Mayor Hales and Commissioners, for having us today. I also really appreciate that you had Mayor Nutter. I'm from Philadelphia, so I always like hearing the Mayor of Philly talk.

Anyway, I'm here to represent the utility piece of this. We've been talking a lot about energy reporting and the needs of the building owners. There are going to be requirements on the utility, though, so I just want to make sure that we're available to you to answer any questions.

We support this policy. We think the City is moving in the right direction. We have worked with BPS along the way. We still have a couple of concerns that I do want to voice that have been brought up a little bit, but we want to flesh them out.

I also want to thank my colleague from PacifiCorp, Kari, for really discussing how PacifiCorp is unique and they are further along this continuum than NW Natural. I'm not sure if PGE is going to speak, but speaking for NW Natural -- the way commercial buildings are metered right now, it makes aggregating data by building very difficult. I was really surprised to learn this. In government affairs, I always say I'm a mile wide and an inch deep on any particular. I really dug into this one. I was like, "so, what is the problem?" And it's because there are sub tenants and there are master meters and it gets really complicated.

For our system from a technology standpoint, there's a lot of coding that has to be done to generate the report, and then interfacing with the building owners to manually input all of their information by building. It's not currently put together in our system that way. So, there's a lot of work on the front end to do that, and then there's the ongoing maintenance to make sure that we're working with the building owners. We'll get a lot of questions on this, as has been stated.

Finally, there are some legal issues. Data privacy came up. We are regulated by the PUC, the state, and federal law regarding our data, so there was some work with BPS that the building owners would get tenant permissions. Right now, we're working through, like, well, do we just need an affidavit from the building owner that says they got the permissions, or do we actually need to have the permissions? And if we have the permissions, do we have to validate that we got the permissions from that particular meter? If it's the latter, it's going to be an enormous administrative burden.

So, we're really working through this now. We want to make this work. It is a challenge. There will be an expense. It will take time. And for a utility as lean as NW Natural, it's going to be difficult. So, I'm happy to answer any questions from a utility perspective.

Hales: That's helpful, appreciate that. Obviously, having a little more time is helpful. Thank you. Appreciate your willingness to keep working on those issues with us. Thank you all. Welcome.

Ben Gates: Thank you. Good afternoon, Mayor Hales, Commissioners. Thank you for the opportunity to voice support for the policy today. My name is Ben Gates, I'm a real estate

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developer working both with private and nonprofit owners. I wanted to share just a couple examples of projects that kind of illustrate the benefits of energy reporting, how easy it can be, and also the benefits of public disclosure.

The first project that I want to illustrate is a project that I worked on a couple years ago, the Northrup Center on Northrup and 23 Avenue. It's a medical dental building. It would fall under this requirement to report on energy. We made the decision upon acquiring the building to not do the reporting in-house but rather have our service provider report for us. So, I know McKinstry was up here, I believe they offer the service. In this case, we used Alliance. They took on the reporting as part of their mechanical service contract, which made it very easy for the building owner to kind of roll into services that were already reported.

Had we not reported, we would have been going off of acquiring the building on day one and kind of benchmarking all future use against our operating budget in year one. When we went through the trouble of reporting, we found that when we took the utility bills prior to our acquisition, we actually found that our utility costs were twice as high as when the previous owner had the building. What we found with kind of Alliance sleuthing and some work subsequent to go through the building and figure out what the problem was, it was a simple mechanical control issue which had the mechanical device running 24/7 and not going back into setback mode. So by making that simple switch once we found out the issue, we saved 50% in energy costs, which was substantial. So, there's not just the 3% to 7% average savings, but there's some really big substantial wins there when we know the energy usage of the building.

The second project I wanted to share was the Loyalty Hamilton Building. This is one we completed a couple of years ago on 3rd and Alder. Two historic buildings renovated. We used Portfolio Manager to track energy use across both buildings. We did the standard things many people mentioned here -- replacing mechanical equipment, putting in occupancy sensors -- and today, it's Portland's top Energy Star score among historic buildings. What that allows is for us to tell the story and showcase what the building is about.

So, it's not just about finding those energy wins, it's also about telling the story, and I think those illustrate the importance of access to information, using the simple tool, and some of the benefits that can be accrued as a result of that.

Hales: Thank you very much. Welcome.

Chris Lowen: Mayor Hales, Commissioners, thanks for the time to testify today. My name is Chris Lowen, I'm registered professional engineer at Glumac, a local sustainable engineering firm.

I just wanted to say that building benchmarking as an engineer and analyst with Glumac is the first thing we do with any existing building project. So, it's a very powerful tool with respect to looking into energy efficiency.

Secondly, I just want to talk a little bit about our personal experiences with building benchmarking. About three years ago, we went and looked at 10 buildings that we designed. The industry has put a lot of pressure on sustainable buildings, actually heeding their performance goals. Those 10 buildings we went back and took a look at we learned a lot from. We thought we knew how much energy they would use. Sometimes we were close, sometimes we were not.

What it allowed us to do was learn as to why buildings might not be hitting these targets, and it effectively put a feedback loop in the system. So, every design that we do from this day forward we have feedback and we're constantly learning. I think the City has the opportunity to do the same through this benchmarking mechanism.

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Secondly, I just wanted to talk a little bit about the savings beyond energy. I think if we can make this work from the energy picture, there's a whole bigger picture out there that goes beyond just energy. Typical building costs may be \$2 a square foot to operate. We've heard a lot of metrics, here's some new ones. The staff within that building are probably within the vicinity of \$30 a square foot from their value. Building starts to perform energy measures and improve indoor air quality, thermal comfort, those sort of things -- those people become more productive. So if you improve their productivity by 5% to 10%, not only have we saved energy through possibly something like this, but we're seeing huge, huge economic benefits from other factors also. That's about all I've got. Thank you very much.

Hales: Thank you, good point.

Fish: Mayor, since Kelly was here for SDCs and green building, I think we should extend him the courtesy of speaking on any subject he wants so that we spare him a trip during the next week.

Kelly Ross: Let's just wrap it up, this is fine. Mayor and Commissioners, Kelly Ross again representing the NAIOP Oregon and the Commercial Association of Brokers. I just briefly wanted to reiterate several of the points that Susan Steward made and also to express appreciation to her for her taking the lead on behalf of the industry on this. I also want to reiterate the need to be adequately staffed up on this.

We reached out to NAIOP members in Seattle and the clear message we got from them was that the biggest problem in the first year of their program was under-staffing by the City and the bottleneck that that created. So, I would urge you to look at that very carefully.

The second thing in our discussions internally -- the highest priority for our members is ease of use on this because we genuinely do want to see this succeed and a high compliance rate achieved. The best way to do that is to get strong cooperation from the utilities, because they are really in the best position to get overall building utility data. There are in many cases separately metered tenants. There's no obligation by tenants to provide the landlord with utility information. There's no obligation to provide landlord with number of employees or number of computers or any other specialized electronic equipment. So, it's really crucial to get the buy-in from the utilities.

I'm not sure about the authority of the City to place mandates on utilities, but if you need any help in terms of working with the PUC or the legislature, we would like to collaborate with you on that.

Hales: Thanks very much. Anyone else signed up or wants to speak? I see Mr. Funk from PGE here, I was hoping we'd hear from you as well. Thank you all. Batting cleanup for utilities? [laughs]

Dean Funk: Yeah, I want to bat clean up. Good evening. Dean Funk, manager of government affairs for PGE. I know there's probably a few pieces who need to get home to finish their taxes and get home.

I wanted to say in the impact statement that came with the agenda item, PGE was listed on there as cautiously supportive. I think I would bifurcate that and say we're enthusiastically supportive of the idea, but we are cautious about some of the things you heard hints from Kari Greer. Data is in fact much more complicated than you might think. I look at Commissioner Fish, and I know there are many residents who have said, "why can't you have a monthly water sewer bill?" I think probably -- without being sure that's analogous -- is because data is complicated.

You heard from Susan that there's a lot of time on their side in gathering that data, and I think we heard a little about it's a lot more difficult than you might think to get the information and upload it. One thing to the credit of BPS is they realize -- they actually

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expanded the time in the policy from 15 to 45 days, as I recall, to upload the data, to get the data uploaded.

Part of it is on the utility side. And again, I'm not a data analyst, but having talked to our people and to PacifiCorp, who is considerably further ahead than we are -- one of the data analysts said it's a manual process. Each of those will be done by a person. It will take not a lot of time, like days on each, but it'll take 20 to 25 minutes on each one. Add that up and you've got quite a situation.

For us, I would also note that just quickly that it isn't actually cheap. In the impact statement from City of Portland the statement goes, "there'll be minimal cost for Portland." But I think you've heard that there is actually more cost behind that than you might think. Staffing -- I know that Puget Sound Energy found their costs were considerably higher than maybe were first understood. So, there is cost.

I think it's a very smart thing for people to do, we're very supportive of it. As it happens, our customer information system is in the throes of being changed out. One of the reasons why we wanted it to be extended further -- because we're going to have a system to do that in the future and it's not as equipped to do that now -- but we'll do it, we have to do it, it just won't be as effective or efficient if we could wait longer.

There's some concern like with any data that gets a little squirrely, and you want to make sure it's accurate. And who knows -- it'll be better and more accurate if we get a little more time.

But generally, it's something that we want to do. It's great, all of the dashboard stuff. I drive up Barbur Boulevard -- that sign on there makes me just back way off the gas because I want to see if I can hit 35 exactly when I'm on that thing. [laughter] A little contest. So yes, we're very supportive, but I'm glad to hear what Kari Greer from PacifiCorp had to say, that there's more to it than you might think. But let's do it.

Hales: Thank you.

Fish: A recent video that Steve shared with me had you doing closer to 40. [laughter] There's always hope.

Hales: Big data. Thank you very much. Anyone else like to speak? Any Council questions for staff at this point? I want to comment.

I'm very proud of the staff at BPS -- and I think we've heard a lot of reasons why -- the amazing collaborative process that you've carried out so far. I just want to iterate a commitment I know they have, which is to continue this collaborative approach with not only the building owners but also with the utilities to get these issues figured out. I'm really proud of this bureau.

I'm also really proud of the private sector and the nonprofit sector and design sector and how people have come together about this -- that we've gotten to this high level of accord that we should do this, we should do it right, that we should make sure that we have the staff resources both with the utilities and here to make sure this works well for the customers and for all the folks that are going to work so hard to make this a success. I picked up on those notes, I know others did here on Council. We've obviously got some more follow-up to do as a City to make sure this is a success in implementation like it has been in policy development. But certainly from a policy development standpoint, this is really a great success and I just want to thank you all for your work. We'll be scheduling this for Council action later, but I wanted to have a chance to say that while some of you are here, and I know other Council members may have comments as well.

Fish: Mayor, I don't have my binder, but when do we -- is this --

Hales: It will come back for second reading next week unless there's any reason to take longer. I think given the level of agreement we have and the common understanding about

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the follow-up issues we have, I don't see any reason to take longer than that. Other comments?

Novick: Yeah, I'm also very proud of the bureau, very proud of the City, very proud of everybody who's spoke in support today. I think just for our limited Channel 30 audience, I want to go back to first principles and note that reducing energy use in addition to saving money is important because although we get a chunk of our electricity here from hydropower -- which does not involve much in the way of carbon emissions -- we also get a chunk from coal and natural gas, which are fossil fuels.

If we reduce energy use, then we reduce the amount of carbon emissions that we're emitting and increase the percentage of our energy that comes from hydropower. And that's important because the use of fossil fuels is destroying the world and is gradually going to render large parts of the planet uninhabitable, reduce the amount of food that we can produce, increase the number of severe weather events that will among other things drain government budgets.

This is not a controversial item, thankfully, but it's as important as anything that we do. And I just want to say again that the fact that there's not a thousand people here and there's not a lot of media coverage does not mean that this isn't as important as anything we do, and thank you very much to the bureau and all the partners for making that happen.

Hales: Any other comments? If not, then thank you all very much. We will schedule this for second reading next week, and we're adjourned.

At 6:00 p.m., Council adjourned.