



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **20TH DAY OF MAY, 2015** AT 9:30 A.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ellen Osoinach, Deputy City Attorney; and Jim Wood, Sergeant at Arms.

On a Y-5 roll call, the Consent Agenda was adopted.

PORTLAND CITY COUNCIL AGENDA City Hall - 1221 SW Fourth Avenue WEDNESDAY, 9:30 AM, MAY 20, 2015		Disposition:
THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5.		
COMMUNICATIONS		
488	Request of Michael Chappie Grice to address Council regarding the 2015 Alberta Street Project (Communication)	PLACED ON FILE
489	Request of Bob Zybach to address Council regarding the 2015 Alberta Street Project (Communication)	PLACED ON FILE
490	Request of Wayne R. Giesy to address Council regarding the 2015 Alberta Street Project (Communication)	PLACED ON FILE
491	Request of Trina Sutton to address Council regarding homeless rest area in Multnomah County (Communication)	PLACED ON FILE
492	Request of Lightning Watchdog X to address Council regarding surplus property reform (Communication)	PLACED ON FILE
TIMES CERTAIN		
493	TIME CERTAIN: 9:30 AM – Proclaim May 20, 2015 to be a day of recognition for Grant Magazine (Proclamation introduced by Mayor Hales and Commissioner Fish) 15 minutes requested	PLACED ON FILE

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494	TIME CERTAIN: 10:00 AM – Amend fee schedules for site development and enforcement (Ordinance introduced by Commissioner Fritz) 20 minutes requested	PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM
495	TIME CERTAIN: 10:20 AM – Revise transportation fees, rates and charges for FY 2015-16 and fix an effective date (Ordinance introduced by Commissioner Novick) 20 minutes requested	PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM
496	TIME CERTAIN: 10:40 AM - Appeal of Preserve the Pearl LLC against Design Commission’s decision to approve a new full-block mixed-use project in the Central City Plan District’s River sub-District at 1241 NW Johnson St (Previous Agenda 413; Findings; LU 14-230014 DZM) 5 minutes requested Motion to adopt the Findings: Moved by Fish and seconded by Fritz. (Y-5)	FINDINGS ADOPTED
CONSENT AGENDA – NO DISCUSSION		
497	Appoint Vivek Shandas and Damon Schrosk to the Urban Forestry Commission (Report introduced by Mayor Hales and Commissioner Fritz) (Y-5)	CONFIRMED
Mayor Charlie Hales		
498	Appoint Theresa Soto, Daniel Franco Nunez, Alisha Zhao and Se-Ah-Dom Edmo to the Human Rights Commission (Report) (Y-5)	CONFIRMED
Office of Management and Finance		
499	Extend a right-of-way use agreement granted to Clear Wireless LLC for wireless broadband Internet access services (Second Reading Agenda 471; amend Ordinance No. 185716) (Y-5)	187128
500	Extend term of a right-of-way use agreement granted to Sprint Spectrum, LP for mobile telecommunications services (Second Reading Agenda 472; amend Ordinance No. 185717) (Y-5)	187129
501	Extend term of a right-of-way use agreement granted to Cricket Communications, Inc. for mobile telecommunications services (Second Reading Agenda 473; amend Ordinance No. 185788) (Y-5)	187130
502	Extend term of right-of-way use agreement granted to New Cingular Wireless PCS, LLC for mobile telecommunications services (Second Reading Agenda 474; amend Ordinance No. 185789) (Y-5)	187131
Commissioner Nick Fish Position No. 2		

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Bureau of Environmental Services

<p>503</p>	<p>Authorize a contract with AT&T Corp. for the Inner NE Sanitary Sewer Extension Project No. E10205 and the payment of \$37,667 (Ordinance)</p>	<p>PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM</p>
<p>Commissioner Dan Saltzman Position No. 3 Portland Housing Bureau</p>		
<p>504</p>	<p>Adopt and authorize the submission of the Action Plan FY 2015-2016 for the Community Development Block Grant, HOME Investment Partnership, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS Program to the U.S. Department of Housing and Urban Development (Ordinance)</p>	<p>PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM</p>
<p>REGULAR AGENDA</p>		
<p>Mayor Charlie Hales</p>		
<p>505</p>	<p>Appoint Julie Livingston to the Design Commission for a term to expire May 6, 2019 (Previous Agenda 439) (Y-5)</p>	<p>CONFIRMED</p>
<p>Bureau of Planning & Sustainability</p>		
<p>506</p>	<p>Authorize the City Attorney to make application for the City to appear Amicus Curia in <i>Lake Oswego Preservation Society v. City of Lake Oswego</i> in support of clarifying Oregon's owner consent law to retain designated historic resources (Resolution) 30 minutes requested (Y-5)</p>	<p>37124</p>
<p>Bureau of Police</p>		
<p>*507</p>	<p>Authorize an Intergovernmental Agreement with Portland State University for \$304,000 under the 2014 Bureau of Justice Assistance Smart Policing Initiative grant program to provide research and services to the Police Bureau for the study of the Neighborhood Involvement Locations program (Ordinance) 30 minutes requested (Y-5)</p>	<p>187132</p>
<p>Commissioner Nick Fish Position No. 2 Water Bureau</p>		
<p>508</p>	<p>Authorize a contract with the lowest responsive bidder and provide payment for the construction components of the Road 10 MP 3.0-4.6 Project at an estimated cost of \$889,000 (Second Reading Agenda 482) (Y-4; Novick absent)</p>	<p>187133</p>

<p style="text-align: center;">Commissioner Steve Novick Position No. 4 Bureau of Transportation</p> <p>*509 Authorize the Bureau of Transportation to acquire certain permanent and temporary rights necessary for construction of the NE Martin Luther King Jr. Blvd and NE Columbia Blvd Intersection project, through the exercise of the City's Eminent Domain Authority (Ordinance) (Y-5)</p>	<p style="text-align: center;">187134</p>
<p style="text-align: center;">Commissioner Amanda Fritz Position No. 1 Portland Parks & Recreation</p> <p>510 Accept Park System Development Charge Methodology Update Report for implementation and amend the applicable sections of City Code (Second Reading Agenda 460; amend Code Chapter 17.13) 15 minutes requested Motion to adjust the effective date of directives a. and c. to July 1, 2016: Moved by Hales and seconded by Fritz. (Y-5)</p>	<p style="text-align: center;">PASSED TO SECOND READING AS AMENDED MAY 27, 2015 AT 9:30 AM</p>
<p style="text-align: center;">City Auditor Mary Hull Caballero</p> <p>511 Assess property for sidewalk repair for the Bureau of Maintenance (Second Reading Agenda 484; Y1086) (Y-5)</p>	<p style="text-align: center;">187135</p>

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

May 20, 2015

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **20TH DAY OF MAY, 2015** AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Lisa Gramp, Deputy City Attorney; and Jim Wood, Sergeant at Arms.

<u>WEDNESDAY, 2:00 PM, MAY 20, 2015</u>		
THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5.		
512	TIME CERTAIN: 2:00 PM – Amend Code to eliminate barriers to accessing administrative appeal processes, including establishing a minimum notice requirement and limiting fees charged to initiate an appeal (Previous Agenda 412; Ordinance introduced by Auditor Hull Caballero; add Code Chapter 3.130; amend Code Chapter 22.10) 1 hour requested Motion to accept proposed amendments in Ombudsman memo dated May 14, 2015: Moved by Saltzman and seconded by Fish. (Y-5)	PASSED TO SECOND READING AS AMENDED MAY 27, 2015 AT 9:30 AM
REGULAR AGENDA City Auditor Mary Hull Caballero		
513	Amend timeline and Case File Review for Independent Police Review Citizen Review Committee appeals (Second Reading 486; amend Code Section 3.21.140 and replace Code Section 3.21.150)	187136 AS AMENDED

At 2:18 p.m., Council recessed.

May 21, 2015

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **21ST DAY OF MAY, 2015** AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ben Walters, Chief Deputy City Attorney; and Mike Cohen, Sergeant at Arms.

514 TIME CERTAIN: 2:00 PM – Revise residential solid waste and recycling collection rates and charges, effective July 1, 2015 (Ordinance introduced by Mayor Hales; amend Code Chapter 17.102) 2 hours for items 514-516	Disposition: PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM
515 Revise sewer and stormwater rates, charges and fees in accordance with the FY 2015-2016 Sewer User Rate Study (Ordinance introduced by Commissioner Fish)	PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM
516 Authorize the rates and charges for water and water-related services during the FY beginning July 1, 2015 to June 30, 2016 and fix an effective date (Ordinance introduced by Commissioner Fish)	PASSED TO SECOND READING MAY 27, 2015 AT 9:30 AM

At 3:06 p.m., Council adjourned.

MARY HULL CABALLERO
Auditor of the City of Portland



By Susan Parsons
Acting Clerk of the Council

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

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

MAY 20, 2015 9:30 AM

Hales: Good morning, everyone, and welcome to the May 20th 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 proclamations and communications up front, and then we'll get to the regular Council calendar after that.

First, I'm happy to begin with a proclamation about a really important part of our community. Joe, why don't you come on up? Joe Wahl will be leading a little bit of a presentation. It says, whereas, the City of Portland is proud of its diversity and draws strength from the rich cultures and traditions of all community members; and whereas, Asian American and Pacific Islander Heritage Month is an opportunity for all individuals and organizations to recognize the contributions of Asian Americans and Pacific Islanders to the cultural, civic, and economic life of Portland for over 150 years; and whereas, the Asian American and Pacific Islander community is comprised of many languages and ethnicities and their vibrant history ought to be shared with all Portlanders; now, therefore, I, Charlie Hales, Mayor of the Portland, the City of Roses, do hereby proclaim May 2015 to be Asian American and Pacific Islander Heritage Month in Portland and encourage all residents to observe this month. Let's hear it for that important part of our community. [applause] Welcome, good morning.

Joe Wahl, Office of Equity and Human Rights: Good morning. Thank you, Mayor Hales and the members of Council. Joe Wahl with the Office of Equity and Human Rights. I guess I'm the designated spokesperson for the reading of the proclamation. I want to thank all of the members of the community for coming out to help us celebrate this proclamation.

Each May, our nation and our city come together to celebrate the contributions and honor the sacrifices made by Asian Americans and Pacific Islanders to help forge our country and shape our great city. We're reminded that over 170 years ago, Japanese immigrants first set foot on American shores and opened a path for millions more. We remember 1869, when Chinese workers laid the final ties of the transcontinental railroad after years of back-breaking labor, a railroad that they would later not be allowed to even ride on. And we remember Asian Americans and Pacific islanders who have made our country and our city bigger and brighter again and again, from Native Hawaiians who continue to deal with the devastating impacts of the overthrow of their monarchy to the generations of more recent immigrants who shaped our history, reaching and sweating and striving to give their children something more. Their story is the American story and this month, we honor them all.

Here in Oregon, Asian Americans and Pacific Islanders labored in and helped shape some of our most important industries, including logging, fishing, agriculture, and business, as well as helping to facilitate and grow our international trade. I'm personally reminded of the heroic contributions of great Asian American civic leaders like Bill Naito, without whose vision we would not have streetcars, the Skidmore Fountain, or the Japanese American Historical Plaza; or of local treasures like the Robert Murase, who was

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known worldwide as a visionary leader in the landscape architecture profession and who, like Bill, left us way too soon.

This month, we honor and celebrate the contributions of Asian Americans and Pacific Islanders past and present, and look forward to their continued contribution to this country and our great city, and to remember while prosperity is coming to many, there are those who still suffer and are not sharing in this prosperity. So let us keep in mind something that PolicyLink CEO Angela Glover Blackwell said so eloquently -- that when we lift up the most vulnerable in our society, everyone benefits. Thank you for this proclamation.

Hales: Thank you very much. I'd love to invite our community leaders who are here to come up and take a picture with the City Council. That would be an honor for us, so thank you. [photo taken] [applause] Thank you all very much. We have some communications items and then another proclamation. Let's take item 488, please.

Item 488.

Hales: Mr. Grice, come on up. Good morning.

Michael Chappie Grice: Good morning.

Hales: And would you like Mr. Zybach to come up with you?

Grice: Mr. Zybach and Mr. Giesy.

Hales: Please, if they good. Just read those other two, please, Sue. They're all here on the same subject.

Item 489.

Item 490.

Hales: Welcome. Good morning.

Grice: Good morning. I will first acknowledge Asian American Pacific Islander month and your declaration. We've enjoyed Black History Month and the Martin Luther King holiday, and understand the importance of that particular recognition for that community. These remarks are published for you as well. Hopefully you can follow along -- I'll just stick to my time and read it.

Good morning, and greetings, Mr. Mayor and Commissioners, thank you for your service and for your early scheduling of our presentation. As you may know, we are planning to attend Lew Frederick's tribute ceremony at the Oregon legislature later this morning to Tuskegee airman Carl Diez. Of course you know that we are teaching aviation to fifth and sixth graders at Portland Community College and are in league with the Atlanta chapter of Tuskegee Airmen.

The NE Alberta Street project sits amid the many meritorious causes that I've heard you entertain at the community meetings. NE Alberta Street from the early days when its trolley rolled and sounded its bells, to the mid-60s and 70s when it was teeming with Negro citizens and a diverse population, to the current state of postmodern business bonanza and arts mecca status. Alberta Street represents one of the most important historic places and historic opportunities in the city.

Were it not for the influence of my mentor, Congressman Augustus F. Hawkins, who has fueled my 46 years in public education and who authored the Civil Rights Act, the Voting Rights Act, and the Title I law, and were it not for the fact that the research study that we are proposing and you have before you has already been done in 1992, giving it a good chance for success this time around, and the recommendations in particular that are on the inside cover. And if it weren't for the support of Police Chief O'Dea, who can see the connection between youth employment and saving lives -- even the lives of officers on duty -- and if it weren't for the advocacy of Mr. Ben Berry, one of the brightest men the City has ever been fortunate to have on its payroll; and from Superintendent Carole Smith; the advocates at PDC; and the good officers Tiffani Penson; if it weren't for the steady

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champion of the esteemed entrepreneur broker Sam Brooks; if it weren't for the letter to the Mayor from Ralph Evans and the Coalition of Black Men, who are here today with us, detailing the multiple ways that this project serves the objectives of the National League of Cities and the Black Male Achievement Initiative -- especially employment -- and let me interrupt to say that when I left San Francisco a group of mothers are convened monthly there, called the healing circle. All of those women's sons have been murdered. And they say nothing stops a bullet like a job.

If it weren't for laying this Alberta Street project alongside those other meritorious projects and seeing the options of more applied technology, more relevant to a specific section of the city, more benefit to a target population, more honor to the residents and the businesses on Alberta -- particularly the long-standing businesses; and if it weren't for the potential to offer solutions to the compelling disparities on every metric affecting those young people with the greatest need, we could afford to abandon this effort. But we can't.

This is the first time that I've come before the City Council in my 68 years. I want to stress the importance of that, and I want to appeal to you with logic and reason but more with common sense and opportunity to deliver on a commitment to see this through, to replicate a study that has proven success and has express what President Barack Obama has expressed in his book *The Audacity of Hope*. Hope is the only bee that makes honey without any flowers. Nothing stops a bullet like a job. Thank you.

Hales: Thank you. Mr. Zybach?

Bob Zybach: First, I'd like to say, go, generals! Next, I'd like to thank Karla Moore-Love and Sue Parsons and Josh Alpert for making this possible. Mr. Mayor and Commissioners, both Michael Grice and I have appeared before you before during the public meetings for the \$31 million, and we are making the same requests we've made for some time. We would really like to have money as start-up that would guarantee we were able to employ 16 students starting this summer. So, that's the first thing we're asking for.

*****: Not all \$31 million.

Zybach: [laughs] No, just a small fraction -- \$20,000 -- and we could be off and running.

The second thing is we would like to have some connection with the City, an ombudsman or somebody in that position that could explain to us how to work with the City. Both Mr. Giesy and I are from out of town, and Michael is busy with lots of other work, and we've been confused at times. We've done our best but dealt with different committees and different groups, and we could have been a lot more efficient if we had somebody that could have pointed the way for us. So, start-up capital, a guiding light -- and then the third thing I would like to ask the Commissioners.

What we really need is a good connections to the Portland business community. We're looking to create jobs for kids -- I shouldn't say kids, I should say young adults, 16 to 22 years of age. They need to be connected to business leaders in the community, business leaders looking for diversity in employment need to be connected to young adults that are being exposed to the very types of technical and communications opportunities that we're offering. These students will be working with the latest technology, with the latest individuals in the community, and so we need to be connected to technology companies that you may be aware of -- Google, Apple, Intel, HP -- and we need to be connected to employers that are looking for a diversity workforce. We are connected to students, thanks to Mr. Grice and his outreach in the communities. And so, that's all we're asking -- your individual support and assistance, somebody to guide the way for us, and \$20,000 out of \$31 million. Thank you.

Hales: Thank you. Good morning.

Wayne R. Giesy: Mayor Hales, members of the commission, my name's Wayne Giesy, I'm kind of an old cuss, I'm 95 years old. I'll give you a little bit of my background. I served

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in the legislature in 1955 and 1957. And you might wonder why I'm interested in the City of Portland. Before 1930, I went to [indistinguishable] grade school, so I have some feelings for this city.

I'm here to support these two men in their project. I've worked with them since the first Alberta Street project, and there's no two men in Oregon that are more dedicated to do something for these people than these two men that I'm sitting with. I think Michael Grice -- Chappie as I know him -- is really outstanding in education, and Bob Zybach is noted in forestry and for his Ph.D. He was probably one of the first students from Oregon State that has an environmental science Ph.D. So, these men are two people that you can depend on to really do a project and to make it come out right.

I've probably worked for over 35 years in the timber industry attempting to get a federal forest management plan that provides jobs and leads right into what Chappie said - - there's nothing better to stop a bullet than a job. And so, I can't impress hard enough that these are important things.

The three of us are also working and have opened discussions with Oregon State University to open student programs in forestry in the college of forestry for the Black students who would come from this area. So, I guess you can say I'm dedicated to jobs, and I thank you for allowing me to have this time.

Hales: Thank you all for coming. It's just kind of a sweet coincidence that we have all these students from Grant and our Superintendent here today hearing some volunteers in the community come forward and talk about how to connect young people to work. I'll bet it's encouraging for them to hear that it's not just their teachers who care about their futures. Appreciate you all very much being here today.

Grice: I'll take the occasion to salute Principal Campbell and Carole Smith for their leadership with the students. Bob Zybach and I met on a wrestling mat in 1962 at Grant High School. [laughter]

Hales: Who won?

Grice: It was a draw. [laughter]

Zybach: One last quick thing. We gave you these reports today from 1992, but the recommendation on the inside cover is a summary that we just put together. I think if we'd listened to our children with what they had to say in 1992 where that neighborhood would be today, and think what the kids today or the young adults today could produce -- that's what we're trying to achieve here. Thank you very much.

Hales: Thank you, we'll follow up with you Thank you so much.

Item 491.

Hales: Good morning.

Trina Sutton: Good morning, Mayor and Commissioners. I probably can't add on to that quote about nothing stops a bullet better than a job. But I'm going to tell you what -- I have been working with the homeless population in the southeast for several years. I've been training at Right 2 Dream Too, which I'm so grateful for. I'm going to tell you what -- I know my people. I may be a little bit teary now, because we lost another one yesterday. People are going to look at him and say he was just a homeless drug addict. Well, I'm going to tell you something about Dan. He volunteered to do food boxes for 11 years at Clackamas Service Center where I work. He was a veteran of the Gulf War. He's been sober for over a decade. Being diabetic -- the homeless lifestyle -- you eat white bread, you just -- your body can't take it. For people to learn how to thrive, to get out of survival mode and get into prosperity mode, they need to have a hand up, not a handout.

I've been working on a concept, we call it My Backyard, which is a poke in the eye to the NIMBY -- not in my backyard -- mentality. If could know the folks like I know -- they are not wastes of skin, they are not lazy. They are good, decent people that do need help.

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My Backyard is designed to partner with many, many people, many agencies, to get them into a place of safety where they won't be beaten, where there's no drugs or alcohol allowed. We have 24-hour security, just like at Right 2 Dream Too, and these folks can come in and they are required to work on whatever it was that made them homeless in the first place. That could be drug and alcohol addiction, that could be losing your job, it could be domestic violence. But it gives them a safe place to go.

I really want to thank the Mayor's Office. I worked with Josh Alpert, I worked with Jillian. I am just so impressed with you, Mayor Hales, with your progressive policies in dealing with this. I can tell you're a Mayor and a Council that actually cares.

What we're asking for is -- well, I've got lawyers that has volunteered on my team, we're working for a 501(c)3 status. We're going to be under somebody else's umbrella, but we need startup money. I have given the Mayor's Office the documentation to show that putting a person in a transitional -- and I will call it a camp, because it's just transitional -- and giving them safety will allow them to take care of whatever is needed, which could be schooling, so they can go into more traditional housing. But if you put people from the street that have lived in survival mode for so long right into housing, you're setting them up for failure. I'm literally begging people for help.

We can save the City and County millions of dollars -- it's been proven over the years. They've estimated \$14,000 per homeless person. And if you get them the help that they need -- traditional housing into housing -- it will be half that cost, and that's just temporary costs. I just would beg you, please to, consider this. Like I say, I'm so grateful to Josh, but we can't -- my folks cannot take another winter out there. It is horrible out there. And I would just hope that all of you would please understand this.

I want to thank Amanda, especially. She has just been wonderful. She's a very big champion for all her constituents, and that's to be applauded. I talked to Commissioner Saltzman about domestic violence issues -- he was so wonderful -- just that one meeting, but he really cares about what happens to victims of domestic violence. So, I just want to thank you so much.

Hales: Thank you. Thanks for your advocacy, and we look forward to working with you as a partner.

Sutton: Thank you, Mayor Hales. [applause]

Hales: Thank you. Hear, hear.

Item 492.

Hales: Good morning.

Lightning: Good morning. My name is Lightning, I represent Watchdog X. An issue that still concerns me is on the surplus properties. Again, I'd like to see policies in place that require a licensed broker to do any transaction on any surplus property pertaining to the City of Portland and/or have an up-to-date appraisal that the public can review upon the sale to make sure that we are in a market range of what the property should sell for based upon a legitimate appraisal and/or a licensed broker's opinion and analysis.

Why I say that is the public deserves to get the highest price on any property. These properties tend upon the sale to go back into the individual bureaus and/or general fund. Again, that also benefits the overall services throughout the city. I will not change my position on this until I see licensed brokers and/or up-to-date appraisals on these properties.

I've talked to a very respected broker, Jennifer Medak, from Norris, Beggs and Simpson. I have talked to her on this issue extensively. She agrees with me on this and would like to see licensed brokers brought in to market these properties more effectively to make sure we get the proper exposure on a global basis to get the highest values on these

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properties, which in turn helps the public with having to come up with additional money. I'd like to see certain plus properties put back on the open market.

As you know, Mayor Hales, you made some great improvements on the urban renewal properties coming back on the market on the tax base. If you start to look at the surplus properties, we have -- my understanding -- close to \$35 billion in capital assets. We have a lot of surplus properties that we are not utilizing. Again, when we have them sitting out there like that, we are not getting taxes off of these properties. When we put those back in the market upon a sale with a reputable broker, we don't always get the highest value for that property that's sitting idle. We also begin to get tax revenue.

And people need to understand that 2017 -- we're looking at the PERS issue again on the COLA that's going to be recalculated, and we better start looking at that very close at this time.

So any property that goes onto the open market I will be watching very closely, and that goes to any nonprofit. Also, I would like to have the nonprofit goes to certain foundations, get the money, come back and pay fair market value to the City. You do not have enough money to be giving these properties away at no dollars. We have too much debt. I want this to be looking at very close. Thank you.

Hales: Thanks very much. Let's move on to item 493, please.

Fish: Are we going to do consent --

Hales: I'm sorry, you want to do consent first? We should. I don't believe there are any withdrawals of items from consent. We have a short consent calendar this morning. OK, let's vote on the consent calendar as printed.

Roll on consent agenda.

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

Item 493.

Hales: Commissioner Fish.

Fish: Thank you, Mayor. This week and next week, we're going to have an opportunity as a Council to recognize and honor outstanding high school students in our community, students who have received national recognition for their work. Today, it's a great honor to welcome the Grant High School family and their outstanding student journalists who have won a very prestigious award, and to issue a proclamation -- with one caveat, which is there's a lot of names I will be reading, and I apologize if I mangle anyone's name. I have them all spelled phonetically, but as the journalists know, you're only as good as the person reading your material. I apologize in advance.

I first want to welcome to the dais our honored guests Hunter Stewart, Koji Weber, Taylor Ishida, and Rennie Kendrick. Why don't you come forward and take a seat up front as I read the proclamation? Then we have two other honored guests. Dave Austin, do you want to join us?

Hales: Just pull up another chair if we can find a loose one there so you can come up together.

Fish: Welcome, everybody.

Hales: Another couple of chairs, maybe.

Fish: We'll give Professor Austin a chair here.

Hales: Yeah, we'll treat him properly.

Saltzman: An endowed chair.

Fish: An endowed chair, says Commissioner Saltzman. [laughter] Very generous, Dan, thank you. You beat me to the punch. By the way, this is a subscription-driven magazine, so I'm hoping everyone in this building at the end of the day does sign up and subscribe to Grant Magazine to help support these outstanding journalists. So, welcome.

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As we all know, Grant Magazine recently brought home a prestigious Gold Crown Award from the Columbia Scholastic Press Association. And listen to this: this is the first time in Oregon's history that a publication has been so honored. This is a big deal, and we're so proud to welcome Grant students and journalists, family and friends today for this celebration.

It's my honor to read a proclamation the Mayor is issuing today. We'll give you an original proclamation at the end of the ceremony, and then we'd all like to take a picture with you, if that's possible.

Whereas, Grant Magazine was launched in 2011 as Grant High School's student-run magazine replacing the Grantonian newspaper; and whereas, the goal of Grant Magazine is to tell the authentic stories of the high school community, including Grant students, faculty and staff, administrators, volunteers and families; and whereas, on March 20th, 2015, Grant Magazine journalists were presented with a prestigious Columbia Scholastic Press Association Gold Crown Award at a ceremony in New York City; and whereas, the Gold Crown Award is the association's highest honor and recognizes the best student publications across our country based on writing, design, photography, concept, and online coverage; and whereas, Grant Magazine is the only Oregon publication to ever receive a Crown Award in our state's history; and whereas, the Grant journalist success brings honor and distinction to Portland Public Schools, to the city of Portland, the county of Multnomah, the state of Oregon; and whereas, the student journalists have been supported by volunteer instructor Dave Austin; former editors and now college students Luke Bolton, Alex Gerald, and Maya Montgomery; Grant High School Principal Carol Campbell, who we'll be hearing from shortly; family members, teachers, and friends; and whereas, the award-winning Grant Magazine team includes the following students -- apologizes in advance -- Janelle Arnold, Rowena Balasubramani, Jessica Barr, Amber Burkhart, Sarah Hamilton, Sophie Hauth, Finn Hawley-Blue, Cassie Hill, Taylor Ishida, Eliza Kamerling-Brown, Rennie Kendrick, Cade May, Molly Metz, Blu Midyett, Sawyer Montgomery, Amelia Morrison, Cassius Pettit, Jackie Rath, Bella Rideau, Hunter Stewart, Max Tapogna, Lael Tate, Tess Waxman, and Koji Weber; now, there, I, Charlie Hales, Mayor of the City of Portland, the City of Roses, do hereby proclaim May 20, 2015 to be a day of recognition for Grant Magazine in Portland, and encourage all residents to observe this day. Mayor, can we suspend the rules and applaud these students?

Hales: Hear, hear. [applause]

Fish: Congratulations, David. Would you take it away?

Dave Austin: Thank you, Commissioner Fish, for putting us forward. Mayor Hales, thank you for having us. The rest of the Council, thank you. My name's Dave Austin, and I am the communications director for Multnomah County. But I'm here proudly as the volunteer instructor of Grant Magazine. We are in our fourth year -- and I apologize, Commissioner Fish, but this is the second year in a row that Grant has won the Columbia Gold Crown. [applause]

Hales: Wow, that's even better --

Fish: I need a better editor -- excuse me, it's an editorial mistake.

Austin: We've got a bunch here who can handle that. I want to say a few words and put the real people who deserve recognition up front -- all these students.

I do this because it's something -- you know, we heard from some of the people today who testified and talked about helping kids find a path. It's so important. And I don't need to remind of the Council of that. But these kids are not kids, they're journalists in every sense of the word. You have before you -- I hope you got them five copies of some of our issues from this year. And you can see that our coverage ranges from a story that Taylor Ishida photographed and wrote about two Grant alumni who were interned in

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Montana in the beginning of World War II and then made it back to Portland, attended Grant, and graduated -- and she wrote a very fine story about their lives -- all the way to stories about students posting racist and misogynistic things on social media and we conducted an investigation and brought that to light.

These guys are not just putting out PR for the school or school district, it's about covering the fabric -- the good and bad -- of the community. And our goal is to shed light on things, not to just point something out. We offer solutions. So, I hope you'll -- I really want to say I appreciate the effort by the Council to recognize these folks, and I'd like to let them say a few words.

Fish: Please.

Hales: Thank you, Dave. Good morning.

Hunter Stewart: My name is Hunter Stewart, and I'm a senior and editor.

Fish: We had a huge technology upgrade recently, so nothing works. Forgive us.

Hales: Push the button again. Just use that one.

Stewart: There we go. My name is Hunter Stewart, I'm a senior and editor-in-chief this year as well. And I'd definitely like to thank the Council for taking this time to recognize us. I can honestly say I've never worked harder for something in my life, and I've also never received such positive -- I was going say positive feedback, but it's much deeper than that. This has directed me in a way I know I would not be able to have if I had not participated in Grant Magazine. As I'm going out to college, I now know I have a set of skills but also a mindset I'll keep with me to navigate New York City next year.

Everyone's talking about team, and I know if not for Grant Magazine and Dave's leadership and all the support we've been able to have from our community and school, I would be one of those kids that would not have direction. I really didn't before I started this. And although -- you know, there are definitely hard times and I had to learn some hard lessons, on my way out I see all the -- all your hard work goes into something, and even if you feel like you're at your lowest or if you don't know really what the outcome will be, if you just stick with it I now know how much you can take out of that. And that's something that Grant Magazine has shown me all the way through.

Rennie Kendrick: Hi, I'm Rennie Kendrick. I'm a junior and the managing editor and also just student journalist. I would just like to say that this is my second year on the magazine, and I would like to say it's just a really great community of students really working hard, and it teaches you life skills that you would never learn in other classes like interviewing people and meeting people. Those are things that you'll carry to any career, anything you pursue. Just seeing how we can come together as a team -- I don't know if Dave mentioned this but to get our Gold Crown Award, we had to travel to New York City. So as a team, this year, we fundraised \$42,000 all on our own accord. We have 440 subscribers. So it's been really cool to see how we can come together and really reach out to the community just working as our own team.

Fish: And may I ask, do you have an older sister at U.P.?

Kendrick: Yes, I do. [laughs]

Fish: Just to show that again, another part of the Grant story -- Rennie's older sister plays soccer at U.P., but we know her because she came and knocked on our door at City Council and at the Housing Bureau because she interested in launching a program to combat homelessness in our community. And so, just another example of someone who's a graduate of Grant making a difference in our community. Congratulation to you.

Austin: Let me just interrupt, because Rennie -- you know, she never takes credit where credit is due. Of that \$42,000, she was personally accountable for about \$21,000 of it. And also, she'll be busy this weekend because she's in the finals for the 1500 at the state meet in Eugene. So, she runs around an awful lot.

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Fish: So the track and field runs in the family. Congratulations.

Taylor Ishida: Something else -- as far as like what the magazine does for all of us, it really opens up a lot of opportunities outside of school. I wrote that story about the internment -- the two alumni who were interned at the age of two and three -- and so through that experience, I had to speak with a lot of different people to be able to capture that time accurately. So I now get to volunteer at the Oregon Nikkei Legacy Center downtown working on preserving history, and it's an opportunity you really wouldn't come by unless, you know, you had to write a story about Japanese internment. It's just opened up a lot of new opportunities that are just really beneficial now.

Hales: Congratulations.

*******:** You're an editor-in-chief, you have the privilege saying anything.

Koji Weber: Similar to what Hunter is talking about, in terms of what I've gotten out of this class -- certainly looking at the first two years of my high school career, and then recognizing more of a repeated process of doing work in other classes and just kind of doing the minimum to get the best grade -- the magazine has kind of taught me to go beyond that and then recognize the rewards I've gotten out of hard work. I know now more than ever what I want to do in my future, which is something that's exclusively -- you know, Dave and I guess all the other members of the staff have just been kind of incredible in terms of having the honor to guide some of the younger staffers, and also just have the opportunity to cover the community. So, I'd like to thank you, Mayor Hales and Commissioner Fish and the rest of the Council for honoring us today.

Fish: Thank you all. We have two other honored guests and then we're just going to recognize one other group that's here. David, would you like to introduce our guests?

Austin: Yes -- if they could come up -- our Principal Carol Campbell and our Portland Schools Superintendent Carole Smith.

Hales: Thank you very much, thank you students. [applause]

Fish: Welcome, ladies. We know it's a high honor that is happening here when both the superintendent and a principal join us for a recognition.

Hales: A lot of firepower.

Fish: This is a rare day, thank you both. Carol?

Carol Campbell: Thank you. I want to thank the Council and Mayor for recognizing the Grant Magazine. They're amazing, it's one of the best groups of students that -- and every year it's like that, so it's not just this group, but I think the Grant Magazine brings the best out of our students that are able to participate. I also want to recognize Bill Dickey and Scott Ballo at Morel Ink. who -- they are our business partner who prints the magazine for us -- they donate the printing -- and also has exposed the kids to a little bit of what they do in their business, which is that whole CTE stuff we're trying to do.

Dave has lots of students who pursue careers after high school related to journalism -- writing. I'm interviewed by the Grant Magazine students a lot. They hold me accountable in some cases. I think they all have me on speed dial, so I talk to a lot of them quite frequently, but it's a pleasure and an honor because of the quality of the work that they do. They report on things the students need to know about. So it's unlike a regular school newspaper. We're very fortunate to have Dave Austin as a volunteer. He volunteers his time to do this program, and we are adding another Grant Magazine class next year because it's something that students want to do and we're going to provide kind of a training ground. We're going to have kind of a pre-class for students who are interested.

I think the recognition should go to the students for the most part because they are the ones that produce this publication, they're there after hours, Saturdays, evenings under the guidance of Dave Austin. I feel really fortunate to be part of Grant and part of this publication.

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Hales: Thank you.

Fish: Thanks for joining us. Carole?

Carole Smith: I'll just add my thanks for you taking the time to do a proclamation to recognize outstanding student accomplishment. I will just say that I think what Grant Magazine is doing is some of the most powerful journalism in our community, and it's great to get national recognition for that, but they are really doing community-building through journalism. And you also just hear the stories of personal transformation of students in every year of this publication, and every year it has gotten better. I also will just extend thanks to Dave Austin. It's powerful to me to have a volunteer come in and have this depth of engagement and profound impact and really build something that is transformational for a community and for the individuals getting to participate in it. Thank you for taking the time to recognize Grant Magazine. And you guys -- congratulations, you're awesome.

Fish: We're going to pause in a second and ask if we can take a picture with the Council, but there's one other group here I think, David, we should recognize, which is the parents and loving, caring adults and teachers here to support these young people. Will they please rise and accept our thanks for their role? [applause]

Hales: And they haven't indulged in a commercial, but I will. I've noticed your website is mobile-friendly and you can go on either your smartphone or laptop and subscribe to Grant Magazine come I'm going to do. So, I'm in and will encourage others to follow that example and read some great journalism.

Fish: David, what does it cost for a one-year subscription?

Austin: It's \$42 -- \$40 if you want to write us a check right now. [laughter] But yeah, you get eight issues. We put out eight issues -- we come out once a month. Appreciate that. And if you want to put that on your tweet or mailing list for us, we would accept that, too. But again, thank you for having us and thank you for recognizing these kids who do real journalism. It's -- you know, the main stream media follows us. So, read it first at Grant Magazine. [laughter]

Novick: Dave, just you to follow up on that -- I will become a subscriber too, partly because just leafing through the issues you brought with you, there's an article here about "tangible tunes" by Finn Hawley-Blue that says something which I have not learned from the main stream media -- they're apparently hiding it -- which is that the sales of vinyl records from gone from a million a year in the early 2000s to nine million now, and high school students are largely driving that. And that is fascinating to me -- and I have to tell you, it makes me feel much less old. So, sign me up. Thank you.

Hales: Yeah, it looks like a real community service as well as a great opportunity for the students. We appreciate that part of what's being done here as well. Good journalism is good for the whole community.

Fish: Nice shout-out for Bill Dickey. I think now we can safely conclude that Bill actually runs a nonprofit business. There isn't an event we go to where people don't thank him to doing the printing gratis or at a discount. So, good for Bill. Photograph, colleagues?

Hales: Please, please. [photograph taken] Wow, great work. [applause] OK. We'll move on to our regular agenda in a moment as students get back to the final few days of class here. Thank you for being here.

Let's move on to the regular calendar. If you're here to speak on a Council item, state your name for the record. If you're a lobbyist representing a client, you need to let us know that according to City Code. We typically allow three minutes per person to speak. Please testify only to the matter at hand, and we ask people to not make vocal demonstrations in the chamber, but if you agree with someone, give them a thumbs-up or, if you feel compelled to, give them a thumbs down if you don't agree, but we want to give our fellow citizens the chance to have their uninterrupted say here. If you have handouts,

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please give them to the Council Clerk. And lastly, if we need one, the Council will take a half-hour break at either 12:00 or 12:30, depending on our schedule, and I'll announce that as we get close that point so that both the public and the Council has warning that we're going to take a little bit of a break from the action. With that, let's move on to item 494.

Item 494.

Hales: Commissioner Fritz.

Fritz: And now, for something completely different. [laughter] The Bureau of Development Services collects fees under various schedules to fund services including inspections, plan review, permit issuance, land use review, and customer assistance. The majority of Bureau of Development Services programs are self-supporting. A few programs receive general fund support, as we've discussed.

The 2015-16 fiscal year will be the third consecutive year in which the Bureau of Development Services will not be raising fees in most major permit categories. The bureau is currently in a financially stable position -- isn't it great to be able to say that? As construction activity and permit revenues continue to grow, reserve funds are healthy but not yet up to where we want them level and because we've been streamlining operations during the recession, which has led to greater efficiency in delivering services to the community. I need to pause and thank all of the employees in the Bureau of Development Services who have done so through the amazingly tough times over the last five years and are now on the opposite end of the spectrum working all hours of the day and night to catch up as the economy rebounds. So, thank you to everyone in the bureau.

This ordinance makes minor changes to a few select BDS permit fees in order to achieve cost recovery, meet new program requirements, reflect rising service costs, and provide incentives for compliance. Two fee schedules that will be impacted are the site development fee and the enforcement fees and penalties. Deborah Sievert Morris and Elshad Hajiyev are here to provide us with the specifics. Director Paul Scarlett is out of the office today.

Hales: Good morning.

Deborah Sievert Morris: Good morning. Thank you, Commissioner Fritz. My name is Deborah Sievert Morris, and I am the Bureau of Development Services senior business operations manager. Joining me this morning is Elshad Hajiyev, who is our bureau's finance manager. We're here to propose several Development Services fee changes for the upcoming fiscal year.

As you know, the Bureau of Development Services promotes safety, livability, and economic vitality through the application of building and development codes. As a bureau, we provide a wide range of development services including plan and land use reviews, permit issuance, inspection services, and also customer assistance. Most of our programs have the goal of being self-supporting. In fact, 95% of our bureau's operating funds do come from the collection of permit and related program fees.

The significantly improved economy, along with our strong permit revenues over the last few years, is enabling our bureau to propose no increases for the majority of our fees in the upcoming fiscal year. As Commissioner Fritz has indicated, this is our third consecutive year in which the bureau has not raised fees in most of our major permit categories.

For the upcoming year, the bureau is proposing minor only changes to fees that area related to site development and our enforcement program. We do realize fee changes affect our customers and their willingness to do business in the city. We have been proactive in reaching out to our customer base and the community to inform them of these proposed changes. We've included information about our fee proposals on our website. We've included information in our widely-distributed external newsletter, which is called the

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Plans Examiner, and we have also been in communication with our customer and our stakeholder groups, including the Development Review Advisory Committee. With that, I'll turn it over to Elshad to go through the specifics related to our proposal.

Elshad Hajiyev, Bureau of Development Services: Good morning. Elshad Hajiyev, finance manager for the Bureau of Development Services. As Deborah mentioned, the fee changes proposals here -- the goal is to achieve cost recovery, meet new program requirements, make sure that our fees are more transparent to our customers. Two fee schedules are impacted: site development fee schedule and enforcement fee schedule.

The site development fee schedule -- we actually are making that fee schedule more transparent to our customers. We are dividing our fees to make sure the customers better understand what are they paying for. We're separating fees into inspection services fees and the plan review. The total that the customer will pay will not change. There's really no impact on our customers on site development fee schedules.

On the enforcement side, we are adding a new program, which is the short-term rentals or Airbnb. We are adding the renewal fees. We also are making small changes to some of our fees on the enforcement fee schedule to make sure that those fees are at cost recovery. And some of them actually will be reducing, and some of them slightly increasing. We are also adding fees on the enforcement side for portable signs to make sure that we have a means to enforce that program.

Hales: It looks like some of them are going up and some of them are going down on the schedule.

Sievert Morris: That's correct, yeah.

Hajiyev: That's why they're called fee changes, not increases.

Hales: Great. Not all are increases.

Saltzman: What are the code enforcement fees for?

Hajiyev: So basically, they're small increases to the nuisance work order inspection fees to [indistinguishable] and then admin review fees. And then there are decreases to owner-requested inspection fees, Chapter 13 systematic inspections fees, and code enforcement re-inspection fees. And they're really slight changes.

Saltzman: The code enforcement fees are new, though?

Hajiyev: No, they're not new, they're just changing amounts slightly to make sure that they're at the cost recovery. Some of them actually are going down because they exceed cost recovery.

Saltzman: Thank you.

Fish: Do we have any updated numbers on what we think the compliance rate is in the short-term rentals?

Hajiyev: We don't handy, but we can get you those numbers.

Fish: But you're proposing to change the fees and -- let's see -- so, are the inspection fees going up or down or staying the same?

Hajiyev: You're talking about the --

Fish: Short-term rentals.

Hajiyev: Short-term rentals. No, they're staying the same. We just -- at the time when Council approved the short-term rentals, we didn't have the renewals in fee schedules, so that's why we're putting them on a fee schedule. So we should be able to actually do inspections in two-year increments, and then renewal at two-year increments, too.

Fish: So it's \$159 for the first inspection?

Hajiyev: Correct.

Fish: And then \$62 for the renewal?

Hajiyev: Correct. And every six years, there will be another inspection.

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Fish: Have we heard any feedback from the community that that fee is the reason that -- the amount of fee is a significant factor in the large significant noncompliance that we're experiencing?

Hajiyev: We haven't, no. And the fee is actually -- it's at the full cost recovery, it's the fee that we usually charge for a one-hour inspection. But we haven't heard anything from the community.

Fish: \$159 is your full cost recovery.

Hajiyev: Correct.

Fish: Thank you.

Hales: Any other questions? Thank you both very much. Anyone want to speak on this item?

Parson: We have four people signed up.

Hales: Good morning.

Winston Michael Ray: Good morning, Mr. Mayor. I guess you're wondering why I'm dressed this way. Indulge me. First of all, I want to give my obedience to almighty god for allowing me this opportunity. This may be the only opportunity I have and should take to explain my position on what we just discussed --

Hales: I'm sorry -- just put your name into the record.

Ray: My name is Winston Michael Ray.

Hales: Thank you.

Ray: I must say this -- I'm homeless, and I'm the happiest homeless man in the world because I've just completed a 1036-day campaign entitled "Operation HOBO," which is an acronym for Homeless on Barack Obama. Usually, I have on a certain shirt which I don't have on today, because it's not with me. And I want to show this picture -- I don't know if it shows on the screen. Let's say we made a little quick readjustment there at the capitol in Washington. That's me with a homeless shirt on. But let me get to the point.

In regards to what we're discussing here, it boils down to one or of two things. Are you trying to make money, and are you trying to save money? That's really the bottom line. The purpose I'm here -- as I briefly discussed with you a couple days ago when I first arrived here in Portland -- is that Portland has the ball. I need your support, I need to know right now, sir -- and this distinguished body, as well -- will you be willing to publicly stand with the citizens of Portland on June 6th -- which I dubbed "Super Saturday" -- June 6th of this year, 2015, preferably 3:00 p.m. to let the nation know that Portland, Oregon is the first city in the world to embrace a worldwide marketing movement called S-I-L-V-E-R, a worldwide the silver rights movement. Time won't allow me to get into the specifics. My number -- and have you all that information -- but this is where the ship docks. We're ready to launch a \$100 billion marketing campaign to literally end homelessness. This is the 44th city I have to go to. This is the final city. I'm working diligently with everyone connected directly or indirectly with the homeless, including yourself. But with my allotted time here, is it possible I can get a commitment from you as Mayor of this beautiful city to stand with us on June 6th to make a brief announcement to the nation that Portland is the first city to embrace the worldwide silver rights movement? We have 22 seconds.

Hales: We'll -- certainly, this Council is working on homelessness, so --

Ray: Are you willing to work with me to launch a \$100 billion marketing campaign on June --

Hales: Certainly would like to hear more. Appreciate you being here --

Ray: When can I meet with you? June 6th -- I'm working in other areas, I need to know whether we're going to --

Hales: Check with my office and we'll see what we can do. Thank you for coming today.

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Ray: Thank you, sir. And I have something for you all that I'm going to leave with the Clerk but we're moving very fast on this.

Hales: Thank you, good luck.

Ray: Thank you, sir.

Hales: Mr. Walsh or Mr. Johnson, who would like to be next?

Charles Johnson: I'm Charles Johnson. I did notice that -- as was mentioned by the staff -- there's some new fee structures regarding the portable sign. But having attended the ongoings in this chamber, I know that citizens who suffer severe emotional distress from the inability of this city to uphold its noise ordinances have had to come back to this Council many times. And I'm hoping that you'll ask them direct questions of the staff after we speak so that people can know if this particular department -- since it can assess things from mobile signs -- is also the appropriate department to prevent the idiocy of construction noise outside and in excess of permitted conditions.

Hales: Thank you.

Fritz: You should know that the Office of Neighborhood Involvement houses the noise program.

Johnson: Your voice is about as good as Mr. Walsh's. But thanks for the reminder that this department doesn't -- even though it's clearly related to construction noise, we've somehow managed where Neighborhood Involvement has the difficult challenge of dealing with construction noise, and I would like to ask the City to reconsider if it perhaps could be more effectively and more appropriately related to the fee schedule for -- this is Planning and Sustainability, correct?

Fritz: This is Development Services.

Hales: Thank you. Mr. Walsh?

Joe Walsh: I'm losing my voice. I was at the Portland Building -- my name is Joe Walsh, for the record, and I represent individuals for justice. I was at the Portland Building yesterday, and there was a lot of construction going on around your building. And the thought occurred to me that we have a noise ordinance but for the life of me, I cannot figure out how you implement and enforce that noise ordinance when you have people surrounding your building taking up concrete that is surely in excess of 80 decibels, which is the limit. I could hear them very clearly all the way over to the Portland Building, and they were on the other side of your building. It's very loud. So the question comes up -- if you don't like protesters, for instance, using bullhorns and the police come and say, "well, I can hear your bullhorn 100 feet away" -- well, I was two blocks away from this noise. So what do we do about that? And I don't know how anybody did any work yesterday. If the noise was that bad for me, I'd put earphones on, which I rarely do. And I was listening to KPR because the noise was so annoying to me and I was two blocks away. What do we do with that? Do they get a waiver on the noise? Or do they just do it and every says, "well, that's construction and too bad"?

Hales: We'll find out.

Fritz: They get a permit and a variance.

Walsh: Does anybody know if they had a permit and a variance?

Hales: We'll find out.

Walsh: That would be good, thank you.

Hales: Thank you. Anyone else on this item?

Novick: Any further discussion? Then this will pass the second reading. Thanks very much. Let's move to item 495.

Item 495.

Hales: Commissioner Novick.

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Novick: Colleagues, this ordinance is PBOT's annual update of transportation fees, rates, and charges in accordance with City policy. The ordinance makes adjustments to fees, rates, and charges effective July 1st, 2015 and the fee adjustments is included in the Mayor's proposed budget for PBOT. When setting fees, PBOT considers the City's priority for a full cost recovery and a reserve with sufficient revenue to support services during periods of declining economic activity.

One thing I want to mention before turning this over to Christine and Jody is that one area where you see some fee increases this year is in schedule D, fees involving lane closures and sidewalk closures. And with the boom in construction recently, we hear periodically from businesses who say that work on the street and sidewalks is disruptive to their businesses, and we hear that, and that's a concern. We think that if we add some additional staff resources to doing more intense reviews, working with the developers. and the neighborhood to figure out how to mitigate those impacts on businesses, we should in fact be able to do so. Thank you. Christine?

Christine Leon, Portland Bureau of Transportation: Thank you. Good morning, Mayor and Commissioners. My name is Christine Leon, and I'm the Portland Bureau of Transportation manager of the development, permitting, and transit. I would like to just cover briefly some of the things before you today.

PBOT's annual fee schedule includes six fee schedules. Attachment A is parking, B is land use reviews, C is development and right of way construction use and miscellaneous permits and fares, D is the reserve use for parking lanes and sidewalks, E is miscellaneous which includes our leaf day fees as well as film and video, bike parking and etc., and schedule F is regulatory. With me this morning is Jody Yates. She can answer questions regarding the regulatory and parking rates if there's any questions later.

Essentially, one of the main differences between our fee increases and decreases and BDS is that PBOT is not at full cost recovery yet for a number of our fees. We also have insufficient reserves for operating to meet those City goals. So, some of our fees are increasing, some of them are remaining flat, and some of them are also decreasing.

When we set our fees, we consider the customer impacts in the larger context of the comprehensive City fees and services. So, a number of our fees are going to be incrementally increased this year to try to achieve cost recovery where we haven't achieved that yet. They're also factored in based on the size and scale of development or the use. Consideration is given to the broader community use and impact, such as block parties and public art. The bureau objectives in the Portland progress regarding Vision Zero and livable streets are also factored in. Improving performance and customer service and being a partner with customers is also a huge factor, and providing efficiencies and innovations, such as our utility coordination project, and making sure we're ready to deliver with the ITAP project.

For the past five years, PBOT has done outreach to our budget advisory committee, Development Review Advisory Committee, private utilities -- Northwest Natural Gas, PGE, for example -- community and neighborhood groups, permit holders, small and large businesses and restaurants, as well as our Development Services customers and frequent users. This fee package includes input from those customers and those factors.

The programs that we are not going to be increasing any fees this year include our SDC rate. There will be no increase this year. Also, there's no increase to the area parking permit rates, no meter rate changes, no changes in the hourly parking garage rates, no changes to leaf day fee, Sunderland Yard recycling fees and related fees. There are no changes to a number of other fees, but I wasn't going cover all the details.

Not all of the fees on the schedules affect any one customer or developer or property owner. As I mentioned, we are not at full cost recovery yet, particularly in the

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development review fees. So, we have considered how those incremental adjustments would affect our customers. The increases do allow more cost recovery to be collected, as well as more GTR -- general transportation revenue -- to be allocated to other transportation services. So, I'm going to get into a little bit more detail.

Regarding the meter rates, there will be a committee formed to evaluate a meter increase, which will follow our current policy document prescribing a public process. For the private for-hire transportation, there will be no changes at this time, however, I believe Jody will be at City Council in August with a recommendation from the task force. For the land use reviews, the majority of the increases are 15%, which we have capped. Half as many as those, though, are decreasing or remaining flat. A handful are capped at 25% increase this year, as well.

Building plan review fees are increasing also for PBOT. The residential are increasing at about 5% to 8% and for commercial, it's increasing depending on the size. So, the majority of the commercial reviews we got are less than \$250,000 in value -- those fees will increase about \$114 each review. We are capping the increase to our early assistance review at 5%. Again, it's another program that's not at full cost recovery for PBOT, but we feel that this will be a continued program to be subsidized by PBOT to give good customer service. The final plat reviews are decreasing by 15% due to staff efficiencies and our good working partnership with Multnomah County and I think just getting the word out to land surveyors and developers on the requirements of the plat. And then some of the other rates that remain flat regarding development are our public works appeal fees, as well -- as I mentioned -- the SDC rates are remaining flat.

Commissioner Novick mentioned the changes in schedule D on the reserve parking use and the requests for construction to use sidewalks, lanes, or a full street closure. And those fees are increasing to make sure that we have incentives for developers to mitigate the impacts of their construction on the users of the transportation system. So, we are going to be doing an increased review and continuing through the utility and permit coordination to do an enhanced look at the requirements of developers with respect to sidewalk closures and making sure that there's a good reporting and a good inspection, and bringing on staff to make sure that we're doing that in a very timely fashion for developers. I'm going to turn it over to Jody to cover the last two items regarding the Smart Park parking garages and the other.

Jody Yates, Portland Bureau of Transportation: Good morning, Mayor and City Commissioners. My name is Jody Yates, I'm the interim parking group manager.

Regarding Smart Parks, the parking garages -- those are publicly-owned garages. They're going to be -- mostly the increases are in the monthly rates, and those are after we've done market analysis specifically looking at other garages specific to those areas. First and Jefferson garage will increase from \$180 a month to \$190, O'Bryant Square from 180 to 195. Naito and Davis has the most significant increase from 170 to 185, and Fourth and Yamhill will be stopping the monthly program effective July 1. That'll bring us into full compliance with our land use conditional permit, which has no monthly permits at any of the three retail garages. The retail garages are Third and Alder, Fourth and Yamhill and 10th and Yamhill.

Saltzman: We'll have no more monthly at those three garages?

Yates: With the exception -- we'll have some carpools, which are allowed, and a couple of our tenants do get a monthly permit, but those are allowed. So, yeah.

Daily rates will only change at that Naito and Davis garage from \$10 to \$11. As Christine already mentioned, there will be no hourly rates at any of the garages -- those will remain consistent. Regarding Naito and Davis, we're actually finding that we're at full occupancy by 9 a.m. to 9:30 a.m. and pulling out the full sign. This is to try and free up

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some of that parking and making it available for customers later in the day. The mission of the Smart Park garages is to allow for folks to have some off-street parking in those areas. So by having a full garage at 9 a.m. isn't meeting our own mission. We're trying to push some of those users into other spaces.

Regarding the other fees -- the only fee I have here that's going up is the film/video permit fees. And talking with our budget analyst, they can't find when they last increased that fee and it is going up about 11%. But they looked back several years and have not increased it in many years. And that was supported by the film office, as well. Are there any questions?

Hales: So -- go ahead.

Fritz: Did the Council at some point make a decision to not have cost recovery in your fees?

Leon: Mayor and Commissioner, the Council has been supportive of PBOT's methodology of doing incremental increases along the way with regard to being sensitive to our customers. So, I don't recall that Council has ever said, "don't do full cost recovery."

Fritz: Right, that was my recollection. And I really commend Commissioner Novick and the Mayor for all the discussions last year highlighting the scarcity of general transportation tax revenue. And so it seems to me that our policy should be you get what you pay for and you pay for what you get, particularly as we're following up from Development Services saying that they charge cost recovery. Next week, I'll be bringing the urban forestry fees for land use review where we're going to be asking for cost recovery. So, it would seem to me -- I appreciate you being sensitive to your customers. On the other hand, customers should be expecting to pay for what they get. That's a policy discussion the Council needs to have. I realize that the ordinance comes together right now.

Fish: Commissioner Fritz?

Fritz: Yes?

Fish: If I could just yield on one point -- I believe that Council has an official policy we adopted in the last six years that requires all bureaus to move to cost recovery. I think we've actually taken the position on that. We've left it to the bureaus as to how they phase that in, but I believe it is the official policy we need to move to full cost recovery.

Fritz: Yeah, that was my recollection, too. So that might be something to look at.

Novick: Well, the idea here is to move to full cost recovery while having some sensitivity to the idea that in some instances that might result in percentage rate increases that customers might be startled by. And one of the things that's important to note -- as Christine pointed out -- we're constantly reviewing how much time it takes to do certain reviews. So in some cases, reviews take less time than they used to -- we figured out a way to do them more efficiently. In other places, we've realized that things are taking more time than they used to. So, we're moving towards full cost recovery in a context of constantly evaluating what each review actually costs. But this proposal will in fact move us closer to full cost recovery but won't quite get us there.

Fritz: I would encourage you to be quicker. And also, the percentage increases may be less important than the dollar figure. So, I don't know what the percentage is for a \$114 increase. In the context of the whole scheme of how much it costs to build a new home, \$114 doesn't seem that much to me and I would be interested to look at how our transportation fees compare with other jurisdictions.

I did have a couple of specific questions. We have had some discussions about credit card security and payment by credit cards at parking meters. I thought that was going to be part of the proposed fees.

Yates: Are you referring to PCI?

Fritz: Yes.

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Yates: OK. We have a meter rate increase that we'll be evaluating with the subcommittee. We have a specific transportation policy that we have to follow if we do proceed with a meter rate increase. We'll bring that probably in the fall BMP and you'll see that.

Fritz: That's coming later.

Yates: Yeah.

Fritz: That's good to know. And then secondly, we recently raised wages for people working in the parking garages to \$15 an hour.

Yates: That's correct.

Fritz: Why are we not raising the fees to pay for that? Why are we expecting the general fund pay for that?

Yates: Well, you adopted that I believe last week and we did evaluate what that is, it's roughly costing us about \$250,000 but it'll be -- we'll phase that in. We'll be able to cover that in our budget or we can ask for a budget increase later. We also have the ability in the garages to come back and change our rates, but we really like them to be reflective of the market and making sure that we're managing parking. The rates are really to manage the garages with the on street system and make sure there's parking available for folks.

Hales: In other words, we want to look at the on-street rate before we look at the garage rate again, even if we need to recover more from the garages so that we don't have an incentive to circle the block and not go into the garage.

Fritz: That makes sense. I would like us to be able to get the cost recovery into the garages in the light of --

Yates: The garages are at cost recovery, so their rate is OK.

Fritz: Not if we've just increased their costs by 250,000.

Yates: We're still OK from the standpoint of we take the additional -- any additional revenue and that becomes part of our general transportation fund. So the garages are at full cost recovery with their maintenance.

Fritz: But didn't we just allocate -- or aren't we proposing to allocate \$950,000 in the Mayor's budget to help pay for the \$15 per hour or do you get any of that?

Hales: I'm not sure if that goes to Transportation or just general fund bureaus. That's a good question.

Yates: I'm not sure.

Fish: Can I follow up on a couple of those points? On the systems development charge that you are not recommending an increase -- that's page 8 of 8, exhibit C. What percentage of cost recovery is that currently?

Leon: The SDC methodology is established by code and by the program that we have in place, and so the increases follow the costs of construction as set by the Federal Highway Administration. So, that's pretty much locked in.

Fish: But we are -- at what percentage of cost recovery are we under the agreed-upon recovery?

Leon: For the system development charges, it's not based on a cost recovery model on staff, it's based on a CIP forward-looking model.

Fish: I apologize for not asking the question artfully -- but we are at what% for that model?

Leon: So when we put in place our current Citywide SDC list, Council capped the rate that we would collect from development at about -- I believe it's about 40% of what the study indicated. So, we are not capturing all of the costs due to growth for getting revenue for the projects that are on our citywide SDC list. Again, part of what Council decided at the time is to have a rate set that was about in the middle of what the regional partners had for SDC rates.

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Fish: And just in practical terms, if the SDC is not pegged to the actual impact of the new development -- the incremental impact on the transportation -- who covers the difference?

Leon: The costs due to growth and new development from a system is allocated to new development. The cost for a frontage improvement or if there is a level of service deficiency at a signal is allocated towards new development or somebody going through a land use. The cost to fix our system and to get you to a state of having sidewalks everywhere and having the deficiencies all corrected is unfunded.

Fish: So, if you didn't have a Council directive to cap SDCs, and if you didn't care about what your customers thought about the rates, at page 8 of 8, what would be your recommended rate for single family residential? What is your true rate, from your point of view -- not the one adjusted by virtue of policy decisions of this Council?

Leon: Our current citywide SDC program is in its second two years of removal. In 2017, it expires. So, we're going to be starting a new committee looking at another renewal period -- probably 10 years -- next year, involving citizens and technical stakeholders. So, there's a lot of things that we can look at as far as new methods --

Fish: I appreciate the discussion, but assume you don't change the methodology -- and maybe I'm being unartful in my questions. But I'm asking just a very straightforward question. If given the current methodology, if the SDC reflected the full amount you could recover under that methodology without any limitation based on prior Council actions or concerns about customer impacts, the 2814 number would grow to what?

Leon: That's in our report, I will get it to your office.

Hales: Sounds like if you're at 40%, it'd be somewhere north of \$6000.

Leon: I think so but we haven't studied --

Fish: I know every SDC is different. We've gone through this recently with the Bureau of Environmental Services where it turned out during the recession, the Council rolled back the percentage for certain development because we're in a recession but now we're going to roll it back to what we consider to be full cost recovery. Just would be interested at what that number is.

Leon: We'll look at that.

Fish: And again, I'm building in the assumption that Council hadn't directed you to do something and you're not taking into consideration the rate impact, the sticker shock -- just what would that number be in a perfect world? Just that we have something to compare it to.

Leon: Sure.

Fish: On page 7 of 8 on exhibit C, one of the biggest jumps that I can find in the charts is commercial buildings valued of a million, and it goes up quite dramatically. What's the reason for that?

Leon: The commercial building review fee is not at cost recovery yet. What the staff has done is looked at the time involved with those reviews. They become more complex with developments that don't have parking requirements -- so parking is accomplished in the neighborhood -- and so the neighborhood is involved in some of the decisions in the reviews. We want to get the word out and partner with them. Also, loading is another issue that's come up --

Fish: Is it safe to say that, just as Commissioner Novick said, there may be some instances where you're doing certain reviews more efficiently and economically and therefore the cost goes down. This is an example where the building plan review process has gotten more complicated, so the increase in costs that reflects the additional costs of actually doing what you're required to do.

Leon: Yes, thank you, that's a good summary.

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Fish: Is that right, Commissioner?

Novick: Commissioner, I just have to say, I appreciate your inviting us to figure out exactly what we would be collecting if we actually wanted to pay for the projects that we think are necessary to accommodate growth. And that's -- we would hope that would be part of an overall process of our citywide looking at SDCs and kind of figuring out, OK, what will the market bear? And how should we allocate what the market will bear among the various bureaus, in effect.

Fish: And I recognize that some SDCs are forward-looking, some are backward-looking. They have different methodologies, even between bureaus. But the one thing I think is useful in this exercise is to compare the number that we're adopting against whatever the ceiling is and understanding, what is the ceiling under the methodology? Because I'm not aware that anyone's raised a question about your methodology, currently. So assuming your methodology, what are the strengths that keep you from hitting the ceiling that you'd otherwise want to be at, if that's what you were allowed to do. That gives you a chance to benchmark where you are and your recommendation.

Leon: Mm-hmm.

Fish: The last question I have was about meter rates and convening a committee. Of course, the most important thing is the charge you give to a committee. So, what do you intend to charge the committee with? They will be charged with coming up with a plan to generate more revenue for some specific purpose? Or what in broad strokes would be charged to the committee?

Yates: The charge to the committee is we've gone and done an analysis of the parking spots within downtown and actually some of the other area -- South Waterfront, Lloyd -- and find that the occupancy in downtown during several hours of the day is upwards of 90% to 95%. The ideal parking number is 85% for appropriate turnover. So, we're going have them evaluate if they want to increase the meter rates to achieve more turnover. We'll also look at are the time stays -- so, one hour, 90 minute, two-hour spots-- are those appropriate? Those are the general charges we will be giving to the committee.

Fish: Good, thank you.

Leon: Mayor and Commissioners, if I may -- I just got a note from staff. They are working back in office and looked at what the rate would have been on the single family residential without a cap, and it would be about \$7000. So, the two constraints on our SDC program are what we chose to look at for the capital list, as well as the cap that we had of 40%. So, that's taking out the 40%. If we had had a broader list of capital projects, then it would have been a larger number. But that's just the self-imposed one from Council.

Hales: So, this good discussion highlights a couple of policy discussions -- one I mentioned yesterday -- that we as a Council need to look at the cost of housing and our housing strategy, and the cost of our own fees as component of that, and to look across the board. We're going to act on the Parks SDC today, but we need to look at all of our cost of doing business effects that we have as a City. Therefore, we need to look at this set of fees again, as well. I want to highlight that I think our discussion yesterday and today illustrate why it's important that we get to this at a higher level at more of a citywide view, and then bear down on how your bureau is coming along against Council policy -- whether it's Council policy to achieve cost recovery over time or amendments or changes that we might make. So, I want us to flag the need for that. I think this helped highlight it.

Secondly -- I believe I've got to right -- I came to understand during the budget process that we have another complexity with Transportation systems development charges in that they are accumulating quite a bit of money in the fund but they're unable to spend it as rapidly as we would like because they don't have non-SDC matching funds to couple with those dollars and spend them on actual projects because those projects

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around 100% about accommodating growth. This project might be 62% about accommodating growth, or that project might be 45%, but they have to have the other percent, whatever it is, and they don't. So, they're sort of gridlocked -- not through any of the administration but just lack of resources. They're gridlocked on the ability to spend the dollars that they have, which is a pretty different situation they have in Parks in terms of the ability to use the funds. So, I just wanted to flag that.

Fish: Mayor, can that in part be cured by changing the priority list for SDC projects?

Hales: In part, but it's pretty hard in a city that's mostly built like we are to find a project that's 90% about growth.

Fritz: If we were charging full cost recovery with the Transportation SDCs, we wouldn't have to put so much general fund money, as you have in this budget. We could use our general fund then to provide that match.

Hales: Yes, if we had the match.

Fritz: Yes. But we would have it if we weren't having to dedicate so much general fund into things like the \$15 an hour in the parking garages and in the projects on the street. I think the principle should be that new development pays its way, and at this point, new development -- I think it would be hard to stop it. And if there's a time to get full cost recovery, it's now or in the future.

Yates: And can I -- [speaking simultaneously] -- I'm sorry, I felt like I didn't answer Commissioner Fritz's question very well earlier regarding the \$250,000 increase to the parking garages. Basically, we will be subsidizing that with our general transportation revenues, which I do believe is what you were getting at.

Fritz: And we shouldn't be doing that --

Hales: Something we ought to look at.

Fritz: Yes, absolutely. Thank you. I really appreciate your laying this out. And Commissioner, partly because I learned so much last year about transportation funding and the lack thereof, I really appreciate how you've been very clear on the strategy why you're doing what you're doing, and I'm certainly willing to alter that in the very near future. Because I think we certainly are going to need to look for other revenue in addition to that. We should certainly make sure that the current funding mechanisms are getting cost recovery.

Novick: Just to state the obvious -- we make money off the garages. If the costs increase, we make less money. But it's not like we're losing money off the parking garages.

Yates: That's correct.

Hales: Two other things I just wanna flag. I didn't quite understand this before, but if you look at exhibit C, those fees -- or several of them -- are talking about the right of way use fees for sky bridges and tunnels and such. That's essentially rent -- we're renting you a piece of the right of way at Pioneer Place or whoever you are, right?

Yates: That's right.

Hales: So that's not cost recovery, that's --

Leon: Market rate.

Hales: Market rate. So, interesting. Wanted to flag that issue in particular. We might want to look at whether that is, again, appropriate to current market values. Secondly, I wanted to flag the sky bridge issue in particular because I don't want you us get too addicted to a sky bridge revenue because we have City policy that very explicitly discourages and I think should outright prohibit sky bridges, and we have a whole bunch of people who are opposing that right now. So, we're going to have a policy conflict here shortly at least in the form of some land use applications where people still think it's possible right now to get a sky bridge, and I thought we'd closed that door.

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Fritz: Well actually, I think Commissioner Novick and I are interested in opening that discussion. Because I think there are some places where a sky bridge makes complete sense, and there other places such as downtown where we want to keep people on the pedestrian street.

Hales: We'll have that debate.

Fritz: I know Commissioner Novick is willing to have that.

Hales: Be careful about opening what a former County Commissioner called Pandora's can of worms.

Novick: So tune in next week for the battle of the sky bridges.

Hales: Maybe several weeks, given what I've heard coming our way. Third issue I wanted to flag on schedule D, which Commissioner Novick mentioned earlier. Those are relatively modest fees for closing a lane or closing a street. I assume that's mostly during the construction process. We don't apparently differentiate between closing a lane on a street where there aren't parking meters and one where there is, or am I just missing that on a schedule?

Leon: So the schedule D and the way you are assessed permits and fees vary depending on if you're in a metered district or not.

Hales: They do, OK.

Leon: Yeah.

Hales: So, we charge more, I would assume, if you close a lane and therefore wall off the access to a set of meters that we'd be earning revenue on all week long while you have your speed closure, right?

Leon: The travel lane closure and the street closure don't vary depending on where you are in the city necessarily, but what does get affected is the reserve parking rate. So, there is a historic partnership with BDS -- they have a rate of 18 cents per foot that's assessed for parking spaces for construction in the metered district, which, on an average space, is about \$8000.

Hales: OK, I get it. Good, thank you. Other questions? We've peppered you with a whole bunch of them, thank you for addressing all those Council questions. Anything else for the two of you? OK, thank you. We'll see if there is anyone else signed up to speak on this item.

Parsons: We had one speaker sign up, and that was Mr. Ray. Do you have more to say on transportation?

Hales: It's got to be on just this issue, though, sir, not on your proposal but on fees.

Winston Michael Ray: I did -- I left out something I wanted to say last time. I guess the only thing I could say, Mr. Mayor, is that it boils down to one thing. It's a money issue. Like every other city I've been to -- I've been to 43, this is this is my 44th city -- they are facing a money issue. I think the best solution is embracing this worldwide marketing movement. I just want to say this -- I won't get into that, but I didn't get a chance to say this last time --

Hales: Sir --

Ray: Let me just say, I will be a candidate for the presidency of the United States of America to address the needs of the poor and the struggling middle class because he poor and the middle class does not have a voice in the Republican or the Democratic parties --

Hales: OK --

Ray: And I just want to make it clear that --

Hales: Sir --

Ray: This is the City I will announce my candidacy from on June 6th and I need your support and the whole nation will be watching Portland to see if she's going to do what she's supposed to do insofar as launching this \$100 billion campaign that will literally end homelessness and get people off the streets with up to \$3000 of revenue earmarked for

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that purpose. I have to say that. And on a closing note, if anyone wishes to reach me, I'm Winston Michael ray, you can reach me on my cell and this is the outfit I'll be wearing throughout my candidacy. Let's get back to the money issue. The City needs money and we are earmarking enough of it to take care of the needs of poor and things you need to build up the city, the infrastructure.

Hales: Thank you, take care.

Ray: Thank you. I'm going get back with your office and we're going to meet soon because we're looking at 17 days and counting. Thank you now. Winston, that's all. I'll be your candidate as an independent for president.

Charles Johnson: Good morning, Commissioners, Charles Johnson for the record. I want to thank the Mayor for raising the issue of street closings on streets versus non-parking revenue streets and parking revenue streets. But I also want to encourage the City to do better for all its citizens, not just ones that need a play to stash their car. After the people's climate march, when 400,000 people marched through the streets of New York, I was able to spend most of a month in Manhattan. What I noticed in Manhattan is that although so many people will say New Yorkers are brusque, the city cares about people. They have a department of homeless services where anybody can go and get shelter if they don't have a complicated legal issue or mental health issue the very first night of their homelessness -

Fish: This has nothing to do with transportation --

Hales: Yeah --

Johnson: And they have --

Hales: Could you go to this subject, Charles?

Johnson: No, I'm actually going drag it out for three minutes because you're impatient, rude jerks.

Hales: Charles, please. We have a rule that people come and speak --

Johnson: I'm getting to that point and I don't care if the police take me out, so you can decide how long you want to be here. The point pertaining to this is that you close sidewalks -- go ahead, turn my microphone off.

Hales: We'll cut your mic off, Charles -- you don't get to do this.

Johnson: No, you don't get to do what you're doing. Let me get back to the point of collecting revenue for construction closures. That is the issue before us, is it not?

Hales: Then go to that issue, please. You know how to do that.

Johnson: Your distractions are disgusting. However, the issue is sidewalk closures. How is it that a developed city can make skyscrapers happen without closing sidewalks? And you are constantly closing sidewalks for developers without -- I don't -- obviously. I'm a layperson, I'm not an employed expert on how the street closures sidewalk closures happen. But it's crystal clear that in addition to your good idea, Mayor, of assessing the revenue impact and parking availability, we should also realize that all over the world, construction companies build things without closing sidewalks. And if construction companies are going close sidewalks, I think that there should be a financial disincentive that helps cover traffic management in this estimate thank you.

Hales: Thanks. We actually have to close sidewalks more here than in other cities, Charles, because we have 200-foot blocks. In New York, they have much bigger blocks. So, it's a practice question on how to build anything on a postage stamp compared to where people build elsewhere in the world. OK, let's move on to anyone else who has public testimony. If not, we'll take this to second reading and move on to 496.

Item 496.

Hales: OK, we have the findings before us. Anyone have any questions or concerns about the findings before I take a motion to adopt them? Is there a motion --

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Fish: So moved.

Fritz: Second.

Hales: Further discussion? Roll call on adopting the findings.

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

Fritz: I thank Kara Fioravanti and Jeff Mitchem from the Bureau of Development Services, also the Design Commission's diligent work on this project. Aye.

Hales: Ditto to those compliments and also to the design team and the applicant for coming up with a really excellent project. Aye. OK, let's move on to 497.

Fish: What, Mayor? 505?

Hales: I'm sorry, that was consent -- sorry, wrong part of the agenda. 505.

Item 505.

Hales: I don't think Julie is here, but we have our staff here. Good morning.

Tim Heron, Bureau of Development Services: Tim Heron, Bureau Development Services. I am not Julie Livingston.

Hales: No, you sure aren't, but we're glad that you're here.

Heron: But I'm proud to introduce this. Just as a note, this originally was a consent item. A couple weeks ago, we had a paperwork shuffle. So, this is a little unusual, but as Commissioner Fritz has stated -- and you've already received information about Julie's application -- she will be filling the architect position and is desperately needed. We've been trying to fill positions since the fall. It's been challenging. As you know, of course, from the State of the City -- a month and a half ago, we've been exceptionally busy in development. It's been a hard time getting volunteers to be able to commit that dedication and time. So, we're very, very happy to have Julie willing -- as well as her employer -- open to that kind of time and dedication, especially during ambition hours. That's all I really have to offer.

Hales: And her experience with the affordable housing project is going to be useful.

Heron: Yeah, and since you prompted it, one of the favorite quotes I had in our appointment for her was "to wrestle good design out of modest budgets." Her words.

Hales: Hear, hear. And it looks like from the accompanying material here, we still have one vacant architect position.

Heron: Correct. And we're working right now both in Commissioner Fritz's Office and fortunately I'll be able to work more closely with Dora Perry just by geography up in the building, which I'm excited about, and look for -- we're casting a deeper net in the pool of commissioners to choose from, and we hope to be back in front of you soon with additional appointments.

Hales: Great, thank you. Questions? Anyone want to speak on this item? On Julie Livingston? Come on up.

Joe Walsh: One thing I noticed this morning -- my name is Joe Walsh, I represent individuals for justice. One of the things I noticed this morning in the consent agenda is that there are other people's names that are volunteering for these committees. You do the consent agenda and put it all away, and they get no recognition. That seems to me annoying to me -- that people give their time, they serve on your committees, and if you do consent agendas, they don't get any recognition at all. And it's just gone. So, I would like you to consider at least breathing the names of the people that are giving their time and recognize them. If you read the names, it would only take a few minutes. You know, because I'm an activist, I don't serve on committees. But if I did and you just did not recognize me at all on your consent agenda, I'd be really angry. So my anger is transmitted to those people today that are going to not be recognized because they go under consent agenda. I picked this item at the last moment because there is a connection. She's being recognized, other people aren't. Even though if you're

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reappointing somebody on the same committee, it's their time. They are volunteers. They don't get paid at all. They may get a peanut butter sandwich at one of the meetings, but that's pretty much it. So please, figure out a way to recognize them, thank you.

Hales: Thank you. I think we have been somewhat random as to whether these things are on consent or regular, so it's a fair point.

Fritz: Actually, I have a policy and that is I ask my nominees if would they like to be on the regular agenda or not. Sometimes it's a matter of whether they want to be here or not, but I think that is a fair point. And I often do -- I didn't this time. So, I'm going take this opportunity to thank Vivek Shandas and Damon Schrosk who were appointed to the Urban Forestry Commission. And then Mayor Hales and Commissioner -- wait a minute, wrong one --

Hales: Also, Theresa Soto, Daniel Franco-Nuñez, Alisha Zhao, and Se-Ah-Dom Edmo to the Human Rights Commission.

Fritz: Yes. And we often do recognize them in that manner, but just so you know, Mr. Walsh, it is something that I give my nominees the choice about whether they want to be on consent or regular.

Hales: Good point. And one way or another, we ought to thank these people, they do a lot of work for free. You're absolutely right. OK, that is previous agenda.

Fritz: We didn't hear it, though, we pulled it back.

Hales: So that goes to second reading.

Fritz: Yeah.

Parsons: Excuse me, it's a report --

Hales: It's a report, not an ordinance?

Fish: Motion to accept the report.

Fritz: Second. Thank you, Sue.

Hales: Roll call.

Item 505 Roll.

Fish: Mayor, I have known Julie for a long time, and I've seen some of her greatest work that she did with Home Forward wherein affordable housing development and design, she brought a set of values to the table, a conviction that low-income people should be able to live in a space that's functional and beautiful, an attention to detail and to the bottom line, and ultimately, to bringing very complex projects to fruition. And there are a number of them, including Bud Clark Commons, that have her fingerprints on them. We are very lucky to have someone of her caliber serving in this capacity, and I enthusiastically support her nomination. Aye.

Saltzman: Aye.

Novick: Aye.

Fritz: Yeah, thank you very much to Julie for being willing to serve, and Tim Heron for his excellent staffing of the commission and of the design process in general. As he mentioned, we are still looking for another architect. It's been vacant since last year, and I'm holding that vacancy because I really want someone from an underrepresented community to round out our commission membership. Julie certainly adds a lot of value in the scope of the work she's done and I really appreciate her service. Aye.

Hales: If you look at what's happening in the city right now with the amount of growth going on, these commissions are always important -- the Landmarks Commission and Design Commission -- but boy, are they important right now. And we've seen from appeals cases how much controversy there is even to a well-designed project, so it's especially difficult duty and a lot we ask of those folks. Thank you Julie and all those willing to do this work.

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Fish: Mayor, point of order -- especially when Tim is here. I do notice on the Design Commission guidelines, the representative of the Regional Arts and Culture Council is nominated by RACC and approved by the Mayor, which I think it is -- conforms to the fact that prior mayors have had RACC in his or her proposal. I think that's an issue we ought to revisit to the extent that a mayor delegates the RACC liaison to a commissioner. I think it should probably say it's either a joint process or something. But if it's going to bypass Council I think it should at least involve the Commissioner-in-Charge of RACC, which is not always the Mayor. So perhaps we can think about that at some later day.

Hales: Before Mr. Savinar finally staggers away from the commission. [laughter]

Heron: He's chained.

Hales: Thanks Tim.

Item 506.

Fish: Could I just ask a question to Commissioner Novick, who is formally a Justice Department lawyer and is fluent in Latin and Greek. Steve, would you pronounce the operative term again on friend of the court?

Novick: Well, what I was told in Latin class is that nobody actually knows how they pronounced anything. So I think people now say "a-meeek-us cure-ee-ay" but that's just a guess.

Hales: Good enough for me. Mr. Burns, welcome.

Al Burns, Bureau of Planning and Sustainability: Thank you. Good morning, Mr. Mayor and members of the Council. My name is Al Burns, I'm a planner with the Bureau of Planning and Sustainability. We are asking for a resolution that gives the Council's permission to participate as a friend of the court before a case that's coming before the Oregon Supreme Court. It's an important historic preservation case.

It concerns Oregon's owner consent law. In 1995, the Oregon legislature changed state land use law. And from that date forward, a city or a county could not designate a property as historic unless they had that owner's permission. The same legislature made a provision for people that had already been designated that if that designation had been imposed on them they could request the designation be removed and the city or county would have no choice other than to remove that historic designation.

In a recent case in the city of Lake Oswego, they removed a designation on the Carman House on the request of the present owner, not the original owner. That was contrary to how the City of Portland understood the law. We thought an owner that bought the existing historic property with open eyes could not ask for that designation to be removed.

That case went to the Land Use Board of Appeals. The board remanded to the City, they agreed with our position. When the case got to the Court of Appeals, the Court of Appeals reversed the Land Use Board of Appeals and said that a current owner could ask for a designation to be removed if a previous owner had objected -- and perhaps even more problematically -- had never been asked.

So this decision, if it's affirmed by the Oregon Supreme Court, puts about 1700 Portland local landmarks designations at risk of having their designations removed. It's a significant case, and that's why we're asking for the Council's permission to participate as a friend of the court.

What law suit designation would mean is that it would mean these properties would no longer be subject to historic design review or 120-day demolition delay. Thanks.

Hales: It's potentially a big deal. Thank you. Questions for Al? Thank you very much. Anyone want to speak on this item?

Parsons: We had three signed up.

Hales: Come on up. Mr. Johnson, you're on first.

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Charles Johnson: Thank you, Commissioners. For the record, my name is Charles Johnson. I want to thank you for helping the City Attorney's Office refocus on issues that really matter to the citizens. As you know, we often berate you for your appeal decision regarding Judge Simon and this United States of America versus City of Portland and Portland Police abuse of mental health people, so I'm glad to see that other people have signed up and will more cogently tell you -- hopefully -- why it is important that you let the City Attorney be amicus on this so we can protect historic structures, and hopefully will even bit you on the butt on the reservoir. Thank you.

Brandon Spencer-Hartle: Mayor Hales and Commissioners, my name is Brandon Spencer-Hartle, I manage education and advocacy for the statewide nonprofit Restore Oregon. Restore Oregon has been involved with this case before it went to the Lake Oswego Historic Review Board -- so about two years. We have been working with Carrie Richter of the law firm Garvey Schubert Barer on filings as an amicus party then case, and Carrie is here if you have additional questions about the specifics of the case.

We've been really pleased with Council's recent engagement on historic preservation issues, specifically changes to Title 24 regarding demolition codes for non-designated historic resources. Today, we're here to talk about a court case related to historic resources protected by Portland's zoning code, which is different than those covered under Title 24 that you heard a couple of months ago.

The Lake Oswego case contains the following historical resources here in the city of Portland: local landmarks, conservation landmarks, contributing buildings and conservation districts, and properties listed in the historic resource inventory. Historic preservation protections for these resources are outlined in the zoning code and primarily, those resources are afforded a 120-day demolition delay both in the zoning code and by state law to ensure adequate opportunity for the community to find alternatives to demolition such as relocation, partial salvage, or a sale to a preservation- friendly buyer.

Our analysis finds there are approximately 3000 properties in Portland that have been designated with one of these local designations, and the City Attorney found about 1700. But previous to February's Court of Appeals decision, it was held that unless the property owner at the time of designation objected to the listing, the designation would be maintained with the property. Using the available sale data and the time that we've had, we estimate that there are over 75% of these locally-designated resources that have changed hands since the time of their designations. So, those are the properties this case specifically concerns.

The City of Portland's participation will go a long way in helping us maintain our existing historic resources and the protections granted to them by the zoning code. I also wanted to say that in performing our research for this case, we believe their opportunities for the City to better protect our local historic resources while the court considers this case. Should you vote today to support the resolution in front of you, a follow-up with each of your offices, the Landmarks Commission, and the staff at BDS and BPS with legally-defensible recommendations on how we protect local historic resources while the court considers this case. Thanks for your time.

Hales: Thank you.

Fred Leeson: Good morning, I'm Fred Leeson, board president of Bosco-Milligan Foundation and its Architectural Heritage Center at 701 SE Grand. I'm pleased to tell you I'm not running for president. We appreciate that Mayor Hales brought this issue to the Council and we urge you to approve it. I think the resolution itself speaks with admirable clarity, so I'm not going to belabor the facts of it.

The underlying importance is that our historic buildings in places are vital elements in making our city a special place. The city and our future are diminished when we lose

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them. I'm reminded of a quotation from my favorite historian, Daniel J. Boorstin, who one wrote, "when any place becomes more like every place, it became hard to believe that any place was special." We believe that Portland's voice needs to be here to help us maintain our special place. We had the option today of inviting a bunch of other people who were willing to lecture on this topic, but our board felt that that was not necessary. We didn't need to badger you unnecessarily, because we like to think you're going to do the right thing, and I'm sure you will. Thanks.

Hales: Thank you all.

Fritz: How refreshing! [laughter]

Leeson: Don't disappoint us.

Hales: And you know, if you ran for president, you might get some support around here. [laughter]

Leeson: I doubt it. [laughs]

Hales: Anyone else want to speak on this item? Let take a roll-call vote on the resolution.

Item 506 Roll.

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

Fritz: Well, this is a very important issue and I'm pleased the City will be weighing in with the Supreme Court, thanks to the City Attorney's Office, and let's hope they do the right thing. It would make it pretty meaningless to have a historic designation if it could be taken off at any time. Aye.

Hales: Thank you, all, and thank Al Burns and others who brought this forward from the bureau, as well as people in the community that care about this.

Nancy and I live in an old house that was built in 1930. We believe we have fundamental property rights that go along with owning a piece of real estate, but we also have a community responsibility when you own an old building to take good care of it for the sake of the community. Our house doesn't happen to be on a landmarks list, but even without that designation, I think any of us that own a building that is historic have that responsibility. And if it's a designated landmark where the community has gone through a legislature process and designated it as a landmark -- even more so. And that's what we try to do in our regulations, is try to strike a balance between that fundamental property right and that stewardship responsibility that goes with a historic landmark. So, I think it's really important that we maintain the community's ability to have that authority and exercise it responsibility.

We are in somewhat of an usual situation in this case in that we are taking the position of the Lake Oswego Historic Preservation Society and opposing the position of the City of Lake Oswego. However, I've talked to Kent Studebaker, the Mayor of Lake Oswego, about this issue and he is not particularly aggrieved if the City of Portland does this today. It's always important if we don't agree with our neighbors to at least talk with them, and I did say so and it should not dissuade us from proceeding in this case. So, thank you all. Aye.

Item 507.

Hales: Sergeant Greg Stewart and Dr. Labissiere are here. Come on up. Good morning.

Greg Stewart, Portland Police Bureau: Good morning, and thank you for having us. I think most of you are familiar with this, but just to make sure everyone is up to speed, I'll cover the history of this briefly.

In approximately 2012, both the Police Bureau and City Council became interested in becoming more evidenced-based approach to policing. The Council heard from Dr. Cody Telep, now with Arizona State University, about some of the best practices nationally in policing and some of the evidence-based approaches different localities have been

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attempting. Then-Chief Reese attended a conference in Seattle on evidence-based policing. One of these approaches was something called hot spot policing.

Hot spot policing has history in Portland that there are a lot of community members who were concerned about it. We began exploring it as a potential evidence-based approach to reducing crime. With input from the Mayor's Office and different portions of the community, we realized that hot spot policing as it's practiced in a number of localities would not be consistent with the values of Portland. We took that input and modified the program. We attempted to use high visibility patrol as a crime deterrent while using foot patrols or encouraging officers to get out of their cars and interact more directly with the community as a community engagement piece.

As an important piece of this and as part of the evidence-based process, we partnered with Portland State University so that we could adequately study what we were attempting to do when we ran a randomized control trial. As part of that, we applied for a grant, which was initially not accepted. However, with the support of the Mayor, the Chief and current Chief O'Dea, we were able to run the experiment despite not being funded.

That was a fairly novel approach to policing nationally, the Bureau of Justice Assistance was excited about it and returned to us to us and asked that they then kind of retroactively fund the grant and help pay for the research of this program.

As part of the grant, we'd agreed to partner with PSU on the research. Portland State University spent money on their own part to fund a number of these activities. They also dedicated hundreds of hours on this grant as part of the grant application process. It was a competitive process and the participants were scored with Portland State University being recognized as a partner. And I think I'll let Dr. Labissiere talk about kind of the research steps being taken.

This particular piece of the project is solely focused on the research for what has already occurred as the program moves forward where we need to engage in additional community outreach to build the program support and make sure the program stays focused on community values. However, this particular piece is directly related to the research. And Doctor, could you describe what we've been engaged in?

Hales: Good morning.

Yves Labissiere: Good morning. I think first it's helpful to frame what the research is actually studying. NILoc frames itself as directly in opposition to how hot spot policing, stop-and-frisk, as it was operationalized in New York. So, it's not hot spot policing. The framing on it is neighborhood involvement location.

First, I think the shift is in what we were attempting to do -- or what the initiative is attempting to do -- and understanding the impact that hot spot policing, or -- that the purpose is to really begin to think very, very differently about how we approach public safety, that public trust and community building, community relations is really at the heart of what it's attempting to do. So, the research is really attempting to understand what happens, what the impact of this initiative is on the officers and on how the citizens are experiencing their interactions with the police officers.

We have conducted a focus group with the officers focused on their experience, their understanding of what NILoc was, how the public interacted with them, and talked to the officers about how that would begin to really shift how their understanding of how they can better build trust and community.

We've also conducted a survey and we're beginning to connect the findings from the survey with what we are learning from the focus group. Within the survey, we want to understand the experiences of different citizens with this form of involvement, so equity is a really significant value in this. We want to understand how this engagement is changing the public perception of the police.

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Hales: Tell us a little more, Dr. Labissiere and Greg, about how the Council and the community will get the results of this research. So, you're doing this work, you have your colleagues at PSU assisting and analyzing your findings. When do we sort of put that out there as a research product not just at PSU, but also here for Council and for the community? I think people will want to know, when do we see the results and what will we learn?

Stewart: I have the plan, so I can at least cover that. And if I miss anything, the doctor can correct me. As part of this grant application, we had to turn in an action plan to the Bureau of Justice Assistance regarding the research, which I can provide to anyone who's interested.

It explicitly spells out both the research questions of the project as well as providing timelines for when we'll produce documents or reports on those research questions. We're kind of behind time now because there's been some -- just the process of getting the grants approved and getting the money released. But basically, there'll be two evaluations. There will be a process of valuation, which is really focused on kind of the "did we say we were going to do." The research questions related to that will include officer perceptions, whether the locations identified were optimal, whether the time spent -- it's called dosage compliance in the research jargon, but it really means "where we there when we said we would be there as much as we said we would be there" -- and then the activities of those officers in the area, including stop activities to make sure there was a lot of community concern about this driving up the number of stops -- which at least initial, not scientific research, but our estimates are that it actually decreased stops. How it impacted officer discretionary time, and then the sustainability of the program.

Then the second major evaluation will consist of an impact evaluation, which has seven research questions. The first regards community attitudes in a really kind of novel -- I'm actually quite proud of this, because the Portland Police Bureau played a major role in the mapping of this -- and a really novel strategy towards identifying more specific concerns of community members. We conducted very focused surveys on the localities around where this occurred, so in the immediate location and then a buffer zone of about 500 feet on each side. And one of our analysts was really integral in development of that, which is a fairly novel approach to this. We conducted extensive community surveys. We're also going to examine of course its impact on crimes and calls for service. I mean, was it effective as a crime reduction strategy?

While the overall technique has been demonstrated to be a crime reduction strategy, we've modified it to meet the values consistent with how Portland does things, so we really can't use the national research on this because we've taken a really different approach. So, we're going to examine that.

Again, we're going to examine dose response -- like, was it responsive to how much we were there? We'll examine non-investigative versus investigative stops, and this is a significant component to the equity research. And one of the nice things about this is because we have control locations, we'll be able to look at does just the identification of this location as potentially high crime impact behavior?

The team we have assembled includes both social psychologists as well as criminologists. So, there's a number of questions related to social psychology and how officers perceive these locations that we'll be able to explore, which could be important as we move forward in terms of how we want to label our activities in such a way as to influence officers to behave in the ways that the Chief would like and the community wants.

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We're also examining displacement, and then the last question revolves around some traffic accidents and some other unintended consequences either positive or negative that may be revealed through the analysis of the data.

The project itself, the grant is for three years, so we're kind of approaching these sequentially. Our initial sort of questions or processes are focused on both community attitudes and officer attitudes, because as we operationalize this and move forward, we felt those would be the two most valuable questions to impact how we want to approach this going forward. Because it's extensive research and because the research will be conducted over a series of years, we're trying to approach it in such a way that we learn things more immediately that will impact how we go forward, and then adjust otherwise.

I can provide you -- again, the timeline is no longer exact, but we have timeline which spells out both activities, who's conducting the activities, and then when reports will be disseminated.

Hales: Yeah, that would be useful for the Council to see that, and we might also want to try to combine some other reporting that we're doing -- whether it's under the DOJ settlement or otherwise -- with this work so the Council gets a picture. Here's what independent research at PSU is showing, here's what the analysts that we're funding in this year's budget and the bureau are doing -- here's the data about the interaction, and not just in this NILoc effort but elsewhere in the bureau, as well.

Stewart: And just for City Council to be aware of, this is actually our time with the City -- while this is for the intergovernmental agreement, the Bureau of Justice Assistance is actually providing the City with an analyst for the duration of this grant as well as other moneys -- approximately \$400,000 and change, I believe, to help pay for the City's participation in this. So, we'll be receiving the research, but the citizens of Portland won't necessarily be out of pocket for our participation in this.

Hales: Thank you. Questions?

Fritz: Did you track the demographics of both the officers who were involved in the hot spot patrolling and also their focus groups?

Stewart: I don't know about -- I'll let you answer about the focus groups.

Labissiere: Yes, we did. We have the data on demographics, gender, race and ethnicity of those that participated.

Fritz: I would be very interested to see if there are differences in the perception of the officers in different democratic groups. That would be helpful, as the Mayor said, in our Department of Justice report work.

I was interested to see that the officers who were involved in the focus groups received a \$100 gift certificate and I'm wondering why.

Stewart: That's actually normal for this kind of research. This was not -- that was not provided by the Police Bureau. Frequently, when people conduct focus groups, they're given incentives to attend them.

Fritz: And it was only officers attending this, it wasn't community members as well?

Labissiere: Right.

Stewart: There weren't community members. The focus groups were specific to the officers.

Fritz: So was there any compensation to the community members who participated in the survey?

Stewart: No, and that was for a different reason. The survey was done ad hoc, basically, with no money. So we would have really liked to have had money to use as incentive for those surveys, however, we were doing it all without funding at that point. When the surveys -- it's kind of technical, but we did a roll-through. Because of the number of calls this took, they were actually staggered in over time. So, one group of locations would

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come online and we'd have to survey the community that was in that area because we couldn't wait too long. And at that point, the bureau and PSU were both putting their own money into that.

Fritz: But if PSU had money for the officers, wouldn't that have been better spent compensating community members?

Stewart: That happened later, after we received the grant.

Hales: [inaudible] that option earlier.

Stewart: Correct. The timing was such that the surveys were going out while the project was ongoing and it was non-grant funded. We wouldn't have done the focus groups if we hadn't received the grant to pay for it, because it would have just been too expensive.

Fritz: Well, I'm very much appreciative of the evidence-based approach. It seems to me this is part of the bureau's work to be evaluating how we're doing things, so providing additional compensation to officers who participate doesn't sit well with me, especially when we're not able to provide community members with compensation.

Stewart: I understand those concerns. I do think it's important to recognize that in our prioritization of the data we were collecting, that occurred because we prioritized gathering the community -- the survey data from the community above the officer data. So, the officer -- the focus groups wouldn't have occurred. So, the reason the community didn't receive that was because we did it first off to make sure we could collect those data.

Fritz: Right, but you could just assign the officers to go to the focus group, right?

Stewart: I'll let the doctor talk about that.

Labissiere: I think the focus group is a considerable amount of time investment. And I think the plan is eventually that we will be doing focus group with community members and we would be compensating community members in that way as well.

Fritz: Were the officers on work time or their own time?

Stewart: No, they were on their -- this was totally separate. I don't even know what officers went. I'm not allowed to see those data. This is part of -- as the research end they submitted -- the research ethics --

Labissiere: The IRB, the Institutional Review Board.

Fritz: When you get the community focus groups, then you will be providing compensation?

Labissiere: I think partly it's a result of the methodology. I think typically, we pay people for participating in focus groups. For surveys, we don't often pay people. Eventually as the research rolls out where we're invited community members in focus group, we'll also be compensating in a similar way.

Stewart: And the officers attended on their own time -- I think that's really important. I apologize for not -- I could see how that would cause some consternation. This was done completely independent of the bureau. The officers -- all we provided was a list of people who had done them and the researchers conducted that portion of that kind of in -- it is sort of a best practice. I don't know who went in the bureau. And the officers who went were told that so that they could be completely open and forthright in their answers.

Fritz: Thank you. That's a good explanation, I appreciate it.

Hales: Other questions? Thank you both for being here. Appreciate it.

Labissiere: Thank you.

Stewart: Thank you very much.

Hales: Look forward to more. OK, any public testimony on this? Anyone want to speak on this ordinance?

Parsons: Joe Walsh and Charles Johnson.

Joe Walsh: For the record, my name is Joe Walsh, I represent individuals for justice.

Once again, Commissioner Fritz took a lot of the steam away. It was a red flag for me also.

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When I was reading the documentation and realized the officers were getting a \$100 gift certificate for taking part in this -- and I -- the first thing I wondered was, are these guys being paid and then getting this \$100? It seems to me that -- if I understand it correctly -- they were volunteers not being paid, and they got \$100 gift certificate as compensation. Also, the point that the good Commissioner raised about the civilians is a good argument -- that whatever happens with the police department surely should happen with the civilians. And they should be compensated also.

One of the things that we had a problem with this is that to us -- and we may be wrong on this -- this is a classic process taking place that is eating up \$700,000. Because at the end of the day, at the end of the process, you're going to have a study. That's the way we're reading it. This is a study that's being done by PSU and the police department to find out basically what kind of relationship they have with the citizens of Portland. Which is an honorable thing -- I don't have a problem with that. But I can give it to you free: the relationship sucks. We don't trust the police department. Everybody is telling you that. Why are you spending almost \$700,000 to find out that we don't trust the police department?

We have studies being done by the settlement. We have COAB trying to study what's going on with the police department and the relationship between the police department and the citizens. Why are we spending \$700,000? And I know it's not our money. It's state money. Lady and gentlemen, it's taxes. Some little old lady is paying that. Some guy working 80 hours a week is paying it, and it is tax money. It is not free money because it comes from the state. And I fear your attitude is, "well, it's state money, hell, we got a grant, let's go spend it." And what do you have at the end of the day? Another dust-collecting study that tells you the citizens of Portland do not trust the police department. I'm offering to do it free. Maybe a mocha. Buy me a mocha. Thank you.

Charles Johnson: Good morning, Commissioners. For the record, my name is Charles Johnson. I want to thank Commissioner Fritz for highlighting that little structural abnormality where officers that were volunteering their time -- like a lot of other focus group members -- got compensation. I don't know how many hours that focus group took, but I really appreciate Commissioner Fritz bringing that to light, because there is a problem -- besides the problems of what the Portland police do wrong that turned into lawsuits that the City has to pay out, there's also a public perception problem in many neighborhoods of the City about the conduct of the Portland police. And I hope that this study and the almost \$700,000 involved in this grant will be wisely and effectively used to reduce harm from police, reduce harm even to police, and improve community relations. To do that, you all are going to have to stay hands-on and possibly even ask that there be an additional focus group along with this where people from the NAACP, from the Urban League, from the Albina Ministerial Alliance -- they don't need to get a \$100 gift, but the organizers of the study and you need to really sell -- even though it's free money from the state and from other taxpayers, you really need to I think do extra PR -- not just PR, but a real hearing community thing to have stakeholders understand this study and how this study is going to be a wise expenditure to improve police conduct and police community relations. Thank you.

Hales: Thank you. Anyone else? OK, then roll call on the emergency ordinance.

Item 507 Roll.

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

Fritz: The purpose of this grant is to do a three-year serial study to see if we are improving, and I certainly appreciate the evidence-based approach. Aye.

Hales: I think when you listen to the Sergeant Stewart, you realize his hunger for good data, and I appreciate that in him and in others in the bureau, that we actually want to know and we want independent, highly-qualified people to look at how we do our work and

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to tell us whether it's having a disproportionate impact and to tell us what communications would make that relationship work better and which ones we're using that maybe aren't. So, I really welcome this partnership with PSU. It extends to lots of ways that the university serves the City -- as it says on the sign -- but this is another way where knowledge will serve the City. I think the fact that again, we are different in some ways I'm proud of from other cities -- we have a settlement agreement with the United States Department of Justice, not a compliance order from a judge against a city that wasn't willing to look at itself. And in this case, we have federal agency acknowledging that we are trying hard to learn and asking truly independent academic researchers to look at how we do our work, and they're backing that thoughtful research with federal dollars. We appreciate those as well. Look forward to having periodic reports as you get the work done, and for the Council and the community to be able to hear from you. Thank you very much. Aye. I think we can make all this happen by 12:30. Want to power forward and break at 12:30 if we don't? OK, let's move to item 508.

Item 508.

Hales: Reading and roll call, please.

Item 508 Roll.

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

Item 509.

Hales: Commissioner Novick.

Novick: The only preamble I would give is that this is not about us exercising eminent domain -- which we hope we won't have to do -- this is about having the authority to do so before we go into this process. Mr. Maloney?

Marty Maloney, Portland Bureau of Transportation: Thank you, Commissioner Novick. Good morning, Commissioners. My name is Marty Maloney with the City of Portland Right of Way section.

This general item is to authorize the Bureau of Transportation to acquire certain permanent and temporary rights necessary for construction of NE Martin Luther King Boulevard and NE Columbia Boulevard intersection project through the exercise of the City's eminent domain authority. The intersection project will improve turning movements for large freight trucks by constructing a dedicated westbound and northbound right-hand turn lane from Columbia Boulevard to MLK Boulevard. The project will also construct a seven-foot sidewalk adjacent to the proposed right-hand turn lane along the transition of the intersection. The project will also construct ADA ramps as well as new mast arm signal poles at the intersection.

I would also like to add that I've spoken to all the owners with more significant right-of-way impacts, and they all understand the necessity for improvements due to heavy freight use. I would be happy to answer any questions Council might have.

Hales: Questions? Thank you very much. Any testimony on this item? Anyone want to speak? Then this is an emergency ordinance. Roll call, please.

Item 509 Roll.

Fish: Aye.

Saltzman: Aye.

Novick: Thank you, Marty. Aye.

Fritz: I'm guessing I'm the only member of Council who has campaigned standing on this corner with my sign, and this will make it much better should I choose to go back there.

[laughter] Aye.

Hales: [indistinguishable] back there safely now. Aye

Item 510.

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Hales: I want to propose an amendment that we adjust the effective date of directives A and C -- which are the fee schedule itself -- to July 1, 2016. So, I'll propose that amendment.

Fritz: Second.

Fish: For point of clarification, Commissioner Fritz, if we are -- if adopting this amendment, we would be delaying the effective date of the fee increases but should this pass next week at a second reading, the exemptions that are proposed in this report would be effective within 30 days, correct?

Fritz: That's correct. It only would change the fee schedule starting July 1st and capital improvement plan and the authorization for the Lewis and Clark refund, which are directives B and D, would be effective 30 days after we pass the ordinance.

Fish: Thank you.

Hales: Other discussion about the amendment? So, roll call on the amendment, please.

Roll.

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

Fritz: Thanks to my colleagues, Commissioner Fish and Mayor Hales, for working this through with us and also to my Parks team for their great work on this entire project, which we'll be voting on next week. Aye.

Hales: Yes, and I'll have more comments next week as well, but I appreciate Commissioner Fritz and the bureau coming up with methodology that makes sense for the Parks Bureau for the next 20 years. I think you and your team, your consultant did a good job of explaining that. I also think -- and we've discussed quite a bit over the Council in the last couple of days -- the need for us to look at all of our fees and all of our costs, including these, and make sure that we are attentive to the need to keep the city affordable even while we pay for public infrastructure. So, look forward to more of that discussion, not just next week when we adopt this set of fees but also as we work on that bigger picture view. Thank you very much, appreciate this change. And we adopt the amendment and it will return for second reading next week.

Item 511.

Hales: Second reading, roll call.

Item 511 Roll.

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

Hales: And we're recessed until 2:00 p.m. Thank you.

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

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

MAY 20, 2015 2:00 PM

Hales: Good afternoon, everyone, and welcome back to the May 20th session of the City Council. Would you please call the roll?

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

Item 512.

Hales: Auditor Caballero and Ombudsman Sollinger, welcome.

Mary Hull Caballero, City Auditor: Good afternoon, Mayor and Commissioners. I am City Auditor Mary Hull Caballero and with me today is Ombudsman Margi Sollinger. We are --

Fish: Just for you, we have cleared the chambers --[laughter]

Hull Caballero: I appreciate that.

Hales: Just for you. Once was enough.

Hull Caballero: Yes, that was enough. We are here to continue a discussion that we started on April 22nd when we introduced a proposal that was intended to address barriers that keep people from accessing their administrative appeal rights,

Our proposal would essentially do two things. It would require bureaus to notify people when they have a right of appeal, and it also would limit the fees to access the hearings office when that is where their appeal would be routed. At that meeting, you may recall that some concerns were raised by Commissioner Fish and Commissioner Fritz, and Commissioner Fritz asked that we consider how our proposal would affect demolition cases, and Commissioner Fish asked that we include some protections against frivolous appeals if a party wanted to use that as a delaying tactic in an enforcement case. IN the intervening weeks, we have worked with staffs from both Commissioners to come up with some responses to those concerns, and we have resubmitted our proposal. At this point, we are prepared with a presentation, if you would like us to walk through the details of those changes, or if you would like to go straight to your discussion, we are here to answer any questions that you have.

Fritz: Walk us through them, please.

Hales: I would, too. I'd to see that, please.

Fish: Dan, are you testifying? [laughter]

Margie Sollinger, Ombudsman: Good afternoon. I'm Margie Sollinger, Ombudsman for the City of Portland. I again have a very rudimentary PowerPoint for you to look at. As the Auditor said, these are some revisions to the ordinance we presented last time with the two main components being minimum notice requirement and also a nominal filing fee for hearings office appeals.

In last month's discussion, Commissioner Fish suggested adding to the proposed minimum notice under Title 3, a requirement that the notice also contain citations to code authority for the underlying administrative act and also to the appeal rights. We did that, and you will see the changes reflected in Section 3.130.020, paragraph B, which describes content requirements for minimum notice.

In last month's discussion, Council also raised a couple of policy questions pertaining to Title 22, which governs appeals to the hearings office. Commissioner Fritz

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raised a concern about how and whether to reconcile the Title 24 demolition delay requests -- which go through the hearings office -- with the proposed nominal filing fee for the hearings office appeals. Based on discussions with the Commissioner's office, the proposed revisions before you exclude demolition delay requests from the proposed appeal fee provision on the basis that demolition delay requests are qualitatively different from an appeal of a City decision. Therefore, Title 24's provisions regarding filing fees should govern.

Fritz: Excuse me, I'm not sure that I have the amended exhibits.

Sollinger: There should be a memo at the start of your package that highlights the changes. The amendments are part of the resubmitted exhibits as well. Do you have that memo before you?

Fritz: I'm not seeing it. And I'm sorry, I don't have the revised code language --

Hull Caballero: Would you like my copy?

Fritz: Thank you very much. I apologize.

Sollinger: Under Title 22, if you look at 22.10.030, that section is titled "initiation of appeal," and there is paragraph D.

Fritz: Got it. Thank you very much.

Sollinger: Short phrase exempting demolition delays. The other revisions to Title 22 are in response to Commissioner Fish's suggestion that the hearings officer have sanction authority to penalize parties that bring frivolous appeals, including authority to award statutory interest. Using the court's rules of civil procedure as a model, we drafted proposed language under Title 22 that says by filing and pursuing an appeal, the appellant is certifying that the appeal is not frivolous. And if it turns out an appeal is frivolous, the hearings officer has discretion in imposing a sanction which could include reimbursing the bureau for costs and expenses, civil penalties up to \$10,000, and the state statutory interest rate of 9%. You'll note that statutory interest appears twice in the revised language under 22.10.050 C, and then in D. And that's because we've distinguished between pre and post judgment interest.

Pre-judgment interest is a rate of interest applied to a money judgment between the date money is first owed and the date of the hearings officer's judgment on appeal. This kind of interest is sometimes referred to as delay damages or damages for the cost of delay, and is reserved for frivolous appeals. Pre-judgment interest would be awarded at the discretion of the hearings officer under the proposed sanction authority.

In contrast, post-judgment interest is a rate of interest applied to a money judgment between the date of the hearings officer's judgment until the City actually receives payment. Imposition of this type of interest is more typically mandatory, having nothing to do with whether or not an appeal is frivolous. We have proposed that the hearings officer award post-judgment interest where the City prevails on an appeal regarding the recovery of money or civil penalties, but the rate of interest to use is also a policy question. For the purposes of discussion, we selected the state statutory interest rate of 9%, not compounded, which falls in the middle compared to other state statutory rates and is the interest rate that small claims court uses, which seems like an analogous scenario to this context. There is always the option of tying the interest to something else, like the U.S. prime rate, which is at this time 3.25%, the prime rate plus a percentage, or going another route entirely and tying the rate assessed to inflation using the consumer price index, just as an example. That's all that I have.

Fish: One point of clarification. Thank you for the excellent presentation. Something we talked about when you briefed me on this is that even assuming the hearing officer awards interest, nothing prevents any bureau from resolving a dispute with a customer with or without interest. We're not compelled to collect the interest. It becomes a tool that can be

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awarded, but it doesn't change the normal equation on hardship cases, on granting people extended periods of time, payment schedules, and other relief. So, bureaus would still have that option and it's not mandatory, but it does reflect the fact that, you know, failure to make a payment that is lawfully due at some point means that someone else is backfilling you, and interest is the way our legal system captures that time and money issue. But it doesn't prevent, say, the Water Bureau from any individual case deciding to compromise with a customer, put in place a payment schedule, and offer other relief as they would do in the ordinary course. Appreciate that clarification.

Hales: Other questions?

Saltzman: I was just curious why you don't use the word "frivolous" in the code. It seems -- you kind of have to know it to recognize it. And a lot of people aren't going to recognize it. I think everybody knows the word frivolous better than they do just reading five sections of code.

Sollinger: You're right, that's a good point. I ended up just following the rule 11 or rule 17 in the court's rules of civil procedure. And even though everyone knows those are the frivolous cases, you're right, they're not specifically defined. I opted to model the provision after those rules, but an earlier version had it in there. There's no particular reason why not but I think arguably what specified in the provision translate into what are frivolous claims.

Novick: Maybe I'm confused, but doesn't the word "non-frivolous" appear?

Sollinger: It does. [laughter]

Saltzman: Does it?

Novick: Which includes frivolous!

Hales: It does, "non-frivolous" does appear.

Saltzman: Oh, does it? OK.

Fish: My guess that the hearing officer, who is very experienced in these matters, might apply a standard in a flexible way distinguishing between someone who is an individual with a claim who may not understand the legal system, and a more sophisticated party that has a big debt to the City that may be using the system purely for delay and obstruction. I'm seeing nods.

Sollinger: Yes. And we've also put in there that it's based on the specific person's knowledge, information, and belief.

Hales: Other questions? Auditor, Ombudsman, thank you both. Anyone here to speak on this item? It doesn't look like it.

Parsons: No one signed up.

Hales: So therefore, it passes to second reading. Thank you very much.

Parsons: Do we need a motion to accept the proposed amendment?

Hales: Oh, we have the amendments. I'm sorry, thank you.

Saltzman: So moved.

Fish: Second.

Hales: Further discussion on adopting the amendments? Roll call.

Roll on amendments.

Fish: Thank you to the Auditor and Ombudsman, or Ombudsperson and staff for the excellent work following up on the last hearing. Discussion with Council, working out language, walking us through it. I consider it a model for collaboration and I'm grateful for your work, aye.

Saltzman: I also want to thank the Auditor and our Ombudsman and the hearings officer for all of the tireless work as he does. As I told our Auditor when we met shortly after the first reading, I had no clue about how things operated in this whole realm of City government, and how disparate things are depending on which bureau that you make an appeal -- or even what kinds of appeals are available. So really, thank you for shedding

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some light and bringing to the attention of us how daunting mounting an appeal can be, and for helping to level the field and reduce the fees. I'm pleased that we're going to be able to support this, too, in the budgetary sense as well. This is good, common sense, fair changes for good government. Thank you. Aye.

Novick: I second every word that Commissioner Saltzman just said. Aye.

Fritz: Thank you very much for your leadership on this. This is a significant project for the new Auditor -- who is not so new anymore now, which is great -- and ongoing great work by our Ombudsman. It's a model of public process also -- the work session and the first reading and taking some time to work with each of our offices. I know Nancy Thorington in the Bureau of Development Services and I are very grateful for the consideration to our carefully-crafted demolition solutions, so I very much appreciate not only what you're doing but how you're doing it. Aye.

Hales: Yes, thank you. Nice work. Good administrative reform. People will be able to use the system now and it will make more sense. Thank you. Aye.

Fish: I want to make one note for the record, Mayor, before you gavel us home. This matter was listed as I think one hour on our calendar. And I believe by the time it actually started the hearing, I believe we did it in about 10 minutes, which is a refreshing change on the normal pattern around here which is something listed as 15 minutes and an hour and a half later we're taking a compassion break. So, thank you for also the sunshine and the you're -- and the truth in whatever -- you built in a little padding. We appreciate that versus the other.

Hull Caballero: Thank you.

Hales: Thanks very much. This passes to second reading next week. Now we have one remaining item. Second reading roll call vote.

Item 513.

Hales: Unless there's any further comments that maybe didn't get heard last time --

Mary Hull Caballero, City Auditor: I think you could hear it on the replay if you couldn't hear it in the meeting.

Hales: And there are no amendments, I assume.

Constantin Severe, Director, Independent Police Review Division, Office of the City Auditor: No.

Hales: Let's take a roll call vote, please.

Item 513 Roll.

Fish: Thank you very much. Aye.

Saltzman: Yeah, thank you for your good work. Aye.

Novick: Thank you. Aye.

Fritz: Mr. Severe and Auditor Caballero, I formally apologize for what happened last week. That was uncomfortable for all of us, and you soldiered on masterfully. I was told by my staff that everything you said was audible to the folks watching at home, which is the important part, I think. The other part that was important to me was you had taken the time to brief me ahead of time. Had that not happened, I would not have been able to continue the hearing last week. Obviously, we need to have discussions about how to maintain decorum in the building. It was also significant to me that the folks behind you yelling while you were giving your presentation are sometimes the folks who are so upset with us about police accountability, and it was very distressing that there was not more respect for the work that you do, and so I apologize for that on behalf of I think our entire community and I thank you for persevering not only against voices who were actually arguing about something else, but also that the voices and the concerns of the community who we all agree we're not doing enough fast enough because we all want to get to a better place

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with police accountability. So, thank you very much for all of the work that you do, especially for the way that you handled last week. Aye.

Hales: A lot of us need to occasionally remind ourselves that there's a lot of affirmation for the work that you do and that all of us do that we don't necessarily have to find it in these chambers, because the folks who come here are a small subset of the 600,000 people we serve. I occasionally get to be out in the field with Constantin and others from your team, and the respect that everyone in the process has for the work that you do is evident, even our in a difficult situation like we were out on together on Sunday. So, I think whether it's the Police Bureau or the community, I think a lot of people that maybe aren't loud by nature or by habit are nevertheless grateful for the good work. So, thank you.

Severe: Thank you, sir.

Hales: Aye. Thank you very much.

Hull Caballero: Thank you.

Hales: We are recessed until tomorrow at 2:00 p.m. -- 6:00 tonight, that's the budget committee. 6:30 for the budget committee and 2:00 p.m. tomorrow for the Council meeting.

At 2:18 p.m., Council recessed.

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

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Hales: Welcome, everyone. We are looking forward to this afternoon's discussion. Purpose of the Council meeting is consideration of the public's business. Preservation of order and decorum is important for due consideration of matters for this council. The public is welcome to attend Council meetings. During the meeting, there will be time limited opportunities for public comment on various agenda items. Public testimony must address the matter being considered. Rules of procedure seek to preserve the public order and to ensure the Council's deliberations proceed efficiently and ensure our fellow citizens are heard. So we ask people who in speaking here if you want to show your support for someone else's point of view feel free to give them a thumbs up or wave of the hand, if you feel so inclined to disagree with them do likewise, but we ask that there not be vocal demonstrations in favor of or against our fellow citizens points of view while in this chamber. Conduct that disrupts the meeting -- for example, shouting during other presentations or interrupting testimony -- will not be allowed. This is a warning that anyone disrupting this proceeding may be escorted from the Council chambers and excluded from City Hall. If you're here to speak on a Council calendar item you need only give us your name, unless you're a registered lobbyist in which case you need to disclose that information at the start of the testimony. Please again testify on the matter at hand, give the clerk any handouts you have and she will distribute them to us. With that, we will begin with item number 514.

Item 514.

Hales: Good afternoon. Welcome. Do you have a PowerPoint?

*****: We have one slide.

*****: Low tech.

Susan Anderson, Director, Bureau of Planning and Sustainability: We're going for expediency here. Good afternoon. Susan Anderson, Director of Bureau of Planning and Sustainability. With me is Bruce Walker, the solid waste program manager. We're very pleased to be here today to share with you some very good news about solid waste rates for the third year in a row.

We will have no rate increase if you approve that. This is in large part due to Portland residents doing a fantastic job at recycling and composting. As you probably know, Portland we have a franchise system for residential collection with 16 different private hauling companies that serve single family homes up to fourplexes. Each year, we review to establish the solid waste rates for garbage, recycling, yard debris, and food scrap collection. The process includes an independent CPA review of all our financial records and a review by the Portland Utility Review Board.

This year, there were costs both putting upward and downward pressure on the rates. In particular, upward pressure comes from the continued purchase of new vehicles which we have asked the haulers to do in order to switch to less polluting diesel fuels. At the same time, we have lower fuel costs and operating efficiencies by the haulers. So, we have sort of upward and downward pressure.

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What happened with all of that when you put all the factors together we're thrilled to recommend no increase for 80% of the customers, mostly all people who have the 35 gallon roll cart; then a small decrease for those using a 60 or 90 gallon roll cart. Those customers still pay more because they have much larger carts than the traditional 35 gallons, but we found they actually aren't using the carts and filling them up as much as they have in the past as they are beginning to recycle and compost more. We have less tonnage going to the landfill and we do have costive service rate, and so their rates are going to go down just a little bit.

Portland residents continue to do a great job recycling and composting. We have a 70% recovery rate in the city of Portland -- twice the national average. We're also the best recyclers -- Portland is -- in the metro region. A recent Metro study revealed that Portland residents have the least amount of recyclables going into the garbage can and vice versa the least amount of garbage contaminating recycling. All help reduce costs in our system.

Hales: That's for the metro area?

Anderson: That's for the whole metro area, right. So it pays off. Portlanders, haulers -- it's a great partnership. There are 16 franchise haulers. It's a great partnership, one of those public-private things that actually works really well. In this case it's paying off with less materials going to the landfill and lower costs for everyone involved. So the one slide we have there in front of you is showing the change from our current rates to the proposed 2015-16 rates. Bruce and I are happy to answer any questions.

Hales: Not heard a tidal wave of public concern about the rates.

Anderson: We could have brought in 100 people that were really happy about it but I figured you had other things to talk about for water and sewer.

Fish: You're the early frontrunner for the most economical power point presentation for the year.

Hales: Questions for Susan or Bruce. Trend likely to continue? In other words, have we achieved the savings gains that we can achieve by being really good recyclers and now the rates have to drift upward again or --

Anderson: I don't bet on the horses. I would say I see another year of this. I think we're close in terms of costs. Our pressure is that right now the market for recycling are pretty low. So we're not getting quite as much money back. That varies all the time. Fuel costs went down. But at the same time people continue to recycle and the reason that it saves money is when you go into the food waste you're paying a whole lot less than when you're going to tip the same amount of waste at the landfill.

Hales: I periodically hear from I think two people but no more than that about the switch some time ago now to every other week collection. What are you hearing from the community about that? Have those complaints fallen off? Is there still a small group that really hate that new schedule?

Bruce Walker, Bureau of Planning and Sustainability: Mayor Hales, the feedback we have received in our office has dropped off substantially from the early changeover in late 2011. More comprehensive survey was undertaken by the Auditor's Office, and they took a look at our program because at first in the community survey there was a decline in customer satisfaction, but that has returned to its high levels, and the Auditor's Office gave us applause for that.

Hales: Good. Other questions? Thank you both.

Saltzman: My own hauler is now using compressed natural gas.

Walker: Commissioner Saltzman, there are a number of haulers that have made the switch to compressed natural gas, there's approximately a third of the trucks in the city now are using that as a fuel source. That has benefit of reduced emissions in the neighborhoods.

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Saltzman: Great.

Hales: Thanks very much. Anyone signed up to speak on this item?

Parsons: We have one signed up.

Hales: Good afternoon.

Valerie Hill: Good afternoon. Mayor, Council members. My name is Valerie Gruetter Hill. I'm co-owner of Gruetter Sanitary Service, president of the Portland Haulers Association -- formerly known as the tri-county council. The Portland Haulers Association is the local industry association that represents the City's franchise residential collection companies, and I'm testifying on their behalf today. In the audience are representatives of some of the franchise collection companies.

The ordinance before you today is the result of the City's annual review process and our members have worked cooperatively with BPS staff to provide detailed financial information used in the rate calculation. BPS staff report notes even with inflation historically low recycling markets where we're experiencing a negative value of curbside recycling, other upward pressures, the recommendation is to keep most rates flat and slightly decrease others. The Portland Haulers Association supports this staff recommendation. We are pleased that the staff report and the Portland Utility Review Board have acknowledged that the haulers' efforts to contain costs and increased efficiencies have had a role in making this recommendation possible.

In closing, Portland haulers have a many decades long tradition of commitment to providing excellent collection service to the residents of the city and doing it in a way that produces sustainable results, operational safety. We appreciate this opportunity and thank you for your time and I'm happy to answer any questions.

Hales: Questions? Thank you very much.

Hill: You're welcome.

Hales: Thank you for coming. Unless there's anyone else to speak on this item, I'll close the hearing and set it for second reading next week. Then we move on to 515. You want those two together, Commissioner Fish?

Fish: Yes, please.

Hales: Commissioner Fish.

Item 515.

Item 516.

Fish: Thank you, Mayor. I welcome David Shaff and Jim Hagerman and their teams from the Water Bureau and Bureau of Environmental Services respectively to make their presentations today. This is the third consecutive year we have recommended combined water, sewer and stormwater rate increase of below 5%, in effect stabilizing our customers fulfilling a commitment to stabilize rates. I want to begin by thanking the Citizens Utility Board for their outstanding partnership based on their advocacy this year we have recommended restoring full cost recovery of system development charges resulting in a further reduction of the BES rates by .2%. With that I'll turn it over, we'll do BES first and I'll turn it over to Jim.

Jim Hagerman, Interim Director, Bureau of Development Services: Good afternoon, Jim Hagerman, Interim Director of Environmental Services. I apologize for having brought more than one slide. I'll try to work fast.

The proposed rates for this year will fund operation and maintenance of the sewer and storm water collection and treatment systems, protection of service and groundwater, and restoration preservation of Portland's watershed, including pumping and treatment for 97 pumping stations, two wastewater treatment plants, five watersheds and over 2200 miles of combined sewer, sanitary sewer and stormwater sewer pipe.

Fish: Could you move closer to the mic? We're having trouble.

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Hagerman: OK. With Portland Harbor, we now move beyond remedial investigation feasibility study toward and actual record of decision will be very involved in that as well.

Budget highlights. We're maintaining our current service level our decision packages at about 1.5 million to the operating budget, including enhanced inspection and maintenance. We're adding -- for example -- 12-year cycles for some high risk manholes. We're doing facility planning for emergency management and strengthening the sewer system against natural disasters. We have some money for equity enhancements that we're funding, and we're beefing up environmental compliance and monitoring a little bit. These things add a little bit to the rate increase but the primary driver is the capital program -- taking care of the system we have. So, we're proposing to collect about \$306 million from ratepayers, which includes debt service and cash financing for the capital program of about 200 million, operation and maintenance about 120 million, then everything else. Utility license fees and other fund transfers less revenue offsets makes up the difference.

Moving along to proposed rates, this rate proposal would have every single family residential ratepayers paying about \$67.60 a month, up about 3.6% from the current 65.25. Of that sanitary sewer costs account for a little over \$40 a month, stormwater management for almost 27, and the remainder is Portland Harbor Superfund at about 59 cents a month. We also have a low income program and qualifying low income customers receive discounts of almost \$30 per month.

The commercial sector is more complicated. I'll just hit some of the highlights here. The sanitary sewage volume rate is increasing by about 3.4%. Stormwater management by about 3.3%, industrial extra strength rates -- that's the strength of the constituents in sanitary and sewage are up by a bit more than that up 5% 4.4 for suspended solids. The Portland Harbor Superfund rates are up quite a bit more, although a very small percentage of the bill. That's really not program cost increases, that's last year we used some fund balance to buy down the rates a bit. We have allocated a little bit of costs this year that we should have allocated last year but did not but the overall goal has been that billing increase of 3.6%. There's a little bit going on in the background.

For other charges, as Commissioner Fish mentioned we're proposing to increase the sanitary system development charge to a 100% cost recovery in response to a very thoughtful piece and recommendation CUB did several months ago. That allows us to decrease our rate proposal by about .2/10 of a percent. That goes immediately to residential rate relief. Other fees the storm water system development charges were at 100% cost recovery so they are going up 3.5%. Other planned check land review fees increased by approximately 4%. To give you an idea where we are in terms of our bills as compared to other cities, we're about where we were last year even with the proposed increase. We're kind of middle of the range for the sample we selected. Of these cities, Gresham and Lake Oswego are not CSO cities. I believe the others are, and our distinguishing characteristic is we're done with our CSO control program. All these other cities have more work to do so you'll see their bills increasing relatively to ours. I wanted to point out the results of the work we have been doing over the last several years to try to control rate increases. Post CSO from rate increases that are in the 6% plus range we have worked steadily downward. We're showing now in the current financial plan 3.6% or lower over the forecast interval for rate increases. The reason that is still above inflation is we have a lot of work to do to maintain the system so we're spending a lot on the more than 1200 miles of sewer pipe that are 80-plus years old. With that I would be happy to take any questions that you have.

Hales: Thanks, Jim. Questions.

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Fish: We're going to try to this more efficiently this year. We have the BES presentation, council questions, then the water bureau presentation, council questions, then give Janice Thompson the privileges of giving her thoughts and move to public testimony.

Hales: That's great. Thanks, jim.

Fish: Now we'll introduce the director of the water bureau who will walk us through their proposed rate increases.

David Shaff: Thanks. Good afternoon. Thank you. I am David Shaff, the director of the Portland water bureau. And with me is Cecelia Huynh she is the finance director for the Portland water bureau. The material I intend to present today will look very similar because it's a very much the same as we with presented to you in our rate hearing in March. We have had very little in the way of change. So I will work my way through it as quickly and as efficiently as I can. Over all resource requirements are \$211 million. Most of that number, most of those numbers are relatively self-explanatory. There are one or two you may not understand immediately, so for instance on the other fees and charges of 5.7 million those are for mains and services. When we do petition mains for developments, new services for new houses, that's what other fees and charges consist of. On other revenues and resources, that's primarily in our agency agreements, interest earnings, leases, consortium dues we get from the other members of the regional water supply consortium, over all fund balance and rate stabilization transfer. On the requirements, 211.7 million. The primary other example that I want to put out is the other expenditures of 8.3, primarily the gfoh, general fund overhead, about 4.7 million, and pension obligation bonds, 3.6 million. For full time equivalents went up by one half of an fte. We modified office support specialist halftime to full-time. We did make our ranger full-time and we cut office support specialist in our customer service department. So like with Jim, we have a number of rate drivers. I'm going to walk through them a little bit. The driving rates down surplus fund balance we ended with prior year budget savings and increased revenues from sdcs, mains and service installation. The economy is picking up and we're getting more revenue for sdcs, mains and services. Lower bond rate. We issued \$85 million in revenue bonds in December at 3.2%. When I was here last year the projection was 6%, so that was a definite benefit. Inflation, that one should probably be an up arrow and a down arrow. Obviously inflation does drive our costs up. But in this case when we were sitting here last year the projection was 2.5%. Can came in at 2.1% so we did increase but it didn't increase as much. Lower retail demand tends to drive rates up. We're a relatively fixed cost system so even if we produce less water it costs about the same amount to produce that amount of water. We have reduced our overall demand by .9/10 of a million ccf for the upcoming fiscal year. This year so far we're pretty close to plan. We're hoping that we will be seeing our demand flatten out so we can stop that downward number and eventual well we anticipate as Portland grows demand will start to increase a little bit. Then finally our capital improvement program is rate driven. We're doing a lot of distribution system repairs, rehabilitation, pipes, hydrants, pump stations, you see us in the field a lot, then completing big projects like reservoirs, upcoming tabor adjustment, the interstate facility rehabilitation that we have recently finished, are completing. Summary, our retail rate increase is going up about 7% or about \$2.07 a month for our typical residential user. That's a family that uses about 3740 gallons a month or 5 ccf. Our system development charges are going up for about 152 dollars. Our sdcs are based on the size of the meter. Some of them are going up 7%. There's one going down 6.9% and some going up 8.5. It's based on the size of the meter. 152 dollar increase is for the typical single family residential dwelling with a 5/8-inch meter. Our fixed fees and charges mostly are going up in general at around that 7% rate but they will vary because we are a cost of service system. We have some charges that are going down, we have some that are going up

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slightly more than that. The intent, though, is to capture as Jim was saying the full cost of service and accounts for the increase in inflation, materials and supplies. This you have seen before. We just like to continue to remind you that water is a very good value. We provide almost two gallons, 1.9 gallons of water for a penny. So how are our rates going to affect our typical customers? Our resident customer will see a monthly change of approximately \$2.07, that's the typical 5 ccf. Our qualifying low income customers will see an increase of 1.04. The low income discount is 50%. We have medium size commercial customers, so that's a grocery store like Albertson's or chain restaurant will go up about \$28, a little over, and change, on a monthly basis. Then our large commercial customers, someone like the port of Portland that uses almost 15,000 ccf a month will see an increase of about \$3500. How do we do when you compare ourselves to other utilities that most Portland residential customers have, we do very well. We're one of the lowest cost of the utilities that most of us use. Electricity, cable, cellphones, et cetera. I do recognize that when you put water and sewer and sanitary together we're up toward the top but you're getting three different services for that overall cost.

Fish: Go back to that for a second.

Davis Shaff: Yes.

Fish: I'm thinking of switching my cell phone provider. [laughter]

David Shaff: Mine is cheaper than that. How do we compare among other utilities? We look both regionally and nationally. This particular graph shows you the regional graph. This is the one, from one of the ones that has changed since we were here in March. We have updated it to show not only our current and proposed but updated it to show either the current, the new rates for some of our other utilities neighbors or their proposed rates. They are in the same process that we are of looking at their budgets on an annual basis. We look right about in the middle. If you were to look at this on a national basis, black & veatch does a comprehensive survey every two years, we're right in the middle, around where we expect to be. Then finally, we were talking a little bit about sdcs, how do we compare. We have some of the lowest sdcs in the region. That's because mostly our system is built. The increases that we do have are related to the new systems that are coming on board. That we're applying to those sdcs. We have a very low sdc amount for water utilities in this region. And that concludes my presentation. I would be glad to answer any questions you might have or if you stump me that's why I have Cecelia.

Fish: Perhaps we should have cub come up and testify. While we're setting up, we have been reading about droughts in parts of Oregon and the country. Where are we year to year in terms of rainfall in the bull run?

Janice Thompson: We are slightly below, but we're pretty close to our normal rainfall amount. Our reservoirs are currently full. If we get what we typically get in the springtime for rain, we will be fine. If we don't, we have the second largest source of finished drinking water in the state of Oregon in our ground water system. We're in good shape compared to a lot of the rest of Oregon that relies on snowpack. If you have been tracking the news, snowpack is almost nonexistent so there are a number of systems that will be struggling both in Oregon and in California this year, but we're not one of them.

Fish: Welcome. [audio not understandable] I'm not going to go through every bit of it but at least we'll zip through it so you see the pieces. Want to begin with thanks for adopting cub's recommendation to true up is a good term that the mayor's budget uses. The sewer development system charge for BES. As commissioner Fish noted as you combine both of the rates we're at that 4.66%, you know cub long time history advocating for residential ratepayers in the energy arena to put that into perspective in the last year the three natural gas utilities serving Oregon had rate increases ranging from two to 7.8%. So the reality in this arena is that utility rates go up. So then it really becomes a matter of looking for every

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single opportunity to rein in those increases. That was the goal with the sdc suggestion, for example. In the earlier testimony also raised some other cost recovery concerns and those I know are on the agenda for commissioner Fish and future work of the new -- coming soon public utility board or pub. The second section just provides some thoughts on with the new oversight situation coming up how things could be timed more efficiently from a utility staff perspective and just fitting in things. I think we review that again I think the bottom line is cub offers this suggestion recognizing that this is a new period of time for utility oversight. So it's by no means a recommendation that we see as being cast in stone. But to just get that conversation going. So turning to the public utility board cub is very committed to its recruitment. More suggestions to commissioner Fish's office on relative priorities. The question has sometimes come up, well, if there's a new pub how does cub fit in. The analogy of a three legged stool can be helpful here. Prior to cub being in the mix, there were two legs of the stool. So city council and the previous internal oversight, which has started to face significant effectiveness issues. So I think with the pub that preexisting second internal oversight leg of the stool will be stronger and then cub has been more recently the third leg of the stool providing outside independent. One of the things in this regard I have mentioned is cub's going to continue to monitor and make suggestions for city council but we'll do the same with the pub as well. I think we see our oversight as being just becoming multifaceted.

Fish: Can I make one note? There's potentially another leg of the stool which is the bureau advisory and as my colleagues know as we come to council with the former architecture of the pub it will replace both the purbs and the back, so it will be a permanent standing committee of budget oversight and utility oversight merged into one body with dedicated staff.

Janice Thompson: Really good example of what I meant when I said the new -- the pub is the new internal oversight will be stronger. So one topic that has come up is what does cub mean by a phrase -- least cost least risk. Understandably both bureaus have some questions about what that was and I also just really needed to dig in and learn about the analytical tools used by both the bureaus to evaluate like infrastructure assessment, manage risk, and make economic and triple bottom line assessments of capital investment alternatives. That discussion on page 3 just highlights that least cost least risk in kind of a term of art in energy utilities. It's from that perspective that cub has used it. But this kind of describes how that does and doesn't work or fit quite in the public utility arena. Bottom line is its fair to say what both bureaus do is use a set of analytical tools that are grounded in the same principles and methods that cub uses. So they are different and equivalent. So like I say, it just has been -- it came out during the blue ribbon commission. What is this? Should the bureaus be doing this least cost least risk. I think it's fair to say that they are. Given it's a public utility, not a private utility, terminology is different. Then I just highlight upcoming issues both for BES and for the water bureau. At the top of page 5 there's a little box there to highlight that another pub related issues which is that it will not replace and should not replace advisory groups of both the bureaus that are site specific like related to the Columbia boulevard wastewater treatment plant, which is going to be I think an issue for the pub down the line, as well as project specific, ad hoc advisory committees. That is actually a point that was made clear in the ordinance as well. But it's going to be again a challenge for commissioner Fish that I'm happy to try to assist with in terms of making sure that there's clarity and I think one way to think about it is the pub will focus on bigger picture oversight with the financial perspective, the project and site specific advisory groups are the totally the groups to continue to provide like the neighborhood. Oh, you want to do this here? This is how -- you know. Going to affect us up the road. In terms of -- again turning to the water bureau, there's a list of longer term challenges that are coming

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up. There's a longer discussion about the challenge which is occurring across the country. This is not anything unique to Portland but really getting a handle on resale water use trends. So that's discussed on page 6 and 7 with kind of two highlights -- excuse me, two handouts accompanying that. There's also a discussion of residential monthly meter reads and how that -- it's a big cost -- capital cost that I think there's a lot of conversation about it's coming, it's coming and cub is not opposed to it. But I think there needs to be some pretty careful thinking about how it stacks up against potentially other capital improvement needs particularly needs that perhaps better address or address higher levels of risk. So that is it discussed there with again another handout. I have mentioned in the past concerns with regard to customer service, the management of the cayente billing system being housed with the revenue bureau and not within the water bureau. That's something we need to continue to take a look at. That's followed by a few updates, quick summaries of things that I think I mentioned a years ago at this hearing that have been resolved and dealt with and not necessarily by cub but other folks, which is great. So just not to go into exhaustive detail but to give you a highlight of what's in here.

Fish: Thank you for your very thoughtful testimony. As always we'll go through it very carefully and there will be a feedback loop to report back to cub. I kind of for purposes of this hearing I feel like my role is to be like a traffic cop and ask one question that I think is above all the most important to you which is the council made a commitment that cub would have a free and unfettered hand to do its work having access to the bureau, bureau staff, books and records and have you had the kind of access that you need to do the job that you said you wanted to do?

Janice Thompson: Yes. I mean, one of the reasons in that table one in the discussion about taking through the sequence of events for the next budget cycle, trying to be aware of when bureau staff are getting asked questions from multiple sources and trying to be sensitive to that. I feel I am mindful of -- I can't think of what it was. There was something that I knowing that the bureaus were really going full bore back in January to finalize their proposed budget there was a question that -- couple questions that I felt like I could raise and they responded. I tried to be mindful of their time constraints. There are some -- we have worked out confidentiality issues and I'll just highlight that topic could also become a concern devoted to the pub but I have been very impressed with the response to this and the quality of the input in response to questions by utility staff.

Fish: Thank you. In terms of the schedule for next year's budget deliberations, mayor's commitment and mine is have the pub in place by august so that it can begin to function with the next budget cycle. Obviously they will have dedicated staff, two dedicated staff people. That's going to I think address some of the concerns you've raised. But fine tuning of the balance between public hearings, input when cub comes in, work sessions and the like, that's a work in progress and we'll certainly take a good look at your suggestion. The goal is to have as much transparency as possible and I think in the next fiscal year we're test-drive how this works, get some feedback and continue to improve it. Thanks very much. One more question to bureau directors then open it up to questions. To David and Jim, your proposed rate increase relative to the forecast for this year?

Saltzman: 7 versus 11.3.

Fish: Forecast was 11.3 and for some reasons you highlight in the power point interest rates --

Saltzman: Bond sales.

Fish: You scrubbed that down to 7%. Jim, roughly?

Jim Hagerman: 3.6 and I think probably about 3.9 or 4.

Fish: You got it down to 6 -- the sdc true-up gave us .20.

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Hales: Thank you. Other questions for either cub or the bureaus? Thank you all. Thanks very much. Let's take public testimony. Anyone signed up?

*****: We have two people signed up. John gibbons and dee white.

Hales: Come on up.

John Gibbon: I'm john gibbon, member of purb, which is about to go out of existence, thankfully a year early on my six-year term.

Hales: Thank you for the service.

John Gibbon: I really came today I can speak on any part of the pub -- purb questions. Can answer your question, my impression where we're going even on the garbage rates. My sense of it is with the garbage rates that the issues will be if recyclables rebound and the markets grow for that again, that that's going to obviously help us. The real problem with those rates in the last -- those markets in the last few months has not been the actual markets. It's been the access to them produced by port problems along the west coast and materials moving out. So as that resolves itself I think it will move ahead. The issue about the fuels was interesting because in the past I would have said that if we had an uptick in fuel costs we would be looking at -- regular fuel costs but we're getting real green with our fuel costs. The compressed natural gas is becoming less and less world market for us in America and more and more what we produce on our own fields. The other side of it is a lot of the other haulers are using green diesel and that's a different issue. Hopefully the fuel costs won't be creating so much of a dynamic on it. One last point, though, on costs related to solid waste rates metro's bob Stacey was here last night giving you good news last night about safe streets but they also have got some decisions to make in the next few years about whether they go with another landfill or seek some other way to deal with solid waste in the future, and that may be pretty impactful on these rates. So on that subject, that's my thoughts on solid waste and recycling. I really came prepared mostly to talk about storm water and the impacts on the -- BES budget. I wanted to show you something. I came last night to tell you should work on the single -- fund that single family study. This is one of the reasons why. If you look at this map, this is the work that commissioner Novick and commissioner Fish's people have been doing in southwest Portland dealing with storm water. Could I have a few more minutes?

Hales: Yes. I'm going to ask you what that map is about.

John Gibbon: That is connectivity and storm water with an over lay of the single family housing zones in southwest Portland. We're trying to build smarter streets in southwest Portland that tie the neighborhood together and provide storm water service and don't over-demand anything more than we need given the level of development we have and anticipate. And that's the kinds of thing if we know where we're going with single family we can make smarter decisions about the streets. We can make smarter decisions about the storm water. And maybe cooperatively the neighborhoods and bureaus can get some things done in that regard. On the other side of BES, dealing with capital costs, I'm land use chair for the Markham neighborhood so I always get the noise review notice this month. Four items on the noise review public hearings this month. One of them, two of them were noise variance for the Hollywood grant park sewer project. Another one was a renewal of noise variance for the lower Powell green street sewer project. In both those projects they are adding green streets, 12 in Grant Park, 22 green street planters in the Powell projects but those are your capital costs that we were talking about and are driving BES rates. Again I would suggest to you that what we decide to do in the single family neighborhoods are important because what's -- how this is done now and how it is laid out is based on the assumption of how dense are we going to be, what do we need to build up to as a maximum in those single family neighborhoods if we make changes to that we may get some savings. If you got any questions about the water bureau, it's near and dear to

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my heart. I was struck last night when commissioner Lindbergh spoke, it was only three years between the time he started in city hall that I started coming and talking about issues in city hall about water bureau. So I think water bureau is going in the right direction. My only plea would be to be sure to think about resiliency, especially for the west side as we continue ahead with the water bureau. We shouldn't rest on our laurels. We have got to have some resiliency in our system getting across the river. I think we're headed there. So thank you.

Hales: Thanks for all your volunteer hours.

Fritz: You were one of my nominees to be on purb. Thank you for your diligence and resiliency. You're a consistent presence here and budget and rate hearings and I really appreciate your work.

John Gibbon: Thank you.

Fish: Let me echo that and we'll have an appropriate way later I think to thank all the members of the purb for what they have done. One of the first issues we'll put to the pub is that question. We'll ask director Merlo and others to spend some time helping to frame the issue. It's in my view we have been playing Russian roulette with some of our pipes that cross the river. It's easy for people to say we should keep deferring that, we defer at our peril because we can never tell when there will be a seismic event that will disrupt our system.

John Gibbon: The one thing I would say about that whole transition, I appreciated Janice's comments recognizing there's a need for the neighborhood -- need for neighborhood involvement, neighborhood input. I have told commissioner Fish my goal is now I get to go back and be just a neighborhood advocate. I always felt uncomfortable because I was wearing sort of Janice's hat trying to look out for the ratepayers and at the same time look out for my neighborhood. Now I can just -- you'll see me again but not as an advisor, more as an advocate.

Hales: Fair enough. Thanks very much. Good afternoon.

Dee White: Hello. I'm dee white. I live on 49th avenue southeast. I oppose the 7% water rate increase and the 7% increase on the base charge which is not part of the water rate. It seems that raising the base charge every year is an arbitrary decision that the public has no knowledge of and therefore is unable to voice their opinion. From the Portland bureau water bureau website, the base charge cover the cost of reading and inspecting meters, servicing customer accounts and billing. The base charge on our water bills has gone up and eye-popping 62% over the past ten years and is going up 7% this year according to figures on the city's website. The base charge is quickly approaching the cost of the water on my bill. I went to the rate review meeting in March. I have a printout of the power point presentation that the water bureau gave. Nowhere is the base charge increase of 7% mentioned. In fact the words base charge are nowhere in the presentation. Is the base charge paying for the billing system fiasco? Is this why the base charge is escalating at this very troubling rate? Why is no information available to the public justifying these increases? In 2005 we paid \$6.16 per month for the base charge. This year we will be paying 11.91 per month and there's nothing anywhere that explains or justifies these increases. Are we supposed to believe that these fixed costs have gone up 62% over the past ten years? Portland population increased by about 9% over the past decade. The cumulative rate of inflation is 20.9%. The water bureau's base charge has increased 62% over the past decade. That does not make sense. This is yet another example why the water bureau and implicitly the city of Portland cannot be trusted. This is why rate payers continuously complain about lack of transparency from our elected officials. Here's my last water bill. I paid \$3.14 for water and 31.17 for the base charge. In order to bill me, read my meter and handle my customer service calls which I never do, I'm getting charged as much

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for that as I am for water. That just doesn't make sense. So I would like to ask you, commissioner Fish, perhaps you could ask David Shaff, could you explain why the base charge is doubled in the past ten years and why it's billing and reading my water meter almost as much as my water.

Hales: Thanks very much. Anyone else want to testify? Let's bring staff back up and address that question and any others that council may have.

David Shaff: The base charge is as described generally for the recovery of the costs of reading the meter on a quarterly or monthly basis depending on what kind of account you are, the customer service piece, the billing, which we have seen an increase in now that we have the monthly statement programs, it's the entire process. Now, including the collections and for somebody like dee who pays her bill on a regular basis on a quarterly basis she probably has zero contact with us. We have 500 calls a day. So our base charge increase is half generally matched our overall commodity increases. It's one of the things that many bureaus or utilities are looking at modifying. We have not done that. We have had several conversations with the purb over the years about modifying our base charge and readjusting it. One of the problems with doing that is it will have a significant or more impactful -- more impact on residential customers which is one of the reasons why we have not looked at it just yet. The base charge for a large commercial customer is the exact same charge that you and I pay. So as dee correctly stated, the base charge is a fairly significant part of our overall typical customer but it's a tiny, tiny slice for our large customer like siltronics. They don't even notice the cost of the base charge. One of the things we're looking at is as we become -- as our water demand goes down our revenue needs remain the same and/or go up because of as Janice said utilities cost more. We're looking at perhaps putting a base charge in that includes a certain amount of water commodity as an assumption and the commodity rate on top. So we're looking at possibly making the base charge an even bigger part of the bill over all so that we have consistent, predictable, reliable revenue that we need for running the system.

Hales: What about the point about -- the costs even given the model you described -- may be unavoidably unfair in the sense of a large have commercial customer has the same base cost as the small residential one, I get that. Her example her base charge is nearly equal to her volume charge. The base charge is what it is. Putting that aside, why would that base charge or base cost be increasing faster than the rate of inflation?

David Shaff: In part that's part of the overall approach of what we're trying to do. That is catch up to a lot of the work we have needed to do for years. We're replacing -- I can't remember the number of meters we're replacing every year but we're replacing more and more meters on a regular basis. That's part of the overall cost. Cecilia, anything to add?

Cecelia Huynh: Mayor, a few years back the decision was to move away from the cost service methodology on the base charge to increase that base charge rate at the same rate as the volume metric rate so that there was less confusion as far as describing the rate increase. Kind of dialing back the 2000 rate reform that methodology for the base charge also changed. It used to cover the whole gamut of what is considered to be in the base charge billing, cost of maintaining the meter, those costs came out and there was a shift to lower the base charge for the residential customer. So moving forward, a couple years back we had moved away from that methodology to increase the base charge the same as the volume metric rate. We have looked at going back to the true cost of the base charge which would include the typical cost of providing billing and collection but we found that -- we were looking at that at the same time we looked at potentially going to monthly billing, which would increase the cost. We found the cost to the residential customers was actually going to be even higher. We have not looked at it. We didn't go to monthly billing.

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We have not looked at the actual cost of what the base charge would be to a residential customer in recent years.

David Shaff: That may be something the pub could look at as well as cub.

Hales: I was going to suggest that.

Fish: We accept the suggestion. We have gone through I think four public budget hearings now, rate hearing review, now this hearing. We have had one citizen come forward and raise an issue about the base charge. That's why we have public process even though only one person has raised it it's worth looking at. Frankly, as I have looked at this question of base charges there are winners and losers depending how you construct the system. During the water district fight it occurred to me we had some friends who were large water users who were afraid we would go to a more progressive system and charge them a higher rate than others. There's a lot of issues about winners, losers and cost shifting. There's been different approaches over time. I think we should embrace the mayor's suggestion that with the pub we take a fresh look given what we project our needs going forward what makes sense recognizing we want to lessen the impact on residential customers and maybe adjust it so that large water users pay a little bit more. That's a policy question.

Hales: I'm glad Janice is here to hear that discussion. It would be great to have a couple sets of eyes on that. Other questions?

Fish: Before we gavel this closed may I make a closing statement?

Hales: Sure. We go to second reading next week.

Fish: This is the last official hearing I think where Jim Hagerman will be appearing before us and presenting. We'll have a chance before he departs but Jim is not only going to be giving his seat to the new director but Jim is also retiring this summer. Again, we'll have an opportunity later to fuss over him. But as I have mentioned to you my colleagues before, Jim did not seek this assignment of doing double duty, two of the most difficult assignments in our bureau. He took on the additional responsibilities as acting director and he has given exemplary service to the city. I could not be prouder of the work he's done and more grateful. We'll have another occasion to embarrass him more but I want to just acknowledge and thank him.

Hales: Thank you, Jim. [applause]

Fish: I also want to acknowledge the great service of the purb. There will be a proper recognition for the history of that organization and the individuals who have given so much time. I want to also acknowledge the cub. It was after all Steve Novick who originally had the idea of reaching out and asking the cub to play this role and I think with every passing week we have gotten a sense of how valuable it's been in terms of oversight. I know we're going to vote next week. It's unusual to make a statement but I want to offer this observation. The unsung hero of modern cities is the basic infrastructure. Water, sewer, roads, on the public side power and communications on the private side. Like many people in our community I don't give much thought to what it takes for me to flush a toilet and have wastewater disappear or to flip on a slight switch in the middle of the night. In water and the bureau of environmental services we have over 1,000 hardworking employees and hundreds and hundreds of miles of pipes. Though no one likes to see their utility bill go up, me including, we have a dedicated source of funding to make sure our vital services are expanded and maintained. Commissioner Novick, our streets are also a vital part of our infrastructure and unlike water and BES, PBOT has a structural issue on how to pay for creating safe routes to school for our children and to pay for thousands of miles for streets. I renew my commitment to work with you to find a solution for how we can pay for our vital infrastructure that Portland depends on every day.

Novick: Thank you very much, commissioner.

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Hales: That's a great note on which to end this hearing. We'll pass these two items to second hearing and we're adjourned. Thanks very much.

At 3:06 p.m. Council adjourned.