



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **16TH DAY OF SEPTEMBER, 2015** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Fritz left at 11:42 a.m.

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

Item No. 954 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

The meeting recessed at 9:45 a.m. and reconvened at 10:00 a.m.

COMMUNICATIONS		Disposition:
948	Request of Michael O'Connor to address Council regarding Last Thursday on Alberta St (Communication)	PLACED ON FILE
949	Request of David Kif Davis to address Council regarding felony conspiracy to interfere with Civil Rights (Communication)	PLACED ON FILE
950	Request of Craig Rogers to address Council regarding history repeats itself (Communication)	PLACED ON FILE
951	Request of Jessie Burke, The Society Hotel to address Council regarding lawless behavior running rampant and spreading citywide (Communication)	PLACED ON FILE
952	Request of Karen D. Bowler, Tube and Fortune to address Council regarding lawless behavior running rampant and spreading citywide (Communication)	PLACED ON FILE
TIMES CERTAIN		

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<p>953 TIME CERTAIN: 9:45 AM – Amend contract with Motivate International, Inc., formerly Alta Bicycle Share, Inc., to implement the Bike Share System, not to exceed \$2,175,000 (Ordinance introduced by Commissioner Novick; amend Contract No. 30003174) 1 hour 15 minutes requested</p>	<p>PASSED TO SECOND READING SEPTEMBER 23, 2015 AT 9:30 AM</p>
<p>CONSENT AGENDA – NO DISCUSSION</p>	
<p>Mayor Charlie Hales</p>	
<p>Bureau of Police</p>	
<p>*954 Revise ordinance for amendments to Intergovernmental Agreements with TriMet and 14 participant agencies to correct term date from September 30, 2015 to September 28, 2015 (Ordinance; amend Ordinance No. 187221) (Y-4; Fritz absent)</p>	<p>187343</p>
<p>Office of Management and Finance</p>	
<p>955 Amend the City Code to reflect the name change of the Revenue Bureau (Second Reading Agenda 935; amend Code Chapters 5.73, 6.04, 6.05, 6.06, 7.02, 7.03 and 7.14) (Y-5)</p>	<p>187339</p>
<p>Commissioner Dan Saltzman</p>	
<p>Position No. 3</p>	
<p>Portland Housing Bureau</p>	
<p>956 Approve and terminate limited tax exemptions for properties under the Homebuyer Opportunity and Multiple-Unit Limited Tax Exemption Programs (Resolution) (Y-5)</p>	<p>37152</p>
<p>Commissioner Steve Novick</p>	
<p>Position No. 4</p>	
<p>Bureau of Transportation</p>	
<p>*957 Authorize Intergovernmental Agreement for Right of Way Services with Oregon Department of Transportation to define roles and responsibilities regarding the use of real property for construction of public improvements related to the East Portland Active Transportation to Transit Project (Ordinance) (Y-5)</p>	<p>187340</p>

<p>958 Accept and authorize an Intergovernmental Agreement for a Regional Transportation Options grant in the amount of \$465,000 from Metro for Active Portland, Open Streets, Connected Communities program including SmartTrips (Ordinance)</p>	<p>PASSED TO SECOND READING SEPTEMBER 23, 2015 AT 9:30 AM</p>
<p>Commissioner Amanda Fritz Position No. 1 Portland Parks & Recreation</p>	
<p>959 Approve the designation of one tree as a City of Portland Heritage Tree (Second Reading Agenda 939) (Y-5)</p>	<p>187341</p>
<p>City Auditor Mary Hull Caballero</p>	
<p>*960 Assess property for system development charge contracts and private plumbing loan contracts and safety net loan deferral contracts (Ordinance; Z0814, K0157, T0169, W0045, P0135, Z1198, K0158, T0170, Z0815, W0046, P0136) (Y-5)</p>	<p>187342</p>
<p>REGULAR AGENDA</p>	
<p>961 Proclaim September 19, 2015 to be Distraction Free Driving Awareness Day in Portland (Proclamation introduced by Mayor Hales and Commissioner Novick) 10 minutes requested</p>	<p>PLACED ON FILE</p>
<p>Mayor Charlie Hales</p>	
<p>962 Appoint Jeff Bachrach to the Planning and Sustainability Commission for a term to expire January 14, 2017 (Report) 10 minutes requested Motion to accept the report: Moved by Fish and seconded by Saltzman. (Y-5)</p>	<p>CONFIRMED</p>
<p>Commissioner Dan Saltzman Position No. 3 Portland Housing Bureau</p>	

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<p>*963 Approve amended application under the Multiple-Unit Limited Tax Exemption Program for Hazelwood Plaza located at 222 NE 102nd Ave (Ordinance) 15 minutes requested (Y-4; Fritz absent)</p>	<p>187344</p>
<p style="text-align: center;">Commissioner Nick Fish Position No. 2 Bureau of Environmental Services</p> <p>964 Authorize contract with the lowest responsive bidder for the construction of the SE Powell Recon Sewer & Green Streets project E08659 for \$3,730,000 (Second Reading Agenda 945) (Y-4; Fritz absent)</p>	<p>187345</p>
<p style="text-align: center;">City Auditor Mary Hull Caballero</p> <p>965 Assess property for sidewalk repair for the Portland Bureau of Transportation (Hearing; Ordinance; Y1087) 15 minutes requested</p>	<p style="text-align: center;">PASSED TO SECOND READING SEPTEMBER 23, 2015 AT 9:30 AM</p>

At 12:04 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **16TH DAY OF SEPTEMBER, 2015** AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Saltzman arrived at 2:07 p.m.

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

<p>*966 TIME CERTAIN: 2:00 PM – Adopt regulations for marijuana license procedures and requirements (Ordinance introduced by Commissioner Fritz; add Code Chapter 14B.130 and amend Section 3.96.060) 3 hours requested</p> <p>Motion to accept amendment package presented by Office of Neighborhood Involvement: Moved by Fritz and seconded by Fish. (Y-5)</p>	<p>Disposition:</p> <p>CONTINUED TO SEPTEMBER 23, 2015 AT 9:30 AM AS AMENDED</p>
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At 4:14 p.m., Council adjourned.

MARY HULL CABALLERO
Auditor of the City of Portland



By Karla Moore-Love
Clerk of the Council

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

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Closed Caption File of Portland City Council Meeting

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

Key: ***** means unidentified speaker.

SEPTEMBER 16, 2015

9:30 AM

Hales: Good morning, everyone, welcome to the September -- excuse me, we're going to start now, folks. Good morning, welcome to the September 16th meeting of the Portland City Council. Would you please call the roll?

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

Hales: Good morning, everyone. Welcome to the Portland City Council meeting. The purpose of the meeting is the orderly consideration of the public's business, so just some basic ground rules. If you're here to sign up -- sorry, if you're here to speak on a calendar item, make sure you please sign up with our Council Clerk. We typically allow three minutes for individual testimony. Looking at the room, I don't think we'll have difficulty accommodating that this morning. If you're here to speak on a Council calendar item, you need merely only give us your name, you don't have to give us your address. If you are a lobbyist representing an organization, under City Code, disclose that please. We ask that everyone follow the rules of decorum here and give everyone a chance to speak, so if you agree with someone's testimony and want to indicate that, feel free to raise your hand or give them a thumbs up. And if you disagree, you can also indicate that with a hand gesture, as long as it's a polite one. We ask that people allow citizens to have their say here, and that will apply to you, too. And if you're disruptive, you will be asked to leave. If you don't leave after being asked to, you'll be excluded. Those are rules. Welcome. We'll begin with communications items, number 948. Good morning, welcome.

Item 948.

Hales: Good morning, welcome.

Michael O'Connor: So, this is kind of a follow-up from the April 29th testimony in which I formally introduced Artists United as a community development organization that has a primary focus on community events and beautification projects. And we formed the organization for the purpose of taking over the management of Last Thursday on Alberta Street. I presented our executive summary and the outline for our stakeholder community system -- which is how we make decisions -- which was endorsed by 56 organizations doing business within Last Thursday's street closure.

The troubling part was the next day, the City of Portland made registration a requirement for event participants without having the legal authority to do so. This resulted in May 28th, the police department telling many artists that what they were doing was illegal, they weren't allowed to be there. And from our perspective, many of these people are exercising the freedom of speech.

I was told by Chad Stover that the City of Portland would be giving itself an event permit. I looked for legal advice during that time period. We did not quite feel that was appropriate for the situation. I alerted City Council and the City Attorney, but it turned out that the City of Portland did not give themselves an event permit, which would have prevented us from getting an event permit.

In moving forward -- you know, there's a couple more documents in here. I did a community forum in which we sort of went through the dynamics of the conflict itself. I brought residents, businesses, and event participants together to talk about the issues. I

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was able to explain that dynamic to the stakeholder community. Basically, we have an approval process that is going to allow us to demonstrate what Last Thursday's production plan has the approval of with the entire stakeholder community, which is the entire geographic area in Last Thursday's impact area.

So today, I actually wanted to see if the City of Portland could make a pledge to cover the expenses of the police officer overtime for Last Thursday's 2016 season if Artists United is able to acquire \$50,000 in event sponsorships by April 29th, 2016 for Last Thursday's 2016 season.

Hales: Well, we appreciate you being here. We'll continue our discussion, but probably not here in this room. But obviously, the City has invested a great deal in Last Thursday and plans -- as far as I'm concerned -- plans to continue to. We're still very interested in having a nonprofit ultimately take over the operation and take over this event. So, we wish you godspeed and good fortune in trying to organize people to scale up to the point that a nonprofit can take over the operation from the City. Mr. Stover has other things that we'd like him to be doing, but -- so continue, please, to talk with him and talk with our office because ultimately, that's our goal -- to have a nonprofit take responsibility for this great community event.

As you know, from this summer, it was usually successful -- large crowds, very successful event. We obviously had one really serious public safety incident occur early in the year, which, you know, we're very concerned about any time it happens, anywhere it happens. But overall, I would say Last Thursday was great this summer and that's certainly is what I heard out there on the streets the nights that I were out there.

O'Connor: Yeah, you know, it's difficult for any organization to come in and manage this event if they do not first obtain approval from the business community, the residents, and of course, the event participants themselves. And so getting everyone to agree on a plan is really the very first step in any organization taking this on.

Hales: Right. Yes, indeed. Thank you. We look forward to working with you.

Item 949.

Hales: Come on up.

David Kif Davis: So, weren't you going to broadcast something on the screen?

Hales: Do you have video -- I'm sorry?

Moore-Love: It's a slide.

Davis: No, it's just -- just a slide that mentions the civil rights violations and -- it basically mentions the federal law that you guys violated through, you know, doing the kettling incident that you did when you conspired to deny everyone's civil rights. Basically, you know, said that they were all big criminal groups because maybe a couple of crimes might have been committed, like a bottle or something thrown at an officer up in front of Macy's. You basically have now basically washed your hands of that incident and said that it basically -- because I just saw the IPRC report where you guys basically exonerated yourself from, you know, saying that you didn't violate civil rights, and that it was a group of criminals, basically. That's basically like saying that at one of these beer festivals, if two patrons get into a fist fight that the whole group is a criminal group. So, I don't see how you can lump a couple possible criminal activities of a few people and then wash your hands of denying people's civil rights and just act like it's nothing, basically, you know, and that all of the protesters were criminals basically is how the IPRC report comes out. And you guys blocked the entrance at Cathedral Park in St. Johns during the Greenpeace and other groups like backbone and, you know, Rising Tide and all the other groups that were involved with the Greenpeace protest. You guys blocked the City Park for about four hours or so until me and a bunch of other citizens brought up the fact that the officers were involved in committing federal felonies and they don't have to follow felonious orders by

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the Mayor/Police Chief or anyone else. But also, I heard these Portland Business Alliance people are here today to present, you know, more proof on the lawlessness and all the other stuff involved with homeless people, supposedly, you know, as they price everyone out of the City and wage war and gentrification. Well, tomorrow is the anniversary of James Chasse. And I'd like to give a thumbs up to the Portland Business Alliance and all the other yuppie scum in this city that made the death possible of James Chasse by, you know, by being little cop callers who call the police on every little thing, acting like they need a diaper change --

Hales: Thanks very much, appreciate --

Davis: And you still have --

Hales: Mr. Davis, you have used your time --

Davis: You still have --

Hales: Mr. Davis, you know the rules, you've been here before --

Davis: You still have two cops employed --

Hales: Mr. Davis, you're being disruptive.

Davis: Through the City --

Hales: Mr. Davis, you are done.

Davis: [inaudible] involved in the killing of James Chasse --

Hales: Mr. Davis, you're done.

Davis: [inaudible] tomorrow there's [inaudible] - -

Hales: Mr. Davis, you're done.

Davis: [inaudible]

Hales: OK, Karla, next item please.

Item 950.

Hales: Good morning.

Craig Rogers: Good morning.

Fish: Karla, is the video not working?

Moore-Love: We've got it up here.

Hales: Good morning, welcome.

Rogers: Good morning, Council members. My name is Craig Rogers. I live in Southeast Portland. I envision a city that we aspire to where everyone is given the opportunity to be prosperous and happy. And I envision a City Council that is transparent and accountable. I would like to thank Commissioner Steve Novick. As I drive around the City, I will come upon a place perhaps like 122nd and Lincoln at the crosswalk with the flashing lights. As I have said before, you are in the business of saving lives. Over at New Seasons, right over by 33rd and Killingsworth -- I don't know if they were always there, but now you got the flashing lights at the crosswalk. I feel gratitude towards you when I spontaneously come across these things.

Commissioner Amanda Fritz, I want to thank you for looking out for us that want to walk on the sunny side of the street. I remember when you were doing your detail in scale drawing of the Waterfront Park that the buildings were going to be so tall that the people couldn't walk in the sunshine. I appreciate that attention to detail.

So, history repeats itself. Mayor Charlie Hales, 20 years ago, I opened up the newspaper. You said you were going to cut down 75 Douglas fir trees in Pier Park. And when you were asked why, you said it's too dark in there. And yet, that's why one of the most beautiful native flowers in Oregon, trillium, grows -- because of the shade. Those trees are still there. I got involved. Now, we have another situation with trees. I and visited both sites. And those people that are there are just like I was 20 years ago.

When you think of it, there are over a billion passenger pigeons at one time. Nobody worried about them being gone. Look where they are at now. And these trees, they clean

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the air. And we need them. So, we need to start paying attention to why they are coming down -- no pun intended -- we need to stand up for them. Somebody recently told me the best time to plant a tree is 35 years ago. And Robert McCullough wanted me to mention that Paul Scarlett has ignored an Oregon public document request on the permit in SE Martins for three months. I ask you for your help. Thank you.

Hales: Thank you. Next one, please. 951.

Item 951.

Hales: Good morning.

Jessie Burke: Good morning. I first wanted to thank all of you, because I know that this is a really tough job that you have. And I wanted to thank Mayor Hales and Commissioner Fritz for letting me be at the table a couple of weeks ago for the discussions that we had. After that meeting, I started thinking backwards about what resources we needed to make the changes possible. And I started thinking about -- because this last weekend, one of our neighbors, Louis Lee, across the street -- we have the Society Hotel project on NW 3rd and Davis. Louis Lee is the accountant across the street --

Hales: I'm sorry -- sir, Mr. Davis, if you're going to be here as media, you need to be back out of the way --

David Kif Davis: No I will not.

Hales: You need to be back out of the way.

Davis: No I will not.

Hales: You are blocking other people's view.

Davis: No, I will not.

Hales: Sir, you are being disruptive.

Davis: These guys over here --

Hales: I am warning you, you are being disruptive. You will be asked to leave.

Davis: You're warning me --

Hales: -- and you will be escorted out of the chamber. You've been here before, you know how it works. You don't get to exploit this --

Davis: [indistinguishable] these guys are here filming. I'm exercising the exact same rights.

Hales: I am sorry ma'am, we're going to have to recess for five minutes. We are recessed for five minutes.

Joe Walsh: Check with the City Attorney, because they say we can walk in this area --

Davis: I don't care --

Walsh: And I have that in writing.

Hales: You can't block other people. Go have a seat.

Walsh: He's not blocking anything.

Davis: I'm not blocking anyone. There's plenty of room to walk by.

Walsh: Ask the City Attorney, Charlie --

Hales: Mr. Davis --

Walsh: [indistinguishable] chair --

Davis: Look how much room there is.

Hales: Mr. Davis, it's time for you to either sit down or leave.

Davis: [indistinguishable]

Walsh: You're not a dictator, Charlie.

Davis: I'm not gonna to leave.

Hales: We're recessed for five minutes, we'll be back.

Walsh: Yeah, go to your room.

Davis: Leave. Go to your room. Bye.

******:** Get out of here, bro --

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Walsh: Go to your room.

Davis: No, you guys are going to have to drag me out today.

Walsh: Democracy at work under Charlie Hales.

****: News crews have to go, too.

Davis: You're going to have to drag me out today.

****: Move out the news crews.

Davis: Yeah remove these guys, they need -- [end of audio recording]

At 9:45 a.m., Council recessed.

At 10:00 a.m., Council reconvened.

Hales: Council will return to order. Thank you for your patience.

Fritz: Mayor, before you resume, I'd like to thank Commander Crebs for the way you managed that situation and the respectful way you treat everybody. Thank you very much.

Hales: Thank you, Mike. Welcome back.

Item 951 continued.

Jessie Burke: Thank you. It's actually helpful because, it's related to police -- that's what I am talking about. So, I just was following up --

Fish: Could you repeat your name?

Burke: I'm Jessie Burke with the Society Hotel project on NW 3rd and Davis. And myself and three partners -- we were called on by our neighbor Louis Lee on Saturday that he had seen someone climb up our fire escape and go on the top window and you know, we should send someone over. It had been several hours. And so, our manager went over and it was about nine, and the other partners, and I was like, "like don't go in without the police. I know you guys likely would. You definitely shouldn't do that." So, they did wait for the police. I asked for an update and they said that the police told them to wait outside and they would go in and look.

And knowing that I was coming to prepare this testimony and having had our meeting and our talks about you know, increasing foot patrol would be helpful to kind of be proactive about getting to know the communities that we're trying to help here -- I was thinking about how few police officers we have right now and how tired I think many of them are, and working overtime, and maybe not always treated with a great deal of respect in Portland in particular. And I'm not related to any police officers. I have no vested interest in this, except that I know that every job that exists is a hard job and is necessary to make the city function, be it business owners, or social workers or politicians. And I was so grateful that they were like, "I don't know you, but we'll go in first. We'll risk our lives because that's our job. Our job is to risk our lives for you."

And so, I wanted to move the focus of my testimony to -- I do think that we should be proactive with whatever solutions we're trying to come up with in the city, but I think our first line was, how can we proactively have the police getting to know these communities and finding the right resources for those people? But we don't have enough people, enough officers to do that. Mark Wells is a neighbor of mine. He gave me the numbers. He was like, you know, we're about 998 officers in all of Portland. We're about 500 short of what we would need to be at 2015 population numbers. So, everybody is totally overworked. We don't have an in-city facility to train people anymore. So, it will take -- we have 50 slots at the state level, which means it would take 10 years for us to catch up with the police officers. We're 500 officers short and it'll take us ten years to catch up to the 2015 population numbers. Not taking into account attrition of officers retiring or leaving.

Our officers don't have a long tenure here. Typically, it's looking at about seven years. And other cities in Oregon, they're wanting it to be a lifetime career. And so, I think

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that my ask to you is -- and I know that there is a nation-wide issue going on right now as well. And I think it's one of the only professions that we allow there to be a blatant disrespect, I guess, all the time. And I understand every profession can strive to be better -

Hales: We need you to wrap up, you've used your time.

Burke: Yes. So my request or my question is -- these are human resources. What is our plan to be more proactive in this situation, and not just recruit these officers but to make them want to stay and not overwork them? And I know you probably can't answer it. I just wanted to put that plea out.

Hales: Thank you -- no. Just thank you very much. We appreciate you coming in. Quick update -- but we try not to have long conversations with these, but we have now added 11 more background checkers, so we can add officers faster. So, we're trying to increase the pace at which we hire. We have slots open for police officers. We are recruiting, so if you know people who want to be a police officer, get them into the system.

Burke: I know, they tell me that every day. [laughs]

Hales: Thank you very much.

Burke: Thanks.

Item 952.

Hales: Good morning.

Karen D. Bowler: Good morning. Greetings to the Council. Thank you for this opportunity to speak with you today. My name is Karen Bowler, I own two businesses in Chinatown: Tube on 3rd between 3rd between Burnside and Couch, and Fortune on 3rd, between -- I'm sorry, Fortune on Couch between 3rd and 4th. I'm in the neighborhood every day at all hours. I see a myriad of problems that plague the area. I want to clarify that I'm not at odds with the homeless. What I'm concerned with is two-fold. The deplorable conditions these people live with every day, and the burden placed upon business owners by allowing these conditions to persist.

Portland has become a magnet for homelessness with the most lax laws regarding public nuisance behavior and an underfunded police source, we are the destination for homeless travelers not just on the west coast, but in the country. We needed a two-pronged solution to the problem. One, increased funding towards getting people off the streets in the short-term, along with services geared towards getting them off the streets long-term as well. Two, getting laws in place that deal with people who consistently disrupt business and cause public safety issues.

Every day, we deal with two particular individuals who've trespassed on our property for over a year. Clean and Safe and the police have said that there is little to nothing that they can do. One of the people assaulted a delivery driver and was back living on Couch later that day, just as he has for a year. He relieves himself in public every day on a tree in broad daylight. He pleasures himself in front of tourists and neighborhood workers. He threatens passersby. This man clearly needs help. He gets none. The fact of the matter is, this guy isn't alone. Every block on the area has at least one person like this. Every day, I see tourists tip toe around the problem. At times, City Hall rose to the occasion and tackled this problem head-on.

As business owners, we're doing everything that we can to keep the neighborhood safe. We call police and Clean and Safe to report problems. They come and do everything within their power to help. The problem persists. The current laws are not working. We are using every tool that we have at our disposal, and the problem only continues to get worse.

This isn't a problem unique to Portland, however. We can look for solutions from other cities around the world, including one not too far away in Salt Lake City. They have cut homelessness by over 70% in the last decade. I know budgetary concerns are first and

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foremost, but it has been proven that getting people off the street is cheaper than having them be homeless.

To conclude, what we need is increased social services including beds to get people off the streets immediately, laws in place to increase the public safety and allow businesses to continue doing business, and more police on the street to proactively enforce public safety. Thank you for your time.

Hales: Thank you.

Fish: Can I make one comment? Thank you for coming here, and I completely embrace your prescription. And I think you will see that Council prioritized housing in the next budget. But I want to make one comment. You said earlier that we're a magnet. When Bud Clark was mayor, he had a 12-point plan to end homelessness. Part of the plan, they addressed this question about whether if the City invested in services and housing for low income people, we would in effect become a magnet. Critics used to call it the "welcome mat phenomenon." There was no evidence then that that was the case. And I just want you to know, the most vitriolic of critics of public investment in services use the argument that it just creates a magnet effect. I'm not aware of good data that supports that thesis. If you have it, I'll read it. And if you have more insight, I'll meet with you to discuss it. But I think that the idea of a magnet gets in the way of a prescription. I just want you to know that the people that often say we are a magnet don't have a lot of evidence to support it and usually use it to undermine the argument that we should invest. And I fully support your call for more investments. So, let's you and I discuss that further.

Bowler: Yeah, I think that it's important to differentiate the need for beds and for people who really need and want help versus a need to curb nuisance behavior.

Fish: And Commissioner Fritz -- I was copied on an email recently where she very eloquently distinguished between behaviors that are a violation of the law and status, which is people that need our help.

Bowler: Yeah. And I don't want a catch-all, you know, everyone living on the streets into one group. And I think it ties into what Jessie Burke was saying about the need for foot patrols. I think having people on the ground to get to know the population and be able to identify the people's needs is really critical to that.

Fish: You're right on both fronts. Thank you.

Hales: Appreciate you coming in. Thank you. Let's move onto the consent calendar. I think that we have had one item pulled to the regular calendar, namely 954. Any other requests to pull items to the regular calendar? Seeing none, let's take a vote please on the balance of the consent calendar.

Roll on consent agenda.

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

Item 953.

Hales: Commissioner Novick.

Novick: Colleagues, two of the greatest threats that we face as a city, as a country, as a species are climate disruption and rising healthcare costs. Bicycles are effective weapons against both of those threats because if you're riding a bike, you're getting yourself into better shape and you are less likely to have expensive healthcare problems. And if you're riding a bike, you are not using fossil fuels or emitting greenhouse gases.

A large number of cities across the country and the world have adopted bike share as part of their bicycle infrastructure, and they have found that bike share does contribute to improving health and reducing carbon emissions. Both Denver and I believe that D.C. have surveyed their bike share members. Have found that 25% to 30% say that they're driving less, and 25% to 30% say that they have actually lost weight. When I mention these other cities, it highlights the fact that Portland is late to the bike share party. Not only

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Denver and Washington D.C. and Minneapolis have adopted bike share, so have cities like Indianapolis and Fargo and Fort Worth.

But there are advantages sometimes to not being first. We had an experience with that recently in the Bureau of Transportation with replacing our streetlight bulbs with LED lights. We waited to do that after some others had already done it. Technology got better and less expensive. We're saving more money on our streetlights because we waited until there were advances to technology and the price dropped. The same thing is happening with bike share.

Under the old contract, we expected to have to spend over \$4 million in order to launch a 750 bike system. Now, because of advantages to technology, we've got better, cheaper technology, and because we have a contract with Motivate, where they're taking on more of the financial responsibility, we are now proposing to launch a 600-bike system with just the \$2 million that we've had sitting from a federal grant for the past several years. So, as the saying goes, good things come to they who wait.

I want to take just a minute to talk about the kind of trips that we can expect to see on bike share. The other day, I was on the bus. I overheard somebody saying to her friend, "why didn't I see you on the bus yesterday?" And her friend said, "well, I had a doctor's appointment in the middle of the day, so I drove." I think that's an example of the kind of thing that will happen with bike share, where somebody who normally takes transit now might take their car if they think that they're going to have to go to the doctor during the day and the doctor's office is not on transit. But if bike share is available and the doctor's office is within a reasonable bike ride, the same person might still take transit down as usual and then ride a bike instead of a car to the doctor's appointment.

Most of the bike share trips that we will have will be from by Portland residents. But some of them will be taken by tourists. Bike share has become a tourist amenity that travelers across the country have come to expect. And I am not always a big advocate of investing lots of money in tourism, economic development -- in fact, I think I was the only vote in the Council against a multi-million-dollar tax subsidy to Hyatt for building the Convention Center hotel. But investing 12 million in federal money that we've had for several years, in order to adopt a tourist amenity that many people have come to expect I think is a reasonable investment. And with that, I will shut up and turn the microphone over to Director Leah Treat.

Hales: Good morning.

Leah Treat, Director, Portland Bureau of Transportation: Good morning. Thank you very much. My name is Leah Treat. I am the Director of the Portland Bureau of Transportation. Do you have the PowerPoint?

Hales: Karla is getting it. There you go.

Treat: Alright. Next slide. Thank you. Today, we have an amendment before you to allow the City to launch the bike share system from the City of Portland in the summer of 2016. PBOT is presenting to the City Council an amended contract with Portland bike share operator, Motivate. It is the nation's leading bike share operator. The amendment includes a more detailed business plan and a new equipment supplier, Social Bicycles, otherwise known as SoBi.

The area of the system is going to have -- as Commissioner Novick said -- 600 bikes, and our service area is going to cover the entire central city. This will include downtown, Old Town/Chinatown, inner Northwest, Goose Hollow, South Waterfront, West End, Pearl District, Central Eastside, Rose Quarter, Lloyd District, and inner North Portland. And I'm really excited today to talk about this new proposed bike share system because we are going to be launching a system that is incredibly innovative, is incredibly sustainable, and is affordable.

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The smart bike technology that we are using is going to make finding and reserving and parking a bike much easier and much more convenient. We are aiming to be the most sustainable bike share system in the world. Portland is utilizing SoBi's technology to reduce the system's operating costs and reduce the use of vans to move bikes to high demand locations. Also, we'll be offering a very clear and intuitive pricing system that is going to be one of the most accessible price points to use of any bike share system in the United States. After I speak, Margi and Steve will get more into the details of the operations.

So, some of the benefits of bike share. Bike share is going to bring new people to biking -- especially women -- and this is going to help the City meet the climate actions goal. It's also going to strengthen our transit system by creating last mile connections. Also, bike share is going to reduce the congestion and help freight movement by reducing the driving.

Bike share is also a proven tool to increase biking and reduce the driving. Currently operating in over 60 cities, many systems are growing. And I have seen it first hand in Chicago and in D.C. with their incredibly successful system. But bike share is not only a big city phenomenon. Denver bike sharing members reported reducing their driving by 37%. Bike share also supports Portland's very ambitious livability and climate action goals. The Portland Plan calls for 75% of Portlanders to use transit, to bike or walk to work, and bike share will help us to meet those goals. I will now hand this off to Margi, and she will talk about the business structure, and Steve will dive in after that on the details of the operations. Thank you.

Margi Bradway, Portland Bureau of Transportation: Hi, by name is Margi Bradway, I am the active transportation safety division manager for PBOT and I'm happy to be here today to talk about bike share. I'm going to spend a little time walking through the steps of the contract at that you approved and the contract that you're now amending. I want to remind you that the City conducted a competitive request process, an RFP, back in 2012. Alta won that contract. Today, we are amending that same contract that was approved by this Council in December of 2012.

So, what has changed between the time that contract is before you and the contract you have today? So just big picture -- first of all, Alta's name changed to Motivate and was bought out by a different company. The bike share holdings -- and I will walk you through that. The other thing that changed is the City leadership has changed. We now have a new mayor and a new Commissioner, and our leader, Leah Treat, who has a lot of experience in bike share. And also, the technology, as Commissioner Novick pointed out, has changed. So, all those reasons -- the parties have changed, the technology changed, we came together to look at how we needed to amend this contract.

And what were the priorities in that contract? So, going in -- and again, this is the big picture here, our priorities were no local money in for the term of the contract. Our priorities were assisting the operating system -- so one that we could use smart bikes and rebalance better. And we also had equity at the forefront of our priorities when we started to amend this contract.

And I'm really pleased to say that Motivate has been an amazing partner. We have brought those priorities to those soon, and Motivate's vice president of business development is here, Justin Ginsburgh, who will speak a bit later, but I want to just reiterate that they have been an excellent partner in these contract negotiations. They have top of the line leadership. They have a new executive director come in, Jay Walder, who has run the transit systems in New York, Hong Kong, and London. They staffed up and got more people working on issues that we care about in terms of the production line and delivery. They have the strong financial backing, so Alta changed to Motivate -- was

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bought out by Bikeshare Holdings. That company is owned by Rex Adventures, which also owns real estate and sports equipment. So, this company that we're working with now is quite different.

But probably the most important to me and our team was that they were willing to work with us on innovation. They were willing to try new technologies, willing to embrace our climate change goals in terms of rebalancing, understood our equity goals. We believe that the contract that we're bringing to you to amend today reflects all those priorities. And so, to be clear, Motivate has agreed to operate the system for three years with no local money. Motivate also is taking a hit on the launch. They've agreed to eat \$225,000 of the launch money going in, which we really appreciate. We will be using the match for the federal requirement to go into the planning and launch on our side -- the federal grant that still sits in the Metro level, requires a 10.27% match. That match is paid for staff time on the planning and the launch and comes out of our budget using TDM funds, which was left over from BETC credits. If you want more information about that, I can go into that. But -- **Fish:** That's a mouth full of acronyms.

Bradway: I know, I'm sorry! I am trying to be quick and punchy. I know you'll have questions. If you want me to dive deeper into that, I can. But I want to make sure that Steve talks about more about the operations.

Lastly, I want to hit on the supplier, SoBi. So, a bit about them. They are a leader in the bike share innovation. They were the first one to come up with the smart bikes. They -- and Steve is going to go into the bikes, but we have faith in them. They are operating in several cities successfully, probably the largest launch that they have had this past year is in Hamilton, Ontario. And Steve is our bike share expert. And again, they've been a great partner. We did a long due diligence investigation into their ability to deliver, and we are very pleased with the results of that due diligence.

So, I think I have hit on most of this, so to remind you -- there is the \$2 million federal grant. That will go into buying the bikes. So, the City of Portland will own the assets. We also received a \$42,000 grant for a station at Union Station that was a separate grant process, ODOT, that we are combining in. I talked about the match. The user revenue -- the perspective sponsorship money will go into operating the system in the first three years.

So what does that mean in terms of the timeline? Do you have a question, Commissioner?

Fritz: Yeah, just on the slide --

Bradway: Go ahead.

Fritz: There's still 133,000. The amount in the ordinance is 2,175,000.

Steve Hoyt-McBeth, Portland Bureau of Transportation: Yes. So, when we went with the feds -- when we get a \$2 million grant, that's how much they reimburse. They reimburse essentially 90% of a project cost. So, if you have a \$2 million project, they will reimburse you at \$1.8 million. Since we have a \$2 million grant, the total projects cost is roughly \$2.2 million. We've spent a bit of our existing match already -- the local match -- on staff time for planning for the project. So, the procurement amount is the total cost of the project, \$2.2 million, minus the local match that we put towards that project. That gets to you 2.175 procurement.

Fritz: Is that additional 133,000 going to Motivate or is that --

Hoyt-McBeth: That would go towards our staff time to cover the project. The only way that it could go towards equipment within the procurement authority is if we had a private sponsor that came on and wanted to buy more equipment. But that would not go -- that money is not going to Motivate, it's going to covering our staff costs.

Fritz: Thank you.

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Bradway: And so today, we're bringing you -- or presenting, obviously, the contract. You will be voting on it next week. If that vote is successful -- of course, this is a proposal -- then we would launch our public participation plan. Before you is a timeline. And probably the most important thing on this time line is the purchase order. In order to make the launch date in July -- which, if you think about when is a good time to launch a bike share system, it would be the summer -- we need to put that purchase order in December, and so that's why we are here today before you to make sure that we have the timing right to place that purchase order. Once that purchase order goes in, then we will continue to do our public outreach and work on the details of the station planning. Motivate will hire local staff, according to our equity guidelines that Steve will go into, and then we will prepare for a launch. This is a big picture of our timeline. At this point, I am going to hand it over to Steve to dive in a bit more on the operations.

Hoyt-McBeth: Thank you. I'm Steve Hoyt-McBeth, I'm the bike share project manager at the City of Portland. Before I begin my comments, I wanted to acknowledge three letters of support that you received from groups. Oregon Tradeswoman Executive Director Connie Ashbrook submitted you a letter, Travel Portland submitted a letter, as well as the Community Cycling Center.

So, for me, this is a great honor to work on this project. I believe that the bike share is something that's going to provide us a tangible solution to some of our city's pressing transportation and climate change problems, just as Commissioner Novick mentioned. And I've worked on bike share for several years -- sometimes seemingly several long years -- but I have spent my time with PBOT working with employers and commuters to engage them in shifting their trips from driving to transit, walking, and biking. In Portland, we have one of the very best management programs in the country. We're nationally recognized. But I can tell you that shifting people's behavior, getting them to change is a very, very difficult work. We are literally physiologically evolved to resist change. To have it is actually how we have a big brain, so that we do this. So, tough work. The University of Scranton just did a survey that found that 8% of people achieve their New Year's resolutions. I'm not sure how many people we have here -- just do the math. So, it's tough work to get people to change.

Commissioner Novick mentioned that we're seeing people change their behavior. Leah mentioned that in Denver, we have 37% of people reducing their driving -- I'm sorry, reducing their driving by 37%. And so, what is going on here? So why can people not change behavior that they say that they want to change, like their resolutions, and yet with bike share, when they join bike share, they actually begin to shift in biking in large numbers. I can see, Commissioner Saltzman's eyes that this is not a very well-done graph -- [laughter] -- but this is from the Mineta Institute, U.C. California Berkeley. They did research of Minneapolis bike share members, and they asked them, like, how much they biked before you joined and how much afterwards. Essentially, what this says is that after people joined the bike share in Minneapolis, they almost doubled how much they biked frequently -- like almost, they went up to three quarters of the people biking --

Fish: I applaud this slide because it has at the center of it my favorite Ellsworth Kelly print.

Hoyt-McBeth: Thank you, Commissioner Fish, I will make a note for the future. As Commissioner Novick also mentioned, the members in the Washington D.C. system reported losing weight -- 30% of them reported losing weight even though they weren't intending to. So, what's the special sauce here with bike? You know, when we join a gym, that does not mean we're going to lose weight. When we buy vegetables, it does not mean we'll eat them. So why is it when people join bike share, they actually begin biking in much larger numbers? And I think that this slide -- again, from the Mineta Institute -- really hits at it.

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The reason people like bike share is it's not because it's good for the environment, it's not because the bikes look cool -- they like it because it's convenient. And what convenience says to us is that it works, that people can get from point A to B conveniently and affordably in a really easy way. So, as Leah mentioned, there's over 60 cities with bike share right now. So bike share, as it is right now, is good. If we took kind of the bike share off the shelf and plopped it into Portland, we would be doing OK. But we know that we can do better in Portland. And specifically, we can increase the number of people using bike share, we can lower the cost to the City through leveraging the technological advancements elements of Social Bikes' smart bike technology, and we can reduce the carbon footprint through the system innovations. I'm going to skip that slide.

Let's talk first about pricing. Our pricing model is meant to attract even more people to bicycling, to strengthen the system's economy to make it more financially self-sufficient while at the same time making it more accessible to more people. So, our pricing model is grounded in the research done by Professor Jennifer Dill of Portland State University, which found that 60% of Portlanders are interested in biking but they're just sitting on the fence. We call them -- that 60% -- the "interested but concerned." So, they say that they want to bike but year after year, they don't bike. So, it doesn't matter how transform active some tool is if you can't get people to try it. So, if you can excuse my parlance, for the "interested but concerned," we want to get their butts off the fence and into bike seats. And we think that creating a low-cost single-use product is one of the strategies to achieve that.

So, in general, if we can speak in general terms, bike share has two main fare products across the country. There is the annual pass, which is targeted at users. And then there is the day pass that anyone can buy that tends to be used almost solely by tourists. So, the day pass is usually around in other cities \$7 a day. The annual is 75. So, at \$7 a day, that's a great deal for a tourist. If you're coming into the City and you want to have a special experience in Portland -- \$7, that's really nothing. That's less than lunch. But that's a lousy deal for a resident or commuter who wants to get across town for a meeting or wants to go bike to meet a friend for dinner. Unless you really, really, want to ride a bike, why would you spend \$7 when you could spend 250 and get there very well on TriMet or you could spend the same \$7 and probably take a cab or Car2Go.

When Portland launches, we will have one of the most affordable entry points of any bike share system in the country at \$2.50, on average, for a 30-minute trip. And I'll get to that on average conditional in a moment here. So, we're going to dramatically reduce the cost to casual users in order to get more residents to try the bike share., And we know from the data that when people try bike share, that many of them move on to become annual members because they just see the value proposition there.

Policy-wise, we want people to become annual members, because we know from the data that once you become an annual member, you tend to bike like crazy. In Denver, the average amount of trips that an annual member makes is about 60 bike trips a year So for our climate goals and transportation goals and our congestion goals, annual membership is really a great gateway for us to meeting some of those.

On the other side of this is the financial sustainability. Council gave us very clear direction dating all the way back to the original vote on the regional flexible funds in 2011 that said that no local money would go towards operations. So, annual members are great for our policy goals, but they're kind of tough on our financial system because there is -- you know, the more you bike, the more wear and tear and more work for Motivate to make that work. So, part of our pricing strategy is to align our usage with our revenue.

So, while we're dramatically reducing the cost for the user, we are increasing a bit the cost to that annual member compared to other cities. And the reason -- even though we're doing this, we're raising the annual membership some, we still think we'll end up with

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a more accessible system. So, you're saying, how can you make it more expensive and affordable at the same time? The reason is that nearly every U.S. bike share system requires that person who wants to buy an annual membership to pay for that entire cost in one lump sum. That's not the way that we buy anything. That's not the way we budget. We buy our housing, we buy our phone, we buy our internet all as a monthly cost.

So, we believe that since we budget that way anyway, that's how we should budget and pay for bike share. We believe that in doing so, will create a much more affordable fair product. The City of Philadelphia -- I'm sorry, Temple University did a focus group with a low income community, large African American community, about bike share when they're trying to figure out the pricing. And they asked them, "how much do you think it should be per month?" And they said, "oh, about the price of a transit pass." So that's about \$80. So we're going to be between 10 and 15 a month, so we still think that even by raising the price, we come up with is a strong value proposition for the residents.

So, let's talk a bit about the technology and specifically about social Bicycle smart bike technology. With smart bikes, we think we can get more bikes through cost savings from product innovations, a better customer experience for our users, more flexibility for our operator, and a lower carbon footprint from the system. Smart bikes differ from what are called station based systems, and in this slide are actually referred to as "smart docks" in that smart bikes consolidate all of the technology that is with the station-based system that's on the dock and in the kiosk and puts everything on the bikes. The bike becomes very, very powerful in terms of the customer interaction and data.

With smart bikes, you can check out a bike and lock it with or without a bike share dock or rack. The bike also has active GPS so we're going to have a wealth of data on where Portlanders are riding, which will be powerful in evaluating where we need to invest our resources. With all this with smart bikes, Social Bicycles also provides branded racks and kiosks which we will have 30 branded stations within the service area.

One of the great things that smart bikes is going to do for us is help to mitigate one of the big problems that bike share operators find, which is parking during peak usage. With the station-based system, you can only park a bike -- so not the system that we have, but the station-based system that most other cities have -- you can only park a bike at a bike share dock. So, if you arrive at a bike share station like this one in Minneapolis on the top left and it's full, you've got to go to another station to try to find a place to park it. So, let's just assume that we had a station-based system and you were biking to a meeting at Fox Tower. You bike to Fox Tower and you get there, and that station is full. So with the station-based system, you would have to get on the bike share bike and go and find another station that had an open spot. You could do that from your smartphone app but you have to go there and drop it off and walk back to Fox Tower. So, that's not going to make for a happy customer and it's also very expensive for the operator.

To address this, what operators do is they spend about half of their operating budget on what's referred to as rebalancing. If you look at this photo, at the bottom right, you can see it happening in Washington D.C. What that means is that they move bikes in vans or trucks to and from high demand locations.

This is where smart bike technology and Portland's long history of bike investments are a perfect match. Smart bikes allow the users to park at any bike rack because the lock is built into the bike. And Portland has the best bike parking in the nation. In our service area alone, we have 3000 public bike racks. So, let's go back to that customer going to a meeting at Fox Tower. If they were with the smart bike system and they go there and that station happens to be full, they will have over a dozen racks -- public bike racks -- on the block face, which they will be able to pay and park that bike at. So, that makes the system operate better, it keeps the costs down, and reduces the reliance on vans.

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In addition to those 3000 bike racks, we have 52 bike corrals within the service area. We have nearly 130 citywide. So, Motivate and the City plan to use 30 of these corrals as auxiliary bike share stations where both public and private bikes can park. To be clear, we'll have 30 branded stations and we're going to deputize an additional 30 of these bike corrals where customers, public bike and bike share bikes can intermix. By leveraging our previous investments in bike infrastructure, we are able to save around \$240,000 on the cost of bike racks. That savings of \$240,000 we have reinvested into bikes, so we're spending our money on bikes and not on metal. That's allowed us to grow the size from 450 bikes to 600 bikes.

So, let's talk about what this means. So smart bikes for Portlanders mean less hassle or parking a bike and lower costs for the City to operate. It allows Portland to do what we do best, which is innovating with private partners to create cutting edge sustainable practices. Just as in the 1990s and early 2000s, the City partnered with architects, designers, and developers to be a national leader in green building, Motivate and the City plan to use Portland as an innovation lab for sustainable bike share practices. So you recall those vans in that other picture moving all around the city trying to balance the station base systems? Through our planned program and smart bike innovations, Motivate will cut the number of rebalancing vehicles it uses for our system from four to just one. So instead of relying on carbon to solve our logistics problems, we're looking to technology and the partnership with the customers to create a more efficient system.

We're going to engage our customers with price incentives and fees to encourage people to bring bikes to high-demand locations. You might recall I said, 2.50 for 30 minutes on average for that one-time use ticket. After six months, the contract also allows Motivate to explore dynamic pricing to help balance the system, similar to what the City is studying in terms of with metered parking. And during peak usage, this could result in the price of that ticket going out to a maximum of \$5 for 30 minutes, but on average, that price will be \$2.50, so if the price went up during a high peak usage, it would also of course have to come down during the other areas.

Motivate also has implemented in Boston, New York City. They used bike trailers to move quickly and sustainably throughout the system. And lastly, I want to stay on this rebalancing issue is there is a rich set of data we're going to get from bike share because every one of these bikes has GPS right on it. We're going to be reaching out to our research and technology partners to explore the development of predictive models, so as opposed to reacting to what's happening, we can actually plan for it. Motivate is doing this with researcher at Cornell. I can't wait to get our local software engineers and scientists going on this.

Lastly, and most importantly, bike share is not going to be successful unless it benefits a cross-section of our community. We're very proud about our work with Motivate, the Coalition of Communities of Color, and Verde to create an ambitious agenda for the project. Motivate has committed to paying its employees a living wage and to partnering with local workforce employment training organizations, such as Oregon Tradeswoman to ensure that 50% of its workforce is composed of women and Portlanders from underserved communities. And aside from providing one of the lowest price points in the nation for bike share, Motivate is committed to deeply discounting 500 memberships to community partners. Together, we're also exploring a cash-only fare product to provide underbanked and unbanked Portlanders access to the system. And those unbanked idea is someone who does not have a credit card or a debit card or a bank account.

And lastly, I will say that our service area includes some of the region's lowest income census tracts and so we are striving to site stations near affordable housing and service centers. Thank you very much for sticking with me through all that, I'm obviously

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very excited about this. [laughter] I want to turn this over at this time to Justin Ginsburgh, who is the vice president of business development at Motivate, our partners.

Justin Ginsburgh: Thank you, Steve. As Steve said, I am the vice president for business development at Motivate. I'm going to go through this pretty quickly since a lot of my points have been touched on and I know your time is valuable. So, just to provide more information about Motivate. Margi touched on who the backers are -- it's the largest urban real estate developer in America, the largest affordable developer in New York City and San Francisco, Equinox, which is an operator of fitness clubs in the country. So with this backing, we have the resources to ensure the stability and investment and innovation to make our government partners happy and make our customers happy.

With the new leadership that we have at Motivate, we've really been able to turn things around over the last year and start to solve a lot of the issues that have constrained the bike sharing industry for the past couple of years. We've grown by over 4000 bikes this past summer in Chicago, New York, and Columbus; we're expanding Washington D.C., and Boston this fall; and we'll deliver an additional 11,000 bikes in New York and San Francisco over the next two years. We are ready to commit these resources and this energy into making Portland a similar success story in 2016.

Motivate has a track record of operating systems with no public subsidy. New York City has operated for two years with no public funding, relying only on user revenue and sponsorship for a viable business model that is delivering a high level of service and significant system expansion. We believe in this business model, and we are using it to expand the bay area by 6300 bikes and launch a new system in Jersey City next week. In Jersey City, we set a record for per-bike sponsorship contribution and believe it shows the demand for bike share sponsorship in mid-sized cities like Portland. We are bringing to bear our sponsorship experience from these other cities to Portland and we have already received significant interest from the business community for organizations that want to become part of Portland's urban fabric and make a positive community impact.

As the company, we really believe in Portland. This will be preaching to the choir, so I'll go through this quickly, but we're very excited about the tourism market. It seems like a must-do for people traveling and visiting Portland is to get on a bike, and this will make it easier for people. We also know that Portland has embraced multiple modes of transit. We think public transit, car sharing and bike sharing all work very well together. Bike sharing is a natural solution to the last mile for smile challenge, and -- as Commissioner Novick talked about -- offering people the opportunity to avoid driving to work to run the errands during the day.

The active lifestyle and the innovation that Portland has had on bicycle infrastructure is a real precondition to our success. In many cities, Motivate is out there trying to convince people to get on a bike. In Portland, a lot of people already ride bikes and now it's convincing people to ride bikes more or to use bike sharing specifically, so we really think that we have a great environment and great civic culture to make bike share a success.

We are grateful to the City Council for considering this proposal and we look forward to working together and working with PBOT to make it a success.

Hales: Questions?

Fish: I have a few. Could Leah come back for a sec? Could we substitute you out? I have a number of questions, sort of short answer and hopefully doesn't anticipate some of the testimony that may -- first, to you, Leah and to Steve. Thank you for the very collaborative way that you've engaged the Council in this process and the creative proposal that you've come before us, working within the constraints you were given. I think

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it's extraordinary. Just some quick questions. One of the slides said that 150% of minimum wage. Is that the state minimum wage or the federal minimum wage?

Hoyt-McBeth: That's the state minimum wage.

Fish: So the higher, although it was not bumped -- it will not be bumped up but still higher than the federal, so thank you. Leah, to you -- I was in D.C. recently and noticed how spectacularly successful the bike share is. D.C. has subway, bus, has all kinds of amenities plus the downtown tourist area is walkable. So, I would have thought that D.C. would have been challenging because there's already so much other infrastructure for alternative transportation. Why is it successful in D.C.?

Treat: I believe that it is successful in D.C. because it is a last mile connector for the robust transit system that exists there. While there is a great metro system, a great bus system, it doesn't go into all the neighborhoods and you have to actually walk quite a bit to get to your stops. Also, D.C.'s great transit system is also plagued by a lot of delays, and bike share is an incredibly convenient and fast option to get around very small geographic areas.

Fish: And ditto San Francisco and New York, where I visited recently. I mean, bike share is blowing up in those cities and everybody seems to be on a bike going around.

The two criticisms that have been raised either in the media or in emails I received - - I want to give you a chance to respond to them. The first is, is there any particular, unique risk of theft to the product in the system that we are -- you're asking us to embrace?

Hoyt-McBeth: I would be happy to take that. When I first started working at bike share, I was a bike share skeptic and one of the things I was concerned about was the theft issue, so was everyone nationally. And it's really -- Justin can probably speak to this -- it's really become a nonissue. The bikes are unique, the parts of them are often unique, so there's just not a market for theft of them. You can't really take them to a chop shop because the pieces don't fit anything else. The locking system and the credit card backing you need to use to use the system have all three worked together to have extremely low theft rates.

Fish: Thank you. Leah, the second question that I had has to do with sort of the third year and beyond. How do you quantify the risk to taxpayers of having to cover any portion of the operating costs after three years?

Treat: There will be no risk to taxpayers to cover the last two years of the system. We are required by the feds to operate for five years since we're using federal funds. We don't have any experience in the nation of a system failing after three years. In our research, the only comparable city we found was Boston. And after three years of their operations, they had to go back out and do another RFP for their system. When they went back out after three years, they got even better terms with the contract for the last two. But again, we will not putting any additional money into this system. And should we be in the position of not being -- or having to go back out and not getting favorable terms, we'll be able to operate it and rebalance to user revenue. And that is the worst case scenario.

Novick: Just to elaborate on that, we are required to operate a bike share system for five years after taking the federal money, but we are not required to operate a particular bike share system. We are not required to continue operating a 600 bike system at the end of the three years. So if we have to scale it back the system in order to meet the available revenue after three years, then we would do that.

Fish: I'm reminded that one of the first hearings I attended as a rookie Commissioner, I was sitting next to Dan and we were getting a presentation on light rail, I think it was actually orange line. And it was a big vision and big aspiration. We were asked to make a big commitment. But there was no plan to help pay for it. So I turned to Dan, who has the reputation of being the cheap-scape on the Council, and I said, "how do we say yes?" He said it's the way we do transportation planning -- we line up the vision, we get all the

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pieces in place, we get in the queue for competitive federal funding, and we always get to the finish line. All I'm saying is there's risk in everything we do that's bold. This sounds like there's a very modest risk.

Hoyt-McBeth: Yes, if I can go back to Commissioner Novick's opening comments, which was it's nice sometimes to not be first -- and this time we'll be 65th -- is that we a lot of data nationally to look at. I think that we, as commons, kind of reflect the confidence based on the markets of other cities.

Fish: Thank you. And my last question -- I know that you're very enthusiastic about all of this data you're going to be generating, but some of the members of the public are going to be concerned about privacy. How do we balance your desire for all of this good data and the privacy rights?

Hoyt-McBeth: Thank you very much for bringing that up, Commissioner Fish. We had a meeting with Jennifer Cooperman, our City Treasurer, and one of her staff -- we actually now in the City has a PII -- personal identifying information -- expert who makes sure the City doesn't go afoul of sharing people's private information. So, our contract with Motivate is based on the direction we received from our expert. And the data that we will actually give out and that will be out publically will be anonymized by this you know, your basic demographic information and the last bit of that any trip that you make will be sliced off, so we can't see a-ha, that person is going to that person's house or whatever. The power of the data is in aggregate form, there's not a lot of power in that data at the individual level.

Fish: We're not going to be tracking people's movements and then making that public, it's gonna be aggregate.

Hoyt-McBeth: Aggregate, yes.

Treat: And just to be clear, Motivate, our operator needs to know where the bikes are, but there is in part of the contract a kind of a firewall more or less between the City staff and Motivate so that it's coded by the time we see it.

Fish: Thank you.

Saltzman: Yeah, I have some questions. So, I think you know I'm sort of the reigning skeptic about bike share. I think that I was the one that authored the language in 2011 that said no government operational subsidy. And it's not because I am opposed to bike share. I just don't think that -- it's a nice thing to have, it's not essential with respect to our limited transportation dollars.

I do want to say that I'm very impressed with the company you're working with now and the issues that I talked about when we met I want to talk about on the record. As I mentioned in our meeting, one of the big concerns is somebody rents a bike, cracks their head open, and they're going to sue the City. So, tell me about the protections that we have to prevent the City from being sued under those situations.

Bradway: I knew you were going to ask that question --

Saltzman: I know you did.

Bradway: [laughs] So, we are prepared. If you turn to section 11 of the contract -- and I think it's worth it at this point, I want to be clear that we're bringing the contract to you in oath form, so we're still working with our attorneys. We have great attorneys -- Lisa Gramp and Ben Walters have been our attorneys and been with us every step of this. You will see the insurance indemnity, and there's lots of different types of liabilities that were covered. And I don't want to distract you but typical, commercial, property, worker's comp. 11.6 indemnity from the liability claims, the general indemnity language is there, "Motivate shall hold harmless [indistinguishable] the City of Portland and the state of Oregon, their officers, agents" and so on.

I want to be honest, though, that there -- we are still working with our attorneys on one word in the exception, so this is not totally -- there's some exceptions, and

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Commissioner Novick raised this indemnity clause, as well as you -- that we don't feel like we're finished in that, in that B, caused by negligence or willful conduct. Lisa Gramp, our attorney, would prefer it to just say "conduct," so we are literally down to one word in the contract that we're working on. She's not here today, but I want --

Saltzman: It will be addressed in the intervening week?

Bradway: Yes, this will be addressed in the intervening week. We of course would not sign any contract that our attorneys aren't 100% behind, and of course, that isn't OK with you. Because you Council members and Commissioner Novick and Saltzman have wanted us to have a strong indemnity clause, we are making this as strong as possible. And this issue was also raised in Uber, so we're watching it closely.

Fish: Let's be clear to Dan's question, it doesn't prevent someone from suing us.

Bradway: No, absolutely not.

Fish: And enterprising lawyer could put the City as a defendant to see if they get lucky, but a blanket indemnity says they'll cover our costs.

Bradway: Correct. And so they will cover the cost. If someone gets hurt, they will cover our cost. There are a few exceptions to the rule that mostly have to do with the acts of whether staff employees are involved, so that's what we're talking about. But the general indemnification is there.

Saltzman: OK. So the only other question that I had was why -- and maybe Motivate wants to answer this question -- but why is Motivate electing to do a three-year versus a five-year coverage? Was that our decision?

Bradway: That was a negotiated term. And the negotiated term was -- you know, big picture again -- Motivate is willing to take all the risk in the first three years. That's millions of dollars. And so, it was a matter of what we felt comfortable with in terms of where we would be on the user revenue for those three years. And by the time that the stations are launched, we start collecting user revenues, and the bikes are being used and we have all of our annual members, we'll have a good idea of where we stand. Justin can speak to this, as well, but we felt like at three years, we would be on solid footing. And at that time, as Leah said, that just like Boston, we can do three things after three years. We can extend the contract as is, we can negotiate better terms for the City, or three, we can end the contract at that time. On the third option, we have 180 days' notice, and that would give us enough time -- essentially, six months -- to do a new RFP, and we would do an RFP for a new operator.

Saltzman: If that happened, that scenario happens, you're saying that after three years, only revenues from sponsorships and users will support the bike share?

Bradway: Correct.

Saltzman: Again, no operational --

Bradway: No local money.

Saltzman: No general transportation dollars.

Bradway: And if those three things happen, we will be before you again.

Saltzman: This is probably my final question. I'm asking on behalf of our budget committee member, Donald Wood. I think Commissioner Fish and I both got an email from him yesterday, and he was referring the Oregonian article which said I think the cost per month of a bike is \$200. Does that figure sound right?

Bradway: Do you want to talk to that, Justin?

Ginsburgh: Yeah, that's the operating cost. So, basically --

Saltzman: I guess he was saying that seems like a lot of money and can be covered through the sponsorships. And maybe speak to your Jersey City experience.

Ginsburgh: Yeah, that is all covered through user revenue and sponsorships. The way the contract works -- we've been transparent with the PBOT team showing our budget

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based on, we operate Seattle, we operate San Francisco, we have a pretty good idea of what our cost structure will be here in Portland. Basically, all the user revenue and sponsorship goes into an account. And we're allowed to take 200 per bike per month out of that account just to cover our cost. That's not our profit. If that money is not there, Motivate will invest its own equity to run the system according to the standards of the contract. So that 200 is just coming out of the pool of revenue generated by the system, not at all from the public sector for taxpayer dollars.

Saltzman: And then my final question -- I guess this is my final question -- I was confused about the corporate structure here. So, Motivate is owned by --

Ginsburgh: Yeah, I can talk to the corporate structure. Basically, Motivate is owned by a company called Bikeshare Holdings, which is a holding company set up to make the investment into Alta bicycle share last year. The investors are the principals of the related companies, which is the real estate development company, based in New York; and Equinox, which is the fitness company, as well. So a typical investment -- you usually you set up as a separate entity to make the investment in an operating company.

Saltzman: OK. Thank you very much.

Hales: any questions?

Fritz: I have three. As folks may remember, I voted against using the federal money for this project in the first place because I thought that there were other safety projects which were higher priority. I then voted for the Alta contract because it implemented a decision that had been made by Council. At that time, I asked PBOT to work on developments and on instructions to users particularly downtown to make sure that they understand where they are allowed to cycle and where they are not allowed to cycle. Could you talk about those two things?

Hoyt-McBeth: Sure. Thank you, Commissioner Fritz. I will do those in the order you said. As I mentioned before, we have one of the highest usage rates in the country and we wanted to manifest that with bike share as well. Luckily, we have a lot of best practices from other cities to go after. We plan to, with Motivate, provide partnerships through retail outlets -- whether that's a direct store or a bike rental shop which have all expressed in interest in doing this -- to provide low-cost bike rental to people, to provide people helmets when they buy a membership -- especially a free one, if you're an equity member or buying a subsidized membership -- and also doing a lot of promotions of helmets throughout our communication channels.

And then per the direction of Council, we have been tracking the industry that's trying and develop and actually providing a helmet vending out there. I had probably 20 discussions with the company that was made up of MIT graduates called Helmet Hub that was poised to launch in Seattle. That company was never able to realize their vision. And more recently, we've had meetings with a company called Cranium Technologies, which is a startup in the San Diego area that came up with the demo of their helmet vending machine and demoed that for Margi and myself and some other staff. Both of those solutions we feel are works in progress. I think that we've learned as a city that when we try to sometimes make investments in things that have yet to be tested in other markets, it doesn't always work out for us. And so we really wanted to make sure that when we provide a helmet solution, it's something that we can back up on.

And the contract specifically speaks to Motivate providing us a helmet vending option within 120 days of execution, and then the parties have a time to work out whether we find that's feasible. And after that, if we cannot come up with an arrangement, we will continue to look on the open market and we're hoping by that time that Cranium Technologies -- which is the only one aside from Motivate that's providing any sort of helmets -- has a solution that has been tested in Santa Monica and in some other markets

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and we can go look at them. They've right now have been saying they will do it at no cost to the City, but there's a lot of contingencies that we're currently not very comfortable with.

The second question you had was about promoting safety and people following the rules. We plan to use the whole bike share system and the bike itself as platforms to communicate safety behavior. The SoBi bike has kind of a different configuration than the other bikes of station-based systems in other cities, but we're looking to integrate that into the architecture of the bikes so that someone will actually -- there will be some place to give you some very punchy -- we obviously can't write a treatise on the bike -- we can at least give some very clear direction on where and where not to ride.

Fritz: Previously, when there were going to be docking stations, there was the opportunity to have the big list of you can't ride between Jefferson and the downtown area with the sidewalks --

Hoyt-McBeth: Yeah, I think that -- excuse me, I'm sorry.

Fritz: So, that's not going to happen.

Hoyt-McBeth: I think what we're going to simply say is, "don't ride on the sidewalk," as opposed to get into the minutia of that issue, the issue will be "follow traffic laws, don't ride on the sidewalk, yield to pedestrians." So it'll be something very simple and kind of more universal.

Fritz: That remains a significant concern for me, and I hope PBOT and the Commissioner will look into for downtown for putting signage up. Because it's already a problem. If we're enticing the "interested but concerned" to ride, downtown is a very difficult place to ride a bicycle safely. And I know we have millions of dollars' worth of improvements planned, but this system is going to be going into place before those improvements. Just after the orange line MAX celebration, I was waiting 45 minutes for a yellow line MAX because they were all going the other way, and somebody -- who later told me that he was from East Portland -- was riding in the MAX lane, and of course his bike got stuck in the tracks and he fell off and was quite significantly injured. So, I'm very concerned that we're going to have even more of that kind of action, and I'm not -- it's going to become more and more of a problem. I think it's beyond bike share, I think we really need to put time and effort into having some outcomes beyond the occasional sting on that particular challenge.

Hoyt-McBeth: Right. On the issue of bike share safety, I think this has been one issue -- and I understand that your concern is broader than just the bike share user themselves -- but I want to make sure that the Commissioners were clear that the safety record of bike share users is better than private bike users. The crash rate is much, much lower for bike share trips than it is for private bike trips, and part of that is because the bikes have generator lights on the front and back. The posture of the bike is very upright. And if you've ever ridden a bike share bike, you're never going to break a land speed record on a bike share bike. It's built to last, it's not built for speed.

Fritz: Yeah, and actually I noticed in a photographs that you provided to my chief of staff Tim Crail that there's a visible number on the rear.

Hoyt-McBeth: That's correct.

Fritz: Do you call them mud flaps here? What do you call the cover of the wheel?

Hoyt-McBeth: Mud flaps and fenders I think are both used, yes.

Fritz: There's a clear number. So it actually provides us maybe with a pilot for there now being an identification mark on the bike so that somebody like me who would get almost run over by one will be able to call in and say, "bike 360 was on the sidewalk when it shouldn't have been," right?

Bradway: Correct.

Fritz: I think that's a good thing. My final question is about the location of the racks, the docking stations, whatever they're now being termed. I understand that you are going to

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have a public process to decide exactly where they are. Will that involve -- because you're going to put them on the street, right, rather than the sidewalks?

Hoyt-McBeth: I don't want to speak for Motivate, but my understanding is the goal of Motivate is -- the contract requires them to repay the City for any lost parking meter revenue. So, Motivate is quote, unquote, motivated to avoid that situation and their plan is not to take any parking. So, we'll probably will see them in the furnishing zone where we have space on the sidewalk and on public and private plazas. So, I imagine we won't have a lot on the street, but we could have some in non-metered areas.

Fritz: And not in loading zones.

Hoyt-McBeth: Absolutely not. No.

Fritz: Grea, thank you.

Bradway: Just one more that I wanted to add that really to the questions you asked is that we will be kicking off our central city infrastructure project in 2016. The timing on that infrastructure project could not be better with the timing of bike share. We're very excited about it. Those of you who participated in the policy makers' ride heard a lot about it, and I think the infrastructure that goes into place is part of that project will nicely compliment the launch of the bike share, hopefully helping with the sidewalk program problem.

Saltzman: Just one more question. The pay station is on the bike, right? You insert your credit card?

Hoyt-McBeth: I'm sorry if I didn't describe that accurately. So, you can reserve a bike online and you can check out a bike either with a member card or if you reserve it online, you'll get like an I.D. number and you punch that into the pin pad on the back of the bike. There is not a credit card reader on the bike. We will have 11 kiosks where we expect to have high walk-up usage where someone could like slip in a credit card. They'll be very similar to our Smart Park meters.

Saltzman: I was concerned there would be 600 bikes out there with potential for credit card scammers.

Hoyt-McBeth: Thank you. The contract has specific provisions with standards around that.

Hales: Very good discussion. Any more questions for the resource team here? Thank you all. And Steve, do you have any invited testimony, or are we going to open it up for public testimony?

Novick: I think we have an invitation or two. Who do we have next?

Hoyt-McBeth: It's Tom Kilbane from the Urban Renaissance Group.

Hales: Thank you. Good morning.

Tom Kilbane: Good morning. My name is Tom Kilbane, and I manage the Portland office for the Urban Renaissance Group, a commercial real estate firm here in Portland. We have a portfolio of about 800,000 square feet of commercial office space, mostly downtown office buildings. I'm involved in the leasing activity at all of our properties, and I can testify to the increasing importance of bicycling as displayed in office location decisions.

When I started out, it was very common for one of the first questions to be asked by a broker, "what is the parking ratio here?" meaning, how many parking spaces to the total square foot of the building. Today, car parking seldom comes up, if at all. One of the first questions that the tenant rep brokers now ask is, "where is the bike parking? How much bike parking is there? How easy is it to get in and out?"

One of the reasons for this is that using a bike to get around town is really efficient. The amount of time saved by not having to get your car out of the parking garage, not having to circle the block looking for a parking space is real. It means you have more time to get stuff done, enjoy your lunch, whatever you need to do -- and you get some exercise in the process. This happens in our office all the time. We'll have meeting on the eastside

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or in the Pearl or in Northwest. One of my colleagues will have to drive. I'll take my bike. And 100% of the time, I'm there before they are with time to spare.

The great thing about the bike share program is that people who don't use a bike to get to work -- whether they drive a car, car pool, walk, or take transit -- will have the option of getting on a bike to run an errand, to go to an appointment, or go to meeting during the day.

Bike share will make locating in downtown Portland more desirable for companies focused on attracting and entertaining talent. Bike share will be one more reason that the suburban tenant down in Cruise Way or in the Sunset corridor, or that company considering expanding in some other market will make the move to Portland. If we want to maintain our reputation as a world-class biking city, then we need a bike share program. Thank you.

Hales: Thank you. I think this may be the first time that a commercial realtor has come into this chamber or maybe any other City Council chamber and spoken those words about what tenants are looking for in terms of parking. The world has changed.

Kilbane: It absolutely has.

Hales: Thank you.

Novick: I think that's it for invited testimony.

Hales: OK, then let's go to the sign-up sheet.

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

Hales: Good morning.

Rob Sadowsky: Good morning. Thank you, Commissioners, for allowing us to share our excitement about bike share. It's an amazing, amazing transit program, and I suggest you think of it as a transit program. I'm going to answer a couple of question asked in a different way and share my experiences.

First of all, I've used bike share in many cities, including Munich, which has a system that is very similar to the social bike system where bikes are around and not in special lock systems, and it's fabulous and it works really well and I can answer any questions about what that was like. Think of it as Car2Go versus Zip Car. It's the simplest way I like to look at it. You'll be able to find it in different places. You'll be able to pull our your smartphone, you'll have a map where the locations are. It's really easy to find.

It's for everybody. It's not just for tourists, it's not just for people who live in Portland. We are going to see some really interesting new trips that emerge from that. There are new jobs will be emerging from this, and the commitment to high road standards that Motivate is signing on to is really important to look for job development.

It also increases our emergency outlets. If anything happens and we have need to get out of this city for any quick reasons, the bridges that will be up are going to be the ones -- this new bridge that we just built is going to be up, and bike share will help us get across it.

Let me answer the "why is it so high -- the cost of \$200 a month seems really, really high. Couldn't we just give everybody a bike?" It is a lot of users. A lot of users create a lot of damage, a lot of wear and tear and it will require a lot of maintenance. Again, it's very similar to transit. It's not like you're buying a bike to be used that you're normally getting in a store. This is a very specialized bike that has to be able to handle that kind of capacity, so that's why the costs are high.

I'm really excited about the unbanked opportunity, the ability to buy with cash maybe at a Fred Meyer a card that would give you access where you would not have to have a heavy credit card limit in order to get access. That will provide a lot of opportunities that other cities don't have, and I think we will be at the forefront, particularly around equity.

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Once this starts, it is going to grow. I think the concerns about what happens in year four and five are going to be less about where are we today, but how can we get to more neighborhoods, how can we do more? Similar to bike corrals, when they started and people were like, "we don't want these on the street" and all of the sudden businesses that are clamoring for them and paying for them themselves. You see in other cities like Arlington, where companies coming in and putting in the bikes and the systems themselves.

The BTA would be excited to offer assistance to ensure new riders know the laws through videos or through class services or being involved in providing staffing, similar to what the orange line is doing right now in key locations downtown to be able to say, "hey, here's how to use the bikes. Here's where to go." We would love to be able to have a conversation about that.

Finally, I want it reiterate what Margi just said -- this is only going to be successful if we are able to continue to put protected bike lanes in the city, particularly downtown, in order to get the bikes safely through the area. Thank you.

Hales: Thank you. Good morning, Ian.

Ian Stude: Good morning. I'm Ian Stude, I'm the chair of the Portland bicycle advisory committee. I'm also the director of transportation and parking for Portland State University. I just want to take a minute to remind Council that both of those organizations supported bike share back in 2011, and both organizations remain supportive of bike share and are very excited about the proposal that has come to you today. I want to add a little bit of color to the conversation today and talk a little about how I see bike share affecting our population downtown -- in particular, our population at Portland State.

For those of you who don't know, we have now almost 3000 residents on campus at PSU. Those residents are often coming to us without a car and they are coming to us because we are an urban university where they expect to be able to participate in a dense, urban fabric of life that we have here in Portland. It is one of the key attracting factors for us as an institution.

What we find is that those students are more and more clamoring for options when it comes to transportation. Bike share represents I think a very exciting option for our students to get around and do all of the things they want to do, whether or not they're keeping up with their studies -- hopefully they are. But they want to get out there in the community and they want to experience Portland as a part of their education. And in fact, they're required to as a part of their education. So, we're very excited that bike share connects them better with the city.

Those 3000 students are coupled with the other 26,000 who are attending our campus and most of which are not bringing a car to campus, but some of which who are. What I found in our years of serving our students about their travel behavior is that they are becoming increasingly multimodal. What I mean by multimodal is not necessarily that they're taking multiple modes per trip, but they are wanting to make choices on an incremental level about do they want to ride transit today? Do they want to use Car2Go when they leave campus that day? Do they want to use a bike? And the idea of a bicycle system that allows them to make that choice on a very daily incremental level is very exciting to them. And I think as a population, you will find they will be very excited to adopt bike share and become regular users. Thank you very much.

Hales: Thank you. Good morning, Ted.

Ted Buehler: Good morning, Mayor and Council. My name is Ted Buehler, I'm co-chair of the group Bike Loud PDX. We are very excited about bike share, and I assure you there is more than just myself who are affiliated with this group that are excited about it but a lot of them have more restrictive day jobs and things like that, so I'm the only one here today. No

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children, no elderly folks, but we'll bring them to you in the evenings when you're out in the field.

This is the Portland bicycle master plan 2030 which you folks graciously passed in February 2010, and it has aspirational goals of bringing 25% road share of bicycles to the city by the year 2030. If you guys have looked at the numbers, you'll see that over the last five years, bicycle mode share has been flat while car mode share has gone up, which results in a lot more congestion on the highways and freeways than we had five years ago.

Bike share has a nice little two-page credit here, and when we get bike share implemented, we will be one more step toward the blueprint of getting more people in Portland able to ride bicycles than there are now. I've tried out bike share in New York City and Minneapolis. Both times it was a fabulous experience. I was able to ride around on surface streets at faster speeds than I'd ever traveled before -- except on a bicycle in previous times -- but especially in Manhattan, it was great. You can cruise around Manhattan faster than anybody else on the road, and you can look up and see a whole 360-degree view, you see the sights, you smell the smells, and you can stop and shop in you want to. I think lots of people that visit Portland will want bike share and they'll excited about it. As a matter of fact, I have a lot of friends that come to Portland and want to ride bikes. Sometimes I have loaner bikes at my house and I can send them downtown on it, sometimes I don't and they don't have quite as exciting of an experience as my guests that come here and have bikes outfitted for them.

We do have a couple of concerns which we want you to address about seven months from now or nine months from now when you revisit this after you pass it today, we hope. One is -- you know, you all have staffers, right? And you all go out to lunch, too. How often do you think somebody in your office might want to use a bike share bike to go out for lunch? Maybe once a day, something like that. Maybe several people in your office each day. So, 600 bikes isn't really a lot to go around. And I rather suspect that if PBOT staffers would have shown the charts as to how many bikes other systems have versus what Portland has, 600 isn't a lot.

Still, it is a terrific start. And one way that we can get the system to expand fairly quickly -- like by the summer of 2017 -- is to get some sponsors. And whenever I see a multimillionaires around town, I always tell them, "hey, I think you would be a great sponsor for bike share." But unfortunately, that has never happened. [laughter] I think you guys might have more of an opportunity. And I understand you are already doing that, but you know, those of you that have seen bike share in other cities, you can tell your friends, "hey, we're looking for a sponsor. You can get in early." Thank you, folks.

Hales: Thank you.

Novick: We might have overlooked some multimillionaires, so if you have a list, I'd appreciate it. [laughter]

Buehler: I'll work on it.

Hales: OK, next please. Come on up.

Craig Rogers: Craig Rogers, Southeast Portland. I'm glad I hung around for this incredible conversation, collaboration to hear the questions asked by you, Council, and the hard work that PBOT has put into this. It's kind of like they have left no stone unturned. Nonetheless, these things always need to be revisited because there might be kinks down the road, but an incredible amount of work on their part and excellent questions asked.

I think it's obvious to me that they've made it a point to get the best product for the cheapest price. And myself -- a thought I had about it is when I go to get my hair cut, I get the old man discount. I says -- yeah, one time guy jumped up out the chair and -- OK, I'm an older guy. I like hard copy. I like to have the paper in my hand. How does the map

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work? Is there a screen on the bike or is it possible to have me -- I'm the hard copy guy, I'd love to have -- would that be available for the area that you're allowed to ride the bike in?

Hales: They seem to be saying "yes."

Rogers: Good, good, great. I'm really happy about this. When I went to Amsterdam, I rented a bike and just went all over the place. I came across this triangle pub that was right on the edge of the canal, and I thought, "boy, I want to come back here." So I did the next day on the trolley, and I wasn't driving, right? So then I could have -- I discovered this Belgian beer that was really, really good. Sunshiny day in Amsterdam. They don't have much sunshine. So then I went in for a second beer. And Ralph's running up and down and I says what are you doing? He said I'm looking for the -- it doesn't matter. There was a gentleman was obviously enjoying his beer, he said, "yes, it does, the glass does matter." And later on, I found out later on that was Rick Steves. So because of the bicycle, I had a richer experience. And that's what -- for tourists in your town -- nonetheless, they're gonna be new, so you gotta take that into consideration because there's a lot of places in this city but you gotta know what you're doing when you're on a bike -- as Amanda said -- downtown. So, hey, I'm for this 100%. I hope you all vote for it.

Hales: Thank you very much. Good morning.

Joe Walsh: My name is Joe Walsh, I represent individuals for justice. We have almost the same concerns as Commissioner Fritz. Because I'm disabled, I spend a lot of time downtown where people are riding bikes on the sidewalks. And although I'm not in a wheelchair yet, I watch wheelchair people get out of the way of the bikes. So, I would ask that this company use some of this money to either enforce the laws on the books -- I mean, there is an ordinance, you cannot ride a bike on the sidewalk downtown. And right now, the police are enforcing that. If you give this to a corporation, what happens to that enforcement? Do the police continue enforcing this, or do we have a corporation that is going to be community-friendly and say, "let's put aside some money out of this grant to make sure that people to not ride on the sidewalks," including the security people. I have more trouble with security people riding their bikes than I do with normal citizens. So, we have that.

We also have the question of, "are we going to increase the number of bikes?" I think I heard the number 600 -- somebody mentioned that. I don't believe that number. I just don't believe it. So, I hope that when you sign this contract and you pass this ordinance that you have a trap door -- kind of like what you suggested, Commissioner, some kind of out. A trap door is, "this sucks, let's get out." That's what a trap door is in a contract. So, I hope that you looked at that. If you're going to give them full authority to do this without any answer or accountability, once again, we're going to be mad at you. So, that's our objections.

The program itself sounds really interesting. They did it in New York. I grew up in New York, so I know New York. If they did it in New York, that's kind of a good endorsement because it is a very complex city and people are really squished during rush hour. So, that's our objections, but overall I agree with everybody here. It sounds like it's a good program. Right now, it is Wild West. Go down to Madison and 2nd -- it's the Wild West.

Hales: Thank you very much. Anyone else?

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

Hales: This will be passing to second reading next week, but opportunity for some comments from Council members now. I just want to commend you, Commissioner Novick, and the bureau for working on this patiently, getting us to a good place. It seems like we're sort of passing the goldilocks test here -- not too fast, not too slow, about right. Not too many, not too few, and so on.

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I was reflecting a little bit on this issue because -- as we all do -- I hear from both sides on the issue on the fringes about it, if you will. I mean, I hear from people who are saying, "we're way behind in Portland and that's terrible." Actually, we're behind, or we're ahead or we're somewhere in this virtuous competition because we started it. Portland was one of the early adopters of light rail. We had the first city Climate Action Plan and we built the first modern streetcar. And we weren't a slouch on bikes, either. And that has set off a virtuous competition among cities to be green, livable, and give people transportation choices. What a problem to have that cities are trying to compete by doing the right thing! In fact, I still keep it on my bike -- Minneapolis one year won the best bike city award, the mayor R.T. Rybak was here and he gave me a snarky sticker which still is on my bike because there's a street in Minneapolis called Portland Avenue, that says, "Portland is just a street in Minneapolis." [laughter] It's still on my bike. So, I love it that we're in this virtuous competition. That's a great problem to have. So, to those wringing their hands that we are not a leader -- yes, we are, and others are running in our same direction and that's good.

I also of course hear the hand wringing on the other side, because every time we've given people more transportation choices in the city, there have been critics. When the first light rail line was built, the then-Republican candidate for governor said that when it was completed, we should be locked up and throw away the key because no one would ride the thing. She turned out to be incorrect about that and she also turned out not to be governor. And then when the streetcar was proposed, there were actually people at TriMet who called it the "donkey trolley," but a very enlightened local newspaper called the Oregonian published an editorial I still have in leucite that said, "build downtown rail," because it would give people more transportation choices. Because they and few other people even saw the development benefits at that point, they just said this would be another nice transportation choice for people in Portland to have. And they were right.

And then with bikes, there's always been that hand wringing that it's not a serious transportation choice and no one will use it. I rode my bike over the Tilikum Crossing on Monday morning for the first day of commuting, and there were already 1000 people who had used that new choice that day. It's probably up by today. Every time we've given people more choices, as the choices have proliferated, people have used them and I really believe that's what is going to happen. Thanks for all of your good work on this project. Other comments?

Fish: You know, we're going to vote next week. And one of the casualties of our system is that we have these big gatherings and you don't show up next week when we say nice things about you and repeat some of your best lines and cast our votes. I tend to support this innovative proposal, and I appreciate very much the presentation, the transparency, the way you've engaged the Council, and I'm excited to see this in place in Portland. And frankly, the big deciding point to me is family trips to other cities where this has been a huge success. I think this is one area of policy where seeing something function at a very high level in cities like New York, Washington D.C., and San Francisco really is an eye-opening experience, and may be why one of our mutual friends, Charlie, keeps asking me to go on these fact-finding trips to other cities.

Hales: Right.

Fish: Because they are very valuable when you're on the ground. This is working in other cities, it's hugely successful, and I'm looking forward to Portland joining. We will become, what, the 66th, Steve?

Novick: Steve said the 65th. And I want to remind people that under the old rules, we wouldn't make the tournament. In the new rules, we make the tournament, but have to play a play-in game.

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Fish: I also want to give Rob the award today for the best quote. I think sometimes the simplest metaphor or analogy is what captures the thing. And he said, "think Car2Go, not Zip Car." That was helpful for me. Thanks for your good work, I look forward to supporting this next week.

Hales: Comments, if not --

Novick: Mayor, I actually do have something to say, which is how much I appreciate everybody who has worked on this. Chris Warner and Timur Ender of my staff; Leah and Margi and Gabe Graff and a lot of other people in PBOT, but I especially want to thank Steve Hoyt-McBeth who's been the keeper of the flame on bike share, who has survived numerous fits and starts and lots of frustration, and has contained his commitment and enthusiasm and I'm very glad that all of you got to see and hear his enthusiasm as well as the wealth of information that he has here today. Thank you, Steve.

Hales: Well done. This will be back on the Council calendar for second reading next week. Let's move to the regular agenda.

Item 961.

Hales: Commissioner Novick.

Novick: Mayor, we're bringing this proclamation today to elevate the conversation about distracted driving. Portland is a Vision Zero city, and we committed to eliminating serious and fatal traffic collisions. As part of that effort, we want to take this opportunity to proclaim September 19th as Distraction Free Driving Awareness Day. For this agenda item, I would like to invite up Rich Roche, who is the statewide director of external affairs for AT&T, who will speak to the work they are doing to elevate the conversation about distracted driving. AT&T has been engaged in a national campaign to eliminate distracted driving, public service announcements, and engaging local, state, and the federal government in this issue. We as a city share their interest in making sure that cellular technology is used appropriately and not while operating a motor vehicle. We encourage everyone to take the "it can wait" pledge to not text by driving. I will turn it over to Rich for some remarks.

Richard Roche: Thank you very much for this opportunity. My name is Rich Roche with AT&T, director of external affairs. Thank you for your efforts to raise the awareness of the hazards of distracted driving and for proclaiming September 19th awareness day.

Each year, more than 2000 people are involved in accidents due to texting when driving. AT&T is working hard to raise the awareness about the dangers of texting and driving, and encouraging people to make a personal commitment to never text and drive. It's part of our "it can wait" campaign, because there's not a text message, a social media post, or internet search that can't wait.

We appreciate all of your efforts in making this proclamation. You are providing leadership on a very important issue to our community. I encourage you all to visit our itcanwait.com website -- "it can wait" all one word -- and take the pledge not to text and drive. If you're an AT&T subscriber, please consider downloading the drive mode app that helps you avoid the temptation of responding to a text that comes in when you're driving -- that little ding and you keep on looking over at your phone. This is a motion sensitive app, so once the car starts moving, the dinging stops and the person sending you a message does get an indication that you're driving and you'll get back to them. We'll encourage you to do that also.

Fish: Can you tell us how to find that on the app store?

Roche: Go to app store and put in "drive mode," and it's the AT&T app. It's a great app.

Fish: And it's free.

Roche: Yes. Free is good.

Hales: That's great. I haven't heard about that.

Roche: A lot of people haven't. And I think it's something that really helps.

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Fish: Can I make just a modest, humble suggestion as an AT&T customer?

Roche: Yes.

Fish: You guys are very good at sending me text messages reminding me to pay my bill, and other kinds of communications. I think you should make a big deal about this because I for one was not aware that there was such an app, and I think that is exactly the kind of tool that would be helpful in reminding people that they can't drive and use their phone.

Roche: I think that's a great idea, and I'll carry it back. Thank you very much. And please remember, probably the strongest message each of us can make to our family members, to our friends, and anybody out there is not to text and drive ourselves. If we set that model, people won't. As much as I nag my daughters during college about not texting and driving, all of that goes away as soon as they see me texting and driving. I think we can set -- be a role model for our families and for our friends by not texting. Thank you for this opportunity and thank you for all of your work in this area. Thank you.

Hales: Thanks very much for being here. Steve, do you have a proclamation to read?

Novick: We do. Whereas, the City of Portland holds the health and safety of its citizens as paramount priority; and whereas, Portland is a Vision Zero city; and whereas, traffic collisions are preventable and there are actions we can all take to reduce and eliminate traffic fatalities and collisions; and whereas, distracted driving occurs when drivers engage in activities that divert their attention off of the road; and whereas, The National Highway and Traffic Safety Administration reports that each day, more than nine people are killed and over 1153 people are injured in crashes that involve a distracted driver; and whereas, 60% of Oregonians use a smartphone; and whereas, 70% of Americans admit to using a smartphone while driving to text, check email, access social media, and use their photo and video tools; and whereas, the Oregon legislature has taken significant steps over the past five years to prohibit and discourage the use of hand held devices while driving, such as passing House Bill 2377 in 2009, House Bill 3186 in 2011, and Senate Bill 9 in 2013; now, therefore, I, Charlie Hales, Mayor of the City of Portland, Oregon, the City of Roses do hereby proclaim September 19th, 2015 to be distraction-free driving awareness day in Portland and urge all residents to observe the importance of this day.

Hales: Thank you very much.

Roche: I was reminded -- one other part -- thank you very much to your staff, because we do have PSA about no text with driving, if it would be OK --

Hales: Please, we would love to see it. Karla will help you. [video playing]

****: I feel so fortunate to be out on tour. The only downside is being away from my friends and family, so I don't know what I would do without my phone. I use it to stay connected. I use it to remind me of what really matters most. That's why sometimes I don't use it at all. [end of video]

Hales: Excellent.

Roche: Thank you. Just a reminder, the app is wonderful application. Another application that is even simpler is your glove box or turning your phone off.

Hales: Thank you very much. That's excellent.

Fish: Where do I find that app? [laughter]

Hales: Great. Thank you, Commissioner, that's a great presentation.

Item 962.

Hales: Pleased to welcome Jeff here today. Many of you know him already. He's a long-time Portland resident, land use attorney, also a well-known advocate for affordable housing. He and I have known each other in a couple of capacities for longer than either of us will admit. He served nine years on the board of commissioners for the Housing Authority of Portland -- now Home Forward -- including three years as chair. A former board member of REACH -- in fact, he was the chair -- he was on the board when I was on

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the board a long time ago. He currently serves on Central City Concern's real estate committee and he practices law. He has experience with a wide variety of land use development and real estate issues, and we think he will make an excellent addition to the Planning and Sustainability Commission, the toughest volunteer job in the City. Katherine, our vice chair is here as well and she can attest for the hours put in. So, he knows what he is in for but he's still here and we appreciate it. Does anyone have any questions for Jeff?

Fish: Mayor, when I first heard about the application, my initial reaction was pretty negative because I served with Jeff on the Home Forward board -- now Home Forward, then Housing Authority of Portland -- and I was thinking about the qualities I would use to describe him at this hearing. They are as follows. He was often a contrarian, he was very independent minded, he frequently disagreed with staff, he was usually the smartest guy on the panel and always the best-prepared, and very rarely he was cranky. And the more I thought about it, I thought he is the perfect person to appoint to this board, because what we want is someone to filter all of the information that comes to us and to always be independent in their thinking. And I know Jeff to be fearless. And as you noted, Charlie, he was and continues to be a fearless advocate for low income families and affordable housing, and he is a person of very strong values and principles. And what I love about Jeff, is that he is -- it's because of his strong principles that he is often someone asking the questions that no one else is willing to ask in Portland polite. And that's what I think makes him an invaluable board member, so I applaud this nomination.

Hales: Thank you. Jeff, welcome.

Jeff Bachrach: Mayor Hales, thank you. Thank you, Commissioners. I'm going to not respond to anything Nick said, even the negative comments. Thank you, Nick, I appreciate that. I did serve on the Housing Authority with Nick. I would say he might have been my second-favorite Commissioner, of course after Gretchen, who I served with for three years, and that was a delightful experience as well. Mayor Hales, everybody, thank you for this opportunity. As you said, I served nine years on the Housing Authority. I hope I added a modest amount of value to that enterprise and I hope I can do the same with the Planning Commission. Thank you again for the opportunity to serve.

Hales: Thank you very much. Any other questions? If not, I would like to hear a motion for adoption of the report.

Fish: So moved.

Saltzman: Second.

Hales: Further discussion? Roll call.

Moore-Love: I didn't have a signup sheet for this, I didn't --

Hales: Oh, sorry. Anybody want to speak, other than Jeff in his own defense? OK. Roll call, please.

Item 962 Roll.

Saltzman: Thank you, Jeff, for agreeing to do this. As the Mayor said, this is a very demanding assignment, and we appreciate the quality of the work the Planning and Sustainability Commission does for us and we are confident that you can maintain those high standards. Pleased to vote aye.

Novick: Thank you very much for your willingness to do this. Aye.

Fritz: Thank you. Aye.

Fish: I'm just thrilled. Jeff was an MVP on the Home Forward board and he is a really wonderful example of an engaged citizen, and I think we're lucky that he's willing to throw his lot with this very challenging assignment. Aye.

Hales: I love ocean sailing, and when you do that, you have a crew and you sign up for watches. And sometimes you get a good watch, sometimes you don't. Sometimes the wind is blowing the right way, sometimes the sun is shining, sometimes not. But you don't know,

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of course, when you sign up for watches the next day what the weather is going to be like at 2:00 in the morning. Jeff knows what he's in for signing up for this watch, because the City of Portland is growing and is under great stress because of that growth, and that stress will continue. And we have the chance with the revision and re-adoption of our comprehensive plan to get it right at a time of great change. So, you were signing up for the storm watch and I appreciate you doing that with your eyes open and appreciate your service very much. Aye. Thanks, Jeff.

Item 963.

Hales: Commissioner Saltzman.

Saltzman: Thank you, Mr. Mayor. This is a multi-application, the 10-year tax exemption for building affordable housing. The developer originally planned to do 100% of the units at 60% of median family income. Due to changing market conditions, they are requesting to do 40% of the units at 60% median income, which still well-exceeds our requirement of at least 20% of the units to be affordable at 60%. I would urge approval.

Fish: Mayor, can I move to suspend the rules quickly?

Hales: Sure.

Fish: We have an assistant chief here on something that he's going to spend all morning.

Hales: He has been here a long time. I'm trying to figure out frankly why he's here.

[laughs]

Fish: The person who pulled the matter left Council.

Hales: Oh, that's why -- I'm sorry, Assistant Chief Crebs.

Fish: Because he has other things to do, can we take care of that out of order?

Hales: Yes, I am sorry, it had not -- consciousness had not dawned on me from that. Let's do suspend the rules and return to 954. I'm sorry, Mike. Let's take that up, please.

Item 954.

Hales: OK, I think the person that requested this is no longer here. Is there anyone else that wants to speak on the item? If not, we'll take a roll call.

Moore-Love: Hold on -- did Mr. Walsh want to speak?

Hales: Oh, sorry, come on up.

Joe Walsh: You missed me.

Hales: You're not the one that pulled it, but come on up.

Walsh: You know, according to the charter -- and you can ask the City Attorney this -- you are supposed to have me right after you vote on consent agenda. Look at the charter, Charlie.

Hales: Mr. Walsh, this says pulled --

Walsh: And I am disabled and you made me wait --

Hales: Excuse me -- excuse me, excuse me, this is pulled to regular by Steven Entwistle. You are not Steven Entwistle. Please proceed, we'll give you a chance to testify now.

Walsh: On what?

Hales: On the item that we pulled, 964.

Walsh: The reason Steve got me on the agenda is that I am disabled and I was having some problems. I asked him to go to the Clerk and pull it. Now, I don't know why his name is on it. It should be my name. This item should never be on the consent agenda. We object automatically to you making it an emergency. We always object to that. This is somebody made a mistake. And if you look at it -- if I remember correctly, the contract ran September 28th, and you guys' paperwork ran September 30th. So, we sat around and said, "why are they making a big deal about this?" And then we -- the question came up -- well, maybe they've been using this contract illegally. They got the date screwed up and now they want to fix it. They put it on the consent agenda, which is right underneath the table -- no discussion, no nothing. You guys screwed up. Or your staff screwed up. Why

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don't you just tell the people we made a mistake, we have to correct it. Now, you mentioned TriMet. TriMet just raised the rates for senior citizens 25%. Isn't that amazing? 25%. Now, patty and I can afford that. You guys can afford that. But I'm telling you right now, when you raise the rates 25%, you should not deal with this, guys! 25%, Commissioner Fish! What is that? Do they think people are out there celebrating and going to dinner every night? No, everybody is struggling. 25% is an insult, and you guys associating with TriMet is an insult to your constituents.

Hales: Thank you. Go ahead.

Charles Johnson: Thank you, Commissioners. My name is Charles Johnson, for the record. As regards to the contracted services for whatever it is, we want to say armed uniform officers do while they're around TriMet I've had the experience of being caught without my honored citizen card and my fare, and it's gone differently. My main thing is solutionary thinking about some of the issues that Mr. Walsh raised. I know people who've had experiences with poor law enforcement from TriMet-contracted officers, and are then told that even though they're inside the City of Portland on downtown City sidewalks, IPR doesn't apply because it's some out-of-county deputy on a contract with TriMet. So, I hope that when your staff does a better job on this upcoming contract, I'll be able to rally some voices so that you'll know that there needs to be some sort of ombudsmen or quality-control service to make sure that this money is getting quality policing and that there's a due process procedure for people who feel that they have had a really negative encounter, whether it's race-based or whatever. So I hope that in the future in that contract, you'll look toward quality control and citizen engagement. Thank you.

Hales: Thank you. Anyone else? Anyone have any questions for the Assistant Chief Crebs?

Fish: Mayor, the accompanying impact statement says it was a scrivener's error. I move the ordinance.

Hales: OK. Roll call, please.

Item 954 Roll.

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

Hales: Thank you. Let's return to 963. Thank you.

Item 963 continued.

Saltzman: We already had the presentation. I gave the overview. If anybody has any questions, but otherwise --

Hales: Anyone have any questions for Commissioner Saltzman or for staff?

Fish: Yeah, I have some questions, if staff could come forward. I appreciate the memo from Dory and the detailed information.

One of the concerns that I have here is about precedent. We awarded a public benefit based on an application that promised to meet 100% affordability. And that application was competitively scored. And now, the applicant is asking to scale it back from 100% to 40% affordable units. So, to what extent are we setting a precedent? That's my first question, and I'll come back to some others.

Dory Van Bockel, Portland Housing Bureau: Actually, there have been other applications that have set this precedent prior to this -- not necessarily on the competitive process. And I need to state my name. I'm Dory Van Bockel, program coordinator with the MULTE program. We have had a couple of other projects also come back and need to be re-evaluated.

For this particular project, as far as it being part of the competitive cycle, it wouldn't have knocked any other applications out of being qualified or eligible based on what was received at that point. And then we did still review the application, even though the rules

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have changed -- the guidelines of the program have changed since then -- as if it still would need to meet the competitive criteria. So, it did still exceed the criteria.

Fish: Let me just offer an analogy. In our procurement process, we're always on guard for people that low bid and then come in and do change orders and change circumstances, and it becomes more expensive. Let's assume here that the applicant was operating in good faith. But the applicant chose to put an application forward where 100% of the units were affordable. And now, the applicant says because of changed circumstances, they want to back off 60% of that commitment. Separate and apart from how it might have fared in the competitive process back in time, why should we allow someone to be relieved of an obligation that they willingly took on to receive a public benefit?

Van Bockel: In this particular situation, in looking at the reasons for them coming forward to need to adjust the affordability approved that they had their lender engaged in their amended application, and frankly had determined that the project itself wouldn't be able to move forward with any affordability had we not relooked at it as a whole new application with a lower amount. During the timeline it took for this project to get up and moving, they didn't have financing secured sufficiently at the point in time when we ask for applications - - it's so early in the project development. And they went through a design review process which came out fairly lengthy at the end, and then when their financing was starting to come together, enough had changed in the market rents and other dynamics with the project itself as a result of the design review that that was the reality that we came up with.

Fish: If this particular project came before the bureau now, today, under our new revolving -- our approach that we no longer have a competitive process, we have a I guess first come- first serve if you meet certain criteria, Andrea, would this qualify?

Andrea Matthiessen, Portland Housing Bureau: It would. It exceeds the minimum affordability threshold criteria. I think that they had other public benefits that they would have been committing to bring to the table around minority contracting. I did just want to reiterate -- I think the point that Dory was making around the change from the open process, the competitive process and the timing of that and how that really didn't work for the development cycle around the financing. So, we were asking projects to make a certain set of assumptions that then they couldn't follow through on because they were coming in so prematurely without financing, without design review, and that's one of the major reasons why we felt the program needed to move away from that very structured, twice a year, competitive open enrollment.

Fish: I guess the other question that I have is if the developer is being asked to be relieved from a substantial obligation that they voluntarily put before us in their application, which is 60% of the units no longer affordable, do we have the right to, for example, extend the affordability covenant to get some other public benefit to replace the one we're losing?

Matthiessen: We're in the process of having that conversation currently with the City Attorney based on comments and feedback that we heard from City Council when we were discussing the proposed program changes.

Fish: For example, I mean, our plan is a 10-year covenant. If someone comes back and says change circumstances, we would have an interest it seems to me in having a longer period for the covenant to apply. And was that considered in this set of negotiations?

Matthiessen: No, it was not. We are really not actually at the point of clarity with the City Attorney around rather statute enables to go beyond 10 years for any project.

Fish: Andrea, let me make sure I understand ultimately what the options the developer has here are. If the Council turned this request down, what would the developer then do? Simply opt out altogether and go to market rate?

Matthiessen: That's most likely, yes.

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Fish: So, we have a bit of a hot seat in choice here, you're suggesting. If we vote no, we may lose even the 20% affordability that's our minimum threshold for a project like this. If we vote yes, we get the higher amount, which is 40%, and you're persuaded that this is a unique set of circumstances cured in part by the new rules, would no longer require this to be a competitive process. Is that correct?

Matthiessen: Yes.

Hales: Do I -- are you finished? Do I understand correctly from you said that the project has been through design review now?

Van Bockel: That is our understanding, yes.

Hales: And that resulted in some of the design changes in the memorandum?

Van Bockel: Correct.

Hales: Some sounds like they might involve cost increases, but that's understandable. I'm not displeased to hear the changes they made, they sounds good, but we ought to do that with our eyes open per yesterday's discussion.

Fish: Is the only change in terms of the benefits they're providing the City the drop to 40% affordability, or other parts of the agreement they're modifying?

Van Bockel: That was the only change. They're actually still going to build to green building standards and a number of other things that were required as part of their approval when they first applied.

Fish: So the one -- you know, if the bureau recommends that we support this and if the Commissioner-in-Charge recommends, I'm going to support it. But I do want to make sure that you have a robust tool kit going forward so that if a developer seeks a modification after you've granted a public benefit, you have the right to capture some more value at the back end through extending the 10-year covenant or whatever you deem appropriate. Because I think we have to always be looking at this sort of balancing. In this instance, we're still well above the 20% floor of affordable housing that we require, and you've indicated that this would be an eligible project under the new rules and still would have competed favorably under the old rules. So, those are the unique circumstances which will allow me to support your request.

Hales: Any other questions? Does anyone want to speak on this item?

Moore-Love: We have Mr. Lightning signed up.

Hales: Thank you both. Come on up, Lightning.

Lightning: Good morning. My name is Lightning, I represent Lightning Watchdog PDX. Basically, the concerns that Commissioner Fish brought up on starting out at the 100% and then going through the design process, you've made some major changes to the overall unit mix from the two bedrooms down to more ones, and also going to the two buildings. The only concern I have on here is that obviously you're still within the 20% guidelines of the affordable housing at the 60% MFI. Again, looking from the public good, I think -- it appears to me that maybe there was kind of a time delay to the developers over this project for whatever reason that was, what the reason really is. And one of the concerns I noticed here is that some of the neighbors kind of made statements that they don't want this kind of to be the poor apartments or developed for the poor and have more of a mixed type tenant base in there. So again, you're meeting all of those requirements. And again, I guess it's like, yes, I agree with this being approved, but also having a good understanding also with the developers that with the approval, if you don't remain in compliance, then what's going to happen? And have that very clear up front on where that will go from here. So, if you do opt out in three years of this, exactly what are going to be the penalties for doing that? You're staying within the 20% -- I don't have an issue. You should absolutely be part of the MULTE program. And that was my main concern is just what would happen if they don't remain in compliance after the fact and to make that very

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clear up front. Because it seems to me from the 100% down to the 40% -- it wasn't really made that clear up front. And I think that needs to change and be looked at very close. Thank you.

Hales: Thank you.

Charles Johnson: Thank you, Commissioners. Charles Johnson. I just think it's important that we have local context for 102nd. You know, we're talking about two blocks north of a MAX stop, except there's a big hole in the MAX stop now because it's under repair -- Burnside and 102nd. And when we have a drop -- I didn't even do the math to know how many units we're losing here, but I hope that you'll find a way to empower yourselves to wrangle these people back to the table and tell you what their vision is, how they're going to make up -- not contractually, but just morally -- make up for this loss of affordable housing. We thought we were going to get it. It's planned. We know that people would have liked to have lived there. They won't be able to live there now because of these units being at market rate instead of available for a subsidy. So when there's a glitch in a developer's plan, I hope that you have not even an official accounting, but just write down in your [indistinguishable] not Hazelwood properties, but name of the people who were caught off guard. Some financial [indistinguishable] came up, but they shouldn't just be asking for a break. They should tell the City how they're going to continue to be part of a solution and what they've learned from this experience so that we don't have this crap again. Thank you.

Hales: Thank you. OK, anyone else? If not, roll call vote, please.

Item 963 Roll.

Saltzman: I appreciate the discussion, and I do harken back to yesterday's work session we had on the cost of affordable housing, and note that one of the issues that came up was how Design Commission review can increase the cost, and I think this is an example of that. And I think that's something we need to be more cognizant of and find some solutions for. Aye.

Novick: Aye.

Fish: I have some qualms about this approach, but I have great confidence in the PHB team, and we're still getting a public benefit above our minimum. But I also -- this for me triggers another conversation, which is how we address developer applicants who in mid-stream at some point breach our agreement and what remedies we have, including can we go back to day one and recover the property taxes as if the exemption should never have been granted. I hope we develop a more robust set of tools so that the bureau can both discourage that kind of behavior, and also in an instance like this, negotiate other compensatory public benefit. Aye.

Hales: Aye. Thank you.

Item 964.

Hales: Second reading. Roll call, please.

Item 964 Roll.

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

Item 965.

Hales: Come on up, please. Good afternoon.

Sherree Matias, Office of the City Auditor: Good afternoon. I'm Sherree Matias from the Auditor's Office.

Mike Zeller, Portland Bureau of Transportation: I'm Mike Zeller, I'm a sidewalk inspector with the sidewalks department at maintenance.

Matias: This ordinance is for sidewalk repair on property that is required by the City. Any remonstrances have been removed or pulled from this assessment and are not in this ordinance.

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Hales: Any questions for staff? Anyone want to speak on this item?

Moore-Love: No one signed up.

Hales: And then I believe this just passes to second reading, right? We don't have to overrule the remonstrances, it just passes to second reading. Correct? So it does. And we are recessed until 2:00 p.m. Thank you all.

At 12:04 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.

SEPTEMBER 16, 2015

2:00 PM

Hales: Good afternoon, everyone. Welcome to the September 16th meeting of the Portland City Council. Would you please call the roll?

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

Hales: Welcome, everyone. We have a single item on the Council calendar this afternoon and I'll have Karla read it in a moment. I want to welcome you all here.

Just basic ground rules for those of you who may not be frequent visitors here. If you're here to testify on this item, you just need only give Karla your name and she'll put you on the list and likewise, when you testify, we typically allow three minutes for individual testimony. It doesn't look like there are so many people here that that will be a problem. Again, you need only give us your name, no need for addresses and such unless you're a registered lobbyist, in which case you need to disclose who you are here on behalf of. We maintain the rules of decorum in this room, so if you agree with someone and compelled to show it, feel free to give them a wave of the hand. If you disagree with someone and want to show it, a polite hand gesture is fine but we don't make vocal demonstrations in favor or against our fellow citizens' points of views in this room so that the Council gets to hear all of them. That's about all there is to it. Karla, would you please read the item?

Item 966.

Hales: Commissioner Fritz.

Fritz: Thank you, Mayor Hales, and welcome, everybody. Last year, Oregonians and over 70% of Portlanders voted to legalize recreational marijuana. It's now the City's term to put a framework in place to regulate and license the sale and distribution of marijuana within our city limits. Of course, we have previously been strong supporters of medical marijuana and those dispensaries have been operating for some time. I'm very pleased to now be in charge of the Office of Neighborhood Involvement and the capable staff that have been managing this project. I want to start by thanking Claire Adamsick and Tom Bizeau on my staff and also Theresa Marchetti, Victor Salinas, Amy Archer, and Amalia Alarcon de Morris and pretty much the rest of the entire bureau who've been working on this for several months. Thank you for all of your good work.

The Office of Neighborhood Involvement staff are in a good position to balance industry interests and small business opportunities with livability concerns that go hand-in-hand with regulating a vice like liquor and now marijuana. I'm going to invite the staff to come up to the table please. We're going to hear from our staff for about 30 minutes. Colleagues, I'd ask you to hold your questions until the end because it's a fairly extensive presentation and I believe you'll get many of your questions answered. At the end, I have a few minor amendments to propose, and copies of those are available with the Council Clerk as well as have been distributed to you. Then we'll have time for Council questions, we have an invited panel, and then we'll open it up for testimony and come back with more discussion at the end.

Hales: Thank you. Theresa, welcome.

Theresa Marchetti, Office of Neighborhood Involvement: Thank you. Thank you, Commissioner Fritz. Good afternoon, Council members. I'm Theresa Marchetti, I'm the

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livability programs manager for the Office of Neighborhood Involvement overseeing the marijuana policy program -- or the development of the marijuana policy program. Thank you for the opportunity to present the proposed framework for the regulatory licensing and requirement for recreational marijuana businesses and medical dispensaries within the City of Portland. As you know, this Council approved the development of the marijuana policy program within the livability center of the Office of Neighborhood Involvement in November of 2014.

For those of you who have not been following it as closely, I'd like to provide a little bit of legislative background. In 2014, the legislature passed Senate Bill 1531, which legalized the sale of medical marijuana from marijuana dispensaries. At that point, recreational marijuana and use of it was still illegal. In November of 2014, Measure 91 was passed by the voters which legalized the personal use and growing of marijuana and also provided a framework for regulating the sale and distribution of marijuana that was largely modelled after the Liquor Control Act.

In 2015 legislative session, House Bill 3400 was passed. This effectively modified Measure 91 and Senate Bill 1531 in a couple of ways that are important for our conversation today. First of all, it requires a land use compatibility statement from the local government before state issues a recreational license. It also allows local governments the option of opting out of housing one or more licensed types. It allows local governments to regulate the business operations -- often called the time, place, manner -- of retailers, wholesalers, producers, processors, and also medical dispensaries. It allows local governments to entertain the idea of a 3% tax on recreational marijuana with a referral to the voters. And finally, it allows local governments to create a thousand-foot buffer between recreational retail locations in order to address and reduce the possibility of saturation.

In addition to that, the legislature also passed Senate Bill 460. We're in an arena right now where actually the recreational system will not be up and running until January of 2016. So, the legislature passed sort of a stop gap that would allow the sale of limited recreational marijuana from existing medical dispensaries beginning October 1st of 2015 -- which is coming very quickly -- that will be tax free until December 31st of 2015, and then through 2016, it will be taxed at 25%, sunseting December 31st of 2016.

I'd also like just for your information and for context for our discussion to reference the federal landscape of marijuana. It currently is still illegal federally, but there was a set of guidelines that was released from the District Attorney that is lovingly referred to as the Cole memo that outlines several priorities for prosecution -- for federal prosecution. And those also provided some guidance for jurisdictions that were looking to legalize marijuana within the states.

Fish: You said District Attorney, I think you meant Attorney General.

Marchetti: Thank you, sir, yes -- thank you. Some of those include preventing revenue from the sale of marijuana from going to criminal enterprises, preventing diversion of marijuana from states that have legalized to states that have not legalized or just across state lines in general, preventing the authorized marijuana activity in states to being used as a pretext to cover other illegal activity, preventing violence in the cultivation of marijuana, and also preventing youth access.

To give you an idea about what the landscape of marijuana looks like in Portland specifically, we currently have 132 medical dispensaries registered with the state. 120 are operating. We do know that there are current compliance issues with some of those locations. Some of those are not adhering to some of the state regulations. We also know that Portland houses about 40% of the retail alcohol market, so we assume marijuana will be located here in similar numbers. We also are in a landscape where local jurisdictions

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can opt out of licensing. And as of drafting this, there were about 25 local jurisdictions that prohibited licensing within their boundaries -- primarily southern Oregon -- and it's unclear what jurisdictions within the metro area will be efforting that.

Fish: Theresa, can you just give us a quick flavor of what some of the current compliance issues are -- just the categories -- or do you do that later?

Marchetti: I can now.

Fish: Just a thumbnail sketch.

Marchetti: Sure. Currently within the OHA's parameters, there is a thousand-foot buffer dispensaries. Some dispensaries are not in compliance with that. Some dispensaries are operating without being registered at all -- so, completely unlicensed.

The framework that we are proposing today goes to address a number of different elements. We think that Portland has a clear interest in regulating the marijuana industry as it integrates into our commercial corridors first of all, to encourage the responsible integration of the industry, but also at the same time addressing those environmental impacts that could potentially have adverse effects on livability or public safety. We're also concerned about the security of the industry itself. And as well, we think this is an excellent opportunity to really establish what the community expectations are going to be around this issue. There's a wide variety of opinions, and the Office of Neighborhood Involvement is in a unique position to be able to mediate those. In addition, we have also provided some recourse for Portland communities to address the unlicensed locations. Currently, the Oregon Health Authority and the Oregon Liquor Control Commission have no statutory authority to address anything but their licensees or registrants.

Really what we want to do here is to create a roadmap to success. This graphic, this bell curve that you're seeing of behavior is a well-established concept within the social sciences. There's always going to be about 10% of actors that act outside of the law within the gray areas, within loopholes, and that's going to require some level of enforcement. There's also the 10% of good actors that regardless of the rules are going to go above and beyond to meet the community expectations and to run safe and livable businesses. It's that 80% in between that can be motivated by rules and community standards as long as they understand what those are, and we hope that this is the beginning of that discussion.

So, to illuminate more on what the nuts and bolts are of the regulation that we are proposing, I would like to introduce Victor Salinas, our marijuana policies program coordinator.

Victor Salinas, Office of Neighborhood Involvement: Good afternoon. My name is Victor Salinas for the record, and I am the marijuana policy program coordinator for the City of Portland. I'd like to take the opportunity to share the proposed marijuana regulatory license requirements, which would be for medical dispensaries -- those who sell marijuana, and marijuana items -- that Oregon Medical Marijuana Act patient cardholders and caregivers over 21. This also includes licensing of marijuana retailers who sell marijuana and marijuana items to the general public over 21. In addition, we'll be offering licenses for marijuana processors who are focused on the production of marijuana items, including edibles and concentrates, as well as marijuana wholesalers who transfer marijuana from producers and processors to the retailers, and of course, licensing marijuana producers who are in charge of growing or cultivating marijuana.

It is worth noting that the City is not regulating growers and producers currently under the medical marijuana system since that is out of our scope of authority and covered under federal law -- patient protection with the HIPAA.

I'd like to move on to discuss a little bit of the proposed minimum standards to process a license application. This is an initial evaluation criteria that also serves as a

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criteria for the land use compatibility statement that we'll be processing as part of the state license and will be part of the concurrent process running with the City's proposed license.

This initial criteria includes ensuring that proposed businesses are within a fixed location -- so, no mobile or satellite locations would be allowed. In addition, based on language from House Bill 3400, businesses would not be able to site within less than 1000 feet from school.

Fish: Victor, this -- without getting too technical, how do you calculate 1000 feet?

Salinas: That would be as a crow flies.

Fish: Thank you.

Fritz: To note, Council and those watching, everything that's in blue is in state law, so those are things that are mandatory that we are not allowed to change. Other parts of our proposal that are not in blue are things we can discuss as to whether we want to do it or not.

Salinas: Thank you, Commissioner Fritz. The next component of the minimum standards would be that marijuana business retailers be at least 1000 feet from another marijuana business retailer -- and that was through the authority granted to the City by home rule and through language in House Bill 3400 -- as well as a minimum distance of 1000 feet between medical dispensaries and that is per Senate Bill 1530.

In addition to that, we also have another component which includes language on zoning and that ensures that businesses do not zone within residential zoning RF through RH, and that is per state statute prohibiting license to zone in areas that are exclusively zoned for residential use. Again, just to clarify, this would be the criteria that we also use to go through the evaluation process for the land use compatibility statement.

In terms of the proposed application procedure for marijuana regulatory licenses, all applicants must submit City of Portland forms developed by the Office of Neighborhood Involvement. They need to present a business license where applicable, a change of use permit, proof of an alarm permit, a lease showing authorization for use of the property owner, and the application fee. For those applying for a producer or processor license, they will need to show all appropriate permits are being obtained or have been obtained, and in order to address safety concerns and nuisance activity, we are including a component that we have identified as a marijuana control plan to address security, and this would be for retailers and for medical dispensaries that the plan would include language on how the businesses plan to address security measures, restricting minor access, how they plan to address trash in the surrounding areas in and around the business, and another safety component commonly known as CPTED or the crime prevention through environmental design to address safety concerns and minimize nuisance activity.

Fish: Victor, does the requirement of the applicant submit a lease showing authorization -- is that for the specific use of a marijuana dispensary or can it be just for any commercial use?

Salinas: That would be for the specific use of a marijuana dispensary or marijuana retail business.

I'd like to follow with some of the proposed notification process that we have identified through our public involvement process to help mitigate community concerns and serve as a bridge between the industry and community as we integrate this new industry into the Portland business community. That component includes that all applicants -- as we go through the application process, the director shall provide a notice of application before a final decision is made to the Police Bureau, the Bureau of Fire and Rescue, the Bureau of Revenue and Financial Services, and the Bureau of Development Services.

Fritz: Next slide, please.

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Salinas: Thank you. For medical dispensaries and for marijuana retailers, we have also included a component to help address and mitigate community and industry relationship. Property owners and property occupants within a 300 feet of the proposed license premise be notified by mail, and the other component that is incorporated is the district coalition offices and neighborhood associations in which the marijuana regulatory licensee is located or proposed to be located -- that they will be receiving notice in the mail notifying them about the name of the property, contact information, as well as how they can obtain the marijuana control plan that addresses the safety and livability concerns.

Fish: Commissioner Fritz, on the question of notice to coalition offices and neighborhood associations, is there any reason why we don't expand to include a business association if it falls within one of the 50 districts?

Fritz: Actually, Commissioner, I was about to add my piece of this and say that we are going to be directing the district coalition to be notifying the business association. Of course, there isn't necessarily going to be one in all areas but where there is, the administrative direction to the district coalition is to make sure that the business association will be noticed. Of course, adjacent businesses will get the written notice.

Fish: Thank you.

Salinas: Thank you both. And lastly, the other form of notification will be a posting of a public notice where the marijuana regulatory license is located or proposed to be located.

Once we go through the evaluation process for the licenses upon presentation of a state approval and payment of the licensing fee, then the City of Portland would issue the license if all components are met satisfactorily to establish a location within the Portland city limits.

At this time, I'd like to move on to share on our public involvement process and I would like to take the opportunity to thank all of the representatives from identity and culturally-specific groups as well as the industry that participated and helped to shape the policy that we are proposing before you today. We did this through engagement through a town hall series that involved three town halls and Southwest Portland, in East Portland, and in North Portland to ensure that we were reaching the broader community. We had approximately 100 participants throughout the three town halls and addressed many concerns that we'll be sharing with you shortly.

As part of the involvement process, we also convened a community stakeholder work group that met over a period of 11 weeks and we had approximately five meetings -- no, I'm sorry, we did have five meetings and we addressed a series of concerns both from the industry side and the community side addressing livability and safety concerns.

We also did targeted outreach to approximately 635 contacts to inform of the development of these policies and how we were advancing in the process. We did this through social media, through next door, through Facebook, through Twitter, as well as phone calls, emails, and in-person communications. We feel that the regulatory system that we're presenting before you today is reflective of the collaborative effort through this public involvement process and input that we received.

In terms of some of the feedback that we heard, the main themes were to avoid preferential treatment for existing medical dispensaries opting into soft start sales through regulations by October 1st, 2015. Another point raised was to work with the state to ensure that the soft start does not encourage illegal market, ensuring that the marijuana control plan does not unreasonably affect business operations, address social environments including smoking lounges and events responsible for consumption -- which is something that we plan to do as part of the next steps as we convene the stakeholder work group -- and that we use an equity lens to create an opportunities for small growers, emerging

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business owners, and communities of color to access the market, as well as women-owned businesses.

In addition, we plan to address another point raised continuously, which was to address education about marijuana addiction and prevention awareness and to address components that would ensure that we limit saturation of adult businesses, like bars, marijuana retailers, and lottery establishments in the City. We also heard concerns to support legal businesses and go after the bad actors because as we know from other enforcement programs that we have, the program is only as good as its enforcement. And of course, reminding our community members here that the reason why this program has been -- asked to house it in the Office of Neighborhood Involvement is because of the fact that our programs are people-centered and we focus on a collaborative enforcement process.

We were also asked to address funding for the marijuana policy program, which just to clarify, and further iterate -- this is a cost recovery based program, not a fee -- or not a revenue-creating program. And we were also asked to address police enforcement and their response to complaints.

In terms of the licensing requirements for the proposed marijuana regulatory license, all licensees will need to display their City license, they need to ensure that no consumption takes place on the premises --

Fish: Excuse me -- Victor, or Commissioner -- just was curious about the no consumption on premises. You go to a bar, order a drink, you can consume on premises. You go to a cigar bar, buy a regulated product, and consume it on the premises. The no consumption on premises, the rationale for that in this context is --

Fritz: Theresa can chip in, but I believe it is because the state law that was passed by the voters says no consumption in public, and a business is a public place.

Fish: Public accommodation.

Fritz: Yeah. And as Victor mentioned, we did hear during the town halls and through our outreach that there is some interest in looking at could there be places to do that? It's a bigger question than we wanted to tackle under this program right now.

Fish: Of course, one significant difference, if you go into a bar and someone else drinks, you don't consume alcohol. Slight difference in the secondary impact of someone else's conduct. Anyway, our current law -- you believe the current law does not allow for on-premises consumption because of the no use in a public place.

Salinas: Thank you for the clarification. So, another component that we include is ensuring that businesses have a security system with surveillance. And the City of Portland is also addressing delivery services, so no delivery service unless specifically provided by state law under the Oregon Medical Marijuana Act by care givers.

For all marijuana retailers and medical dispensaries, they must have someone designated at the entrance to check IDs. The hours of operation must be no earlier than 7:00 a.m. and no later than 9:00 p.m. and must not set up mobile or satellite locations. This would include farmers market stands, other stands, mobile carts, and so on. So, they must be within a fixed location for which the license was authorized or granted.

In terms of the licensee requirements for the proposed marijuana regulatory license, all marijuana producer and wholesale licensees may not be open to the general public. And we did hear a concern in terms of potentially as they expand the social environments to allow for tours or media entering these businesses -- that would not be considered under what is defined as general public. They also must install a filtration system for the building ventilation to address odor impacts to the community and surrounding areas. All marijuana processor licensees must not be open to the general public and must adhere to

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state and local food regulations for food preparation. I'll turn it over to Theresa to speak on the application process.

Marchetti: Thank you, Victor. As we envision it currently and through process mapping and talking with both OHA, which is the Oregon Health Authority, and the OLCC, the Oregon Liquor Control Commission, we have developed what we think will be the process for applying for a City license and how -- and we've sort of detailed how it will interact with the state's process as well. On this slide, this is the application process for recreational marijuana businesses --

Hales: [laughs] -- sorry, but probably don't want to use the infinity for a regulatory process -- [laughter]

Marchetti: Start and end -- there is an end. [laughter]

Hales: Got carried away graphically there, Theresa. [laughter]

Marchetti: Maybe I did. So, to start applying for the City license, there will be -- the applicant will submit their forms and the minimum standards will be assessed by the City of Portland. At the same time, we envision that the application for state license -- that process can run concurrently. The state will request a land use compatibility statement from the City of Portland, which will cross over the minimum standards. Essentially, it's the same criteria that we would use to provide them with approval or denial. And if OLCC ultimately approves the application, then the City would issue that license.

The application process for a medical dispensary is slightly more complicated in that medical dispensaries currently exist. So, under the existing medical dispensaries -- which we intend to begin licensing, pending approval by City Council, as of October 1st -- follow the blue trajectory on the graphic. Basically, they would apply for a City license, the City of Portland would verify that they have a valid registration with the Oregon Health Authority and are in good standings there, then would assess the minimum standards at that point, ensuring that we catch any of those compliance issues of which I talked about a little bit before, and then the City license would be issued.

After that period in which we are licensing the existing medical dispensaries, medical dispensaries that open after October 1st of 2015 would follow a slightly different trajectory. They would be applying for a City license, those minimum standards would be assessed -- 1000 foot from each other, from a school -- and then we would be verifying, feedback loop would happen with the Oregon Health Authority where we would be verifying a valid registration, and then the City license would be issued.

I wanted to talk a little bit about the enforcement mechanism for this program, as outlined in the proposed requirements and regulations. They may be subject up to \$5,000 in penalties for administrative violations. That could be either for operating without a valid City license or operating in violation of a requirement of this chapter. We do have an ask for four code enforcement staff -- that we will be further detailing in the fall BMP, but it is requested as part of this presentation -- that would allow for two two-person teams to address compliance issues basically north and south of Burnside.

Fish: Theresa, is the penalty component of this -- is it a ladder where the first time it's something and then it cumulatively and at some point gets to \$5,000?

Marchetti: Yes, absolutely. And we intend to reconvene the community work group and look at regulations and define what will be essentially a class D violation that would come with a much smaller potential penalty than A, for instance, operating without a license, which we would elevate to a higher level.

Fish: Is the general philosophy, though, the first violation is corrective.

Marchetti: Yes.

Fish: Multiple violations becomes a pattern and therefore, you use the hammer.

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Marchetti: Absolutely. That's sort of the trajectory that all of our livability programs follow. So, it starts small, usually with a warning, with education. We envision that happening with first and second violations, and then after that assessing civil penalties as the behavior comes more prolific and persistent.

Saltzman: What do you need two two-person teams for? Why not one person team -- or one person, I guess --

Marchetti: We want to ensure there is a partnership there that can -- it's really for safety purposes so that if our staff is approaching these businesses -- particularly the ones that are operating without a license -- that they are doing so in partnership with another member of staff.

Saltzman: Why wouldn't you use police as a back-up in that situation or --

Fritz: We get into that in the amendments.

Marchetti: Yes, we will.

Fritz: There's some reluctance from the police -- that's part of the reason why we're proposing that the staffing be in ONI for the majority of the inspections and enforcements.

Saltzman: And does OLCC use two-person teams?

Marchetti: Yes, typically, at least with liquor. They're still currently hiring their enforcement staff for their marijuana program. And typically -- I mean, this program is based on administrative requirements and administrative violations, so I think the reluctance on the part of the Police Bureau to designate resources for the enforcement of an administrative program is sort of similar to, for instance, the enforcement of our noise control program, which is also heavily administrative. Obviously, we would have partnership with them or at least we would hope to have partnership with them as it crossed over into the arena of criminal activity.

Fish: Commissioner Fritz, if all else fails, you can lobby Dan and say that the Fire Bureau propose two-person teams -- [laughs]

Marchetti: Not be a bad idea --

Saltzman: Four-person teams -- [laughter]

Marchetti: And just to be absolutely clear, no criminal citations or enforcement will be conducted by this office, although we will have partnership with police if there are situations that arise that need their expertise. District Attorney Rod Underhill has also confirmed that his office will address violations related to minor access and public consumption, also outside of the purview of this particular program, at least in terms of enforcement. We will engage the community with elements of education to that extent in a more informal capacity.

Fish: Is he seeking funding from us or the County or some other source?

Marchetti: I'm not sure, I'll have to get back to you on that.

Fritz: I haven't had that discussion with him. I was actually just at the Girl Scout luncheon. He and I had an ongoing conversation about this. The question arisen -- if police were to cite somebody for use in public, would the District Attorney prosecute? And the answer is absolutely yes.

Fish: Presumably, he will seek some funding source to cover that overhead.

Fritz: Presumably, when they prosecute, there's fines and such involved that we may or may not get.

Marchetti: Moving on to the fee structure -- again, this Council asked when they approve the development of the marijuana policy program that it be developed in such a way that was cost recovery, and the fees reflect that. It's obviously difficult to project the number of applications, but we've been in conversations with Denver, Colorado and with Washington, and specifically Seattle, Washington on the distribution of their licensing and what they've seen. Denver, Colorado had over 900 licenses locate within their boundaries within the first

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year. Washington has a statewide cap that was actually recently increased, but for their 334 static locations statewide, they received 7000 applications within the 30 days that they allotted for it. There's a lot of interest just right over our northern border, so we expect a lot of interest here in Portland as well, who's welcoming to the industry.

This assumes -- obviously with medical dispensaries we do have some information there is about 130, 132 that are operating. We assume the same amount for marijuana retailers. Obviously, there's a natural cap provided by the 1000-foot buffer that we've proposed. Marijuana processors, producers, wholesalers -- we tried to roughly ballpark that number based on what we've seen in other jurisdictions but in truth, we're not completely sure how many to expect.

The cost of administering the marijuana program includes the three positions approved by Council previously -- the livability programs manager, our marijuana policy program coordinator Victor, and also our marijuana policy program assistant, who we hope to be hiring very quickly here. It also has an additional ask -- again, for four code enforcement officers and then an OSS II support specialist. This includes basically all program costs, materials, rent, all of that.

Fritz: The intent it would be revenue-neutral cost recovery and that we will come in the full BMP to ask for a position authority.

Marchetti: Thank you, Commissioner. In terms of next steps, this is actually one component of this -- one smallish component of the overall marijuana policy program. As all livability programs, we look at what the regulatory framework is, what our needs are within our communities, and we try to respond to those through education as well as further work with policy, which, especially in this arena, we will be needing that. We intend to move forward with an educational program with our partners and other jurisdictions with the County and also with our schools in particular to address youth access, youth education. We will also be involved and ready to disseminate information related to DUII.

We're also going to be embarking on an education program for the industry to make sure that they understand what the procedures are for application. We hope to partner with the Oregon Health Authority and Oregon Liquor Control Commission on that so that we are removing barriers as much as possible. We also will have the local tax option at 3% discussion that will need to happen -- that Council will need to have the next coming months. And we will also --

Fritz: Just to be clear on that issue, we're not deciding that today. The choices will be we enact a 3% tax, we send the 3% tax to the voters, we try for our 10% tax that we passed before the ballot measure passed, or we don't tax at all. Those will be the four choices, but that's not on the table today because we're not allowed to do any of those right now.

Marchetti: Thank you, Commissioner. We will also be convening the community work group. They've done excellent work and we hope that all members return to the table to begin this discussion around responsible social environments. We heard from a number of members that are concerned -- where do I go if I want to consume responsibly but don't want to be around my children? Valid points, and something that I think garners greater discussion. Currently, the state licensing entity is not intending to license any on-site consumption, Commissioner Fish, which is what you are referring to when a bar is licensed for the sale of on-site consumption of alcohol.

We're also in communications with individuals who want to do events strictly related to marijuana. There have been a number who have been extremely proactive come in to speak to us about the dos and don'ts, best practices, those kinds of things. There's number who have not. So, we will begin the discussions how to ensure that those events happen in a responsibility way.

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Also, you know, this is obviously the first go-round for this proposal and it was the first go-around for the state as well within their legislative session, and I imagine that there's going to be more work to be done in the legislature in coming one and proceeding ones after that. Commissioner, would you like to speak to the amendments?

Fritz: Yes. Colleagues, I handed out some amendments. This has been a continuing work in process, and I don't anticipate what we adopt today or next week would be the final version, but yesterday we realized a couple of scrivener errors. There's a memo dated 9/15 that we handed out yesterday, there's a scrivener's error on section 14 in exhibit A, section B 130 020 M is a duplicate definition and is deleted which then reorders the other numbers -- letters in that section. And then in section 14 B 130 080 C2, instead of Multnomah County, we need to say, "licensee must adhere to state and applicable state and local regulations." There are more than Multnomah County regulations. So, that's my first amendment moved.

Fish: Do you want to move them as a package or individually?

Hales: I would recommend as a package. We can take it apart if we have to.

Fritz: OK. So, that's the first one. The second one a memo dated today. The Auditor very helpfully brought to our attention that the changes that we adopted on appeals to the code hearings officer changed the amount of money and the regulations for appeals of the Director's decisions on marijuana license approvals, and so we are proposing to change 14 B 130 120 to add "review by the Director and appeals to the codes hearing officer" and then adding to 14 B 130 070 F that the director should give applicant written notice of denial in accordance with the written requirements of Chapter 3 130 of Portland City Code. I apologize to everybody listening, I know this is all administrative gobbledygook. I know it is administrative gobbledygook. The intent is to make sure we are not charging an access amount for an administrative appeal. The net result is a good thing for the community. And then we also adding that same section to 14 B 130 100 B1. I'm required to say all of this to get it into the record, I apologize. Then in Section 14 130 110 B the Director again in accordance with the minimum requirements of Chapter 3 130 of Portland City Code. That's also added to 110 C. And then this kind of explains it better -- in Section 14B 130 120, we add, "review by the Director and appeals to the code hearings officer. Any determination issued pursuant to Sections 14 B 130 070 100 or 110 believed to be made in error may be reviewed by the Director if requested by the recipient. The request must be submitted in writing within 15 days of the determination and must include all evidence that supports the request. The Director's determination shall be served by regular mail. The Director's determination may be appealed to the code hearing officer as provided by Chapter 22 10 of the City Code." And that then changes the numbering on that. For the fee schedule, instead of the code hearing appeals fee of \$1750, the administrative review fee is \$250.

Then there's also a minor change to section 090 to instead of -- actually, this one is a little different. This one about police assistance, which is what Commissioner Saltzman was asking about. Let me -- I'll take a breath. That was the previous ones on the administrative fee. For Police Bureau protocol, we wanted to make sure -- in partnership with the police -- that it's clear what the police are or are not going to do in helping us with inspections. So, Section 14 B 130 090 D3 will now say, "Police assistance in issuing an inspection warrants on an unoccupied property, including inspection warrants pursuant to 14B 130 090, judge may authorize any police officer as defined in Oregon revised statutes to enter the described property to ensure the safety of the Director or the representative of the bureau in completing the inspection." So, that removes language that allowed the police to remove any person or obstacle and assist in inspecting the property in any way necessary. It's more in conformance with what the actual police do in other situations where there's suspected criminal activity.

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And finally, the last amendment corrects the fee schedule to have the administrative review fee be \$250 instead of 1750.

Hales: Is there a second to those amendment?

Fish: Second.

Hales: And then we can adopt these -- if that's Council's decision -- and then conduct the hearing and take testimony, and if folks disagree with any of these amendments -- as well as whatever is in the package as a whole -- you can let us know.

Fritz: And there are paper copies for anybody who felt inspired by that whole recitation of gobbledygook to actually want to read it.

Fish: And Mayor, just to be clear, by adopting them we put them on the table for public comment.

Hales: Correct. And Captain Kruger from the Police Bureau is here. I think this ameliorates the Police Bureau's concern, but we can get confirmation about that and if there are any questions about the Police Bureau's role, he can answer them. Other questions before we vote on accepting the amendments for public testimony? Roll call, please.

Roll on amendments.

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

Hales: OK. Anything else from Victor and Theresa?

Fritz: Just want to know if Council has further questions for the staff.

Fish: Great PowerPoint.

Hales: Yeah, I don't have any further questions.

Fritz: We do have an invited panel and then we can get to public testimony. Thank you, team.

Hales: Thank you very much.

Fritz: Folks should also know that online, we have the proposed code -- again, with the things that are in state law in blue so that it's really clear. I want to thank the person who made that suggestion at the last town hall, I think that's really helped me understand where things are.

Hales: OK. And your invited panel is here.

Fritz: They know who they are.

Hales: Come on up. Good afternoon, welcome.

LaQuida Landford: Good afternoon, Mayor, Commissioners. Thank you. My name is LaQuida Landford, and I was a part of the community stakeholder work group. Very thankful to have been a part of those conversations as a community member and feeling included in the conversation. I had spoke out before to a couple of people that encouraged me to continue to want to do the work that I'm doing with organizing with people of color in the community to have those discussions about inclusiveness. And in the business, that was the concern for me -- safety and business practices and how those were going to be looking for people of color. This is a new opportunity for our city and people that have been marginalized and that have not been included in the past but have been criminalized for marijuana. So, taking a new approach with what we have in our city as -- for me, it was just doing more of the outreach and learning more and being able to connect and be an advocate for the community of color and rallying folks around to have some know your rights sort of trainings. I got some pretty good responses and a lot of concerns. So, there's still work to do on that in that area. But as far as the community work group, it was very positive and I learned a lot and I may -- I was able to -- yeah, just be a part of that conversation and be in that city and different events throughout Portland. So, still looking forward to connecting with the folks in the group and with the City and making sure that the community is connected, not just in going to the website, but just giving the information

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step-by-step for those who wanted to be involved. So, I thank you guys for the opportunity today to be here to speak on that.

Hales: Thank you.

Amy Margolis: Thank you, Mayor and Commissioners, for the opportunity to testify. My name is Amy Margoles, I'm an attorney with Emerge Law Group. We focus primarily on the cannabis industry. I'm also director of the Oregon Cannabis Association. I was part of this group from an industry perspective and from sort of a boots on the grounds legal perspective. We represent many, many people in this industry. I want to thank Mr. Salinas for allowing us to participate. I participated in a lot of these, and this is the first one where it wasn't just law enforcement industry legislators, it really reached out to the community in a kind of special and unique way. I'm very appreciative of that and I think people felt very included in that process.

There were a number of good pieces of this legislation. There were a number of pieces of this legislation that promote this industry, that keep communities safe, that focus on public safety, and I'm very proud of the work that we did on those pieces. I do have a primary concern. And I need to explain, I think, what is happening right now for you to understand the impact a small portion of this legislation would have, and I think you're going to hear from other members of the community who are here about this issue.

So, the rules divide licensing into two groups for dispensaries: medical and recreational. Currently, medical dispensaries -- and you saw from your PowerPoint -- need to be a thousand feet from each other. And they will, come October 1, start selling adult-use flower. They will be applying for medical licenses under the Portland licensing regime. So, they will hold those licenses. Many of those medically-licensed dispensaries intend to get recreational licenses. They have been operating, they have been up and running, they are compliant. They are -- we heard the phrase -- bad actors. These are the good actors who are participating and in good standing now.

What has happened -- and Victor reminded me that I objected to this during the meetings, too, -- what this legislation does in creating a thousand feet from each other within the medical program and within the recreational program, but not allowing a period of opt-in, not allowing those medical dispensaries to have first crack at the recreational Portland licenses. What you are doing is creating a situation that's a confusing issue and I'm happy to talk it through, but what you are doing is creating a situation where existing medical dispensaries that have existing medical Portland licenses will not be allowed or able to become recreational dispensaries because a brand new recreational dispensary may get the City of Portland license first.

Hales: Because of the proximity?

Margolis: Because of the -- and I'm going to call it a false proximity designation. I just made that up right now, but I think it's appropriate. And that's because the statute doesn't have that requirement. I participate in licensing compliance and regulatory committee for OLCC, and they are not imposing that. So, this is unique to City of Portland. Other jurisdictions are doing other things -- I'm also on the Clackamas task force. However, I have yet to see something that will hit medical dispensaries who are creating business plans. So, a number of these dispensaries are expanding their square footage and putting additional registers in. They are actively seeking investment to expand to accommodate early recreational sales, and then to hear, come October when recreational dispensaries are licensed that these medical dispensaries -- who have created whole business models around transitioning -- will not be able to transition to recreational is I think an unintended and unfortunate consequence.

Fish: So, you believe this is unintentional.

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Margolis: I do not -- we spoke about this -- I apologize, Commissioner -- I think that the City of Portland did not intend to create internal industry competition and to push out existing good actors. That's what I think is unintentional.

Hales: You knew the problem we were trying to solve.

Margolis: I do. And so there are a number of suggestions and ways to solve that problem without directly and negatively impacting existing and operating medical dispensaries. You want the good players to stay. You want the people with internal and institutional knowledge to continue to participate in this program.

Fish: Mayor, Commissioner, she represents an industry. Can we extend the time?

Fritz: Well, I think there are others who want to address this issue and it was addressed at the task force.

Fish: Fair enough. But again, because of her unique position in this, could we take an extra minute just to hear her proposal for what the fixes could be just so we have those in front of us?

Hales: That would be useful. So, yeah, how would you recommend we solve the problem of too many licensees in a small area? We've experienced that before with liquor licensees. We know what it looks like and it's not pretty. What would you recommend?

Margolis: Mayor, Commissioners, thank you --

Fish: By the way, you don't have to call us Mayor and Commissioners. They do that in Salem and it gets in the way of all of the testimony. You can dispense with that and we don't even need your address.

Margolis: It's a good thing I don't need to wear my suit jacket, either. Easy solution -- and I don't speak for -- other industry members maybe have another alternative solution. But I think if the goal is to address there being too much saturation -- and I understand that this is the goal -- then the easiest way to solve that is to have all locations medical and recreational need to be a thousand feet from each other. That would solve this problem completely. So, if all license dispensaries -- medical or recreational -- were required to be a thousand feet from each other, you would not have this issue.

Hales: Clear enough, thank you.

Saltzman: Sounds elegant.

Hales: Who's next? We'll ponder that and we'll also listen to Linda.

Linda Nettekoven: Good afternoon, Mayor Hales and City Council members. Thank you for allowing me to testify. My name is Linda Nettekoven, and I am a community member of the marijuana work group and I'm representing only myself in speaking here today. I also would like to take the opportunity to acknowledge the excellent work of ONI staff. This is an incredible maze of information that they have helped to lead us through, and members of the group have also helped each other in terms of understanding what's going on. It's really been a great learning experience, as others have said, but I think it's in a sense priceless for what we're trying to accomplish here in Portland with these new regulations.

I'm in support of the proposal before you. I'd like to take my time to just emphasize what I think are the necessary -- a few of the necessary next steps. In addition to the education and outreach efforts that were just mentioned, there's also the information form and the marijuana control plan, all of which I think could benefit from review by stakeholders. I'm glad you caught the omission of business districts, I was also going to mention that. And I think -- again, training for neighborhood coalition staff, opportunities for neighborhood associations to begin to help to understand the implications of these new regulations would be really helpful in terms of answering questions and being able to be resources for the community at large. I'm hoping the crime prevention staff isn't spread so thinly that they can occasionally step up on this.

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I think one of my big concerns is the land rush, in a sense, that we're facing and enough resources to answer all the questions, handle the applications, deal with community. I guess the key effort here to be to manage community expectations in terms of how long licensing processing will have to take, and how long education and other sorts of things will take to unfold. I think it's important that the information form and the marijuana control plan -- we can see how many things there are to make sure are included, that we include the relevant information and we don't develop things that are onerous for new applicants to be able to understand and navigate.

Second, I was planning to chime in on the issue of saturation. I, of course, have no solution to offer but I think this -- I know there is fear out in the community that adding the marijuana dispensing establishments along with places that already have what might be called too many bars -- and perhaps in some cases, adult entertainment venues -- is going to in a sense preclude the opportunity for those neighborhoods to become walkable because those business districts will lose some of the valuable real estate that could be devoted to the goods and services that people need for daily life. So, I'm hoping there are some good ways to deal with this issue of how many and located where.

Third and finally -- and you may think I'm contradicting myself here -- I think the City needs to explore the development of regulated private premises for consumption of marijuana. By coincidence, the luncheon speaker yesterday at the trek transportation summit was Eric Klinenberg, the author of *Going Solo*, who talks about the dramatic shift in our population and numbers of people now living alone in our society and that a piece of that -- obviously it's very important in terms of future transportation, land use, other planning decisions that we make. But the fact that so many people live alone means that many people choose connectivity by being outside in private spaces, public spaces, third spaces -- that's their way to come together and connect with people. They're not doing it in their homes alone necessarily. Again, the idea of the social enterprise involved with consuming marijuana is something that we need to address. It was on the list, but I just want to emphasize the importance of that conversation going forward. Again, I don't have answers but I think it's really important to be considered. I'll stop at this point. Thank you very much.

Hales: Thank you. Good afternoon.

Jennifer Vines: Good afternoon, Mayor, Commissioners. I'm Dr. Jennifer Vines, I'm a health officer with the Multnomah County Health Department. I'm a family physician by training and I'm also board certified in preventive medicine and public health. Thank you for the opportunity to provide support for the City of Portland ordinance that facilitates the introduction of retail marijuana businesses. We at the County have been carefully tracking changes to state law related to recreational and medical marijuana and we know this is new territory for elected officials and other government agencies. So, like you, we are quickly learning and adjusting to the changing landscape.

I'd like to just identify for you the four areas of concern to public health that we're tracking most closely. The first is that highly potent marijuana either smoked or consumed can easily lead to overdose. And we know that since retail sales began in 2014, Colorado's Rocky Mountain Poison and Drug Center has received over 70% more calls related to marijuana exposure than it did in 2013. We know that youth are particularly at risk for accidental poisoning when marijuana products are not stored safely or out of reach.

The second is that marijuana slows reaction times and doubles the risk of traffic accidents. When drivers under the influence of both marijuana and alcohol, impairment is compounded.

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The third issue is that marijuana use by pregnant and breast-feeding mothers is of great concern, so avoiding any chemical exposures like marijuana is really a priority for healthy fetus and infant development.

And finally, fourth and related to our concern for pregnant and breast feeding mothers is around youth access, and this has to do with the developing brain. Our understanding of the effects of marijuana on the developing brain are still evolving, but we're taking a precautionary principle and assuming those effects are unlikely to be good. We do have strong evidence that marijuana users who start at a young age have an increased risk of becoming dependent.

Keeping all of that in mind, as we look at the proposed ordinance to address time, place, and manner of operation of marijuana businesses, we expect the ordinance to be helpful in addressing these concerns. Based on what we know from a large body of alcohol and retail outlet research, limiting the density of marijuana retail outlets is prudent. Studies have consistently shown that high alcohol retailer density is associated with increase in alcohol misuse, unintentional injury, and crime. The density limit not only improves neighborhood livability, but it may also discourage impulsive purchases and the negative consequences that result, such as overdose and auto crashes. The limitation on hours of sales also should help limit the consequences of impulse purchases on fatal auto accidents, which occur most often on weekend nights.

Finally, ordinance requirements to assure age verification upon business entry and at retail sale is a fundamental part of limiting youth access and of setting the norm that marijuana use is an adult activity.

The County is also actively engaged with the Oregon Health Authority and Oregon Liquor Control Commission in public policy development around other common sense rules about potency, packaging, testing, and pesticide use. We urge you to also monitor and provide input on these issues that are outside of the City's authority.

In closing, we'd like to thank the City of Portland for its diligence in developing the ordinance. We appreciate your efforts to hold town hall meetings and gather community input. The ordinance presented today not only community feedback, but also maintains structure around time, place, and manner that supports our vision in public health. Thank you.

Hales: Thank you. Further questions for anyone on this panel? Thank you all very much. Do you have other invited testimony, Commissioner or should we turn to the sign-up sheet? Karla, let's turn to the sign-up sheet.

Moore-Love: I have 13 people signed up. The first three, please come on up.

Hales: Welcome, good afternoon.

Joe Pietri: Good afternoon. My name is Joe Pietri, I'm -- [inaudible] -- last time, one of my friends lost his license. Somebody moved in within a thousand feet. And he worked at that spot for two years and made it a business -- the man is here, too -- and somehow we got beat to the punch. You know, it had to be nano-seconds for him to get the license after we've worked there for two years. We couldn't figure out how he could have done it. Well, now we have. They have a program that get their applications in before anybody else's. They have a super computer system, super money backing these out-of-town people who want to make rules that benefit them that put people like that have been working for 10, 12 years out of business. This man right here has been here for six years. He runs the human collective, he sells cannabis to patients cheaper than anybody. He works at such a profit margin that I don't know how he makes money. And he is going to lose his business.

Even before you guys get to the next step, this is already rigged. They have it rigged. And her applications -- their applications right here -- and they have already tried this program. Their applications will get in before anybody else's. They've already tried it

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during the dispensary act, and they're going to do it this time big time. I suggest that you -- not -- grandfathering these people in that have paid their dues here on the state but at the same time, make it equal for everybody to get their application in and make sure that they're residents of this state. Make sure that they're not from Colorado, or from some other state coming here to make laws that benefit indoor growers when we grow the best cannabis in the world and it's grown outdoors.

You're going to create a big, big friction here between the medical people, the outdoor growers. We're going to bury these people. But we're not going to take them fixing the game! We're not going to take it. And that's what they've done. They got away with it at the dispensary act. They're not going to get away with it this time. I'm begging you now, you need to really take a close look at who you're dealing with. You know, I went to Lewis and Clark to talk like this and I was first on the list. I was surprised. I got put to the rear because they didn't want me to come and be able to speak to you like I'm speaking to you today. But just like it happened to my friend at hallelujah farm -- by the way, these people that moved in within a thousand square feet? They were out of business in 90 days. One, they didn't know how to grow pot; two, they didn't know how to run a dispensary; three, they hadn't done their marketing, they didn't have their following, they didn't have their business. These people have businesses, customers that have been set up for a long, long time.

Hales: You made that very clear, I appreciate it. Thank you.

Pietri: Thank you.

Hales: Welcome.

Donald Morse: Thank you for listening to me. My name is Donald Morse, I'm the director of the Oregon Cannabis Business Council. We're a trade organization for the industry. And I also own the Human Collective Dispensary here in Portland.

Ms. Margolis laid out the problems here with this plan as we read it. Someone can go across the street from any dispensary in town and rent a location, not make any improvements to it, and then file an application. And if they're just nano seconds ahead of us, they get it, and the dispensary that has been a part of the community, built up its business, employs any number of people, etc., will be forced out of business. You may say, "well, they can remain a medical facility." Well, the OLCC and the OHA are on record, you know, publicly and privately at saying within two years they expect the two systems will merge -- market forces are going to make this happen.

The dispensary owners in my organization -- all of them plan to go retail. And the reason is they know that if they don't, it spells the end of their business within a couple of years. So, really what you're doing is you're setting up a dynamic that can punish the people who paved the way for the industry in this state, and I think that is a gross injustice.

Hales: Thank you.

Fritz: So, how will medical patients get their medication if everybody goes to retail?

Morse: Medical patients -- for instance, in mine -- medical patients can come in and buy in a retail establishment. There's nothing stopping them from doing that. However, there is the tax. In this coming short session, we are going to be pushing a bill that will basically state that medical patients with a card cannot be taxed regardless of what type of facility they go into. So, that will take care of that problem. We expect that to pass because we have tremendous amount of support for it.

Secondly, in my dispensary, even after I become retail the OLCC is allowing us to give uniform discounts. So, I could discount 15% off of the price of any product that is listed at retail for anyone with a card, and that's exactly what we anticipate doing. So, we built our businesses on the medical patients. We have no wish to turn our back on them, we're going to protect them every step of the way. But this is going to become a one-

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channel industry within a few years. And basically like I said, these dynamics will punish the people who have helped to set the industry up as it is now and it's just not fair.

Fritz: I'm very glad to hear that you're looking out for the patients.

Morse: Definitely.

Fritz: Thank you.

Anthony Johnson: My name is Anthony Johnson. I was coauthor and chief petitioner of Measure 91. I am the Executive Director and registered lobbyist of New Approach Oregon, the PAC responsible for Measure 91; and the Vote Yes on 91 campaign.

Today, I'd like to briefly touch upon the fact that we do need to have social use -- lounges or places for people to use cannabis in this City. Under state law, marijuana needs to be out of public view and cannot be used in a public place, but that doesn't discount private clubs and private establishments similar to the cigar bars, for instance. Most pressing to the rules and regulations before us today -- as Don and Amy and others have touched upon -- is the thousand-foot barrier. Measure 91, when we wrote the measure, we did not have any thousand foot barrier in the measure. And over 56% of Oregonians, 70% of Portlanders voted for that measure without the thousand foot barrier.

We were aware of the thousand foot barrier that exists for medical marijuana dispensaries, and there are plenty of good actors that have been good partners and good neighbors serving patients admirably within the medical marijuana community, but also a thousand foot barrier also cut out people who could also be good neighbors and do good work. And just because you get your application in one second earlier, a minute earlier than somebody else doesn't necessarily mean you're going to be the better representative for the industry. And so, we would argue that marijuana should be treated like bars, breweries, and wineries and we follow in the footsteps of our microbrew and local winery industries and not have a thousand-foot barrier and the saturation issue will -- I was going to say weed itself out.

The saturation issue will correct itself. The cream will rise to the top, and those actors will survive and the bad actors will fade away. If we operated our microbrew industry like we're proposing to do with the marijuana, you can imagine a time where the McMenemy brothers or Deschutes or somebody would not be allowed to enter the industry if someone got an application in one second before them. So, I would argue and we would argue to not have the thousand-foot barrier, allow the competition, and allow the cream to rise to the top and that's a better policy for Portland and the rest of the state.

Hales: Well, let me be clear about this from my standpoint. I think this is probably pretty shared among us. My interest in any kind of a thousand foot or any other buffer approach is not at all founded on a desire to create a system that people could game or a system where we're trying to pick winners and losers among business people, but what it comes from is unhappy experience in this city with what is known as lottery row in Hayden Island, with a very close proximity of establishments that are both licensed liquor dispensers and lottery dispensers, both ironically licensed by state government. It has created a very odious situation for people that live near that. Having been once burned, we're now a little shy. So, we're looking for ways to make sure that we don't replicate that problem there or in other neighborhoods. That's why I asked Ms. Margolis -- understand the problem we're trying to solve. What we're not trying to solve is figure out who we like better and make sure they succeed -- not at all. That's not what's going on here. But we do have a responsibility for neighborhood livability and we've seen it eroded in that instance by the proliferation of state-licensed restricted substance distributors and state-licensed gambling operations too close together and causing all kinds of side effects that's hurt the livability of the neighborhood. Understand, that's the problem we're trying to solve. I think I speak for

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the whole Council in articulating that. So, this discussion is very helpful because maybe we don't have it right yet, but understand where we're trying to go.

Morse: May I offer up one more solution then?

Hales: Please.

Morse: Just to allow, say, a two-day period when you begin accepting licenses in which to allow existing businesses to make their decision and submit their application. After that, it's an open field for whoever wants to enter as long as they're outside our buffer zone or whatever, and that way you get to limit the number and you get to protect the industry that's brought us this far.

Hales: That's creative, good. Thank you.

Johnson: If I could just chime in -- I do think I guess grandfathering in, if you will, existing medical marijuana dispensaries is a better policy than allowing the existing medical marijuana dispensaries to be blocked out of the upcoming system. But I think a better policy is to make sure that we bring in qualified people, and I think that a more comprehensive approach that maybe looks at the different neighborhoods in the city -- some neighborhoods may be OK with a larger proliferation with marijuana dispensaries while others may be not. It may not be suitable for those locations. But just to think that people existing today are necessary better than people who would come into the market isn't exactly the case. I do think it's a better policy than allowing somebody to swoop in and take their thousand-foot barrier, but I think a more comprehensive approach would be a better approach and that we have time to consider these issues as the state's not going to be accepting applications until January 4th and that a decision like this that does have a big impact upon who gets to participate in this industry as well as who really is still targeted by the drug war or the war on marijuana because they're not able to participate in this industry is I think an important issue for us to consider.

Hales: Thank you all very much. Next three? Welcome. Who would like to be first? Mr. Chen, go ahead.

Phillip Chen: I'd like to echo some of the points that --

Hales: Just give us your name for the record.

Chen: Phillip Chen, owner of [indistinguishable] organics, it's a medical marijuana dispensary. I want to start by saying that the compassion for patients is how this industry in this state was built. That being said, we face a saturation in Portland specifically, and I know for in my case -- and I speak for many of my colleagues here who are also dispensary owners -- if recreational shops open in between us, then we're -- some of us are just a thousand feet away from each other already. If a shop opens up in between me and my nearest neighbor, now we have three shops within a thousand feet of each other, and it just makes the neighborhood unlivable. We already have the operating experience. We've already invested. And I think that with increased competition, you will see more places go out of business and that would lead to more vacancies and would affect the macroeconomics of Portland severely when people have to give up their lease. So, the people that are already in place I think should have at least a first shot at receiving recreational licenses.

Hales: Thank you. Thanks very much. Welcome.

Mike Rochlin: Hi, I'm Mike Rochlin, and I'm a patient advocate, public health nurse, and I'm interested in what you've done. I have attended a lot of legislative events down in Salem initially, and OLCC meetings and have seen the state perform well, and I think the City is doing a commendable job with outreach to the community -- probably better than any other city in the state that I'm aware of. I think that is goodness. After following what I heard from Amy Margolis in terms of the idea that we might be headed into -- words that we use are like "land grab" -- I have seen that already this last year. It's been driving real

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estate prices crazy. There's a natural tendency -- people hear this is a green rush, like a gold rush, and they're wanting to get some money. I think this is what's driving some of this.

The newness of it and the concerns I have with the medical patients that have already been established, dispensary owners that have done very credible work and been involved in this whole process as we've gone along lend to the experience of being able to be fair and good players in this industry.

The other point I'd like to make is that this thousand-foot rule -- I hadn't heard that explanation before, and that's really good to understand. And I think that we're at a point now to set something and maybe amend it later would be a good idea. The idea on allowing medical dispensaries that exist now that have a business license I think is really good and important for the community. As I also heard and have experienced neighbors', communities' concerned when some -- a sign pops up, a posting, that's a lot of fear for the neighbors. I have been involved in community groups and that certainly is a concern. So, I look forward to a fair and transparent process as this appears to be. Thank you.

Hales: Thank you. Welcome.

Samuel Grosz: Good afternoon. My name is Samuel Grosz. I'm an attorney here in Portland and also serve on the OLCC's licensing and enforcement rules advisory committee. A lot of the sentiments I feel have been echoed today by some of my colleagues here -- Amy Margolis, Anthony Johnson.

One of the things I want to point out -- and I don't want to repeat points already made today -- but what the industry seems to be asking for is they get first crack at obtaining a retail license for adult use marijuana. This sets up an interesting problem for them because currently, under the proposed OLCC regulations, a particular physical location could only be issued an OLCC license or a license under the OHA, and those two licenses cannot coexist in the same space. So therefore, if a business wanted to apply for the recreational side, as soon as that license was issued, they would have to then give up their OHA license.

Hales: For medical you mean.

Grosz: For medical, correct. Therefore, they would have to choose immediately upon that application. So, this could set up some interesting issues because they would give up the health license -- the OHA license -- and then that would free up a space on the map potentially for another medical dispensary to move in next door to them.

The other thing I want to look at this thousand-foot rule is we're worried about oversaturation and we're creating a city as a homogenous fabric which we know it's not. We have some areas higher density in population and other areas that are not. If you look at Southwest Portland and the Pearl District and the core here, we have a higher density of population, and therefore it might make sense to allow more dispensaries to exist or more retail outlets to exist in that space. When you take into account the exclusion zones for schools that are already in place, you only have room for a handful -- a discreet number of businesses to operate in the downtown core here, which may actually need to support more dispensaries. And then you can look at other areas of the city which aren't as densely populated that a thousand-foot exclusion may be even allow businesses to pack in too closely.

So, I think that Measure 91 to the City regulate in a reasonable time place manner and that treating a City as homogenous with a thousand-foot among all businesses just may not be reasonable in this case. Thank you.

Hales: Thank you. Thank you all very much. Questions? Thanks. Next, please. Welcome, good afternoon.

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Lindsey Rinehard: Thank you. My name is Lindsey Rinehard. I'm here today to talk about a couple of things that I found in the ordinance. One page one, number eight, there is concern about the saturation. I wanted to refer you to Colorado and Sacramento land use studies that show that areas that have cannabis dispensaries higher in security and safer for the environment as we are required to have extreme security measures in place. I work at One Draw Two dispensary in Portland. We have had officers come into our facility and ask us for security footage because there were crimes were committed right by us. We were able to help them with their cases --

Fish: Can I ask -- I appreciate your testimony. You're going to get your full-time. I would welcome your view on what's the down side of a rule that just says a thousand feet between dispensaries regardless of whether they're medical or recreational -- I would just be interested in your view of why that would be bad?

Rinehard: It's detrimental to some of the facilities. The one where I work at -- we're a medical facility and then right next door we have a store we have a glass store where we would like to serve recreational cannabis. We share a wall with that. The owners own the entire building. We have medical facility on one side, we would like to have a recreational on the other where we can utilize both licenses in one location. But they're two separate locations because they are two separate addresses. They are very much within a foot of each other.

Fish: And alternatively, if we did adopt the narrow review of the thousand foot rule, you'd have to find another space four blocks away, or four and a half blocks away.

Rinehard: Correct. And they already own the one that's adequate to serve both populations. Asking them to have an additional expense when they already have the necessary space and security is a little bit outlandish in my opinion.

Fish: Again, the Mayor is going to give you all of your time. Let me ask you something. Do you feel that -- is there an equity argument here? I mean, did your owner take actions anticipating that the laws would be a certain way, or did they take their chances?

Rinehard: No, we have design plans. They want to knock out a wall and see if they could have a dual license which doesn't exist yet. So, now it's -- I came here to find out if they should knock out a wall or not. Should there be a dual license or should they have a recreational and medical side-by-side? Is that even going to be allowed? That buffer zone - - we absolutely have other dispensaries that are almost exactly one thousand feet away from us on the plus side of the lot, so they're over one thousand feet and so we do weed each other out. We have watched that dispensary a thousand feet from us fail twice now and it's because there are good actors and bad actors.

Fish: That's helpful, thank you.

Rinehard: Thank you. Other I wanted to address on there is there's already a lot of cannabis processors and producers active in Portland that aren't going to be able to wait for an OLCC license in order to obtain the Portland license. I felt the language on page nine was a little bit directionless on that, it seemed like a big loop. On page six, there is the order in which it's received to the director of the application. We'd like to know if that is processed or payment received and if it's going to be an online process -- because again, with the internet concerns about people hitting enter before they're able. On page nine, letter B, it says that they can be registered or licensed. Registering a business with the state of Oregon is very easy, it doesn't cost very much money and you can do it online. Licensing is an entirely different issue. It takes us months to get licenses from OHA. So, making that language be more clear saying that they have to be licensed would be appreciated. On number, page number 11, number two, it says there is no on-site consumption allowed. The state law says if you're patient in an enclosed, locked room, you are allowed to you're your medicine on site at the facility. It is not to be shared, it is not to

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be blatant, it is to be able to safely and properly use your medication. I would ask that you please go with the state law there. I have multiple sclerosis. I'm off 22 pills, I don't care to take any, and I would like my medicine to be acceptable to use at work, please.

Fish: Give us a real-world example of how that works.

Rinehard: Sure, absolutely. I sit in a cold room all day processing paperwork and I have muscle spasms. So if I close the door and lock it, there's no windows, I'm not in public view, and I can use my medical cannabis and my muscle spasms stop.

Hales: That's very helpful, thank you.

Rinehard: Thank you. We really do need to have that. And then as far as consumption on site, as far as lounges go -- you have three lounges that I know of operating in the city of Portland. Those are safe havens for people, people that have PTSD, people that have chronic pain, people going through cancer. People are able to go network at those lounges and meet other people that can help them through those experiences, and it's absolutely incredibly necessary to our community to be able to support one another. When you guys do go ahead and do lounges, I would ask that you consider those carefully because they're very important to those who use them. And lounges and events -- the events. We had a really interesting trouble with the High Times cup. We need to be able to have a place where we can hold cups and be able to have people medicate properly or recreate properly and still be able to leave safely in an orderly fashion without the OLCC stepping in and saying you can't do that. We need to be able to have a place where we can hold our events at. The last thing I had was on breast feeding and pregnant mothers. There are several studies from Jamaica saying that cannabis is safe for nursing with pregnant women, and I would urge you to look at those.

Hales: Thank you. Welcome.

Sarah Duff: Thank you. My name is Sarah Duff. I've been a cannabis activist for 13 years in Missouri, but in Portland for the last 10 years. I live in Portland. I'm here to talk about my view of trying to have a low-cost of barrier to enter the industry, and it does seem like with the license fees that they are relatively high compared to many other industries' license fees. The medical cannabis dispensaries -- it looks like you all are proposing 1750 for your license fee, and the state fee I believe will end up being 4500 by the end of it. But when the voters voted, they voted for a 1250 fee for recreational licenses, and at the time we already knew it was 4000 for a state fee for the medical dispensary. So now under the proposed rules, if we end up having to have licenses from the City and the state it looks like it'll end up being 6250 for the City and state fee for medical dispensaries and 7500 for recreational retail licenses. So, if you wanted to do both of those, that looks like 10,500 per year, and that seems like a lot of money. It also looks like there will be double enforcement -- enforcement on the state level as well as the City level. It doesn't really seem like we need to have double enforcement, I think just one is enough.

I also wanted to reiterate something Lindsey was saying, that we do need to have lounges and events and the ability to use marijuana. One way that we should be arguing that marijuana is similar to alcohol -- we all like using it together, it's a very communal drug, if you want to call it a drug -- it's a nontoxic herbal remedy to a lot of people. I think that we need a champion on this issue. We don't have that on the state level. If we should have that anywhere, it should be Portland. I'm going to be pushing for allowing that on the state level and hopefully, we'll be able to craft better regulations here in Portland since we do have the most support.

In other industries, like the furniture industry, they like to have various furniture stores in the same area, and I think that marijuana could be similar to that. This may be one issue where marijuana and alcohol are not exactly the same. It may be possible that lottery and alcohol may not exist the best way if you have multiple across from each other,

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that may be different from marijuana. For example, there's 39th and Hawthorne -- or Caesar Chavez. There's two different smoke shops and then one a half block away, so there's three within a block, and they don't seem to be arguing with each other. It is nice to have those options as a consumer myself and I do think that there is so much variance in quality between dispensaries or retail outlets that we can support having multiple competition across the street from each other.

Fish: May I just ask you as an activist -- are there cities that you think concentration has been proven to be successful?

Duff: I don't know if we've had a chance to see that as much yet. But in Colorado, I would say that they probably -- that might be a good one to look at. Since I know that there's so few licenses in Washington, it's kind of hard to look at them and learn from them. It's possible that we may have to take the lead in order to see what happens.

Hales: Thank you. Welcome.

William Frederick Mario Holtz: My name is William Holtz, and I'd like to thank you guys for letting me speak, Mayor and City Commissioners. I am a member of the Narcotics Anonymous. I'm also a recovering crystal meth addict, and cannabis has been instrumental in me being able to get off of that and no longer be a menace to the community. I also represent strictly solutions, clean and sober motorcycle club and I am no longer a member of the gypsy junkies. So, I have an insight as to how organized crime does affect local businesses as well as returning from -- after they had the little thing they called the occupation on the street over there -- which I believe did kind of turn into a riot. This is my first time coming into the City Hall on the inside to speak, rather than on the outside, out there.

I think that I was very blessed in my neighborhood -- I live at 2114 NE Everett Street, and I was very, very fortunate to be able to walk over to a dispensary and state my position and let them know that cannabis was also something that I wanted to stop using in order to be functional and complete in my recovery. They are instrumental in allowing me to come in there in a very, very out-of-it disposition -- very improper member of society, which I do consider myself to be getting closer to today. There's nothing recreational to me about marijuana, or cannabis, whatever you want to call it. You have to be able to interpret the law. I understand the political science, the articles of confederation and faction. It's the Wild West out here a little bit. I understand due to federal law, marijuana is illegal. Growing marijuana, consuming marijuana, and distributing marijuana -- it's all illegal. Some of us have given more of our personal interests away. The sheriff and a local law enforcement that do protect the business owners that are trying to function under the guidelines of the state law -- they have to be able to represent each other properly in order to create safety. I've tried growing marijuana at home in my father's house. We did experiment with one plant. We tried moving it in view and out of view, and it does everything from being an attractive nuisance to teenagers coming in order to try to steal the plants to other things. I think that it would be best to model after the existing dispensaries that are in place that have a relationship with the sheriff and how they're already operating. The recreational part, I don't know much about, but the medical part, I believe, should stay in place. They have their own private security and relationship that does work. And it's closer and it works better with problematic patients such as myself so they can move on and get to where they need to be. Thank you.

Hales: Thank you very much. Good afternoon.

Geoff Sugerman: Good afternoon. Mayor Hales, members of the City Council, my name is Geoff Sugerman. I submitted written testimony, and I'm here today on behalf of one of my clients, Groundworks Industries. I will not repeat a lot of what I said today. I, too, am very concerned about the thousand-foot rule. I think that we've always known that one of

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the most challenging issues we would face following the passage of Measure 91 is the intersection of the recreational market and the medical marijuana market. I think all of us want to make sure that medical patients can continue to get their medicine untaxed. I agree with Mr. Morse's comments before, I think that the legislature is soon to act on that issue. I do want to point out that in Colorado, medical facilities were given the right to opt into the recreational system first, and it seemed to work very well there. I think that most of the cities in Colorado really appreciated the opportunity for those medical facilities to make their choice first and then allow other recreational facilities in to fill in the blanks, so to speak.

In Oregon, the legislature has adopted some regulations around time, place, and manner. OLCC is going to give a lot more, but unlike the citing of liquor store and places that offer video lottery, the legislature has given the City the opportunity to make some policy choices on its own. My fear is that if -- the way that the current ordinance is written, you will virtually double the number of outlets in Portland if you adopt the thousand-foot from each other, but not from each other -- from like facilities, but not from all other facilities. I have proposed some language that I think will help. I think it's similar to what Miss Margolis proposed, and I think it makes sense in those areas where there is concern of oversaturation.

We think that the shops will continue to operate safely. They've done a great job since the passage of House Bill 3460 under the licensing and regulations that they faced. We do understand that there are concerns within the City about doubling the number of stores. So this change, which says, "no marijuana regulatory license shall be issued through a facility that is within a thousand feet of an OHA medical marijuana dispensary licensee or another OLCC marijuana retail licensee" would accomplish the problem that we're dealing with here.

With that, I think that in summary, we believe that this would lead to a more orderly process -- a thoughtful, a fair, and a workable process for the City licensure at both medical and recreational facilities. Thank you very much.

Fritz: What's your thought of the alternative suggestion of merely allowing the medical to apply a day or two earlier?

Sugerman: I think that that's a workable solution, too. I think that the idea is that we want to give those folks a chance -- those folks that have participating, who've gone through the state process, who've set up their security systems, who've invested in businesses and employees and leases -- give them the opportunity to move into this new market and still leave room for others to come in. So, I would be OK with that option.

Hales: Thank you very much. Welcome.

Beau Whitney: My name is Beau Whitney. I'm representing Green Point Oregon, an Oregon-based corporation and left coast connection, a Portland-based medical dispensary. I've submitted the written testimony and I just wanted to highlight a couple of items that's included in the testimony.

We are in favor of many of the principles associated with public safety and nonproliferation to individuals under the age of 21, however, there's a few aspects of the findings in the proposed ordinances that we're not necessarily in favor of. In section one of the published materials for this meeting, it said that there's a claim that saturation increases the likelihood that those under the age of 21 will have access. We're very -- you know, we appreciate that concern. However, there is a substantial body of research that has demonstrated that usage of marijuana by those under the age of 21 actually decreases in the states and the communities where medical marijuana dispensaries are legal. So, just wanted to point that out for educational purposes.

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Comments on chapter 14B.130. An overall comment is I'm not sure why marijuana testing facilities are not included in this ordinance. And on section 14B, Section 8, subsection 2, restricting the hours of operation. Essentially, the goals that you stated in your materials is to protect and preserve public health, safety, and general welfare. But this is a retail outlet. There's no direct evidence that would support the policy that restricting hours are necessary to support the goals. Otherwise, you know, there would be a restriction on cigarettes that are sold because there's a pretty well-documented body of evidence that supports cigarettes are a public health and safety issue. And then in terms of the fees, there are some concerns that the fees are substantial enough that it would impact small businesses and minority businesses that don't necessarily have access to this level of money. In general, the overall goal we support. There are some aspects that could be looked into, to be touched up a bit. Thank you very much.

Hales: Thank you. Welcome.

Mike McGrath: My name is Mike McGrath, I own a small company called Bridgetown Distribution. I'm a wholesaler that works within the marijuana program. Generally speaking, I'm here support the idea of the two-day waiting period -- or the opportunity for the medical dispensaries to put in their application first. An opportunity -- I would hope to have the same opportunity for operating in the medical marijuana. Furthermore, thinking of what could happen if that's not addressed -- you know, it would not be good for the city of Portland. It would create a circus, I think, and we would want to avoid that at all costs. Myself -- I'm not originally from here. And the opportunities that I have gained out here in Portland are unmatched in any other area of the country that I have lived, and I've been around. I was a petty cab driver. It was fun, but it was just another opportunity that I was allowed. Here, there are so many small businesses and entrepreneurs that have the ability to -- well, you know, make it. How it's written can definitely confound that. That's pretty much all I have to say.

Hales: Thank you. Thank you all very much. We have one more signed up and if there's anyone else that wants to speak, this would be the time. Welcome.

Sam Chapman: Thank you. Mayor Hales. Commissioners, my name is Sam Chapman for the record. I run New Economy Consulting, which is a firm based here in Portland that works with the municipalities across the state in crafting regulations around the marijuana industry, as well as we have clients that also need to navigate those regulations. So, again, I don't want to take too much time. I'd like to echo the thoughts of many other people behind me regarding the thousand-foot buffer issue that we've been dealing with here. I do think that it would automatically double the amount of dispensaries that we would have in the city. I've been to a couple of the work groups -- which by the way, I'd like to thank Victor and Teresa both for hosting those. They were very informative and they were very responsive to concerns of both the community members and the marijuana industry members alike, so thank you.

I think that when I initially had asked about why we were not including thousand-foot buffers between medical and recreational, the response that I got was, "we don't have the authority." So, I looked into that. I went and met with the legislative counsel last week in Salem to check and see whether the City of Portland may have the authority to do that. And maybe the confusion was that you have the time, place, manner, and authority in two different places -- one for medical and one for recreational -- but they're not necessarily in the same place, right? In different bills. And so I think that maybe the confusion there was, well, if we don't explicitly have authority to write a regulation that deals with medical and recreational, then we're not sure if we want to go down that route. So I wanted to share with you when I met with the legislative counsel, they said you absolutely do have the

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authority and if we could avoid having them write an opinion on it, they would like us to do that.

So, the second part -- well, I guess the second part to that same issue was, I noticed that it was stated in the presentation that the City didn't want to be preferential to existing facilities. I was curious as to why that was. Outside of the business reasons, if there's a specific reason why you didn't want to be preferential to existing facilities.

Fritz: That was reflecting the feedback we heard from the community at the town halls, it's not a City position.

Chapman: OK, very good.

Fish: Let me turn that around, if I could. Because it seems to me it raises a legal question of just us declaring that one group of licensees is privileged over another. So, you're the lawyer --

Chapman: I'm not an attorney -- not an attorney. [laughter]

Fish: Excuse me -- that is a compliment. But the advocate. We'll have to ask our esteemed counsel, but -- what are the examples of where we declared one class of licensees gets a privilege over another just because we say so?

Chapman: Sure. That's a great question. And again, not an attorney, so I can't give legal advice on that. But I do think that one of those classes of licensees exists and one does not right now, and I think that that's a major distinction. No one holds any recreational licenses, they just don't exist. And so, we're talking about existing business says that again, as has been previously stated -- these are good actors. They've been licensed. These are people that have constituents, they have patients. One thing that hasn't been mentioned tonight that would very much that I would like to put before you to consider is that -- as it has been said -- many of these medical dispensaries are going to want to transition to recreational. They're going to bring their patients with them. A lot of the patients are not going to pay \$400 to renew their card. That's tax money for the City of Portland if you were to implement the 3% tax or whichever route you go. So, that is one additional reason as to why you may want to consider giving preferential treatment to medical dispensaries. And even not to think of as preferential treatment, but rather avoiding additional saturation, which I really hear is the larger goal here, and I think that you can very easily accomplish that through the suggestions that have been stated here tonight in making sure that any marijuana retailer, whether medical or recreational, is not allowed to exist within a thousand feet of each other.

Two other quick notes, one on on-site consumption. I just want to clarify that having helped write House Bill 3460 and that law that legalized marijuana dispensaries, patients are allowed to consume on premise in a locked, closed room if they are an employee, not just any patient. And that was just one clarification that I wanted to add to the record.

The last thing that I wanted to speak on was lounges. I wanted to share with you an article -- and I'd be happy to submit it in testimony -- from the Register-Guard in Eugene that was published a year ago on the University of Oregon alumni. I'm very aware of a park that's just adjacent to the college where all the freshmen, for whatever reason, go to smoke marijuana. And they don't -- they don't know that there's security lined around the border, right, like these guys have no idea they are walking into a bear trap, and sometimes --

Fritz: There's parents at home whose freshmen just went off to the U of O who are cringing right now.

Chapman: Exactly. But here's the thing --

Hales: They're on the phone --

Chapman: They're going to love this because this is a proposal that they had put forth in the Register Guard, which was basically a mother who is very upset about, you know, "my

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children -- I don't feel safe sending my children to play in this park because there's a bunch of freshmen getting stoned out of their minds and I don't feel like that's a safe environment." So, basically, the next logical step from that was we need a place where they can go where they're not going to adversely affect the communities to where they can legally do what they're now allowed to do in a private, safe environment that's not in the public. So, the more that we are able to continue to have the conversation about lounges and public safety, I think we're going to be able to address the neighborhood concerns simultaneously. Thank you.

Hales: Thanks very much.

Scott Grenfell: My name is Scott Grenfell, I have a dispensary in Southeast Portland. I'm also a member of the Oregon Cannabis Business Council. I would like the opportunity to keep growing our business, I guess, and not be -- you know, we've been there for four years. We went through the thing last year with 3460. We have a lot of money invested. We have employees. I just want to make sure that we are able to keep doing what we want to do and not be phased out like Mr. Morse was saying. So, to consider all the opportunities to allow the existing dispensaries to stay in business in the next few years and keep our employees employed and to keep the -- you know, stay in Portland and do what we're doing and keep working. Thank you.

Hales: Thank you. Good afternoon.

****: Hi, my name is rhonda shaheen [spelling?] and I'm a licensed math teacher here in Oregon and I'm also a dispensary owner and part of the Oregon Cannabis Business Council and I would like to reiterate what was said. I think Amy Margolis's suggestion is a good idea. I also think Don Morse's suggestion is also great idea. Oversaturation is an issue. You could take a look at Sandy -- it's called the green mile. You've got a dispensary at 24th and Sandy, 28th and Sandy, 32nd and Sandy, 36th and Sandy, and goes right down the line. Every four blocks is a dispensary. And if you don't do the thousand feet from any marijuana facility, you're going to have a dispensary at every two blocks down that street. Again, going back to dispensaries that have been established for years -- we are one year in operation. I'm not as long as Don or Scott with their dispensaries, but I gave up my job and my lifesavings to do this business. I think that I serve the community well. I've been to the Kearns Neighborhood Association, I've volunteered and my staff has volunteered for the association. So, I think that we do our part to pave the way for this industry and I think it's important for us to continue to do so. I also think that given that Colorado had an advanced start for current medical dispensaries, it's not far-fetched to follow a state that has done well with what they are doing. Thank you.

Hales: Thank you very much. Anyone else? I know we want to bring our staff back up because several of us have questions and follow-up concerns. So, maybe let me put this back in play here about the thousand-foot perimeter. Make sure that I understand -- I'm not sure if I was fully grounded in the state law and rules. That is, under the current law about medical dispensaries and under what we think will be law and rule about recreational facilities, people will not be able to obtain a state license for both on the same site, is that right?

Marchetti: That is correct. There's no plan to co-locate. The legislative intent was pretty clear in terms of keeping both the systems completely separate and siloed. That's why the medical dispensaries are regulated by the Oregon Health Authority and the recreational system will be regulated by the Oregon Liquor Control Commission.

Hales: We heard from people today hoping that they might be able to operate a combined facility, but that sounds like that hope is not likely to be supported by the state, right?

Marchetti: No.

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Fritz: But in the instance that Ms. Rinehard mentioned where there's two separate entrance, a wall between --

Marchetti: Two separate supply lines, two separate business entities that are basically divided by a wall -- yes, that potentially could be allowed.

Salinas: One of the limitations is with the OLCC< there would be a seat to sale tracking system, and that does not exist with the Oregon Health Authority system.

Hales: OK. And what do you think of this idea that Ms. Margolis proposed and actually that Mr. Sugerman posted in a slightly different form of having the City pay attention to all dispensaries with the thousand-foot buffer rather than segregating them into these two types?

Marchetti: Right. So, there are a number of concerns that we have. We did evaluate the idea early on. First of all, House Bill 3400 gives local governments explicit authority to establish thousand-foot buffer between recreational licenses. It does not speak at all to any kind of crossover. Further, the OLCC has stated publicly that as far as they're concerned in their rule-making process right now -- which is not complete -- they do not acknowledge the existence of any medical dispensaries. So, even if we were to submit a statement that said, no, the City does not approve this license because of an existing medical dispensary within a thousand feet, the likelihood that the state would be able to follow that is very small. We would be on really tenuous legal footing if, at least that was the advice of our City Attorneys through this process. So, that was partially the issue.

The other part was that because the state has established them within the two very specific systems, the idea that one -- that the medical dispensaries would somehow just sort of flip over into recreational is sort of a misnomer. They're going to have to go through the same licensing requirements that are still being developed by the OLCC as any other new business. Part of the public involvement process -- or part of the feedback that we received was about removing those barriers from individuals who are looking to get into the recreational business. And so, I mean, this is a completely different field that essentially people are working in.

Hales: Just my understanding -- can this maybe -- a little PTSD on my part about lottery row. But if you told me that we have one state agency that's refusing to acknowledge the existence of another, that makes me angry, so I'll try to calm down. But just because one state agency is refusing to acknowledge the existence of another doesn't mean we shouldn't. So, help me out on that. Because that does sound like lottery row to me, where we have the OLCC and the lottery commission both gleefully issuing licenses with no regard for proximity and effect. And here we were, and here we are still in that spot with that problem. That's what this Council is trying to avoid in dealing with this issue. So, walk us through that and walk us through these options, because we all don't want to go there.

Marchetti: So, I think that the primary concern related to the saturation is one that drove our advocacy in the state legislature around the issue. The idea that we might end up with another lottery row because of the OHA and OLCC's communication probably is not the case. I mean, the worst case scenario that we have here is a medical dispensary or a retail establishment -- which are serving two client bases -- within a thousand feet. Our concern is that we may lose that partnership that we have with the state with the land use compatibility statement, which is unique within the marijuana laws. When Measure 91 was passed, it still has the language related to the saturation not within the public necessity or convenience that is housed in the liquor act and has been very problematic for us and has not been able to be interpreted by the state because they can't establish what a definition for saturation is for an urban environment, for a rural environment, for a coastal environment. And they haven't tried. So, it was very mindfully removed from Measure 91 within House Bill 3400 and replaced with the opportunity for the City to place this buffer

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between recreational establishments. If we then go to the state through this established partnership and say that we can't approve a lux statement because they are within a thousand feet of the dispensary that is not recognized by the state, per the intent of the legislature, then we stand to lose that partnership and that ability to maintain even that thousand-foot buffer.

Fish: Can I follow-up on Charlie's point? Because I'm a little confused about this. It seems to me that there's three potential options, and I don't know legally where this falls. There's the option that the legislation affirmatively says that we can do something -- that's the easiest. But that doesn't quite apply here. There's the option of the legislation specifically prohibiting us from doing something, which this Council is very familiar with. They're never shy about being prescriptive on that front. We're preempted, or "thou shall not." And then there's something in the middle, and the exercise of our police power where we have broad latitude. And I don't -- I just don't understand -- as I listen to this discussion, I'm not quite clear where it falls. I think your analysis is very thoughtful. I get that you're showing us there are all these connected pieces and our lawyers are encouraged to be conservative in their advice. But I think we're in this gray where the law doesn't maybe affirmatively say we can extend to this point. Doesn't say that we can't. And then we're used to interpreting our police power pretty broadly to suit what we believe is the public purpose. So, for me, it's first and foremost a policy question of what do we think is the right buffer and for what reason, and then it's a legal analysis to see if we can sustain it. I'm going to start with the policy because I frankly am currently more persuaded by the Sugerman argument about a thousand-foot regardless who licenses the entity. I also think administratively, in some ways, it might be easier for us to enforce that and I think the public probably does have a concern -- validly -- about the concentration generally. But legally, we're not sure if we are on sound footing. That's why we're looking at the attorney.

Hales: She may look back for a while. I want to echo your comments, Commissioner Fish, again, having had this experience with the state on liquor and lottery regulation and other issues as well. Sort of restating your point, getting a little clearer in my own mind here. Our job is to try to make this city livable. We should start with policy, start with policy that we think that makes sense and that either explicitly allowed under state law or that we think is allowed under our own home rule charter if state law doesn't explicitly prohibit it. That's why we have a home rule charter, and as you know, I'm a little bit of a table-pounder on that subject. So, my favorite provision is the one that I have taped on the back of the little emblem on my desk that says the Mayor shall exercise a careful supervision over the general affairs of the City. That seems like a fairly broad grant of authority. Now, it's not absolute. So, we need to figure this out on our terms. I, too, am interested in talking further about this perimeter issue because we all have -- at least in mind -- a result that we want. I think that the result that we want is not doing injury to the folks that already are licensed as medical dispensaries. Those that are operating legally and properly ought to have reasonable shot at the business, whatever the business is going to be. It sounds like the state will make them choose. You're standing on two logs, you will have to get on one because the state is not going to let you be both OHA licensee and an OLCC licensee, so you are going to have to pick which business you want to be in because those are the terms the state has dictated to you. We can't change that. What we can say is based on our experience overall with liquor and other regulated industries, what do we think is reasonable in terms of the separation? I'm like you, Nick, I'm leaning more towards this idea of a general thousand-foot buffer rather than pretending that the other type of licensee doesn't exist and hoping for the best.

Fritz: So let me ask the question a different way. Looking at the chart where obviously the state and the City are in collaboration and both have a part in licensing these facilities, if

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the Council wants to decide that we want to have a thousand feet between any kind of marijuana retailer or dispensary, is that something that you and ONI could make that work?

Marchetti: Yes, we could. Definitely from a policy standpoint. My concern, again, rests with the collaboration between us and the Oregon Liquor Control Commission and OHA as well. If we are going to tell OHA -- for instance, if all the medical dispensaries switch over to retail and therefore open up the landscape for additional medical dispensaries -- which could happen -- if medical dispensaries were to come in and try to site -- again, it's that communication piece with the Oregon Health Authority and OLCC and whether or not they are going to recognize each other. Because we will then be in a circumstance where the City of Portland will say "no," and one of those state agencies will say, "yes," and we'll need to then address that. So, I think we could make it work. We're just concerned about what the potential is for being in some pretty significant conflict with both the state agencies about what's the licensed state location and what's not.

Hales: Yeah, but again, I would rather us try to get it right from the beginning rather than --

Marchetti: And I share that.

Hales: Rather than back our way into right later.

Fritz: Let me ask you also about the alternative suggestion of allowing the current facilities to get a foot in the door a day or two or a week or two earlier. What's your opinion about that?

Marchetti: Again, I think that the argument that a medical dispensary is the same as a retail outlet just it's -- it's false. There is no retail recreational locations right now, so there's none in good standing or in good compliance.

Fritz: The request was to allow the current medicals to apply for a retail --

Marchetti: Right.

Fritz: -- and basically switch.

Marchetti: Right. Based on the idea that the ones that are currently a medical dispensary under OHA are in good compliance and in good standing and have been following all the existing rules. Bu the truth is, those rules do not exist and nobody has been following those at this point. So, it's almost the same sort of argument that a bar would come into us and say, "we've been selling a regulated substance for X amount of years in good standing, and we want, you know, a day or two ahead of time in order to be able to get into this business."

Fish: I think this hearing has had some of the best metaphors in a long time. It's easier to follow when you put it that way.

Fritz: So, it's your advice that if we want to do something in response to the testimony that we heard, it would be better to go with the thousand-foot between them all rather than a foot in the door earlier?

Marchetti: From an equity lens, I think that's the more appropriate way to go.

Fish: Following up on that point -- because we've asked you to do a very important job, and part of that is to manage a set of complicated relationships. And those relationships have been strained at least with one of those agencies from time to time. So, is it your view that you would benefit -- [laughter] --

Hales: Karla's just gotten some directions, she's not going anywhere.

Fish: Do you think that with the adequate amount of time you can take a run at working out those relationship issues?

Marchetti: I think that the relationship with the entity that you are referring to has definitely improved --

Fish: Under Rob Patridge.

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Marchetti: Yes, absolutely. And especially as marijuana -- they were integral in getting into these set -- especially the land use compatibility statement in particular.

Fish: You know, Rob Patridge is a very responsible guy. He's also held elected office. I mean, the proposal that we're kicking around here, we're struggling with, is not a pretext for doing something else. It's not a Trojan horse. We're not debating this because we want to use this to harm some economic enterprise or to express our values around something. We're just -- we're debating this in the context of all reasonable time, place, manor, police power discussions. My guess is that Rob Patridge of all people would understand that discussion. Now, he may want uniformity in the different jurisdictions. It may present headaches for him to have different jurisdictions have completely different sets of rules, but that's why he gets the big bucks. I mean, he can work that out. We are a sovereign, as the Mayor has pointed out. Although, I do think the Mayor's office interpretation of the charter is a bit extreme. [laughter]

Hales: That's my story and I'm sticking to it. So, there may be other questions, but let me try to capture at least what I think may be a sense of the Council at this point. We are -- I think a number of us are interested in amending this to have a thousand-foot perimeter, regardless of type.

Marchetti: We will make that work, then.

Hales: So, we may be interested in having that language -- you've had some suggestions for that language today that. That suggestion may be right word-for-word, it also might need effort by staff. I'm working my way around to an obvious point, which is we don't have to adopt this today even though it has an emergency clause on it, right? So, there's time enough -- again, measure twice, cut once. Time enough to take the discussion that we've had here at the meeting today and some excellent testimony, and develop some amendments beyond the ones that Commissioner Fritz has brought forward. I'd like you to do that unless, Amanda, you think that there's some reason for haste here. I don't think that you do.

Fritz: No, I would propose that we bring back a completely amended version next Wednesday and hopefully have a very short hearing on it.

Hales: OK. So, I'm going close the public hearing on the matter overall, but ask you to bring back that amendment for Council consideration.

Fish: Before you do that, though -- to the sponsor. And I don't remember hearing where more people have gotten up and said such laudatory things about a process. It might have something to do with Commissioner Fritz being in charge of ONI.

Hales: Of course it does.

Fish: And Dan and I have been put on notice that we have to have two new slides and on the PowerPoint that actually lay out community consultation. It will be in our future PowerPoint. But a superb hearing and a superb discussion with the professionals as well.

I just have a question. There were some other issues that came up in this hearing. I want to make sure from Commissioner Fritz's point of view that some of these other issues like lounges, consumption on the site, the young woman who said that she closes her door to be able to consume lawfully -- are there any of those issues that we need to take up as part of this package, or can they be deferred?

Fritz: We can't take them up as part of this package. There's all kinds of additional discussions that need to happen. I appreciated your lauding process. I'm very proud of my ONI staff and actually for everybody who participated in this whole discussion. It's been tremendous, and I heard the same thoughtful discussions at the community meeting. I will say at the community meeting, we did have neighbors coming in with concerns, which we can get today. But as far as the lounges -- that gets into the whole issues that we banned

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indoor smoking in the state some time ago, employees' safety, ventilation, and those kinds of things. It's certainly a longer discussion.

Fish: But to those who came and put it on the table, I mean, we're deferring on a number of those issues that people raised -- just as you advised us -- that at some later date we would be taking up the taxation issue.

Fritz: Correct. And we listed those in the presentation.

Hales: Testing facilities was another one, right?

Fritz: Yes. I wanted to ask, why we are not regulating the testing facilities?

Marchetti: That's beyond the scope of our authority under House Bill 3400.

Fritz: Thank you. Quick answer to that one.

Hales: OK. That was easy. Other questions or requests for staff?

Fritz: Is that the only change that anybody on Council wants?

Hales: It sounds like it. The perimeter issue is the one area that we want to revise further, is that right? So then that sounds like an opportunity to continue this item for a week, give you a chance to prepare with the City Attorney's help a further the amendment that captures this issue.

Marchetti: Absolutely.

Hales: And although I want -- I considered the basic hearing closed here. I want to certainly leave the record open and let people have a chance to make sure that they think we got it right when it comes to the language of that provision because that's the heart of the matter that we've heard from the community on here today. So, don't need to reargue the issue -- and I don't think that there are a lot of people here that want to do that -- but I would like to hear feedback from people as to did we get that issue right or not.

Fritz: Since it won't be a time certain next week, we will -- it'll be out on the Council agenda, when it's published on Friday what the amendments are and we will take testimony next week only on the amendment. If you're fine with the amendment, you don't have to come and say that you're fine with the amendment. If there's a problem or you would like different wording, that's what we would need.

Hales: I will open the hearing in order for people to let us know if they think we haven't gotten to right. If you say yes, you captured the sense of this discussion, thank you, Council, then you don't have to do that in person.

Fish: Yeah, this is kind of a rare moment, Mayor, because we actually have a complete record on the question of the amendment, even though we're going to be putting an amendment forward. So, we could technically craft an amendment now as a placeholder, but I think it's a better practice to do the wordsmithing over the next week.

Hales: Good. Well, I want to thank you, Commissioner Fritz and the ONI staff and also some citizen volunteers who worked hard on this. Thank you very much. And excellent testimony from the community today. I learned a lot, and I think that we all did. We're working our way into a new aspect of life in Portland that we're trying to get right. So, we appreciate your help in that effort to try to get it right.

Marchetti: Thank you so much for that discussion.

Hales: Thank you. The item is continued until next week, and we're adjourned.

At 4:14 p.m., Council adjourned.