

OFFICE OF THE MAYOR—CITY OF PORTLAND

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January 15, 1947

TO THE COUNCIL:

Gentlemen:

In accordance with provisions of the City Charter there is submitted herewith the annual report and message of the Mayor setting forth the activities, the progress and the problems of the City of Portland and its various municipal departments for the year 1946.

The year 1946 will go down in the city's history as the year of Portland's great industrial and commercial upsurge, the year when the dreams and ambitions of a century began moving rapidly toward fulfillment. It will mark the beginning of the period of large scale utilization of natural resources that have lain dormant to this time despite the efforts toward their use. It will mark the year of conversion of our economic foundation from one preponderantly agricultural to one of manufacture and industry, and the beginning of a period when trans-Pacific trade shall be as important, if not more important, on a national basis as the nation's trans-Atlantic relations.

These changed conditions, long striven for, have come suddenly because of two important factors; first, changes since 1939 in the world map and world needs, markets and trade routes, and, second, an aggressive spirit that has given this area the nation's greatest supply of cheap electrical energy in an empire of natural resources and economical transportation. The changes in the world map have benefitted the Pacific Northwest economically probably more than any other part of the world. They have caused Portland, as the hub of an immense trade area, to pass from the status of "raw materials territory" to one of manufacture. We have reached an era when we are able to finance our own manufacturing enterprises, fabricate and process our own products and diversify our agriculture, industry and commerce. The Columbia river and its tributaries have passed from mere picturesque waterways to the most important single factors in a power and materials dominated region, with less than one-fifth of the power potential as yet developed, irrigation and transportation possibilities barely begun and raw materials virtually untouched.

The world has noted the changes. We have seen the preliminary handwriting on the wall in the form of a rapid shift of population from the East and Middle West to the Pacific coast, sudden interest shown in this region by the industrial and commercial world and the development within our own community alone of upward of 160 new industries within the year 1946. These developments have had a tremendous influence on our economy, on employment, on commerce and are forerunners to a general growth and development in the future.

January 15, 1947

To the Council:

Page 2

A year ago, shortly after the close of the war, we wondered what would be done with the enormous supply of electric energy developed and used primarily for war industry; what would become of employment. Would we revert to a pre-war status in population and in industry and commerce? Would the great power projects at Grand Coulee and Bonneville become white elephants, and had we reached a saturation point where there would be no need for proceeding with planned development of new dams and power projects?

Today at the close of the phenomenal year 1946, we have the answers; a power shortage so acute that even the emergency standby steam plants of the private utilities have been pressed into continuous service to meet the demand for industrial power; employment on such basis that at no time during 1946 was unemployment as great as should reasonably have been expected with the closing of war plants and the layoff of great numbers of war workers; a vast increase in manufacture, shipping and commerce and an industrial development so rapid that it has brought the need for hurried power development by both federal and private plants if we are to be able to balance supply with demand in the future.

At the conclusion of this first postwar year, we find our area near first place nationally in light metal production and fabrication. We find our lumber industry, formerly the backbone of our economy, moving from a threat of depletion to a status of self-perpetuation with pulp, paper, plywood, plastics and wood chemical derivatives added to a field formerly occupied solely by saw-mills. We find our commerce, which went by the boards during the war, recovered and expanded and reaching a new all-time high in volume in the closing period of 1946. We find the Pacific Northwest the gateway to a new Orient, the islands of the Pacific, Alaska and South America, where war and changed conditions have created the most important markets of the world. We find our own city growing rapidly in population, in industry, in commerce, in building and in improvements with every indication that all of these are at only the beginning.

Fully substantiating the foregoing statements are the statistics for the year. Shipping, which was seriously handicapped by labor troubles during five of the twelve months, still came within a few thousand tons of the total shipments outgoing and inbound during 1945, which was one of the peak war shipping years. In outgoing cargo, December of 1946 showed an increase of more than 50,000 tons over December of 1945. December of 1946 showed the largest outbound tonnage of any month since records have been kept. Movements of ships in and out of the Columbia and Willamette rivers showed a marked increase both in number of ships and tonnage in spite of the prolonged ship tieups. A total of 2221 ships with registered net tonnage of 9,899,045 entered and cleared during 1946, an increase of 166 ships and 938,992 tons over 1945.

Building, in spite of federal restrictions against use of materials for other than essential and approved construction, came within striking distance of an all-time high, lacking but \$4,000,000 of the all-time record of 1925. It is significant that in construction Portland ranked second on the Pacific coast in the closing month of the year, being second only to

January 15, 1947

To the Council:
Page 3

Los Angeles. Confirmed sales of property during the year totaled \$136,877,261, which was \$56,000,000 greater than in 1945. The year established new records in number of deeds recorded, 34,005 in 1946 and 26,597 in 1945. Mortgages numbered 13,224, which was 5,000 more than in 1945. Sales of delinquent property to prospective builders involved 3,704 parcels in 1946 of a sale value of \$746,548.25, which was 1,455 more parcels and \$167,622 more in value than the sales for 1945. Bank clearances for 1946 reached an all-time record of \$4,412,420,132 and loans and discounts reached a new high nearly \$71,000,000 above a year ago. Licensed businesses increased 3,250 in the city during the year. Downtown parking, as shown by parking meters, increased by approximately 240,000 cars in 1946. Postal receipts broke all records in 1946 with a total of \$6,445,993, an increase of 10% over 1945.

All of these facts and figures are an indication not of a bubble that may break, but of healthy growth, phenomenal because of establishment under the extreme handicaps of priorities, restrictions, shortages and difficulties of many other sorts.

Of the numerous serious problems Portland faced during the year, none has been more difficult than housing. Thousands of persons who had lived under adverse conditions during the war sought to move from unsatisfactory quarters with the advent of peace. The fact that housing in Vanport, as well as some of the other temporary Federal projects, was retained instead of being removed as planned, saved the day for this area. The city proceeded as rapidly as possible with home construction, but did not succeed in more than scratching the surface so far as additional new housing is concerned. Permits for 1,905 residences were taken out during the year, representing a cost of \$13,394,755. A total of 64 apartment permits were issued to cost \$2,243,410. Lack of materials of many kinds prevented completion of the majority of these houses and apartments, thereby continuing the housing shortage problem to 1947, when it is anticipated the program will get under way on a big scale and offer a far greater measure of housing relief. The thirteen-million-dollar program scheduled for 1946 was more than double any of the recent years in home building.

Every indication points to a record breaking year in 1947. While a great number of permits were taken out in 1946 for buildings which will be constructed in 1947, the indications are that building permits and building expenditures for 1947 will establish a new record far above not only 1946, but above the previous record year for all time, the year 1925, which was near the close of the city's greatest previous building boom.

Veteran housing was one of the most serious phases of the housing problem. Thousands of service people returned here to re-establish their homes or to become citizens of Portland as a result of their previous visits here. To find housing for them to occupy with their families became so serious that ultimately they were given priorities over all other classes of families in all housing controlled by the Federal Government and, also, in the release of building materials for use in the construction of houses.

January 15, 1947

To the Council:
Page 4

Priority as to housing in Federal projects enabled hundreds of families of veterans to set up housekeeping under satisfactory conditions. The priorities in materials enabled many veterans to complete houses. However, this phase of the program was not entirely satisfactory because, since such materials did not exist and housing could not be completed, priorities proved nothing more than a "hunting license" for essential materials.

The early parts of the year found an unprecedented increase in building costs, both in new construction and in old buildings. Such inflation slowed up construction and also retarded the transfers of property. Prices went beyond all bounds and prospective purchasers withdrew to await a drop, which came later in the year and undoubtedly will extend into the period ahead. The period of inflation followed the same course as in the period after World War I, except that the bottom dropped out then and the rush of building and buying of homes did not recover. It is believed the drop in 1946 came early enough to avoid permanently wrecking a building boom.

Portland, in the first post war year (1946), experienced quick recovery from the shock of sudden termination of war industry. This was the result of extensive and intelligent war time planning by the leaders of the community. Early surveys to determine the probable number of persons to be thrown out of work and intending to seek other local employment, and to determine the plans of industry and business for conversion to peacetime pursuits, resulted in early discovery of a distinct prospect of widespread unemployment. To forestall such calamity the city's leadership went diligently to work to bolster industry, to encourage new industry, and to aid in conversion of existing plants. Two years of intensive planning along these lines enabled Portland to move from the war period into peacetime without a prolonged period of unemployment. Many thousands of war workers left the area but many more thousands remained and the majority found other work and established themselves as permanent residents of the city. There was unemployment soon after the war but at no time was it nearly as serious as it would have been had there been no planning and preparing.

The problem in employment became largely one of finding jobs for persons not skilled in any of the trades or professions. This was particularly true in connection with a great many young men who returned from service to seek work for the first time and who had no skill or background of experience upon which to rely. An intensive effort to find employment for this type of worker resulted in nominal success. It was the unskilled worker who constituted the major part of the unemployed. There was and still exists a serious shortage of skilled workers.

A great many thousand war workers, who left the community after the war, have returned and others will return to make this their permanent home. Many settled on farm tracts near the city and others succeeded in finding suitable employment. In the latter part of 1946, particularly, there was noted a very strong influx of new people some of whom stayed but many of whom

January 15, 1947

To the Council:

Page 5

departed due to lack of housing on the one hand and lack of suitable employment on the other. As conditions improve in employment and housing, as they are bound to improve in the months ahead, Portland will experience a distinct new population increase. As we enter 1947 it is with the prospect of building materials becoming more plentiful which will result in a renewal of the building boom in houses, industrial plants and business institutions. This will give much additional employment not only in building but in every line of production and service. It must be remembered that construction activity is reflected in every other line of business and is not limited to the workmen actually engaged in construction. Each newcomer family means adding several persons to the list of patrons for the grocer, the baker, the barber and all others engaged in giving service.

An indication of the building boom and the expansion of industry in the offing in Portland may be gained from the reports of the federal agencies charged with restricting building to types considered essential. Figures toward the end of 1946 revealed that only about one-half of the construction projects for which application was made were approved. A total of about \$15,000,000 in requested permits were rejected. Rejection in this case meant postponement because those seeking the permits intend to build as soon as possible. It may reasonably be assumed that these figures indicate a local building backlog of more than \$15,000,000. A great number of proposed projects, which people want to build, have not been applied for to date because of the certainty of being rejected. The greater part of about \$14,000,000 in projects which were approved in 1946 will be a part of the building program of 1947 because work in 1946 was not possible on account of scarcity of materials even though permits were granted. Over 625 permits were granted and about 600 rejected.

A distinct indication of the city's expansion during 1946 is found in the reports of local utilities such as the telephone company, the power companies and the City Water Bureau. At the end of the war the telephone company was 14,000 telephones behind in orders. As materials were released, telephone installation was started on a big scale. By October, 1946 the company had succeeded in installing the 14,000 telephones they had been short but in the interim new orders totaled 10,865 so as the year closed the company was still this number behind. Similar figures are shown by the power companies and the City Water Bureau. A total of 2,187 new water connections made during 1946 brought the total connections within the city proper to 96,916, an all-time high.

Port development was a part of the industrial development planned for post war days to absorb the labor supply and to augment the business activities of the city. About two years before the war's end a port development committee made up of aggressive and energetic civic and business leaders was appointed to formulate a plan whereby Portland could seize the trade and commerce opportunities the war made available. Portland, it was foreseen, would come out of the war as an important center in newly created world markets.

January 15, 1947

To the Council:
Page 6

The result of an energetic campaign to reestablish Portland's port, which had been taken over for war shipping purposes, was reestablishment on a far bigger and more important scale than at any time in history. The port succeeded in regaining all the steamship lines it had before the war plus some additional lines, including one locally owned and operated. Cooperation between the Port of Portland Commission, the Portland Dock Commission and the Port Development Committee resulted in the most effective campaign the port has ever had in its struggle for supremacy among Pacific Coast ports. The cargo movements, which have previously been set forth, indicate the phenomenal success of the program.

Among the immediate moves necessary to modernize the port in 1946 was establishment of a storage center for export lumber cargoes. For a generation or more the bulk of the export lumber was produced at mills on the waterfront in Portland and loaded directly aboard ships at the mill docks. Before the end of the war these old established mills reached the end of their log supply and the export lumber source shifted to territory remote from the harbor. Therefore, it became necessary to establish storage where this lumber could be brought by rail for loading on ships. This need was met by purchase of the property of the Eastern & Western Lumber Company and by setting up storage for 5,000,000 board feet of lumber and berthing for one ship. Plans have been made to increase this storage to 15,000,000 feet and the berthing space to two ships.

Other activities comprising the development program of the port may be outlined briefly as follows:

Seeking the allocation to Portland of a 14,000 ton Navy steel drydock to add to ship repair facilities of the port.

An aggressive and continuing campaign for obtaining water cargo.

Study and recommendations by the coordinating committee on the question on consolidating the Commission of Public Docks and the Port of Portland.

Engaging in and promoting the growth and development of the Columbia River Basin.

Supporting U. S. Army Engineer's program for the improvement and development of the Columbia, Snake and Willamette Rivers and their tributaries.

Cooperating with ports and associations in the Inland Empire in furthering improvements of the rivers and in the establishment of facilities to serve inland vessels.

Advocating and supporting legislation to place all forms of transportation and utilities on a proper tax parity.

January 15, 1947

To the Council:
Page 7

Planning future terminal facilities of the port to serve inland water carriers and eliminate differentials between them and competing carriers.

Referring to competent authority for future investigation and study the question of obtaining a free switching zone for the port.

Keeping in close touch with progress in the establishment of foreign trade zones in ports not now having such zones.

Working out a satisfactory program of preferential berthing at municipal terminals.

Seeking terminal rates in Portland comparable with rates in other Pacific ports.

Effecting a program for purchase locally of stores and supplies and for repair of vessels using the port.

Seeking establishment of Portland firmly as a trade center for Alaska.

Establishing shipside warehouses.

Among the above activities, one of the most urgent, of course, is that of additional cargo. In concentrating on this a Port Director, appointed in June, 1946, has been able to report excellent results which may be summarized as follows: movement by the Commodity Credit Corporation in the immediate future of 1,400 carloads of corn and 20 cargoes of wheat; movement by UNRRA of 34,000 long tons of sulphate to China; movement by the Department of Agriculture of extensive cargoes of flour, canned goods and livestock; movement of between 50,000 and 55,000 long tons of equipment, including 200 locomotives to Russia. All of the above represents special cargoes that were obtained only because Portland was organized to seek shipping business.

One of the recommendations of the Port Development Committee is for the establishment of an Alaska service from Portland. A representative of the Governor of Alaska came to Portland early in December, at which time the Port of Seattle was tied up by a strike. Arrangements were made with various wholesale grocers and other suppliers for a ship from the Maritime Commission, which was loaded at Terminal 4 with approximately 6,000 tons of Alaska cargo. It developed that considerable Alaska cargo originates within the Portland trading area; further that Portland wholesalers and dealers were in a position to supply the needs of the Alaska merchants, as a result of which this vessel received very good dispatch and the Alaska people were very much pleased. Portland now has a fairly good record of what the Alaska dealers purchase, from whom they purchase, and other pertinent data which will be used in further meetings with Alaska interests, local steamship interests, and local merchants in an effort to have a vessel or vessels regularly assigned for service between Portland and Alaska.

January 15, 1947

To the Council:

Page 8

With the settlement of the Maritime strike on November 23, the port became very active and in the following thirty days eighty-nine vessels started loading or discharging, and within thirty days forty-five vessels sailed from Portland. While this is a splendid record, it was made possible only by the fact that sufficient cars were in the terminal yards so that no vessels were required to wait for cargo. At the same time, we experienced a very severe shortage of longshoremen. No vessels were worked at night and as a result at least one vessel was unreasonably delayed.

The Port Director held meetings with the Longshoremen's Union and the Waterfront Employers and stressed the importance of sufficient longshore gangs to work all ships promptly and as a result the longshoremen have agreed to build up twenty additional ship gangs, of which six gangs have already been established.

All of the Federal agencies are well satisfied with the manner in which their commodities have been handled and, while there has been some delay to ships on account of waterfront labor, all of these agencies have assured the Port Director that they will continue to favor the Port of Portland with the major portion of their West Coast movement.

With this assurance plus the prospects of securing a substantial part of the Army phosphate movement, a continuance of the export coal movement, and indications of increased movement of lumber and general cargo, it would appear that tonnage moving through the port in 1947 will show a very substantial increase over any previous year and will keep our waterfront facilities, our railroads, industries, truck and barge lines and our labor gainfully employed.

The year 1946 saw very definite progress in the program of sewage disposal and the clearing of the Willamette and Columbia rivers from pollution, which has been the subject of major planning for many years. It was very unfortunate that, coincident with the authorization by the voters of a \$12,000,000 bond issue for sewage disposal, came war conditions which made actual construction impossible. It has been possible, however, to proceed without delay with the preparation of engineering plans.

By June, 1946, plans and specifications were completed for the first unit of the project, and a call for bids was issued. There were only two bidders and the lowest bid was about 40 per cent in excess of the estimates of the engineers. Accordingly, it was deemed necessary that the bids be rejected to await possible future lowering of costs. At the end of 1946, plans were complete for two additional units, and it is planned to issue a call for bids on all three units early in 1947.

All major design problems for the treatment plant have been worked out, and the engineering forces have recommended that the Council issue a

January 15, 1947

To the Council:

Page 9

call for bids for equipment. The funds on hand for the project total approximately \$12,600,000, of which \$11,760,000 originated from the sale of bonds and the balance from sewer users' service charges collected since October, 1940.

The board of engineers employed in connection with the project made a report under date of December 23, 1946, which would indicate that conditions incident to the war and the advanced costs of labor and material may necessitate raising additional funds before the entire project can be completed and placed in operation. In their report they say:

"It is difficult at this time for anyone to make estimates which will be valid over the future period which will be required for the construction of this project. Very substantial increases in all costs since the bonds were voted on May 19, 1944 must be recognized. It is possible that there will be very little further increase of costs, and that they will become stabilized at a somewhat lower level in 1947. We have prepared the following estimate that reflects current labor and material costs, but not the effect of material shortages and delays which make bidding so uncertain at the present moment.

Intercepting sewer system	\$ 8,669,000
Pumping stations	1,791,000
Treatment plants	1,530,000
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	\$11,990,000
Overhead and contingencies	2,398,000
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Total estimated cost	\$14,388,000

"The apparent deficiency in funds amounts to \$1,760,200. This can, of course, be met by a supplemental bond issue if and when present funds are exhausted. We wish to point out, however, that a source of additional funds lies in the proceeds from the sewer service charges which are now being collected only in about 40% of the full amount authorized by the vote of the people in November, 1938. One of the major objectives of the intercepting sewer project was to furnish employment in the post-war period and the need for such employment has not yet arisen. With conditions as they exist today, the clean-up of Columbia Slough is the first need and the rest of the work can be extended over a period of three years or more. If the full authorized service charge be imposed when the work is started the revenue will be about \$500,000 per year and the proceeds will approximately supply the deficiency in construction funds as they are needed.

"Another matter to be considered is the maintenance and operation cost for the system and treatment plant after completion, which is estimated at \$265,000 per year. As the project is completed, sewer service money can be diverted from construction to maintenance and operation, and the necessity of direct taxes for this purpose will be minimized."

January 15, 1947

To the Council:
Page 10

Municipal problems during 1946 were numerous and varied. Of utmost importance was finance. The various branches of city service have been subject to the advanced costs of labor, materials and equipment and, in addition, began facing in 1946 the public demand for more and better service. During the war, the public was reconciled to inadequate service and curtailed improvements, but with the return of peacetime conditions the demand for these things has been renewed. On the other hand, the city faces the serious problem of how and from what sources revenue might be raised to pay for the increases and the betterments.

Early in 1946, a civic committee of citizens was appointed to study the problem and to prepare data and recommendations to an interim committee of the State Legislature appointed to study the tax structure of the state. This committee made its report in the early fall, as did also the committee of the Legislature, and the entire issue has been passed along to become a major matter before the 1947 session of the Legislature.

As Mayor, I have contended against further substantial increases in the property tax in Portland. I have felt that other sources of revenue should be developed. Standing in the way of such development is the state system of taxation and licenses, which has invaded revenue sources to such an extent that little is left for the city to tax other than property. To further increase the property tax means the wholesale confiscation of property at such future time as there occurs a slump in rentals and business and employment. Portland passed through a period of confiscation during the 1929 depression, resulting in the confiscation of many thousands of pieces of property for delinquency in taxes and assessments for street, sidewalk and sewer improvements. This deplorable experience was extremely costly not only to the individual owners of property, but to the city as a whole. Conditions that might cause a repetition should never be permitted to arise. Only recently the city has begun to recover from the effects of that period, and it will never fully recover the losses involved. There is, however, the inescapable necessity of increased revenue. During the war the city was able to build certain reserves, which are relieving the burden of capital improvements on a limited scale at this time, but these reserves will be depleted, and adequate municipal service and necessary improvements cannot keep pace with demands.

Portland is growing by leaps and bounds, and the prospects are for still greater growth in the future. The present system of taxation cannot afford the revenue to meet the demands for increased service. Even though increasing the property tax were feasible and safe, the limitations placed on the annual increase would not allow service to keep pace with growth. The limitation is six per cent per annum, while the increased cost of service is much more than six per cent.

In my opinion, the solution to the problem of revenue is an equitable distribution of tax money received by the state. Under present circumstances, the state is tapping such revenue sources as gasoline,

January 15, 1947

To the Council:
Page 11

liquor, pari-mutuel betting and many others, leaving to cities the responsibility and expense of policing and servicing within the city with little or no revenue with which to pay the cost.

In an endeavor to give reasonably adequate service to the public in 1946, it became necessary to increase some governmental functions in scope and personnel. This was particularly true in the bureaus of police and fire and the building inspection divisions. Also, it became necessary to provide improvements and extensions in facilities as rapidly as conditions would permit.

Procurement of motor vehicle equipment was one of the principal difficulties, inasmuch as little new equipment had been obtainable for several years, and existing vehicles were in such worn condition that they prevented proper functioning of many bureaus and particularly the emergency services. While funds were available for new purchases even at the greatly increased prices, the needed equipment was not available. It is hoped that the year 1947 will see this difficulty overcome and the mobile forces placed back on a more efficient basis.

Bettering the working conditions of municipal employees became imperative during 1946. For several years the city has paid employees a "cost of living" allotment based on federal indexes. The schedule called for an increase of \$3.00 a month per employee commencing July 1, 1946. The total cost of this increase for six months was \$80,000. The index at the close of the year called for an additional \$15.00 per month per employee and for the first six months of 1947 will represent an outlay of about \$180,000. Also to start January 1, 1947 the Council adopted the 40 hour week which, since the war, has become general in both private and public service throughout the United States. The voters at the general election in November, 1946 adopted a measure placing employees of the Bureau of Fire on a 60 hour week. The cost of this will be \$330,000 for 1947. The State Legislature at its session two years ago adopted a retirement plan for public employees as a means of protection inasmuch as they do not receive the benefits of social security. For 1946 the cost of this to the city was approximately \$120,000.

In connection with capital municipal improvements, a program of conservation, together with special appropriations as made some years back, has resulted in the accumulation of considerable money which is now available for building extensions and improvements. We have entered 1947 with money on hand to proceed with three major projects; a new police headquarters building for which approximately \$700,000 is available; a new fire bureau headquarters for which \$500,000 has been earmarked; and a prison farm for which \$30,000 has been set aside as a beginning.

Application has been made for allocation of federal government funds for surveys on the police and fire buildings, and there is a possibility of this project, as well as the fire headquarters, being definitely determined

January 15, 1947

To the Council:
Page 12

as to size and location within the year 1947. There is a possibility, also, of actual construction being started within that time. Preliminary blue-prints of the type of buildings desired have been completed.

Two proposals are being considered in connection with a police headquarters. One is an addition to the present headquarters building at S. W. Second and Oak Streets. The city has acquired the full block in which the present building is situated and in 1946 completed construction of an annex. Being considered is the possibility of extending the building over the entire block. Another plan calls for an entirely new building on another site. A building is a necessity at this time, inasmuch as the present quarters are entirely inadequate to accommodate the Bureau of Police, the Municipal Court and the City Jail. It is hoped that with the funds available, facilities may be brought up to a modern standard with particular emphasis on improved jail conditions, improved quarters for the courts and adequate space for the housing of various other important divisions of the police force and the courts. There has been much criticism, some merited and some not, as to the municipal jail. Every possible effort has been made to improve these conditions in the present quarters, but the effort has been more or less futile because of the building being too small to enable proper expansion and alterations. All possible improvements and changes have been made within the past year and a half, but the jail is still not up to modern standards and is inadequate in size and accommodations for the many phases of prison work essential to a strictly modern jail.

The proposed building for fire bureau headquarters also is in the blue print stage. The program for this development calls for the selection of a suitable west side building site and the erection of a modern plant for the housing of the major part of the downtown fire fighting companies. There is on hand for this purpose \$300,000, and an additional \$200,000 can be raised from the sale of stations which would be abandoned and consolidated with headquarters, namely the stations at Second and Oak Streets, Fourth and Taylor streets and First and Jefferson streets. The new headquarters as planned would represent a cost of about \$810,000, which would necessitate raising from taxation or other sources approximately \$300,000 to make up the full cost of the building. The proposed building would be three stories and approximately 100 by 200 feet in dimensions.

Plans were fully developed and a site selected and work will be ready to start early in 1947 on what has been commonly called a prison farm but which is being designated officially as a city farm. A site comprising some 557 acres of farm property already municipally owned and situated a few miles east of the city limits has been selected. Soil tests and other essentials have been completed by authorities of the state universities and the project is now being laid out and designed by architects and engineers. This farm is intended to provide a place where prisoners, not criminal in character, may be sent for rehabilitation. When in operation it will greatly relieve the crowded and unsatisfactory conditions under which prisoners must be kept at the city jail. The farm will be developed to provide the produce, milk and possibly the meat required for feeding city prisoners.

January 15, 1947

To the Council:
Page 13

The first unit of the institution may be in the form of quonset buildings because of inability at this time to proceed with more permanent types of construction. These buildings later may be used as outbuildings.

It is the purpose to develop this institution into a model farm. It will be remote from any residential section and at the outset is provided with roadways, some suitable farm buildings, an orchard and a large area of land ready for crops. To finance the preparation of plans and the first construction, an appropriation of \$30,000 has been made. Additional sums will be appropriated from available funds as the project progresses.

Feeding of city prisoners by means of a city-owned and operated mess hall was inaugurated early in 1946 upon completion of the new annex to the Police Headquarters building. Operation on this basis proved highly satisfactory as compared with the former system of feeding by caterer contract. Under the caterer system the cost of feeding prisoners ran to \$141,572.30 for the year July, 1944 to July, 1945 and \$45,462.55 for the five months from July, 1945 to December, 1945. Actual operation on a mess hall basis started December 1, 1945 and from that date until June 30, 1946 (7 months) the total cost was \$18,201.97 which indicates a reduction of more than one-half in the operating costs. From July, 1946 to December 1, 1946 the total cost was \$16,582.85 as compared with the \$45,462 for the similar period the year before. Some of this reduction was due, of course, to fewer prisoners, but the bulk of the saving was in the economy of the new system.

Close of the war brought a serious crime wave throughout the United States which affected Portland along with all other cities. Increased population, new police problems, vastly increased traffic difficulties and an increase in major crime and juvenile delinquency necessitated the enlargement of the police force by 50 patrolmen which, while not an adequate increase, was as much as available funds would permit. Arrests during the year for criminal offenses totaled 16,841 with fines totaling \$144,175.03. This was a slight decrease from 1945 during part of which year we still had war conditions. Traffic fines for the year 1946 totaled \$285,653.50 and fines from parking tags totaled \$178,074.00. Total traffic arrests and citations totaled \$463,727.50 for the year. This was a substantial decrease from receipts in the war years. Parking meter receipts for 1946 totaled \$249,548, an increase of \$12,087.50 over 1945.

Traffic and parking continued as a major problem during the year. There was a substantial increase in the number of traffic accidents but a substantial decrease in the number of traffic deaths. The accidents in 1946 totaled approximately 27,800 as compared with 21,792 in 1945. Traffic deaths in 1946 were 59 compared with 71 in 1945.

Measures for traffic control were confined very largely to bolstering of the mechanical control system plus utilization of as many traffic

January 15, 1947

To the Council:

Page 14

police officers as could be mustered from an undermanned department. Modification of some of the parking regulations together with increased enforcement was the extent of what could be done during the year in relief of the parking problem. Progress was made in the establishment of one way streets to relieve congestion and facilitate traffic movement. Several additional streets were designated "one way" and apparently afforded a measure of benefit. The proposal for one way streets throughout the congested area of the city was not made an issue in 1946 as expected but undoubtedly will be an issue very shortly. Restriction of left hand turns on many downtown and arterial streets was inaugurated during 1946 to curtail traffic congestion.

Reports of the Fire Bureau, which is under City Commissioner Kenneth L. Cooper of the Department of Public Affairs, show an increase in the number of fires in 1946 compared with 1945, but a substantial decrease in the total fire losses. There were 4,928 fire alarms in 1946 compared with 4,862 in 1945. Losses were \$1,259,222.06 for 1946 and \$1,496,516.88 in 1945. Available for new fire fighting equipment is an appropriation of \$119,000. Because of the extremely rapid advance in the price of all types of apparatus only nominal expenditures were made in 1946. Purchases were limited to 17,000 feet of hose and the installation on three fire boats of the latest type foam extinguisher for fighting oil fires together with a land tender for fire boats equipped with the necessary nozzles, hose and other essentials. All land companies also have been equipped with the latest type foam extinguishers.

Mass transportation was the subject of wide study during the year with a number of important decisions and changes intended to better serve the streetcar patron and, at the same time, relieve to the fullest possible extent interference with general traffic conditions. Under the direction of City Commissioner Dorothy McCullough Lee of the Department of Public Utilities, studies were made throughout the city of "car stops," and revisions were made on many of the routes to better serve the patrons. Skip stop arrangements were inaugurated on some of the main arteries in the metropolitan area to lessen the interference with traffic.

Detailed study was made of the future of the mass transportation system. In 1945 the Traction Company agreed to set aside a fund of approximately \$2,697,000 for use in modernization of its trolley coaches and busses and for ultimate elimination of all rail lines by June 30, 1946. A little over \$1,000,000 of this amount was contingent upon decisions in regard to federal income tax. During 1946, by agreement, the contingent feature was eliminated and the modernization fund was increased to \$2,896,029. The Traction Company has invited bids for new equipment on a basis determined by the Department and the Council. The company's original plan was to acquire principally gasoline buses. The revised plan calls for 100 gasoline buses and 50 trolley coaches. The purpose of the revision is to balance the system in the interest of the best general service. Service at this time is not satisfactory owing to the company's inability for several years past to obtain new rolling stock.

January 15, 1947

To the Council:

Page 15

The Traction Company during 1946 transported 124,774,206 passengers. This was a decrease from 1945 because of the more general use of private automobiles but was a vast increase over the normal year 1941 when the passengers carried totaled 65,000,000.

Mosquito control, also a function of the Department of Public Utilities, was subjected to complete revision during 1946 as a result of conferences and studies made by the Commissioner. Heretofore, the program was confined largely to the cutting of brush and the spraying of mosquito breeding areas with oil. The new system, which was employed for the first time near the end of the mosquito season in 1946 and will be employed more fully during 1947, calls for the use of DDT as a spray applied by airplane. By January 1, 1947, the city had acquired two planes from war surplus to be used in this work. The new control program will include a widespread educational program to elicit the cooperation of the public in the elimination of mosquito breeding places in residence districts, the cutting of brush and the ground spraying of areas where use of planes is not possible, and the use of planes in spraying the areas known to be the breeding places of flood water mosquitoes. The program also includes encouragement of districts beyond the city including neighboring counties of Oregon and Washington, to cooperate in the control.

During 1946, street lighting, also a function of the Department of Public Utilities, was augmented to the extent of 332 additional lights in areas where they were most needed. This brings the total street lights in the city to 7,811 as of January 1, 1947.

Consumption of water in the city showed an increase commensurate with the population growth. The total average daily consumption was 52,300,000 gallons, an increase of 1,290,000 gallons per day over 1945. The maximum daily demand on the Bull Run supply conduits was 114,000,000 gallons as compared with 107,000,000 in 1945. Revenue from the sale of water was \$2,389,279 compared with \$2,354,008 in 1945.

Increased water demand made necessary the rushing of a considerable program of extensions and enlargement of the distribution system. The department laid 9.4 miles of mains, 2 inches to 12 inches in diameter. Construction was completed on 4.23 miles of 36 inch main from S.E. 60th avenue and S.E. Lincoln street to S.E. 10th avenue and S.E. Harrison street and from S.W. Harbor Drive and S.W. Market street to Reservoir No. 3 in the City Park. This line cost \$456,024.00 and provides an alternate supply to the West Side, which was badly needed. A contract was also awarded for a million-gallon elevated steel tank for the St. Johns area. This work will be completed in time for the 1947 summer peak demand. A contract was likewise let for a half-million gallon elevated tank for the Sellwood area supply, which contract will be completed in the early fall of 1947.

For the year 1947 proposed extensions to the distribution system total approximately 10 miles of mains 2 inches to 12 inches diameter, 2½ miles of 20 inch supply line to the St. Johns area, and 1½ miles of 24 inch

January 15, 1947

To the Council:

Page 16

to augment the supply to the area between N.E. Halsey and N.E. Fremont streets, and between N.E. Union and N.E. 48th avenues.

The health of the city remained good during 1947 with no epidemics. The Bureau of Health, under City Commissioner Fred L. Peterson, inaugurated during the year, among other new activities, a comprehensive program to better the standards of restaurants and eating places. A primary move in this direction was the scheduling of a series of schools for food handlers at which operators and employees are instructed in modern sanitation methods. A total of 1,000 persons attended. The program involved inspection and grading of restaurants. At the outset only one-third of the 300 restaurants inspected measured up to Grade A standards. By the end of the year reinspection brought the total to one-half and it is planned to continue until all restaurants are Grade A. Rodent control became a major operation of the Bureau. A system of trapping throughout the city was inaugurated with laboratory tests of the rodents taken. This manner of search for disease resulted in negative findings so far as diseases spread by rodents are concerned.

School nursing, which is coupled with Public Health nursing, expanded its program of pre-school toxoid clinics. An epidemic of smallpox, which was raging both north and south of Portland, called for city-wide vaccination. A total of 140,000 persons were vaccinated. Portland was free from smallpox.

Births for the year reached a new high with 11,105 compared with 10,203 in 1945. Deaths showed a decline from 4,566 in 1945 to 4,483 in 1946. The infant death mortality, however, raised from 26.4 per thousand in 1945 to 27.4 in 1946.

Finances of the city, as shown by the report of the Department of Finance are sound. Total receipts and disbursements by the City Treasurer in 1945 were \$31,877,799.21 and disbursements \$31,882,373.40 while in 1946 receipts were \$26,569,710.56 and disbursements \$25,062,170.12. Cash on hand December 31, 1946 was \$4,465,143.57. Idle and reserve funds invested in government bonds total \$19,830,000.00. Interest and premiums on these and other investments was \$681,868.10 for the year. The city's total bonded debt at the end of the year was \$30,507,300 being the total for all bonds, general fund, water bonds and dock bonds. The bonded debt was reduced during the year approximately \$3,000,000.00. The tax levy for municipal purposes for 1946 was 20.74 compared with 20.1 for 1945.

The Bureau of Parks had an exceptionally good year from an attendance standpoint, even though the activities furnished were necessarily cut because of the loss of Lanham Act Funds, which were furnished by the United States government in previous years. The recreation program included 61 different recreation locations in addition to the three golf courses. Acquisition of properties continued throughout the year and a number of the areas in the park and recreation acquisition program under the 1938 4/10 mill

January 15, 1947

To the Council:

Page 17

levy have been completely purchased. Development has begun on five pieces and the playground area will be usable in the season of 1947. There is still \$567,000.40 left in the park and recreation area fund for purchase and development. Additional property was purchased to make playground space available for the Binnsmead School and to enlarge the Lents Park and Kenton Park known as Playground No. 138. It is expected that during the year 1947 more of these park areas will be completed as far as acquisition is concerned and will be developed as rapidly as possible. The Superintendent of Parks is surveying all of the parks with the idea of further recommendations as to enlargement and development.

With the acquisitions of the last year the park system now comprises 98 parks, 30 playgrounds, 3 golf courses, 8 swimming pools, a zoo and 13 community houses, of which the city owns three. The park area now municipally owned comprises 2,188 acres.

The Bureau of Licenses received \$535,223.83 in 1946 as compared with \$461,490.59 in 1945. There were 3,250 more licenses issued in 1946 than in 1945, exclusive of dog licenses. This Bureau expects to have a further increase in 1947 inasmuch as a new licensing system will be recommended for Council action and adoption.

The Assessment Collection Division sold 3,704 parcels of land in 1946 in the total amount of \$746,548.25 against 2,249 parcels in 1945 for a total amount of \$578,926.23.

The year marked the start of a very large program of street, sidewalk and sewer improvements, and extensions which probably will assume still greater proportions as necessary materials become more available and as costs decline. Plans and specifications were completed and work authorized by the Department of Public Works, under City Commissioner Wm. A. Bowes, on 135 street improvements to cost \$658,000. Forty of these were completed during the year at a total cost of \$166,490, leaving the remainder in various stages of completion. Work was authorized on 41 sewer projects totaling \$276,000 of which 13, costing \$93,000, were completed in 1946.

One of the most extensive programs of street repair, resurfacing and oiling ever undertaken was completed during the year. Twenty-three miles of streets were resurfaced, 78 miles graveled, rolled and oiled, and 200 miles of streets were patched. Expenditures were \$189,548 for resurfacing, \$97,819.31 for oiling and about \$57,000 for patching.

The Bureau of Traffic Engineering devoted the year to revamping of traffic controls in an effort to ease the traffic congestion which came suddenly upon the city following close of the war. Traffic signals in the central congested area were modernized by installation of far side overhead vehicular signals and post top type "walk-wait" signals. This system replaces an obsolete setup installed in the early twenties. Cost of the changes

January 15, 1947

To the Council:
Page 18

was \$42,000. The Bureau of Traffic Control worked out, during the year, a comprehensive program of changes and improvements for the year 1947. Summarized, the changes are as follows:

Signalization of S.W. Jefferson and S.W. Columbia at Harbor Drive, Front, 3rd, 6th, Broadway, 10th and 14th, with flashing red at intermediate intersections.

Signalization of S.W. Front avenue from Pine street to Columbia street. Locations of signals have not been definitely set as yet, but Madison, Morrison, Jefferson and Columbia are certain.

Re-signalization of S.W. 4th avenue from Yamhill to Jefferson and S.W. Madison and S.W. Morrison streets at S.W. 1st, 2nd and 3rd avenues.

Signalization of S.W. Yamhill and S.W. Taylor streets at 5th, 6th and Broadway.

Re-signalization of S.W. 10th avenue from S.W. Stark street to S.W. Taylor street inclusive and revision of the intersections of W. Burnside street with 10th, 11th avenues and Oak street.

New controllers to be installed on W. Burnside street from 2nd avenue to Broadway.

Plans are being prepared and materials ordered for traffic signals and channelization of S.W. Barbur Boulevard from S.W. Hamilton street to Terwilliger Boulevard and S.E. McLoughlin Boulevard from Ross Island bridge to the city limits.

Signalization of S.E. Hawthorne Boulevard at Water, Union, Grand, 7th, 12th, 16th, 20th, 39th, 50th and probably some intermediate intersections between 20th and 39th and between 39th and 50th.

Installation of signals at some intermediate intersections on the N. and N.E. Broadway system, which now is signalized at Interstate avenue, Williams avenue, Union avenue, 15th, 21st, and 33rd avenues.

Channelization of N. Interstate avenue from Tillamook to Russell streets.

Other minor channelization projects will be undertaken as manpower and materials permit.

Work of repainting posts and general rehabilitation of traffic signs on the through streets, which was begun in the summer of 1946 is to be carried through to completion in the summer of 1947.

January 15, 1947

To the Council:
Page 19

It is planned to have a steam cleaning outfit in operation some time during 1947 for use in better maintenance of traffic signs, signals and channelization devices.

As a means of proceeding in an intelligent manner in improvements and changes to better traffic conditions, the city, through the Traffic Engineering Bureau and other divisions, participated in an extensive traffic survey carried on by the city, the state and the federal government. Cost to the city is estimated at \$23,000 out of a total cost of \$92,000. The survey consists of an origin and destination survey with home interview and external station interviews, cordon count around the central business district and a parking study in the central business district.

Revamping and modernizing of street directional signs throughout the city was started in 1946. Sixty thousand signs are required to establish four on each intersection. Twenty-two thousand are already in place and an additional 8,200 were on hand ready for installation by the end of the year. Cost of the signs is \$1.10 each with an additional \$1.50 each for the standard. An appropriation of \$10,000 was made by the Council to cover the work until July 1, 1947, when additional funds will be appropriated.

General growth and expansion of the city together with the rapidly changing industrial and commercial picture has created many problems in city planning as conducted by the Planning Commission. In an effort to establish a more satisfactory layout of the city insofar as zoning is concerned, a nationally recognized zoning expert was engaged to make a study. Recommendations for sweeping changes has been made and will be the subject of study by the Planning Commission and the City Council during the ensuing year.

Respectfully submitted,

A handwritten signature in cursive script, reading "Earl Riley". The signature is written in dark ink and is positioned above the printed name "MAYOR".

M A Y O R