



CITY OF  
**PORTLAND, OREGON**

**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **14<sup>th</sup> DAY OF APRIL, 2004** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Leonard, Saltzman and Sten, 5.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Harry Auerbach, Senior Deputy City Attorney; and Officer Curtis Chinn, Sergeant at Arms.

Items No. 344 and 345 were pulled for discussion and, on a Y-5 roll call, the balance of the Consent Agenda was adopted.

<b>COMMUNICATIONS</b>		<b>Disposition:</b>
<b>334</b>	Request of Charles E. Long to address Council regarding a word of appreciation to City Council (Communication)	<b>PLACED ON FILE</b>
<b>335</b>	Request of Shahriar S. Ahmed to address Council regarding the continuing importance of working to strengthen civil rights of all (Communication)	<b>RESCHEDULED TO APRIL 28, 2004</b>
<b>336</b>	Request of Sean Rogers to address Council regarding police training (Communication)	<b>PLACED ON FILE</b>
<b>337</b>	Request of Charles Lawrence to address Council regarding dual sewer assessment problem (Communication)	<b>PLACED ON FILE</b>
<b>338</b>	Request of Bruce Goldson to address Council on behalf of Chuck Lawrence regarding sanitary sewer connections (Communication)	<b>PLACED ON FILE</b>
<b>338-1</b>	Request of Robert Larry to address Council regarding Portland Police Bureau (Communication)	<b>PLACED ON FILE</b>

April 14, 2004

<b>TIME CERTAINS</b>		
<p><b>339</b>    <b>TIME CERTAIN: 9:30 AM</b> – Accept implementation of Service Providers and Artisan Tradesmen Activities insurance program to provide affordable insurance coverage for independent contractors who contract with the City (Report introduced by Mayor Katz)</p> <p><b>Motion to accept Report:</b> Moved by Commissioner Leonard and seconded by Commissioner Francesconi.</p> <p>(Y-5)</p>		<b>ACCEPTED</b>
<p><b>*340</b>    <b>TIME CERTAIN: 9:45 AM</b> – Adopt an Operating Agreement for PGE Park between the City and the Pacific Coast League (Ordinance introduced by Mayor Katz)</p> <p>(Y-5)</p>		<b>178307</b>
<b>CONSENT AGENDA – NO DISCUSSION</b>		
<p><b>341</b>    Accept bid of Harder Mechanical Contractors, Inc. for the Bull Run Dam 2 Tower Improvements for \$874,000 (Purchasing Report - Bid No. 102721)</p> <p>(Y-5)</p>		<b>ACCEPTED PREPARE CONTRACT</b>
<p><b>342</b>    Accept bid of Werbin West Contracting, Inc. for the Kings Heights Mains Package for an estimated amount of \$731,330 (Purchasing Report - Bid No. 102772)</p> <p>(Y-5)</p>		<b>ACCEPTED PREPARE CONTRACT</b>
<b>Mayor Vera Katz</b>		
<p><b>343</b>    Appoint Ethan Dunham as chair of the Small Business Advisory Council for a term to expire March 15, 2005 (Report)</p> <p>(Y-5)</p>		<b>CONFIRMED</b>
<p><b>344</b>    Authorize revenue bonds to finance various housing projects (Ordinance)</p>		<b>PASSED TO SECOND READING APRIL 21, 2004 AT 9:30 AM</b>
<p><b>*345</b>    Authorize Intergovernmental Agreement with the Port of Portland for participation in the Integrated Regional Network Enterprise (Ordinance)</p> <p>(Y-5)</p>		<b>178306</b>
<p><b>*346</b>    Pay liability claim of Carolyn Steele (Ordinance)</p> <p>(Y-5)</p>		<b>178294</b>
<p><b>*347</b>    Change the salary range of the Nonrepresented classification of Golf Course Superintendent (Ordinance)</p> <p>(Y-5)</p>		<b>178295</b>

**April 14, 2004**

<p><b>*348</b> Authorize an Intergovernmental Agreement with other city, county and federal police agencies to create a Regional Economic Crime Investigation Center (Ordinance; amend Ordinance No. 178271)  (Y-5)</p>	<p align="center"><b>178296</b></p>
<p><b>*349</b> Authorize an Intergovernmental Agreement with Multnomah County to allow Portland Police to use one of their buildings for training purposes (Ordinance)  (Y-5)</p>	<p align="center"><b>178297</b></p>
<p><b>*350</b> Accept a \$645,775 grant from the U.S. Department of Justice, Office of Community Oriented Policing Services, 2003 Technology Initiative to expand the Integrated Biometric Identification System project (Ordinance)  (Y-5)</p>	<p align="center"><b>178298</b></p>
<p><b>*351</b> Authorize Portland Office of Emergency Management to submit an application to receive federal disaster relief funds for the Winter Storm of 2003 and 2004 (Ordinance)  (Y-5)</p>	<p align="center"><b>178299</b></p>
<p align="center"><b>Commissioner Jim Francesconi</b></p>	
<p><b>352</b> Set hearing date, 9:30 a.m., Wednesday, May 5, 2004, to vacate a portion of NW Gurney Street south of NW Midway Avenue and north of NW Mills Avenue (Report; VAC-10017)  (Y-5)</p>	<p align="center"><b>ADOPTED</b></p>
<p><b>*353</b> Amend contract with CMTS, Inc. to supply qualified street construction inspection personnel upon request and provide for payment (Ordinance; amend Contract No. 34771)  (Y-5)</p>	<p align="center"><b>178300</b></p>
<p><b>*354</b> Approve settlement with PacifiCorp for costs of relocating utility facilities for Lombard Overpass construction project (Ordinance)  (Y-5)</p>	<p align="center"><b>178301</b></p>
<p><b>*355</b> Authorize the continuance of negotiations for the purchase of property required for the SW 19th and Evans LID Project and authorize the City Attorney to commence condemnation proceedings, if necessary, and obtain early possession (Ordinance)  (Y-5)</p>	<p align="center"><b>178302</b></p>

April 14, 2004

<p style="text-align: center;"><b>Commissioner Dan Saltzman</b></p> <p><b>356</b> Authorize transfer of assets for specific decorative fountains from Bureau of Parks and Recreation to Bureau of Water Works (Second Reading Agenda 327) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>178303</b></p>
<p style="text-align: center;"><b>Commissioner Erik Sten</b></p> <p><b>*357</b> Amend agreement with Portland Development Commission to administer housing and economic development programs by an additional \$7,929,553 for a total of \$17,286,350 and provide for payment (Ordinance; amend Contract No. 35118) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>178304</b></p>
<p style="text-align: center;"><b>City Auditor Gary Blackmer</b></p> <p><b>*358</b> Assess property for system development charge contracts (Ordinance; Z0747, K0064, K0065, T0080) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>178305</b></p>
<p style="text-align: center;"><b>REGULAR AGENDA</b></p> <p><b>359</b> Authorize the purchase of 70 Ford Crown Victoria police sedans from Gresham Ford using the State of Oregon pricing agreement at a total cost of \$1,470,000 (Purchasing Report) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>ACCEPTED</b></p>
<p style="text-align: center;"><b>Mayor Vera Katz</b></p> <p><b>*360</b> Allow for accrual of vacation credits for up to a maximum of three years earnings for individuals assigned to the ranks of Assistant Chief in the Police Bureau and to the ranks of Division Chief, Fire Marshal and Deputy Fire Chief in the Bureau of Fire Rescue and Emergency Services (Ordinance) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>178308</b></p>
<p><b>*361</b> Allow for accrual of vacation credits for up to a maximum of three years earnings for Bureau Directors (Ordinance) <b>(Y-5)</b></p>	<p style="text-align: center;"><b>178309</b></p>

**April 14, 2004**

<p><b>*362</b> Authorize an agreement to accept funds up to \$75,000 from the Cascade Station Development Company LLC to update the mix of uses and development regulations for Cascade Station/PIC Plan District (Ordinance)</p> <p><b>(Y-5)</b></p>	<p><b>178310</b></p>
<p><b>*363</b> Accept a grant award from the Oregon Department of State Police, Office of Emergency Management, Urban Area Security Grant Program for First Responders (Ordinance)</p> <p><b>(Y-5)</b></p>	<p><b>178311</b></p>
<p style="text-align: center;"><b>Commissioner Erik Sten</b></p>	
<p><b>*364</b> Authorize agreement with Portland Community Reinvestment Initiatives, Inc. for \$70,000 to support the operation of one large-family unit within the Russet Morris Green Plexes Project to provide housing for very low-income families living with HIV/AIDS and provide for payment (Ordinance)</p> <p><b>(Y-5)</b></p>	<p><b>178312</b></p>

At 11:47 a.m. Council adjourned.

April 14, 2004

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**WEDNESDAY, 2:00 PM, APRIL 14, 2004**

**DUE TO LACK OF AN AGENDA  
THERE WAS NO REGULAR COUNCIL MEETING**

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**GARY BLACKMER**  
Auditor of the City of Portland

By Susan Parsons  
Acting Clerk of the Council

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

April 14, 2004

## Closed Caption Transcript of Portland City Council Meeting

This transcript was produced through the closed captioning process for the televised City Council broadcast.

Key: \*\*\*\*\* means unidentified speaker.

**APRIL 14, 2004 9:30 AM**

[Roll call taken]

**Katz:** Let's start with communications. Let me just flag it. I'm going to ask the council to suspend the rules and allow Robert Larry to come and talk to us. He made the request. At the time that he made the request, I had five people already, so I said that I would ask the council to suspend the rules. This is because the issue is an issue that is burning in the community. Not quite yet. And then we had one individual who isn't coming, so ideally we have five, but I still needed to have a suspension of the rules. All right, 334.

**Item 334.**

**Katz:** Mr. Long, good to see you.

**Charles Long:** My name is Charles Long. I reside at 420 Northeast Mason Street. I think that Portland is fortunate, even blessed, to have the quality of city government that we have at the present time. I speak from being a native Portlander and have viewed a number of city councils here, their actions, and their inactions, and I speak at this time because at this political season there are a lot of barbs being thrown at the city council by Lars, by Six Pack, and by whoever is running to compete. I believe that government is God-ordained, and that the councilors, commissioners, are ministers for the peace, the harmony and welfare of our community, and I don't have time to detail the many attributes, positive attributes, that I see in the present city council, but in general --

**Katz:** We may extend the time for you, Mr. Long.

**Long:** No. In general, I feel that each and every one is impartial. I believe there's no hidden agenda. I believe that everyone is thinking of the general welfare of this city. And I'm very impressed by the concern that the city council has for the less fortunate in the community and the work that is being done and the general compassion for all people and of course the importance of building our economy. I believe that the city council does have the great vision and certainly the mayor has great plans for the last months of her ministry here. And I trust she will lay a foundation and the city council will lay a foundation for the next city council to complete these plans. And I think that also the closely-reasoned comments of those making important decisions before their vote is to me very interesting and shows a great deal of care and wisdom.

**Katz:** Thank you, Mr. Long.

**Long:** And also patience with the tedious and boring details of city government.

**Katz:** Thank you, Mr. Long.

**Francesconi:** Mr. Long, can you come back next week?

**Katz:** Come back every week. That's as good as prayers are for us. All right, 335.

**Item 335.**

**Parsons:** He is not able to make it. He's rescheduled.

**Katz:** Ok, 336.

**Item 336.**

**Katz:** Good morning.

**Sean Rogers:** Of course, this is about the shooting of Mr. Perez a few weeks ago. I'd like to start by saying that your choice of Chief Foxworth seems to be very appropriate, and I think he showed a lot of class by meeting with the families so close after. But the situation raises serious questions

April 14, 2004

about the training of our police force. According to one witness for a routine traffic stop, theoretically, they had their guns pulled out before they even got to the car door. And then also according to the "Portland tribune" on april 2 he was shot and then he was tasered? This is from the police department. Of course, you know, journalists don't always get it right, but, you know, you should definitely have a hierarchy of how things go. To shoot first and then move to lethal force? Sounds like there's a serious problem with the police training. Mayor Katz, you've had the police force for I think 12 years as mayor, and I don't see a lot of followthrough. 2001 there was a study done by the city saying police were 2.6 times as likely to be pulled over as white americans, white Portlanders. There's no followthrough of anything else. I'm just kind of sad that there's this perception that the police doesn't -- do not really represent the community and they're an adversary. Recently chief foxworth was very disturbed that no one would come out to provide information about four police shootings that happened in one weekend. There's a very nice window of the relations between the police department and the community. Now i'll finish up real quick, but I share something with commissioners, because four of us are white, male, in america. We're treated differently as such. We're not treated as criminals just walking down the street, which appears from your police -- the police study in 2001, is the case. And I hope those of you that will continue your terms will realize this as you're making a decision and judgment. I apologize for being less organized than I thought i'd be. But I appreciate your time. Have a good day.

**Katz:** Thank you. 337.

**Item 337.**

**Katz:** You've brought bruce goldson also. Why don't you come on up also, and we'll give charles three minutes and yourself three minutes. Go ahead.

**Charles Lawrence:** Good morning, mayor Katz, city council. Charles w. Lawrence, 4430 southeast belmont, Portland. Back in the early 1990's I was involved with six sewer connections on properties that I had in southeast Portland with the mid county sewer project, and i'd like to point out that five of these went through just fine. They're all paid for. They were paid for as agreed. I had one problem, and that's why i'm here today. If you'll note on my letter I received two certified letters from the county on one property. I had two major concerns. The sewer line that was on the map was on the wrong side of the building. It was on the back and needed to be in the front. And I also had an extra sewer connection on the property that I didn't need. So on this property I requested a representative from mid county sewer come out and discuss it with my tenant and i. My tenant is here this morning. And we had this meeting, and we pointed out these two concerns. It was a nice gentleman, very cooperative, and he said moving the sewer line from the back of the building to the front is not a problem. He asked us some questions about how we were going to continue using the property. We said the same as we have in the past years. He said, you don't need a second sewer connection. We agreed. And he said he was going to take it off. As it turns out, I was talking to a ghost, and I mentioned to my tenant this morning, do you realize this was never recorded, this meeting was never put down anywhere. And what happened, I didn't realize, I was sitting on this problem, until I started getting billed. And the first billing statement that I got, the two billings had the same account number. I immediately went down to the auditor's office. They assured me it was a problem they could take care of. And the second month the same thing happened. Well, while this was going on, my time to remonstrate at public hearings was slipping away. And I had no idea this had happened. I was signing up for financing on the other sewers, and I was getting way behind. Mr. Marco marcell with the auditor's office, who I would like to compliment as being very patient and understanding on my behalf. He took me aside and said, I want you to show good faith to the city. I want you to get caught up on all these other sewer liens, and maybe we can work out something here that you would like to have happen. So I did that, and in 1997 marco called me and asked me if I would write a letter to his manager, mr. Frank dufay,

**April 14, 2004**

which you have a copy of in this binder, and I outlined the whole thing. It was 1999 before I heard back. And we promptly arranged for a meeting. And at this meeting I showed the same -- most of the same evidence to mr. Dufay. He said, this is clearly a mistake. We're going to take off the sewer that you ask to be deleted and should have been, and we're going to charge you for the one sewer. I thanked him from the bottom of my heart. I told him as I left, this is such a load off my shoulders, and i'm so glad to have this in back of me. The ghost appears again.

**Katz:** Your time is up. Why don't we switch over and let your attorney complete the three minutes.

**Bruce Goldson:** My name is bruce goldson, a professional engineer, actually, with compass engineering, providing professional service for about 30 years, as well as the company. In reviewing mr. Lawrence's file, I find several ambiguities in there that -- that are in the -- in the information that's before you. One is that on both worksheet maps, and one's titled 1917 and one's titled 1916, there shows to be one service to the property, even though there are two tax lots. There's only one service to each -- on each one of those sketches. It seems to me that the intent was to provide only one service to this property. It is one property that is being used for one -- one operation. It's completely used up with that one use and have no possible need for an extra sewer connection there. The other thing that I noticed is that the contract for monthly installments was almost a year apart. One of them is titled 1997 southeast ash, which is the address of this property. And the other one is at an unspecified location. It really isn't identified where it's at. The final -- the final thing is mr. Lawrence was actually a tenant or a contract purchaser, and the real owner at the time of the sewer connection work was the highland park church. Apparently they were never involved in this operation at all. It seems real strange, that the sewer district would connect and make negotiations with a tenant or a contract purchaser and not the real owner. So for these reasons, I feel that the city council needs to abate one of these connections and only need the required one.

**Katz:** Thank you. Thank you both. All right. Thank you, charles. Thank you, bruce. I'm going to ask to -- we don't do -- there's no discussion after this. This is just three minutes. So thank you both.

**\*\*\*\*\*:** Right.

**Katz:** I'm going to ask the council to suspend the rules to allow robert larry to address us for three minutes. Hearing no objections, so ordered. [gavel pounded] all right, mr. Larry, come up. I'm only going to allow you to speak, though.

**Robert Larry, NAACP:** Good morning.

**Katz:** Good morning.

**Larry:** I thank you for suspending the rules this morning.

**Katz:** You're welcome.

**Larry:** Ms. Mccrae is here with me. Most of you -- commissioner leonard might not remember dora mccrae, but i'm sure the rest of the commission knows ms. Mccrae because of the situation that she had with a Portland police officer as a 67-year-old great-grandmother. She's older now, but she called me night before last, and she's now living in tacoma as a result of going through the court proceedings, she lost her home here, and she's living up in tacoma. She called me the night before last, and I asked her to come down, because I knew I was going to come and address the council. One of the things that I was reminded of in ms. Mccrae's case is that the city council had an opportunity to take a look at the Portland police bureau, and I remember it was a 2-2 vote. And mayor Katz, you cast the deciding vote, basically saying "to put this thing to bed." that bothered me. It's been a problem that i've had over the last years, looking at what's happening with the Portland police bureau. When ms. Mccray came to the naacp at that time, her plea was not heard through that leadership during that period of time. To get to the point, i'm representing the naacp, Portland, Oregon, branch, and in light of the situation here in the community with the Portland police bureau

**April 14, 2004**

i'd like to read a letter to you. The naacp, Portland, Oregon, branch, 1120, recognizes in order for the police chief to be effective, reorganizing the Portland police bureau there needs to be some serious changes to the structure of the city government. We are asking that you resign from the office of mayor immediately. Thank you.

**Katz:** Thanks. Ok. Consent calendar? Any items to be removed off the consent calendar?

**Francesconi:** One, mayor. This just came up. 345.

**Katz:** 345. All right. Any other items to be removed? 344. Any other items to be removed? If not, roll call on consent agenda.

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. 344.

**Item 344.**

**Katz:** Come on up. Grab the mike. It's moved. Thanks.

**Eric Johanson, Office of Management and Finance:** Thank you, mayor, members of the council. I'm eric johansen, the debt manager in the office of management and finance. The ordinance that's before you this morning authorizes the issuance of up to \$25 million of housing revenue bonds for the city lights housing project.

**Leonard:** I'm sorry, the what?

**Johanson:** City lights housing program.

**Leonard:** Thank you.

**Johanson:** As you may recall, some of you in july of 2001 --

**Katz:** A little program we figured out, a little creative financing.

**Johanson:** Right. We're now ready to come forward, we think, with the project. In 2001, council approved the program and authorized an intergovernmental between the city and p.d.c. To implement the program. The intent is to stimulate the production of housing units in niches currently not being served in the city. The types of projects that you might see under this program would be the housing component of mixed use projects and middle and moderate income projects that aren't being served currently in the city. The longer-term vision for this program is the development of a comprehensive diversified portfolio of projects that hopefully will spin off sufficient excess revenue to provide a stream that could be used in the development of affordable housing projects elsewhere in the city. We're at the point of having the first project ready to go this summer. This ordinance before you now is the first step in getting those -- that particular financing authorized. The approval of the ordinance next week will begin the 30-day referral period. If it isn't referred, the city will have the authority to proceed with the financing for the program. It's currently anticipated that the headwaters project in southwest Portland will be the first project to be financed under this program. But before we come -- but before we do that project, we'll come back to council with a subsequent ordinance that more fully describes the project as well as the bonds and the legal terms under which the bonds will be issued. That will probably occur in mid june, at which time you'll probably also receive an updated copy of the intergovernmental agreement to approve, a little more meatier than the one we passed in 2001. That's all I have. We have john warner in the audience today who could answer questions about the program, but i'd be willing to answer questions about the ordinance you have itself.

**Katz:** Let me ask you the obvious question. 2001 the idea was created. We knew about the headwaters project. What took so long?

**Johanson:** I think a combination of things. The project itself has taken a little longer to get done. We also went through that period of time in a couple of years ago with the shilo decision that was affecting the ability of p.d.c. To do certain things, although this project itself is not in an urban renewal area.

**Katz:** Right, it's not.

**April 14, 2004**

**Johanson:** At the time we were worried that making further general fund commitments was not a good idea, given the issues that might arise, so that was the reason we put the brakes on a little bit on new projects coming into city lights, but I think as of now that the thing that is driving it now is the project is ready to go, we're ready to move forward with the financing.

**Katz:** Good. Anybody else want to testify?

**Saltzman:** Are the entire \$25 million for headwaters?

**Johanson:** No. This project will not use all \$25 million. We'll come back with an subsequent ordinance that puts forward a not to exceed amount that's in the I believe \$14 million range. The repayment of bonds will occur from the housing projects, other revenues of p.d.c., but ultimately backstoped by the general funds of the city, but the intended source of repayment is the project revenues.

**Katz:** That was the whole idea, that the project revenues -- it had to be a strong project to guarantee the ability of the project revenues to pay off the bonds. Further questions? Roll call.

**Parsons:** This will be passing to second.

**Katz:** I'm sorry, you're right. Second. Thank you. 345.

**Item 345.**

**Francesconi:** This is a surprise to you. Tim, can you come forward just a second?

**Tim Grewe, Chief Financial Officer:** Tim grewe, chief administrative officer.

**Francesconi:** The reason I pulled this, is because this is a good thing and i'm voting for it. The reason I called, because once upon a time you and I had a conversation about where is it going, what are the boundaries on it. Now when we're getting into the port, which is good in the sense that it's another public institution, but how far is this going? That's the question, I guess. Are we going to put parameters around this?

**Grewe:** Commissioner, the parameters that have been put around it, we don't provide service to any entity that's not a public agency. That's been the parameters. What i'd like to do, since it's been a long type, I should have thought about this in advance, is to give council an update as to where we are in the overall earning project, but also what the plans look like in the future for who our partners are likely to be at this point. That way you'll have all all the information.

**Francesconi:** That would be great.

**Grewe:** You're welcome.

**Katz:** Anybody else want to testify? If not, roll call. I didn't see your hand up. Let's withdraw the roll call.

**Bill Prows, Qwest Communications:** I'm bill prows, regional community manager for qwest communications. Wanted to have you consider the opportunity to discuss the earning project before you vote on this effort. It certainly is -- wondering if it's going out for competitive bid. I don't believe that we, as well as our competitors, have had the opportunity to do that. Certainly would be taking business away from us, as well as the opportunity for some of our competitors to participate.

We think you ought to look at the earning network and the parameters before it before you'd make decisions to go forward, some of these intergovernmental agreements.

**Katz:** Thank you.

**Prows:** Thank you.

**Katz:** Anybody else? Roll call?

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] thank you. All right, consent item 339.

**Item 339.**

**Katz:** There's the lady that made it happen. I mentioned this to you when the small business council came to share their annual report and told you that we did find an insurance program that would insure small businesses, that we, as a city, are doing business with. I said that at the

April 14, 2004

appropriate time a report will be before you. And today is the appropriate time. So let me turn it over to two ladies.

**Sue Klobertanz:** Mayor and council, sue klobertanz, director of purchasing for the city of Portland. This item, 339, that's in front of you as the mayor described, on the surface appears very simple and routine. I guess i'm here today to tell you that that's not the case for either one of those. It's not neither simple, nor routine. By way of background, since the city first declared its desire to do business with small minority and women-owned businesses, we've known that insurance coverage was an issue. We've tried to find answers repeatedly over the last eight years, purchasing, city attorney's office, rescue crew management, has repeatedly convened work groups to address the issue without a lot of success. I have generated about two file drawers full of paper, but that doesn't get any of our contractors insurance anymore quickly or cheaply. The need for options to obtain liability insurance has gotten much worse over the last couple of years. The d.j.c. Constantly is running articles, but let me read a couple of lines out of one article that has a headline, "contractors hammered by insurance rates." the article says many carriers are pulling out, saying they no longer can afford to offer contractor liability insurance. Many contractors with spotless safety records find themselves without coverage or paying double, triple, and in some cases 10 times more than they were before. Rates were up for insurance that is available anywhere from 200% to 800% depending on a specific trade. No insurance means no license. No license means no chance of doing business. My words are that no chance of doing business means increased cost to the city. That said, timing is everything. Because -- in part because of renewed interest on this issue of liability insurance by began to look at this issue again. That was coupled with the addition of sherry greenwood as the's new risk manager. I have to say because insurance is not my forte, i'm thankful for her expertise and leadership. Finally, the licensing of the first program option by the state of Oregon just happened, all three of those events came together simultaneously, and that allowed us to come to you in appears to be a quick time frame. In reality this is a long-term problem and we're just extremely excited to bring this report to you today. And at this point i'd like to turn it over to sherry, who can describe the program that we're recommending.

**Katz:** Cheri, why don't you move the sign -- no, no. We can't see you. Now we can see you.

**Cheri Greenwood, Risk Manager:** Mayor, council, thank you very much. I'm Cheri greenwood. I'm delighted to be here. I'm your new risk manager. This particular effort here reflects cooperation between the community and between bureaus, which I think is as wonderful and healthy and it helps to move us towards a resolution of a difficult and what has been a significant issue. This particular program is called sparta. It is utilized by over 600 public entities in the state of california. It is backed by essex insurance company, an a-rated company, with is financially sound. When I first heard of this program, I decided it was too good to be true. So I made an effort to go down and talk to these people in california and try to get them a fixed date on when they would be licensed in our state and to sort of give a little push to get them to come on board. And they were more than willing to do that. They are now licensed in the state of Washington as a surplus lines carrier. They are ready to write business as we speak. It's the -- the ability is right there to move forward. It has been a difficult market. It is not just this state, but it's several other states that have to address this particular issue. If you approve this, this is how it works -- the city of Portland has a master policy. The master policy costs us a blanket \$5,000 a year, plus some surplus lines fees and taxes, which is \$161.25. And from that each small business is endorsed on to the policy as they enter into a contract with us. They enter into a contract with the city, they call sparta, which is the insurance program that we're talking about, which is handled by municipalities insurance services, backed by essex, they will call sparta -- or municipality insurance services, and they will give them a quote within 24 hours. The quote depends on the type of services they're providing. The quote is only for that contract, and therefore that premium is substantially lower than they would get with another

April 14, 2004

insurance company, if in fact another insurance company would be writing this business, but in the hard market many insurance companies are backing away because this type of coverage is a very small portion of their revenues and the risks sometimes can be substantial. I have checked with public entities that have been more than satisfied with this program. I have talked with small businesses in the state of California that have utilized it. One man said that he -- he was going to close his business. He had no options. He tried to have a contract with the zoos, but his insurance was just not there. When Sparta stepped in, he was able to contract with the city and made \$100,000. So it provides a revenue, an avenue for people to actually go in and for these contracts to -- to be -- what am I going to say? Executed, awarded. That, I think, is very significant. It's a great program. It is -- almost does appear to be too good to be true, but it has been in California for eight years. It's been very successful. It has the backing of several public entities. I've been impressed with what they've done. They've been more than willing to come down and discuss their program with us. And I think this is a go.

**Katz:** Thank you, Cheri. This is also -- I remember, I think, during some testimony that we heard, the neighborhood association board of directors were having trouble with liability insurance. This now will be available to them as well. So any group, public or private, that does business with the city.

**Greenwood:** Yes.

**Katz:** So this is a great step forward. Cheri, thank you. You took the call seriously and between you and Sue delivered. Really appreciate it.

**Greenwood:** I'm delighted to do that.

**Katz:** Questions?

**Saltzman:** The so the city pays a \$5,000 premium per year?

**Greenwood:** \$5,000 a year.

**Saltzman:** And the individual contractor has a separate premium for that?

**Greenwood:** Which reduces our \$5,000. So it could be by the end of the year that we've actually paid nothing, but I do believe we pay -- I shouldn't say that. We would probably pay \$1,500 a year, which is what the carrier would earn, for writing this business. That's a good deal.

**Saltzman:** And there's no limit on the number of contractors that can take advantage of this?

**Greenwood:** That's right.

**Francesconi:** It only covers the liability for the private carrier in terms of anything arriving from the contract with the city, I take it?

**Greenwood:** This covers the contracts that they would have individually with the city and the negligence that would flow from that.

**Francesconi:** But if they had other contracts, private contracts, it doesn't cover those?

**Greenwood:** No, it doesn't.

**Francesconi:** So it's a partial liability in terms of dealing with the city.

**Greenwood:** It is for contractual relationships with the city.

**Francesconi:** Ok. So my suggestion might be, if you haven't done it already, is to talk to all the other public agencies, so that there's a way of providing more relief on other contracts for private carriers, not just with the city of Portland. So if Multnomah county had it, the port had it, all the different agencies, it would be a way of trying to broaden the coverage for private small businesses, people of color.

**Greenwood:** We're doing that. As I noted this morning when I talked with Sparta, there are a number of other cities that are requiring it.

**Francesconi:** Ok.

**Klobertanz:** Those conversations are underway. And other community groups are pursuing that angle swiftly.

**April 14, 2004**

**Francesconi:** Is there -- and this may not be possible, but I know, for example, associated Oregon industries, entered into some kind of group contract for their members with saif on workers' compensation insurance, and it was beyond contracting with government. It would be good to see if there's any other way where we could assemble, pool, so that private carriers could have the -- private companies could have those benefits. It may not be possible. Once you work through beginning this, which is a terrific thing, might be good to see if you can think of any other ways to pool that would help private companies.

**Greenwood:** Certainly have looked into that. We'll continue to look into that. There are options being created. Something of that nature would be more available for private industry.

**Katz:** All right. I have another problem I want you to solve. Health insurance for small businesses and individuals -- actually, more for individuals that are on their own. A long time ago I had a public meeting with the art community, and talked to them about what are the things that they really need and what are the barriers for them to continue doing their work. One of the barriers, other than having buyers of their work, or the recognition so they can make a living, was health insurance. There was really very, very little opportunity. So we have contracts with rack that have contracts with the art community. We have contracts with the small businesses that are small entrepreneurial, so that's another challenge.

**Klobertanz:** Mayor, I might suggest, that I know andre will testify on this issue, and through the small business advisory council they're looking at associations that could address the health issue, the insurance issue.

**Katz:** Broad associations of individuals?

**Klobertanz:** Right. There's in fact an article in last friday's "business journal" on that very topic. So people are looking that.

**Katz:** Ok, all right.

**Saltzman:** How will we go about making it known to the small business community that this now exists? Because i'm sure many of them, long ago, have concluded they can't do business with the city?

**Klobertanz:** We have a multi-pronged effort going, one obviously with the press release coming out of the mayor's office, and then follow-up with individual publications. We will be inserting, much like we do whenever there's a change we want to make contractors and bidders aware of, we'll not insert into the actual bid language, but insert as an addition inside the bid packet a notice that says "for your information, please be aware that this is an option, that it's available to you." in addition to that, we attend many trade fairs and outreach events, and we'll be making the option of this insurance available. The trade show and luncheon on may 6, we're in the process of seeing if it's too late to get an additional booth that the sparta representatives would actually attend there. So number one, the contractors are very aware of the issue. Number two, we've put them on notice that we thought we might have a solution for them, and number three they're sitting on my doorstep waiting for the green light for this. So we're getting the word out quickly.

**Saltzman:** You have something on the purchasing website?

**Klobertanz:** We're hoping to put it on the front page of Portland online.

**Greenwood:** There may be other organizations that develop because of the condition of the insurance industry at this time. Sparta's one that's come forward early. There may be other options in the future that will also be available. It's our hope we can bring that to you.

**Katz:** Thank you. Anybody else want to testify? Andre, did you sign up? Anybody else? Sue? Fred cooper, come on up. Roy jay, come on up.

**Andre Baugh, Small Business Advisory Committee:** Hello, mayor and council. My name is andre baugh. I live in northwest Portland. I'm here today as the chair of the small business advisory committee subcontracting committee, and here today to offer comments as a representative

**April 14, 2004**

of the small business advisory committee. Members of the small business advisory committee would express our support for this today, and express our appreciation to the mayor and council for the quick action on this matter. I think a lot has already been said. We would like to thank Cheri Greenwood and Sue Colber for their assistance in getting this done. Mayor, for your assistance in moving quickly on this. We know this is not a silver bullet for all businesses, but it does help a significant number of businesses doing business with the city of Portland in making them more competitive and more marketable in the city of Portland. We believe that it brings an opportunity to -- makes more -- makes more small businesses in the city of Portland, which is our directive, more competitive and more sustainable. Thank you.

**Katz:** Thank you, Andre. Grab the mike, please.

**Fred Cooper:** Good morning, Mayor. Members of the Council. My name is Fred Cooper. I'm a professional engineer and small business owner here in the city of Portland. I'm here representing the association -- Oregon Association of Minority Entrepreneurs. I chair their new committee architect committee. We were asked by the purchasing committee to take a look at this product. The product I think it's a unique one. It allows easy access by small contractors -- and my remarks are devoted primarily to construction contracting and promotional services. It allows three major insurances, other than workers' comp, that a company must have to bid on city contracts. So it provides a combined package. It's coverage that is easily available as project insurance. You know, project by project, which is a good way to go for many types of contracts. I think it's very cost effective. For contracts over \$135,000, the rate -- the premium is .7 of a percent. We enjoy 1.5% to 2% for professional liability insurance. The rate can be higher, at the 1.6% range, but still, because it's combined, all three, I think it's still very cost effective. The program allows premium financing for fees over \$1,000. You can even use a credit card online. So the access is great. Coverage can be issued on an annual basis for on-call contracts that the city might have. My finding is that this program can be a useful tool in the city's attempt to open up public contracting opportunities to small businesses. It appears to be a very good product, further reinforced by the hundreds of municipalities and special districts in construction contracting that they're using it now. And I urge you to approve it. And to, as was mentioned earlier, to have other contracting agencies in the area also consider it. Thank you.

**Katz:** Thank you.

**\*\*\*\*\*:** Good morning, Mayor and Commissioners. I came basically in support of this action. I want to applaud Sue and Andre and everybody else that worked very hard on this, because as you know insurance has been a big problem for small business, regardless of what color that you are in the city. This is a good first step. I want to also -- hopefully we can expand on Commissioner Francesconi's recommendation of being able to go outside of the city to where there's going to be full-time insurance for some of the businesses that can't afford it, and I was talking with Andre also about expanding this to P.D.C. contracts and other things that are within this same parameter. So I'm basically here to support it. I applaud you. Thank you for making this first step and helping out small business.

**Katz:** Thank you.

**\*\*\*\*\*:** Ok.

**Katz:** Anybody else want to testify? If not, a motion to accept report.

**Leonard:** Second.

**Katz:** Thank you. Roll call.

**Francesconi:** This is a great thing. To publicize it is good. I'd like to thank Sue, the Mayor, and also the small business council for working on this. The small business council has been effective here. That's good. Aye.

**April 14, 2004**

**Leonard:** Somebody asked me recently if i'm having fun, and I said, well, I have a few adjectives that I could describe my new job in, but fun isn't always one of them. Fun was when I worked with the captain and the deputy at the fire bureau. That was fun. This is an example, however, of what I wanted to come here for, these kind of creative solutions. So I applaud you mayor for this work.

**Katz:** Thank you.

**Leonard:** It's exactly the kind of stuff I love to see the city do. It's exactly the kind of thing that makes it fun for me to be here. Aye.

**Saltzman:** Well, I want to thank the mayor and sue and Cheri for really finding an innovative program that really responds to a major gap in why small businesses can't do business with public institutions, whether it's a city, county, whatever. It's the insurance liability requirements, especially in light of the post-9/11 world. They've gotten even -- they've just gotten ridiculous. I mean, it's a paranoia in the insurance industry that's run rampant, and only made it harder. Only exacerbated the problem that existed prior to 9/11, but only gotten worse since. This program, and I want to applaud essex insurance company for being entrepreneurial, finding a niche here, artisans, contractors, also emergency shelters and group homes. This is really great. A company that's found a niche that really fulfills a major public policy goal, and i'm sure they're making money off it too, but, you know, it's commendable for an insurance industry group to come forward and find this niche. Hopefully they will profit well from this and we know that many small businesses in our city will be doing business with us as a result of this policy. So good work. Aye.

**Sten:** I agree. Great work, mayor. Aye.

**Katz:** Thank you, everybody. Cheri, thank you. I know the kind of work that you did and really appreciate it. You can hear the council is very pleased as well. Aye. [gavel pounding] all right, item 340.

**Item 340.**

**Katz:** Let me start by saying that here in the city we pride ourselves of collaboration between the public and the private sector. About 99% of the time the collaborative experience is positive for everybody. There is the 1%. Unfortunately, at the very beginning there were issues that were decided by the private sector that -- and decisions that were made by the private sector that made the success for them a little bit more difficult. And if they weren't going to be successful, then the city in turn would have some difficulties, and you all know about the fact that we haven't been paid for the rent of the stadium. Let me back up. Since there's been a lot of chatter about p.g.e. Park, p.g.e. Park was part of the package that was created when we worked with the hospitality industry in working with them to raise their own fees for room nights, which was a recommendation that they came to us with because of our ability to finance at a better rating we made a decision with them, and it was the right decision, to help them finance the expansion of the convention center, but since we were at the table we said, baseball is part also of tourism and would attract nights, bed nights, room nights, and would you be willing to include the renovation of p.g.e. Park and payment for the arts as a package. Bless their hearts, they agreed. And the collaboration between the county and metro and the rental car industry and the hospitality industry made the renovation of p.g.e. Park possible. We then went out to bid and found a group willing to buy the team and to manage the team and hopefully it would be a wonderful marriage for the rest of our lives, or at least several years of our lives. Well, the rest of our lives was short-lived. And we are in the position right now where they are no longer part of our collaboration, direct collaboration, and the pacific coast league that manages triple-a baseball has come in to play. And with them is the need on our part to get to some agreement before friday, this friday, when the first ball is thrown out at p.g.e. Park. And the work in putting together this agreement, which is a one-year agreement, and then working on a longer-term agreement with the new owner, potentially a new owner is something our group, ouring work group, led by the two gentlemen sitting before you, have been working on for weeks and

April 14, 2004

months, almost nonstop. The deadline is really today for all intents and purposes. And i'm going to give them an opportunity to replay the story, if you want to, because there's a lot of media here, and sometimes they don't quite get it all right, and to tell the council where we are today and our position as far as friday goes.

**Tim Grewe, Chief Financial Officer:** Thank you, mayor Katz. You did a pretty good job on the history. I'd like to fill in more detail. I'm tim grewe, the city's chief executive officer. With me is steve janik, our outside council on this matter from the beginning. He will provide you with an overview of the conditions that are in the proposed agreement that you have before you today. Believe it or not, this process actually began back in 1998 when the city was faced with a deteriorating civic stadium and we had the need to do substantial structural improvements, if we were going to to have any types of events in there. The structural improvements primarily driven by having to upgrade the facility to meet codes in the area of seismic codes. So we opted to proceed with renovation, but to do that in conjunction with soliciting proposals for a solicit operator that might also contribute to the cost of those renovations. As a result of an r.f.p. Process, we negotiated an agreement with Portland family entertainment, which resulted in a p.f.e.'s commitment to contribute \$5 million to the stadium renovation. It also set terms for the operation of the stadium. This agreement was reviewed and approved, not just by the p.f.e. Limited partners, a group of substantial business people in the community, also by p.f.e.'s lender, the pacific coast league reviewed the terms, and the city as well, with the aid of consultants reviewed the terms. And at that time it was thought to be, by all those involved, to be a very good, advantageous deal for the city. Compared to other agreements around the country, it was seen as being one of the most advantageous agreements to have been negotiated at that time. However, in 2001, after the \$38 million renovation, of which p.f.e. Had paid for \$5 million -- excuse me. In 2001, we opened the stadium, the are renovation being completed, the park was renamed, and it was opened for sports and community events. Toward the end of the first season, p.f.e. Informed the city that it was experiencing financial problems. The primary causes, we learned later of those problems were the higher than expected debt payments that p.f.e. Took on, particularly in the acquisition of the professional teams, and their hiring plans, spending during the first year, particularly for startup cost to say get the facility open, operating, and running. And they also put forth that we had -- that they had not been able to secure concerts, which were very lucrative within their projections as anticipated. I'll recall for you that the stadium allows up to 10 concerts per year. The only concerts that have been in the stadium have been fund-raising concerts to this point. In the summer of 2002, p.f.e. Stopped making quarterly license fee payments to the city and subsequently defaulted on their operating agreement with the city. That then began a long process of either seeking to reconstruct our agreement with p.f.e. And/or find a new entity to take over the operating agreement. Over the past months, city staff has been working aggressively to resolve this situation. The resolution required reaching a compromise agreement, with not just p.f.e., but the banker, the pacific coast league, and the city. So this was a very complicated negotiation because of all the parties involved in the discussion. During this time we did have several potential ownership groups attempt to come to agreement with all these parties on the acquisition of the team but we never experienced success in putting all the pieces together to reach a final deal. In the late winter of 2003, the most promising ownership group, big game capital, withdrew from the process, leaving us in a situation of not having an operator potentially for the 2004 season. After big game capital's withdrawal, the pacific coast league became more actively involved in our deliberations and in trying to secure new ownership for the business. In early 2004, the p.c.l. Decided that it -- that in order to stabilize the situation, they, the league, would try to acquire the business on an interim business. Today we have a one-year operating agreement with the p.c.l. That will allow the 2004 baseball and soccer home games to be played in p.g.e. Park, along with the viking football season.

**April 14, 2004**

This one-year agreement will allow the league to stabilize, we hope, the situation for the short term, while working with us to find a long-term solution. The p.c.l. Has repeatedly expressed to us, and in some cases to you, the council, that they have a commitment to keep triple-a baseball in Portland for the long term. We also included in the provisions of the agreement before you today, the one-year agreement, we have provisions in there to help assure that the commitment of the league is more than just words, but is something within the document itself as a condition for entering into agreement with the long-term owner. We do expect to begin talking with the league and some new ownership groups about a multi-year agreement very soon, quite possibly as soon as next week. We'll keep the council apprised on those deliberations. It's in our interest to secure that agreement as quickly as possible so we don't find ourselves in the same situation going into the 2005 season. I'll just make one more comment to make it clear to the council and the public. The city has been absorbing the losses associated with p.g.e. Park because we've not received the prior payments owed to us by p.f.e. Yet. But I want to make it very clear, that no public dollars were utilized to subsidize the stadium operations. What was used were the proceeds that are deposited into our arena fund. That is the fund that collects city resources from the -- from the rose garden, from p.g.e. Park, and from memorial coliseum. We were able to utilize reserves for anticipated purposes to cover the costs thus far. We're optimistic, as you'll hear in the agreement, that we'll receive, at least in part, the payments owed to the city as a term of this agreement. With that, i'll turn it over to steve janek, then we'll be available for questions. There's also members of the new management team of p.g.e. Park in the audience, jack cain in particular to answer questions as well.

**Steve Janik:** Good morning, members of the council, i'm steve janik. Tim's historic summer is an excellent one, I would just add a couple of minor comments. During this period of time, january of 2004, we came very close, as you know, to having a definitive agreement for the remaining 17 years with big game capital. Unfortunately, as we looked more -- they looked more closely at the condition of the business for the 2004 season and the preparations that have been made for the 2004 season, they viewed it as being too risky a situation in this year and subsequently backed away. Subsequent to that, there were two or three other parties that were interested. I wanted to make clear to the council and the public that when each of those parties came forward, we discussed openly with them the same terms that we would consider with any party. It wasn't as though anyone who was interested received any different explanation or set of terms or opportunities. We tried to work with a couple of private groups that had expressed some interest. The real fundamental problem, however, was that any private group would have to not only be approved by the pacific coast league, make a deal with us, but also make a deal with the lender. That triangular negotiating architecture became very challenging. When it appeared that we were drawing close to the season and none of the private groups were going to be successful in negotiating with others, it wasn't they were unsuccessful in negotiating with us, that's when the pacific coast league stepped forward and went ahead and made a deal with teachers, the lender, and with p.f.e., and also have now made a deal with us. Let me summarize the terms. It's with a newly-formed subsidiary of the pacific coast league called rather cleverly beavers p.c.l. Baseball l.l.c. It is an operating agreement, which means they will operate the stadium. It's not just that they're agreeing to play the team there. They will operate the stadium so the city doesn't have to incur the costs of operating the stadium. It will run till the end of this calendar year and start presumably tomorrow. The license fee that they will pay us, \$500,000, as the license fee. That will be paid in three equal installments, the first due tomorrow, the next due july 15, and the final due october 15. The city will continue to collect the 6% ticket surcharge that it has collected on this facility in the past, and is collecting at the rose garden. I will point out that this is less than what the original deal provided for, which was a 10% ticket surcharge. In the event that major league baseball should announce this calendar year that it is moving a team or otherwise bringing a team to Portland, either party to this agreement would

**April 14, 2004**

have the opportunity to terminate the agreement to make way for that team. With respect to the physical repair and maintenance of the building itself, as you may recall we've got a newly-renovated building, so in this time frame there shouldn't be significant repairs, but we have agreed that we would cap the p.c.l.'s annual obligation to pay for repairs at \$25,000. They would pay the first \$5,000 of any one repair item. We would pay the excess, subject to their annual cap of \$25,000. The naming rights agreement is a very important component of the revenues for this project, not just for this year, but for the remaining years of the naming rights agreement. It goes until 2010. Subsequently we've required in this agreement that the p.c.l. Must do everything necessary to maintain the naming rights agreement and they will be financially responsible if they don't. The city, as tim has explained, has had to take money out of the spectators facility account to make the debt service payments. That amount of money -- this is an outdated figure, but it's roughly \$800,000-plus. We've told anyone wanting a new agreement with us, that they must address that past-due amount, even though it's not their responsibility, because they're coming to the transaction fresh. And the league has agreed to pay 1/6 of that amount this year, \$133,000. The real point here this year is to stabilize the situation. The league is obviously a party with great skills in terms of managing baseball and managing the facility. They're looking at the quality people that are there now who are the hands-on managers of the physical plant. We've encouraged them to retain those people who have done a good job. However on a go-forward basis, the league has been working diligently to bring us a high-quality, multi-year owner/operator of both the teams and p.g.e. Park. They've informed us that we can expect to sit down and negotiate with that party, as tim said, in the very near future, and hopefully we'll be coming back to you with a multi-year agreement that will go until the year 2010. We've also outlined for the league the terms, the basic business terms, that we would accept for that multi-year arrangement. And those terms we've been told by the league are basically acceptable to this other ownership group. So we would anticipate that that would come together hopefully very quickly. The final point is that multi-year agreement will go to the year 2010. That's the year when the naming rights agreement terminates, and since that's such a large chunk of the revenue from this facility, no new owner wants to commit beyond that point in time because they don't know whether the naming rights will be renewed, sold for less, sold for more. And as a final point, as tim and the mayor both noted, the original transaction did not produce the results the city anticipated, even though the projections were confirmed to the city by many parties as being realistic. Many parties invested great deals of money in this. And if we kind of look back with an overview, what we can see is the following -- to the extent the city has had to take money out of the spectators facility fund, that money is being repaid, both this year and in the years to come. That will be one of the conditions of the new operating agreement, that that money gets repaid. The city, it should be noted, as tim did, and sometimes people forget, receive \$5 million of p.f.e.'s money to put into the physical renovation of the stadium. And we don't have to pay that back. That's \$5 million to the plus side. If you compare our position, then, to that of teachers, as has been reported in the press, the loan was \$25-plus million. It hasn't been paid in awhile. Teachers is taking a very, very significant writedown in order to resolve this. Unfortunately our local investors, who invested in p.f.e., invested millions, and which they will be recovering nothing of, and they not only made their initial investment, but then went forward and put in additional money to keep things going. So from that perspective, even though this didn't turn out the way we wanted, I think the city remains in fairly good shape with regards this transaction.

**Grewe:** Talk about the baseball-related --

**Janik:** We've been told, and awaiting written confirmation of, that part of the league's business deal will be to pay off the baseball-related debts. Those are debts that --

**Katz:** That's to the private vendors.

**April 14, 2004**

**Janik:** To such people as those who provide hot dogs and other baseball-related things that were necessary. I say we've been told that. I've been told that by the commissioner of the league. We haven't seen that confirmed in writing. We're asking for the confirmation that they have a deal with teachers and p.f.e. And other matters before the city would sign this operating agreement.

**Grewe:** In fact, if it hasn't been received already, we expect to receive a signed copy from the league of this operating agreement, assuming your approval. If it isn't here already, should be here shortly. The aim being is that we have signatures on this document before game day on Friday.

**Saltzman:** Teachers has? We don't know that teachers has agreed?

**Janik:** We've been told by the league that teachers has agreed. We have been -- we have asked teachers for written confirmation of that. We won't proceed ahead with this until we receive it, and I anticipate receiving it today.

**Saltzman:** And then there's nothing in the operating agreement about the vendors, but you're saying it's an expectation that the Pacific Coast League will pay the vendors?

**Janik:** They've made that commitment, that they will pay the baseball-related debt.

**Saltzman:** But not in the operating agreement?

**Janik:** No.

**Grewe:** We've got three agreements here. We've got the league's agreement with us, which is before you today. Then they also have agreement with the banker. And they also have agreement with the former operator, p.f.e. And we want to -- we want confirmation of those documents. We've also asked Steve to review the contents of those documents to ensure things like the baseball-related debt is provided for within those agreements. If it isn't, then we'll have an issue. We've been verbally told that that is the case.

**Janik:** Commissioner, I would just explain that all of this has actually come together in about the last nine days.

**Katz:** Questions?

**Francesconi:** Just one. It's on the -- so is the multi-year term sheet that's part -- is this part of it, or is that to be negotiated later?

**Janik:** No. Commissioner Francesconi, what you have in front of you, the multi--year term sheet, is attached as an exhibit to the operating agreement, and its function is to say that the league cannot transfer ownership of the team or the operating agreement unless it's to a new operator who has agreed with the multi-year terms.

**Grewe:** And those conditions are the same that we discussed with Big Game, as well as the last proposal we received from p.f.e., and it's the same conditions we've handed to anybody that's expressed an interest in trying to reach a deal on acquisition of the team.

**Francesconi:** See where I was going, and I think I talked to your office about this, on the license fee side, you know, if it turns out that a profitable venture can be established in outer years, is there anyway that there could be language that says the fee goes up? That's the question.

**Janik:** I'm not sure what you mean by "in the outer years." What years are you referring to?

**Francesconi:** 2005 to 2010, and it's \$500,000 ongoing flat through that period of time.

**Janik:** Commissioner, what occurs during that time is the license fee is \$500,000. Plus, it's a portion of the naming rights payment. So in the year 2005, we get, in addition to the \$500,000, we get \$155,738 of the naming rights. In year 2010, in addition to the 500,000, we get \$378,957 worth of the naming rights. Now at the same time we're also charged 6% of the ticket surcharge. So as the business becomes more successful, that will be reflected in increased ticket sales, increased suite licenses, both in numbers sold and in terms of dollars. Our number 6% is intended to track along with that and give us a portion of the upside. In the Big Game capital deal, rather than focusing as we did in the original deal on participating in all the upside growth in the business, we focused more on security. And so subsequently, in the Big Game capital deal, and in this new multi-

**April 14, 2004**

year deal, the operator has to put up a letter of credit a year in advance for the following year to give us assurance that we will get paid exactly what we're owed under the terms of the new agreement. So in the new multi-year terms, we've slightly peared down the upside, but greatly beefed up the security for what we're owed.

**Francesconi:** Ok, thanks.

**Katz:** Before we take any more questions, there are people that want to testify.

**Katz:** Jack, come on up. This is our own mr. Baseball.

**Jack Cain, Pacific Coast League:** Mayor, council, it's a pleasure to be here today. I just want to say that it's --

**Katz:** Identify yourself for the record.

**Cain:** I'm sorry. My name is jack cain, the acting general manager of the Portland beavers and Portland timbers, representing the pacific coast league. It's a pleasure -- it's fun to be back. Back doing something that I love, operating a baseball team and just love doing it. Pardon me. We want to do our best to make sure that we have a great baseball and soccer season this year. I'm here to represent the pacific coast league. And the president of the pacific coast league is unable to be here because of prior travel commitments, but we're going to do everything that we can to make sure, not only myself, but the pacific coast league, to make sure that baseball continues to stay in Portland. The pacific coast league has been here since 1903, with the exception of a few years that the northwest league was here, and this is -- Portland is made for the pacific coast league, and vice versa. We want to do everything that we can to make it successful. We do invite each of you to come out opening day, friday night, and see an exciting baseball team. Any questions?

**Katz:** Thank you, jack. Any questions? Ok. Anybody else -- thanks. Anybody else want to testify?

**Katz:** Questions by the council? If not, roll call.

**Francesconi:** Jack, thanks for coming back. We missed you. We need you. We appreciate you very much. Thanks for working this out. Aye.

**Leonard:** Well, this is a very important agreement, and as part of the -- it's part of the fabric of the city, having the beavers here and part of our entire experience of being Portlanders. So I appreciate all the hard work that's gone indict. Aye.

**Saltzman:** Aye. **Sten:** Aye.

**Katz:** Well, gentlemen, you cannot imagine how much energy, time, heartache, frustration, anger, has gone into this over the last couple of years. John acker, sitting in front of you, and dave logsdon are the people on the line dealing with this constantly. Newco, p.g.e., p.f.e. Deal one, p.f.e. Deal two. All of those never -- as steve says, never quite been able to positively configure this triangle. One of the big pieces of the triangle is the lender. And it's partially the same lender that's deal with paul allen and the Oregon arena. They're not easy folks to deal with. And I need to tell you their pension, it's a pension -- teachers pension plan. So remember that in your future lives somewhere when you do business with lenders. But there was also the pacific coast league that didn't want certain people to be involved. So we were sort of on the sidelines watching the movie going on between private interests, between lenders, between the league, and waiting until those pieces get resolved before we can truly have stepped in. So for all of those individuals who have been on the frontline on a daily basis, thank you. It's not over yet. My intention is to see if we can get a permanent owner and manager. Hopefully jack kane will be part of that. I love jack and his family, committed to baseball here in the city and who understand it and who know the public that comes out to view the games. And i'm committed that we will try to -- try to put a package together that all of you can feel comfortable for the next years to come. So thank you. Aye. [gavel pounded] all right. Thanks, everybody. Let's go on to regular agenda. Item 359.

**Item 359.**

**April 14, 2004**

**Katz:** If you recall, this issue was before the council, a lot of questions were raised. Since then i've done some intense research on it. Probably to the surprise of some people. I've learned that there is no silver bullet. There is no silver car either. And unless you want to drive a front-wheel drive, you're going to have to deal with some of these issues with this company, and what we are going to need to do is use some of the tools in retrofitting the cars that we were aware of, that we've used, and -- and then put pressure on the company to come out with a car that will protect the car so that no accidents would occur. Sue, back to you.

**Sue Klobertanz, Director, Bureau of Purchases:** This item, 359, as the mayor has indicated, is a resubmittal of an item before you previously. There were two issues raised. One had to do with the safety of the fuel tank, which I believe there are people in the audience who want to speak to that. It's my understanding that a tenuous agreement has been reached regarding this issue. As the mayor indicated, there is agreement to move forward on this particular purchase. The second question had to do the city's ability to use a request for proposal process for purchase of goods and services, specifically the purchase of these cars. I believe that each of your offices have received a legal opinion from the city attorney's office. Jim van dyke is able to be here today, but I believe harry is available to answer questions on that. As a result of the resolution of the safety on the fuel tank issue, and the city attorney's opinion on our inability to use an r.f.p. For this particular purchase, i've resubmitted the recommendation to purchase off the state contract, these particular police cars. And with that, i'll turn it over to people regarding the two other issues.

**Katz:** Ok. Come on up -- well, let's talk about the cars first. If you also recall, we have a timeline that we're trying to meet. I don't think we've passed it yet to get the best price on basically some of the same cars.

**Cliff Jensen, Portland Police Bureau:** Mayor, commissioners, my name is cliff jensen, commander with the Portland police bureau, sitting in for the assistant chief, stan grubbs. There's been in the past, after the police bureau was here last time, a focus group set up and assembled. They reviewed the safety issues with the crown vic and agreed on several things. Since that time all of the current crown victorias that the police bureau operates in the patrol fleet have been retrofitted with the ford safety shields. The bureau now recommends to purchase the trunk caps for all the existing crown vics out in the patrol fleet at a cost of \$79,000. Also, after this focus group met, the recommendation is to buy fire panels for all the current cars and all the new cars coming in. As a safety feature, they looked at the gas bags, fuel bladders, as a safety issue, but that's been put on hold for future research. And they believe that the -- the police bureau and the fleet services believe we can retrofit all the cars within three months with the fire panels and the trunk packs. A.c. Trunk tells me that he believes -- he's identified the money, which is \$198,000 to retrofit the cars with the fire panels and the trunk packs in the budget, and they're still researching that to bring that back to you, mayor. And so as of this date, we recommend the purchase of the 70 cars with the retrofits, and to retrofit all the fleet now. They're getting old.

**Katz:** Thank you. Mike, do you want to go next? Go ahead.

**Mike Palmer, Portland Police Bureau:** Mike palmer, management services division for the bureau. And I think this was a situation where the issue has been known to the bureau for some time. And what this really attests to is an opportunity really to work within the various committees that the bureau has with vehicle services. Where the issue seemed to lack some completion was the involvement of the union. The safety committee has been looking at this for some time, vehicle committee has been looking at it. What we didn't do was meld that in with the union and make sure that we had a situation where work was put together to analyze that in terms of the p.p.a. Itself. So this has been a good opportunity. I think a lot has been learned, but we're ready to move forward at this time.

**Katz:** Do you want to say anything? Identify yourself.

**April 14, 2004**

**Jim Shindler, Portland Police Bureau:** I'm the fleet officer. I'm a Portland officer also. Just kind of -- this has been industry-wide within the law enforcement field for about three years now. And agencies throughout the country have been struggling on the fix, if there is a fix. Ford says their car's safe. Well, one life is too much to lose on these things. And just -- the accidents aren't killing the officers, it's the second area fire. So the ford crown vic is a very sturdy car, it's just unfortunately in certain accidents, the fuel gas tank ruptures and the secondary fire occurs. There's been a lot of fixes out -- the fixes we're suggesting right now have been tested independently, however there's no actual crashes out there with cars fixed, with these fixes, so that there's no actual true crashes to gain any results. We're relying on the vendors' history in regards to military applications and so on that the -- it's a good fix. So I just kind of wanted to fill you in on that. We will continue to look at it. It's not going to go away until a new car is designed that remedies this. And until that time is, we will keep looking at the fixes for it.

**Katz:** Officer, or any one of you three, the literature that i've read basically identifies the bladder, the fuel bladder, as not conclusively safe element to use, but I understand -- correct me if i'm wrong -- that ford is actually going to be doing crash tests now on the fuel bladder, or not?

**Shindler:** Ford has done crash tests on some bladders when they first came out, and they say that they don't -- they didn't work. Ford has a lot of other issues in regard to litigation. I don't think they want to admit that -- that this -- this is my personal opinion -- they don't want to admit that there's another fix out there. And next year, 2005 model year, they say they will come out with an active onboard fire extinguisher system. I haven't seen any literature on it. We're just going on what they say. But they say approximately a \$2500 to \$3500 additional cost for that.

**Katz:** Questions?

**Saltzman:** What's your personal opinion, then, on the effectiveness of the fuel bladder?

**Shindler:** The fuel bladder is a proven safety item. Race cars have them. Military uses them. But it appears that the -- the vehicles are designed around the fuel system. This is a retrofit to a stock fuel gas tank, so that it's a new venture for -- for fuel safe. So I think we need to get a little more feedback in actual use of this -- of the fuel system, of the bladders, before we can actually -- you know, it reduces the leakage of a puncture, it doesn't prevent it completely. There's the problem.

**Saltzman:** So is it arizona, is the only state now using the fuel bladder? I recall that from the last time we talked about this.

**Shindler:** Yeah. Multiple agencies in arizona that use the fuel bladder. It's still a low percentage throughout the country. Since last time we talked, the city of dallas, in litigation with ford, went to the fire panel, which is the -- what we're recommending. New york state patrol still -- they're a large agency, and they still haven't decided on what they're going to go to either, the panel or the bladder.

**Katz:** So explain to us what the next steps are. You're not finished with the review. You want us to act on this, but what are your next steps? Mike, you want to jump in?

**Palmer:** I think what we're going to do, as we mentioned, there was a focus group put together. Our intent ties maintain that group over a period of time. The next step are, we'd like to move forward with the fire panel at this time, we're reserving judgment on the fuel bladder, because the manufacturer -- or we've actually received video from the manufacturer when they did their crash tests, and the fuel system itself leaked at the time. It redo you said the amount of leakage, but still leak. We still want to work with the union, with vehicle services, our various committees to assess the aspect of the fuel bladders, whether there's any improvement in the technology or any new technology that may be available for the crown vic. As well, we're being told that the manufacturers will be developing a rear-wheel drive vehicle, I believe in 2006.

**Katz:** Different cars?

**April 14, 2004**

**Palmer:** Different types of vehicle. Our intent is that that group would stay together and evaluate the vehicles as they roll in. The police bureau has already evaluated the chevy impala and dodge intrepid for use as a regular patrol vehicle and they don't meet the needs of the officers out on the streets. That's why we came back for the request for the crown vic at this time.

**Katz:** Further testimony? Anybody else want to testify? All right, come on up.

**Robert King, President, Portland Police Association:** I'm robert king, the president of the Portland police association, and we have, I think, made progress on the issue of safety to the crown victorias, and we appreciate the work being done by the bureau and the council's support. We understand the notion that there is no silver bullet. It's, you know, something that's been said recently in the press regarding september 11. They also said they don't believe there was anything that they could do to prevent september 11. In our look in on this issue related to safety is a little bit different, if you can predict it, you can prevent it. So we think that with the shields and the trunk packs, and the fire panel, and additional research on the question of the bladder, moves us in a direction of making high-speed rear-end collisions that have occurred or will occur in the city involving officers and their cars, make the cars a notch safer, which we of course think is good for everybody. The only other item that I would mention is our police cars have been on a three-year rotation. In other words, at the conclusion of three years, we have rotated out our cars historically. As a cost savings measure, we've gone to five years. And when this issue arose before the council a couple, three weeks ago, one of the things that was said was we need to move quickly -- we need to act, and we need to act because we have cars on the road if five years, high mileage cars, and therefore those cars are now dangerous for officers to be in. So we would ask you also to add to your thinking about this, reducing the number of years when vehicles are purchased, because we think that it plays a role in overall safety. So we've made some good strides. I appreciate mike palmer and jim shindler's work on this. Eve worked together. I think we've come a long way. Again, a little more research to do, but i'll feel better, and I think everybody involved will feel better, knowing that the fire panel is installed, and that we're continuing to work on this, and we've all taken I think an important step to making the cars safer for the police officers to be in. For that I thank you.

**Katz:** Ok, thank you. Roll call on the report.

**Francesconi:** Well, there's been good work done by a lot of people, mayor. I appreciate you taking this back and looking at it. But we have to do whatever it takes to keep our police officers safe. And that's just -- it's essential for us to do that. That's what we're doing in this. On the second issue of using our purchasing power to support local businesses, I did read the memo, and I am convinced that under current status of the law we can't do anything in this contract. But I also saw on the business income tax side, that there is some possibility that that -- that higher costs of doing business in the city could be a factor. It could be. I'm not saying is a factor. So if it's true for businesses that they have a higher cost of doing business here in certain areas, and if we could factor that in as a way of trying to give some opportunities for local businesses, where we use our purchasing power, we should do that. So I would like the city attorney to look into that aspect of the opinion, to see if something can be done. I think it would take a change in state legislation. And that would be on our legislative agenda. So i'd like you to at least explore that. On the most important issue, safety, we're doing a very good thing. Aye.

**Leonard:** There are two separate issues here. The first on the safety. Last thursday, I believe it was, or possibly wednesday, pbs had a one-hour show on airplane safety. Ironically, one of the examples they used was an example of an airplane that went down outside of new york that contained a police detective from the Portland police bureau that died in an airplane crash that exploded. The f.a.a. Actually did an analysis of that incident to see if it needed to -- if it presented a problem that needed to be structurally fixed, and they put a value on the human lives of \$2.5

**April 14, 2004**

million per life, multiplied that by the number of lives lost attributed to that incident, and decided whether or not the cost of the fix was worth it. And I was obviously thinking about this issue and realized for the first time Ford Motor Company probably did the same calculation. Probably has actuaries that sat down and thought, well, ok, how many cops are going to get killed, \$2.5 million times the number of cops killed, how much will it cost to fix? Ok, we'll just pay the lawsuits. First time it actually came home to me. So I greatly appreciate the work of the mayor, the police bureau, particularly Robert King bringing this to our attention. I didn't know anything about this. So we could do what we're doing to prevent that. Obviously one life lost, because of this flaw, is too many. So I greatly appreciate this work. And second point, on the memo, I asked if Jim Van Dyke was here because I wanted to express to him personally that over the years in public life, as you can imagine, I've asked for a number of legal opinions on a number of subjects. I've never read one so thorough and so well balanced. I do not like being proven I'm wrong. And while I won't go so far to say he's actually proved it, he's made a good case.

**Katz:** I was waiting for the other shoe to drop.

**Leonard:** But Commissioner Francesconi's point is good, because he does argue in there that there is some possibility to take into account business license fees and even property taxes and give points. And while I'm going to vote for this today, I'm going to ask the Bureau of Purchasing to pursue the elements that Jim has identified in here that are possible, and where they're not possible we develop a package for our Intergovernmental Affairs Office to go to the legislature next year to level the playing field, because my point in this debate has not been to give preference to Portland business, quite the opposite, it is to level the playing field for Portland business. In other words, if we have businesses in Portland that by definition have to pay a 2.2% income tax, that businesses outside the city don't have to pay, we've put them in a permanent noncompetitive position in getting contracts in the city. And that to me doesn't seem fair. So if we need to do something to amend or tweak the law to correct that provision, so Portland businesses can be treated fairly, I would like to pursue doing that. Aye.

**Saltzman:** Well, I'm glad that we've taken a little extra time and it looks like we've gotten some safer -- we'll get additional safety devices over and above what we originally planned to do for these Crown Victorias. Probably the best news on the whole Crown Victoria issue is, however, that I've read that automobile manufacturers, once again rear-wheel drive is coming back into fashion. So hopefully next time we need to acquire vehicles we'll have more choices and hopefully safer choices. With respect to the local purchasing issue, gee, I wish I had as much confidence in the legislature and this idea of leveling the playing field. I have a hunch they'll throw it back and say you can eliminate the -- level the playing field by eliminating local taxes. I don't think they'll be sympathetic, but nevertheless sounds like something we can take a run at aye.

**Sten:** Aye.

**Katz:** You're a wise man, Commissioner Saltzman. You're absolutely right. First of all, this is not a new issue. Commissioner Saltzman, when Mike Palmer was here, maybe two years ago, raised this issue, and we discussed making sure that the cars would be as safe as possible. But I appreciate these issues coming up again. If nothing else, to have everybody at the table to talk about it. What really amazes me is that law enforcement is a huge constituency across this country, and we have one maker of a car that develops a rear-end car, rear engine car, that doesn't work very well under crashes.

**Leonard:** Rear-wheel drive.

**Katz:** I'm sorry. Rear-wheel drive that doesn't work at all. One maker. And that maker isn't willing to make the correction to keep passengers safe. We have makers of cars that aren't willing to change the lock systems of cars so that there are certain cars that are picked -- the locks picked constantly. And it creates property crimes in every community. No change. Insurance companies

April 14, 2004

aren't interested. We have gunmakers that use weapons that also don't always work very well. It's hard for me to understand why law enforcement can't garnish that kind of support to force changes in manufacturers' practices to make the cars safe for the passengers and for the drivers, to make sure that the locks can't be picked so that you don't have the same cars over and over again flagged as ones that you ought to be aware that they'll be stolen and reduce property crimes, and I can't understand why we can't have manufacturers that produce guns that can't -- they can't produce guns that potentially don't hurt anybody because there's faulty mechanism. I feel much better, but I'm going to end with one other point. I know that -- I know where the council's going on the -- the business tax issue, and I can appreciate it, but on the other hand I need to make it very clear that we do talk about us being a region, acting like a region, and our economic opportunities are regional. I know that when you go down to the legislature, that will be thrown into our faces, that gresham is part of the region, and so is hillsboro, and we work through those. Just want to flag that, that that's not going to be ignored by the legislators or by our partners in this region if we change our purchasing requirements. Aye. Thank you. [gavel pounded] let's do 360 and 361 together.

**Items 360 and 361.**

**Katz:** This is the story of our city. I had the chief of police come and talk to me about this issue, and it was really a legitimate issue because of all of the issues facing the police bureau and their inability to take their vacations and it accrues and accrues. It's an issue with the fire chief as well, since the fire bureau have also been on the front lines of all of the orange and yellow alerts that we've experienced, but then everybody said, well, what about us? So we took care of what about us. So now we treat everybody the same. Did you want to add anything?

**Anna Kanwit, Bureau of Human Resources:** Anna kanwit, i'm operations manager for the bureau for human resources. I think as the mayor stated, the purpose of the two ordinances is to provide the additional year, carryover of vacation credits for all bureau directors, as well as the nonrepresented command staff and police -- and the police and fire bureaus. I've met with each of your offices about the ordinance. There's no immediate cost to the city of this -- this change. The only cost would be in the event someone stayed in this position and retired with that additional vacation, accrual credits, the city is obligated to pay that out.

**Katz:** It's up to us, as we manage the bureaus, to make sure that their vacation is used.

**Kanwit:** Three years is a lot to carry over. It means people are tired. Should be using some of that time.

**Katz:** Further questions? Anybody else want to testify? Roll call on 360.

**Leonard:** I do have a high expectation of public employees, that they work hard and work -- remember who they work for -- the public, but I also believe in treating people fairly. You know, it's a two-sided coin in my view. So I think this is fair. And I know the directors of the bureaus that I oversee work exceedingly hard and tirelessly, and even, for instance, carl simpson, who's had medical issues lately, we can't keep him at home to recover because he's so dedicated. So I know that these folks deserve this fair treatment. Aye.

**Saltzman:** Aye. **Sten:** Aye.

**Katz:** Take your vacations. You need vacations. Aye. [gavel pounded] all right. 361. Francesconi?

**Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. [gavel pounded] 362.

**Item 362.**

**Katz:** All right. Come on up. Let me start this one, too. There's long history to this particular item. If you'll recall, this was the gang of five who planned this piece of geography with partners from both the private and the public sector. It is quite a lovely piece of property, but it hasn't been developed because at the time that it was all decided the recession really hit us, began to hit us.

**April 14, 2004**

This was part of the agreement to build the light rail to the airport in memory of ralph stanley we created a park and an environment that he had a vision too, as well as commissioner Hales and myself and others. We have an opportunity -- we have a potential opportunity for one section of the cascade station to bring in a business, but it will require us to take a look at the whole cascade station plan again and at the footprint. The goal here is to try to maintain the quality of the original design, but also by allowing the footprint to change in just one area of the cascade station, I think it's subsection a. I'll let you explain the details in a second. To allow -- to study how large that footprint would have to be and what options we might have. So this is the ordinance to accept the funds to begin looking at that. Anything that is redone will come back to the council for sure. And I am almost ready to call the gang. I don't know if it's the gang of four or the gang of five, back to the table again, different players. We have a different port leader, director. We have different players at bechtel. We have different players at tri-met. But call the gang the four, the gang of five, back to the table to see how we proceed from here. Up to you now to fill in the blanks.

**Joe Zehnder:** Great. That was a thorough explanation.

**Katz:** Identify yourself for the record.

**Zehnder:** Joe zehnder, bureau of planning. We're here to allow the evaluation of the changes that the mayor described for sub-area a of the cascade station plan district, which is where the -- predominantly retail and office development part of the overall plan was located. It hasn't moved forward. There's proposals from the property owners, as well as working with the port and working with the Portland development commission to reconsider the amount of retail and the size of the largest retail stores. Larger anchors and more retail, they believe, is important to make the project successful. It still includes office in the mix. All we're doing now is accepting funds to be able to actually -- accepting funds to be able to actually evaluate this proposal in more detail. Those plans are going to the office of transportation. One of the major factors we have to evaluate is the intersections that feed cascade station. With the acceptance of these funds we'll start that willamette valley vacation. Any changes that we conclude are warranted we'll bring back to the city council. What's in front of you today, too, is an emergency ordinance so that we can get this work started right away.

**Katz:** Ok. Questions? Anybody want to testify? Roll call. What? On this one? Sure, come on up.

**Leonard:** As jim's walking up, he had his 65th birthday yesterday. So happy birthday.

**Katz:** Happy birthday, jim.

**Jim Whittenburg:** Thank you very much. I'm jim wittenberg, and i'm in transition, actually staying at the edgefield manor right now, in the hostile part of it. Still can't find affordable housing here in Portland, but my mailing address is 975 southeast sandy. I was on the bus last week, the 12 bus going over to the office I work out of on tenth and sandy. I was talking to a woman there. I talk to everyone, as you probably know by now, never get enough time to talk at these hearings, and she said, you know, I moved from los angeles 10 years ago and now here I am, in los angeles again. And I heard this last night at the mill park candidates fair where randy was and -- again and again, they talked about the fact, the citizens, about we've made a new york city out of northwest Portland and some of the areas and we're making a los angeles out of the suburbs. And many of us who grew up here in this town have watched it deteriorate into a mecca for developers and for what we call infill and what we call -- what's the other word they use? High density. A few of us are feeling really crowded now. A bus driver was telling me about the fights that are occurring on the buses now as they cram people into the buses. She said it's becoming a more common thing for her to have separate people because they crowd them into buses in the morning. The population is overflowing here. So as I hear a guy talking about, again, developing another area, it sounds great, let's develop some more, let's put in some more buildings and some more shopping centers and some more stuff, I think more and more that you're crowding people, especially elderly people, out

April 14, 2004

of the city. I can't afford to live here anymore. I worked all my life as a pharmacist and as a lobbyist, but I can't afford to live in Portland. I can't find a decent place to live. I just want you to know that there's another side to this. While you guys are developing the hell out of this city, people are being driven out of it, and I feel badly about it. The last thing, one last idea on raising some funds to deal with Randy. I don't want to have to do this, because I think it would be a terrible blight on the city, but let me pass this off on to you so you can see what I'm considering now. It worked down in Junction City, they raised \$250,000 off of this, and actually I have a better-looking one as you see.

**Katz:** Are you finished with your testimony?

**Whittenburg:** I am. Thank you.

**Katz:** Anybody else want to testify? All right. Roll call.

**Francesconi:** Sometimes despite our, you know, very good intentions, and very good design, the market's not quite ready for what we want. And this is the circumstance in Cascade Station. So we can sit here and wait for years until the market changes or we can adapt to the market with some reasonable regulations that allow the development to proceed. The only reason, of course, is to do what we're doing. Aye.

**Leonard:** Aye. **Saltzman:** Aye. **Sten:** Aye.

**Katz:** Aye. My hope -- my hope is that we are sending a message to a company that has been in the paper, a company that we don't have here, a company that a lot of Portlanders shop at but need to travel to the state of Washington to shop at, and that we begin taking a look at the possibilities of attracting that company to Portland. Aye. [gavel pounded] 363.

**Item 363.**

**Katz:** All right. As you recall, I made a decision to consolidate our emergency response teams that have been scattered all over the -- all over the city, in every bureau, and to create an emergency management office. The timing couldn't have been better, as Elise pointed out to me the other day to me, because as soon as we did it Homeland Security funds were made available. And you're going to hear some good news.

**Miguel Ascarrunz, Director, Office of Emergency Management:** All right, thank you, Mayor. Good morning, Mayor and City Councilmembers. I'm Miguel, Director of the Mayor's Office for Emergency Management. With me is Elise and the lieutenant is going to run our powerpoint presentation in a minute. Today we're pleased as the Mayor mentioned to bring to Council the first in a series of Homeland Security grant awards for the City of Portland and our regional partners. As discussed in our recent budget presentation, the City of Portland has been awarded a fiscal year 2003 federal urban area security initiative grant. The City of Portland is the official administrator of the grant. The grant award is for \$6,764,956 and will be used to purchase first responder protective equipment, interoperable communications equipment, training, planning, and administration support. There is no match requirement for this grant. Over the past eight months we've been working collaboratively with our regional partners, including Clackamas, Clark, Columbia, Multnomah and Washington counties to comply with the federal requirements for this Homeland Security grant program. The requirements included a vulnerability and needs assessment for the Portland area, a regional strategy to respond to and recover from a potential terrorist event involving weapons of mass destruction, namely chemical, biological, radiological, nuclear and explosive weapons. In the next few weeks, we'll be coming to Council with other grant awards, totaling \$10 million for Homeland Security and emergency preparedness. I might add in our meeting with Secretary Ridge a few weeks ago, he's also promised additional funding for transit security as well as port security. Before Elise provides you with a brief overview of the grant, I'd like to publicly commend City bureaus and regional partners involved with this very complex grant process, specifically Police, Fire, BOAC, OMAF, or the Office of Management Finance, including

**April 14, 2004**

purchasing bureau, city attorney's office, and last, but not least, our staff and specifically elise marshall as the primary point of contact for the grant. Finally, if council has specific related to this grant, we've invited able representatives from some of the key bureaus mentioned previously. They're out in the audience now. Thank you.

**Katz:** Thank you.

**Elise Marshall, Portland Office of Emergency Management:** Thank you, miguel. Elise marshall, Portland office of emergency management. We have a powerpoint presentation that we'd ask you to indulge us in today. The reason we'd like to give you a little detail today is because we will coming back to council as miguel mentioned to ask you to approve a couple of additional grants that are very similar to the one we're asking you to approve today. So when we come back for additional approvals, over the next couple months, we won't give you the full presentation, but we thought it would be really important for the council to understand, not only the purpose and use of the funds, but the complexity of how we will have to manage these grants because we do need the support of the city council and as miguel said the staff has relied heavily on other city bureaus to make this work. I'll briefly run through our powerpoint presentation. As most of you know, the department of homeland security under secretary ridge is a new federal department. The office of domestic preparedness is also under the office of homeland security. And they implement programs designed to enhance the preparedness of local governments and agencies to effectively prevent, respond and recover from major terrorist attack. The programs are designed primarily to equip, train and exercise first responders who may be called upon to prevent or respond to terrorist attacks, again using chemical, biological, radiological, nuclear, or explosive weapons. And the acronym for that, I know the mayor doesn't like acronyms, but it's sbrne for those particular issues, also referred to as weapons of mass destruction. The next slide -- i'm only going to focus on grant number one. Again, we'll be coming back to you for approval for additional grants. Right now we currently have received approval from the state of Oregon and the federal government for our first urban area security initiative grant program 03 and that was a formula grant and our region received \$6,764,956. When we come back in a couple of weeks, we will be asking you to approve the grant program that we expect to get close to \$8 million. We've received a telephone confirmation on a competitive grant called the office of domestic preparedness homeland security grant, and I won't go into that today. We were a little disappointed that our request under that grant, the state had about \$27 million statewide, we'd requested a little under \$8 million and actually received a little over \$2 million. We'll be back to talk more about that, but today we'll concentrate on the uasi03 that the state has approved. The next slide you saw the other today, when he did our council presentation, I wanted to highlight that Portland is one of the 30 cities across the country selected to be a uasi city, and because of the threat assessment and needs assessment that both the state and the department of homeland security have reviewed for the Portland region, we are confident that we will continue to be an urban area initiative city throughout the grant funding.

**Saltzman:** Can I ask a question on that?

**Marshall:** Yes.

**Saltzman:** Were we selected as one of the 31 cities based risk rating or trying to --

**Marshall:** It was based on a risk and threat assessment for the region.

**Ascarrunz:** And I might add, population density, commissioner.

**Saltzman:** Uh-huh, ok.

**Katz:** Because we're a port city.

**Marshall:** Yes, thank you. Let me mention, the cornerstone of the uasi program is it builds corners stones. The grant provides both resources and support to reduce eventualities. It's to prevent detour and respond to cbrne events. We've all recognized, that if we had a catastrophic event, it isn't obviously going to stay within the city limits of Portland. So the idea behind the urban area security

**April 14, 2004**

grant is that it is regional, we work with our counties, both the city of Portland, police bureau and fire bureau have mutual aid agreements with a number of other fire and police agencies, and we're all working together. The total uasi budget for the country, again, was \$800 million. Direct services went to 30 key urban areas within 19 states, 14 port zones, and 20 mass transit systems. I might mention that both the port of Portland and tri-met received their own urban area security initiative grants in addition to Portland's. Again, the funding for this program is for planning, equipment, acquisition, and training. Also, it can be used for backfill for attendance at o.d.p.-approved training courses and exercises. The state defined our uasi working area for us. We did not define it for ourselves. We were required to work with Multnomah county, clackamas county, Washington county, clark county and columbia. It was a challenge. As you know, it's challenging just to work among city bureaus to collaborate and coordinate on these kinds of efforts. So I am not complaining, but I will tell you that to work with five other counties to put together a needs assessment, a regional strategy and a budget is -- was a very difficult challenge again, as miguel mentioned, the leadership of the commander and kevin working with the police working group, the leadership of our staff member, captain aaron jansen, as well as others and the fire bureau really were successful in pulling their mutual aid partners together to agree on a needs assessment, strategy and budget. It was not easy, it was very difficult and challenge, but we did it, did it well, and received lots of accolades from around the country and the state for being able to pull this off. Again, we thank them for that. The city of Portland is going to be the administrator for all of the participating agencies. And I just want to mention that because that has some complications that we'll talk about briefly in just a moment. But as you can imagine, the implications of the city of Portland being the administrator for what will eventually be close to around \$17 million in grants is quite a big undertaking. And so we've assembled a team of purchasing. We're buying our own purchasing buyer to work solely on these particular grants. We have several city attorneys. We have people in our bureaus. We really have had to assemble a major team because the state allows us 18 months to purchase this equipment and spend the money. Again, prior to applying for the uasi grant, I wanted to highlight for you that we didn't just submit a budget for this money. Initially we had to establish an area point of contract group. I am the official area point of contact for the city of Portland. Each of the jurisdictions I mentioned has a point of contact. We meet weekly. We also had to establish working groups so that, again, we could get from the individual working groups specifically what their needs were. So again, fire, police, communications, our 9-1-1 center, public health, they were all involved in putting this budget together. We had to coordinate the urban area security needs az., and that commissioner Saltzman was turned in last september. Had we not met the qualifications of that need and threat assessment, we would not have been invited to continue on with the process. We also then had to develop an urban area security strategy, and i've given you a copy of the strategy, only to show you, for your late-night reading, that this money, while miguel mentioned does not come with funding matching requirements, this strategy comes with a great deal of requirements for things that the region has to do. So this isn't money that they've given us merely to go out and purchase equipment and training. As you look through the strategy, we have to have regional cbrne plans, a number of things we have to work out with the region. We've got goals and implementation requirements. This money will not come in the matching funding requirement, did come with many, many strings attached. The next slide shows a breakdown of the uasi grant. Someone had asked the other day, I believe the mayor, how much of this regional grant did the city get. Again, the total award you can see is a little over \$6.7 million. A little over \$800,000 went to the police bureau. A little over \$2 million for fire. \$700,000 for boac. \$150,000 for our regional cbrne. There's a 3% grants administration that comes with this, although that we know our grants administration costs are no more than 3%. That's all the state allows. The city total from this grant was \$3,992,000. There was concern back in julie, mayor Katz

April 14, 2004

will recall, conversation with mayor drake and others, that Portland being the biggest city in the state and being the administrator of the grant, might try to do a grab and keep and a hold on all of this uasi money. We have been credited and thanked by the state and by our partners for not doing that. As you see, we've really made an effort to spread this money around the region. The reason that's very important to our police and fire is because they want their other fire and police agencies that they had mutual aid agreements with to be just as prepared as they are, because we will need each other in a catastrophic event. So if our police department and fire department are depending on other agencies, they also need to be well trained, well equipped, and have similar -- the same equipment as we do in order to respond to an event and vice versa. So the idea of us making this a regional approach really does make a lot of sense. And difficult, but makes sense. The next slide, again, just shows the uasi process. Again, just to highlight that, it wasn't easy to get the money. It started with the assessment, moved on to the strategy, and again it includes planning, training, equipment, and once we get all of our planning, training and equipment in place, we're required to do major full-scale exercises with that equipment and with that training to make sure that we know how to use the equipment and that we have operability. The next couple of slides, i'm not going to read, because they're in the strategy I provided, but again I just wanted to show the council that there are eight major goals in the strategy that we as a region must comply with. If you peruse the strategy, when you have a moment, under each of these eight goals are various specific implementation areas that we will have to work on. So I just wanted to highlight again that this money does come with some very serious strings attached in terms of regional cooperation. Finally, I just wanted to highlight, for our grant approval process, right now we're anxious to begin spending this money, because we have just a short window of time, between 18 and 24 months to spend the money. Your approval today for the uasi 03 will help us get started. We're going to start to prioritize what we need to purchase first, particularly with police and fire. There's some equipment, heavy vehicles, and some things that need to be purchased that will take the full 18 months to actually get. In fact, the potential for bottle next and the -- bottlenecks, and the potential for all 30 cities to be purchasing equipment from the same vendor at the same time is very likely to happen. So we really have some challenges there. And I want to thank sue and the purchasing division. They're going to help us with that. You will also, probably within the next three or four weeks, be seeing a ordinance coming before council that the city attorney is working on. There are a few limited exceptions to the state purchasing rules that don't take away from competitive bidding, but will give us a little flexibility to move quickly through the purchasing process.

**Katz:** Let me jump in. I think I mentioned that i'm very interested at some point, not only to have a homeland security fair to begin to raise some interest on other small businesses or larger businesses in the community that might be interested in beginning to produce some of these products, some of the widgets. We need to move on that, because my belief is this money will continue coming in. There may be today, only vendor, that can produce a lot of this equipment, and that would be a shame.

**Marshall:** That's correct, mayor, thank you. Then our last slide, again, just shows our procurement process. I just wanted the council to have some idea that we're working with most of your bureaus.

We're doing this purchasing under these homeland security grants different than the way the city normally does business. We actually are going to, again, have a central buyer, so police, fire, all the other bureaus, all the other jurisdictions, will be making those purchases through the city of Portland through our central buyer. We'll be working with them on their specifications, so that Washington county gets exactly what they want, columbia county gets what they want. The police, fire and rescue get what they want, but it will all happen under a central buyer. This is a new process that we're trying. Again, it has the potential for some bottlenecks, because we're going to try to purchase a lot of at one time, but it was the only one that we could come up with to keep up

**April 14, 2004**

with the tracking system and the reporting that is also required on these grants. The final thing I just wanted to say again to reiterate, again, and special thanks to police and fire, is as you'll recall one of the things that's very important about the homeland security grant -- and I put this in your budget packet for nighttime reading again, just to see what we're purchasing, but I just want to just stress that our first responders, we realized after 9/11 that when first responders go down and are hurt or killed, they're not able to protect the citizens in the community. So we are really prioritizing right now to have a well equipped police and fire department. And as the additional money comes in, we'll have funding for other bureaus as well.

**Katz:** Thank you. Thanks a lot. We'll need to wrap up. We have a 1:00 here. So let's put on the lights. Anybody else want to testify? Any questions?

**Francesconi:** Just one question. It's not about this procurement, but when secretary ridge was here, which I didn't hear, but the whole issue of security of the rail lines and the transit lines causes me some concern here. And so what did he say about that? Are we expecting some money for that in future grants?

**Ascarrunz:** Yes, commissioner. Secretary ridge addressed the continued threat around the nation, of course internationally, and given the fact that the madrid bombing unfortunately happened about a month ago, the nation is on a -- I won't say an orange alert yet, but it is at a heightened state of alert in certain areas of the country, primarily the highly populated areas of the country, and he did specifically address rail and transit, additional funding coming to rail and transit security, and port security. So we should be hearing about that, I believe, within the next month or two.

**Francesconi:** So are you talking to -- is fred hansen included in this as the streetcar people included? When the right time comes, let's include them in the loop on this.

**Ascarrunz:** Definitely. In poem, commissioner, we do plan on coordinating -- continuing our coordinating and planning with our stakeholders out there, tri-met, the port, etc., and we hope to do something within the next month or two, where we have a summit, if you will, workshop, with those regional partners to look at our rail and transit security measures.

**Saltzman:** Well, tri-met received a grant under this, didn't they?

**Ascarrunz:** Yes.

**Katz:** And the port.

**Ascarrunz:** We do have an opportunity, by the way, to actually practice our plans that we have in place in currently with red rose two coming up, our full-scale disaster exercise on may 12. So we will be using the additional funding and partnerships with our emergency responders in the area to practice our plans during that exercise.

**Leonard:** I need to make one point about our 9-1-1 center.

**Katz:** Ok.

**Leonard:** We have one of the most exposed 9-1-1 centers in the country. Entirely unfortunately when it was built, none of us thought much then as we do now about security. We can have the Portland fire bureau staffed up, trained, with the best equipment, the Portland police bureau trained and staffed with the best equipment, and the firefighters will be waiting in their stations waiting to respond and the police cars will be patrolling the city, and if somebody takes out the 9-1-1 center, they'll be in the station waiting to respond and the police cars will be patrolling the city, not aware that an event is occurring. We have plans to secure the 9-1-1 center,boac, shut off 99th street, burns, through the park, along powell boulevard, and it's critical that that be done. It is embarrassingly vulnerable. And as I said, that -- it does us no good to have fully staffed fire stations and officers if they don't know an event is occurring. And so we need to make sure that that is high on the list to be secured.

**April 14, 2004**

**Katz:** I think we discussed that you got the money for the fence last time, in the budget, because this was discussed in last year's budget. Did we apply for the money to do the remainder of the work?

**Marshall:** We did. Where we're at with that is we have applied in two additional grants for money for an offsite trailer-like center for a backup boac. Boac is in the process now of sitting down with the end users, police station and fire, to see how that can be configured. In one of the grants -- i've lost track, we've applied for so many -- but in one of the grants we have a small amount of planning dollars, so that ooac, police and fire, other agencies, can configure what it is they need. Carl has a little bit of money to buy a shell of a trailer, but it needs to be outfitted and equipped properly.

**Leonard:**

**Katz:** Ok, thank you. Any further questions? Roll call.

**Francesconi:** Thanks for all your work to prepare us and our citizens. For a day that hopefully will never come. Aye.

**Leonard:** Aye. **Saltzman:** Good work. Aye.

**Sten:** Thanks as well. It's very impressive how far we've gotten, and the grants we got. I love the idea of local vendors that we could use, and maybe they could serve the rest of the country once we do that. Good work. Aye.

**Katz:** Aye. [gavel pounded] all right, everybody, 364.

**Item 364.**

**Francesconi:** Aye. **Leonard:** Aye. **Saltzman:** Good investment. Aye. **Sten:** Aye.

**Katz:** Mayor votes aye. 1:00 work session. Thank you, we stand adjourned. [gavel pounded]

At 11:47 a.m. Council adjourned.