

CITY CLUB SPEECH - NEIL GOLDSCHMIDT, FEBRUARY 11, 1977

THIS YEAR BEGINS MY SECOND TERM AND FIFTH YEAR AS MAYOR OF
PORTLAND, AND I FEEL RATHER AS WINSTON CHURCHILL DID WHEN HE
DECLARED: "...THIS IS NOT THE END. IT IS NOT EVEN THE BEGINNING
OF THE END. BUT IT IS, PERHAPS, THE END OF THE BEGINNING".

IN THE PAST FOUR YEARS WE HAVE COME A LONG WAY. THE
SPECIAL INTERESTS THAT COMPRISE OUR CITY HAVE WORKED TOGETHER
TOWARD OUR ONE COMMON INTEREST -- THE HEALTH AND VITALITY OF
THE CITY. THROUGH A COOPERATIVE EFFORT, WE HAVE BEEN ABLE TO
DISPEL THE ANTICIPATION OF DECAY THAT THREATENED US FOUR YEARS
AGO, WHEN IT APPEARED THAT PORTLAND MIGHT BE GOING THE WAY OF
THE OLDER CITIES OF THE EAST. WE HAVE REPLACED THAT SPECTER
OF DECLINE WITH STRONG POSITIVE MOMENTUM; IT REACHES FROM THE

DOWNTOWN TO THE NEIGHBORHOODS, TO OUR INDUSTRIAL AREAS, TO THE METROPOLITAN REGION OF WHICH WE ARE A PART: A SENSE THAT WE ARE COMING TO TERMS AFFIRMATIVELY WITH OUR PROBLEMS.

THE NEXT FOUR YEARS REPRESENT OUR OPPORTUNITY TO BUILD UPON THAT MOMENTUM -- TO REINFORCE SUCCESS WITH SUCCESS -- AND TO SAFEGUARD THIS CITY'S HERITAGE AND TO PRESERVE ITS QUALITY OF LIFE FOR THE NEXT GENERATION OF PORTLANDERS.

OUR TASK FOR THE NEXT FOUR YEARS IS AN AGENDA FOR THE REMAINDER OF THIS CENTURY. IT REQUIRES A TARGETING OF OUR ENERGY AND RESOURCES ON THOSE KEY CONCERNS CRITICAL TO PORTLAND'S LONG-TERM HEALTH AND STABILITY. WE MUST COMMIT OURSELVES:

- FIRST, TO ATTRACT WORKING FAMILIES BACK INTO OUR CITY NEIGHBORHOODS AND KEEP THE ONES WE ALREADY HAVE;

- TO PROVIDE FOR DECENT HOUSING IN THE TYPES, SIZES, LOCATIONS AND PRICE RANGE TO ATTRACT THESE FAMILIES AND MEET THEIR NEEDS;

- NEXT, TO PROVIDE THE ECONOMIC CLIMATE AND DEVELOP THE
WORKING PARTNERSHIP WITH THE PRIVATE SECTOR TO RETAIN AND ATTRACT
NEW JOBS;

- TO IMPROVE THE WORKING RELATIONSHIP WITH OUR PUBLIC SCHOOLS,
RECOGNIZING THE CLOSE CONNECTION BETWEEN GOOD SCHOOLS AND GOOD
NEIGHBORHOODS -- SO THAT PORTLAND'S FAMILIES WILL HAVE CONFIDENCE
IN THE QUALITY OF THEIR CHILDREN'S EDUCATION;

- AND FINALLY, TO MAINTAIN THE FISCAL INTEGRITY OF CITY
GOVERNMENT SO THAT WE CAN KEEP FAITH WITH CITY RESIDENTS AND
BUSINESSES WHO LOOK TO US FOR QUALITY SERVICES AND ECONOMIC
STABILITY.

THESE ARE THE ISSUES THAT WILL GUIDE MY SECOND TERM. THEY
REPRESENT TO ME THE LOGICAL NEXT STEP FROM THE PLATFORM OF OUR
FIRST FOUR YEARS, AND THE BEST HOPE FOR ENSURING OUR FUTURE.

LET ME DISCUSS THEM IN MORE DETAIL AND DESCRIBE HOW I
THINK THEY FIT TOGETHER.

IT ALL BEGINS WITH WORKING, INCOME EARNING FAMILIES.

THE 1970 CENSUS TOLD US THAT WE WERE LOSING THOSE FAMILIES.
THOSE WHO HAD ENOUGH MONEY WERE CHOOSING TO BUY INTO THE AMERICAN
DREAM -- A HOME IN THE SUBURBS. THE CITY WAS INCREASINGLY
BEING LEFT WITH THOSE WHO HAD NO CHOICES.

THE IMPLICATIONS FOR PORTLAND ARE STAGGERING. THE LOSS OF
FAMILIES LEAVES US WITH A COSTLY, BUT UNDERUTILIZED, INFRA-
STRUCTURE: PARKS, SCHOOLS, EMPTY NEIGHBORHOOD COMMERCIAL SPACE,
A DECAYING HOUSING STOCK, AND VACANT LOTS. WORST OF ALL, IT
LEAVES US WITH A SOCIAL STRUCTURE LACKING VOLUNTEER EFFORT,
SELF CONTROL, AND NEEDING GOVERNMENT PROVIDED SUBSTITUTES.

THE CHOICE MADE BY FAMILIES OF WHERE TO LIVE TOUCHES ALL

OF THE IMPORTANT PARTS OF OUR CITY: INVESTMENT IN HOME OWNERSHIP
AND MAINTENANCE; SCHOOL ENROLLMENT AND EDUCATIONAL QUALITY;
CITIZEN PARTICIPATION AND VOLUNTEERISM OF ALL KINDS; TAX SUPPORT
FOR LOCAL GOVERNMENT PROGRAMS. THAT IS WHY FAMILIES ARE SO
ESSENTIAL TO PORTLAND'S FUTURE...THEY ARE THE CORE OF THE DIVERSITY
THAT MAINTAINS THE CITY'S HEALTH. WE CAN SUPPORT THOSE WHO
CANNOT AFFORD TO CHOOSE ONLY AS LONG AS WE KEEP AND ATTRACT
THOSE WHO CAN.

WHEN A MIDDLE-INCOME FAMILY IN BUCKMAN, OR SUNNYSIDE, OR
RICHMOND IS FACED WITH A CHOICE OF BUYING A NEW HOME IN BEAVERTON
OR REMODELING THEIR OLD VICTORIAN IN THE CITY -- WE NEED THEM TO
CHOOSE THE CITY. WHEN ESCO BRINGS A MIDDLE MANAGER AND HIS
(OR HER) FAMILY IN FROM ANOTHER CITY TO A NEW POSITION -- WE
NEED THEM TO CHOOSE THE CITY. WHEN A YOUNG WORKING COUPLE IS

LOOKING TO INVEST IN THEIR FIRST HOME TOGETHER TO START A FAMILY --

WE NEED THEM TO CHOOSE THE CITY.

WE MUST OFFER A DIVERSITY OF HOUSING TO SHELTER A DIVERSE
POPULATION TO KEEP PORTLAND HEALTHY.

I AM PLEDGING FOR MY SECOND TERM AN ALL-OUT EFFORT TO SAVE
AND MAINTAIN OUR HOUSING STOCK AND ADD NEW, QUALITY UNITS IN ALL
CITY NEIGHBORHOODS. THERE SHOULD NOT BE ONE NEIGHBORHOOD IN
THE CITY OF PORTLAND THAT DOES NOT OFFER A FAMILY GOOD SHELTER
AND A HEALTHY ENVIRONMENT IN WHICH TO LIVE. IT IS MY CONVICTION
THAT THIS CITY HAS THE KNOWLEDGE AND THE TALENT TO PRODUCE A
WORKABLE, ECONOMICALLY SOUND, COMPREHENSIVE HOUSING STRATEGY.
THE ONLY TEST IS ONE OF WILL. HERE'S WHAT WE ALREADY KNOW.

WE KNOW THAT:

- TIME IS MONEY.

- PRIVATE LAND ASSEMBLY IS OFTEN DIFFICULT.

- THAT THERE IS MORE TO HOUSING OUR PEOPLE THAN FEDERAL PARTICIPATION CAN HANDLE. OUR LOCAL HOUSING EFFORTS IN THE PAST HAVE FOCUSED TOO MUCH ON FEDERAL PRESENCE, UNWILLING TO ADMIT THAT THERE WILL NEVER BE ENOUGH FEDERAL MONEY TO MEET THE NEED. WHAT IS REQUIRED IS A LOCAL AND STATE EFFORT AS A PARTNERSHIP WITH THE PRIVATE SECTOR.

- WE KNOW THAT PSYCHOLOGY IS IMPORTANT. WE MUST ATTACK FAILURES AND PROBLEMS SUCCESSFULLY -- AND MARKET OUR SUCCESS. THE PSYCHOLOGY OF A POSITIVE MARKET ATTITUDE WILL DO MORE THAN NEW FEDERAL PROGRAMS TO BUILD AND REHABILITATE HOUSING.

- WE KNOW THAT WE HAVE TO USE FEDERAL, STATE, AND LOCAL PROGRAMS TO LEVERAGE PRIVATE FUNDS INTO THE MARKET. 100% SUBSIDIES WILL NEVER DO THE JOB. EVERY GENERATION REDISCOVERS

THIS PRINCIPLE OF LEVERAGE FOR THE FIRST TIME, AND IT'S TIME TO REMEMBER IT AGAIN.

- WE KNOW THAT HOUSING DOESN'T EXIST IN A VACUUM. WHETHER WE EXPLOIT OUR NEW OPPORTUNITIES TO ATTRACT FAMILIES BACK INTO THE CITY WILL DEPEND ON OUR SUCCESS IN TARGETING RESOURCES TO IMPROVE THE ENVIRONMENTAL FEATURES OF NEIGHBORHOODS: SCHOOLS, PARKS, PUBLIC TRANSIT FACILITIES, TREES, CLEAN AIR, CRIME PREVENTION -- ALL THE BASIC INGREDIENTS OF A NEIGHBORHOOD STABILIZATION PROGRAM.

- WE KNOW THAT WE HAVE TO SAVE WHAT WE HAVE -- THIS WILL ENCOURAGE NEW CONSTRUCTION NEXT DOOR OR DOWN THE BLOCK. NO ONE BUILDS NEW APARTMENTS OR HOMES NEXT TO ABANDONED OR DETERIORATING STRUCTURES.

- WE KNOW THAT THE KEY IS TARGETING: TO START WITH SOMETHING

THAT WILL SUCCEED AND ACHIEVE IT. IF WE PLANT A POSITIVE
EXAMPLE THAT DEMONSTRATES A SUCCESS, IT WILL FIND IMITATORS
AND SPREAD.

IF WE WANT HOUSING -- BOTH NEW HOUSING AND HOUSING RE-
HABILITATION -- WE WILL HAVE TO TAKE THE INITIATIVE; AND THEY
MAY REQUIRE US TO DO ANY OR ALL OF THE FOLLOWING (AND MORE):

- WE CAN CONDEMN, TAKE OLD, SUBSTANDARD AND OFTEN VACANT
DWELLINGS AND SELL TO REHABILITATION CONTRACTORS, WHO THEN IN
TURN SELL THEM TO NEW OWNERS.

- WE CAN ENCOURAGE OUR MAJOR LOCAL INSTITUTIONS WITH A
LARGE FINANCIAL STAKE IN THE COMMUNITY TO UNDERTAKE REHABILITA-
TIONS PROJECTS WITHOUT USING CONDEMNATION.

- WE CAN CUT THE TIME AND COST OF DEVELOPERS AND REHABILITATORS
BY AIDING WITH LAND ASSEMBLY. WE CAN ENSURE THAT WATER AND

SEWER SERVICES ARE AVAILABLE TO THESE ASSEMBLED LOTS, AND HANDLE

ALL DEVELOPMENT COMPLIANCES THAT ARE REQUIRED BEFORE WE RE-SELL.

AND WE CAN CUT OUT THE NONSENSE OF CLASSIFYING LOTS AS SUBSTANDARD

BECAUSE THEY ARE SEVERAL FEET SHORT OF MINIMUM CODE SIZE STANDARDS.

THIS COULD BRING THOUSANDS OF LOTS WITH AVAILABLE WATER AND

SEWER SERVICE BACK INTO THE CITY MARKET.

- WE CAN PROVIDE WATER RATE INCENTIVES FOR SPRINKLING UNITS
WHERE FIRE CODES NOW MAKE IT IMPOSSIBLE TO BUILD WITH WOOD.

- BECAUSE TIME IS MONEY, WE CAN AND SHOULD SHORTEN TIME
FOR DEVELOPERS AND REHABILITATORS BY SIMPLIFYING OUR PERMIT
PROCEDURES. WE HAVE ALREADY WRITTEN A PERMITS BROCHURE TO
CLARIFY OUR PROCEDURES. AND BY JULY 1, ALL PERMITS REQUIRED
BY THE BUREAU OF BUILDINGS WILL BE AVAILABLE FROM A SINGLE
COUNTER. (AS A BONUS, THIS WILL SAVE \$35,000 PER YEAR IN
CITY PERSONNEL COSTS.) OUR GOAL IS A CITY-WIDE, ONE-STOP SYSTEM.

- WE CAN RECOGNIZE THAT THERE IS NO ONE RIGHT KIND OF HOUSING. IF WHAT WE SEEK IS HOME OWNERSHIP, THEN THE TRADITIONAL SINGLE-FAMILY HOME IS NOT THE ONLY WAY TO GET IT. CONDOMINIUMS FOR MIDDLE-INCOME CITIZENS SHOULD BE CONSIDERED AN ALTERNATIVE. IF THEY AREN'T PROFITABLE, PROVIDED THEY MEET OTHER PUBLIC OBJECTIVES, WE SHOULD DEVISE INCENTIVES, TAX AND OTHERWISE, TO MAKE THEM PROFITABLE.

THIS HOUSING OFFENSIVE IS ALREADY UNDERWAY.

- AT THE LAST SESSION OF THE LEGISLATURE WE EITHER DRAFTED OR SUPPORTED FOUR BILLS TO PROVIDE TAX INCENTIVES FOR HOUSING CONSTRUCTION OR REHABILITATION. THE IMPACT OF THOSE MEASURES IS ALREADY BEING FELT IN NEW AND IMPROVED UNITS IN THE CITY.

A CITY NON-PROFIT HOUSING CORPORATION IS ESTABLISHED, A BOARD OF DIRECTORS APPOINTED, AND A SEARCH UNDERWAY FOR A DIRECTOR.

ITS MISSION WILL BE TO AID IN "PACKAGING" PROJECTS BY MATCHING INVESTORS, LENDERS, BUILDERS AND NEIGHBORHOODS WITH THE OPPORTUNITIES WE KNOW ARE PRESENT.

- WE ARE HELPING PEOPLE HELP THEMSELVES. PORTLAND COMMUNITY COLLEGE WILL BE OFFERING CLASSES IN HOME IMPROVEMENT TO TEACH PEOPLE HOW TO IMPROVE THE PROPERTY THEY OWN. AND THE BUREAU OF BUILDINGS WILL BE SETTING ASIDE ONE EVENING A WEEK TO STAY OPEN SO THAT AVERAGE CITIZENS WHO WANT TO IMPROVE THEIR HOMES CAN OBTAIN NEEDED PERMITS -- AND COUNSELING -- AT THEIR CONVENIENCE.

- WE ARE WRITING REHABILITATION CODES TO REPLACE OUR OUT-MODED HOUSING CODES. OUR HOUSING CODES WERE WRITTEN YEARS AFTER MOST OF OUR EXISTING HOUSING WAS BUILT, AND THEIR EXCESSIVE STANDARDS OFTEN FRUSTRATE OUR AVOWED CONSERVATION OBJECTIVES. WE ARE WRITING CODES THAT ARE BOTH SAFE AND SUPPORTIVE OF OUR

PUBLIC PURPOSES -- WITH GREATLY REDUCED COSTS AND FRUSTRATION.

- WE ARE VIGOROUSLY MARKETING HOUSING REHABILITATION IN SIX NEIGHBORHOODS, WHICH THIS YEAR WILL AMOUNT TO 800 UNITS AND \$5 MILLION FROM BOTH PUBLIC AND PRIVATE SOURCES.

- WE HAVE ALREADY WORKED HARD WITH LOCAL LENDING INSTITUTIONS TO FORGE A MODEL AGREEMENT GUARANTEEING FAIR LENDING PRACTICES IN ALL CITY NEIGHBORHOODS.

IN THE NEXT FOUR YEARS, YOU'LL SEE US OUT IN OUR NEIGHBORHOODS, MARKETING THEM, BRAGGING ABOUT THEM, WORKING WITH THEM. FOR I BELIEVE THAT WE HAVE TIME AND HISTORY ON OUR SIDE; THAT THE NEW ERA OF LIMITS INTO WHICH WE HAVE ENTERED GIVES AN EVEN GREATER BONUS TO THE EFFICIENCY, CONVENIENCE AND COST EFFECTIVENESS OF OUR CITY NEIGHBORHOODS.

NEIGHBORHOODS AND SCHOOLS. WE KNOW THAT ONE OF THE MOST IMPORTANT FACTORS IN A FAMILY'S DECISION OF WHERE TO LIVE IS THEIR CONFIDENCE IN THE SCHOOL SYSTEM. AND YET, RESEARCH ON THE QUALITY AND EQUALITY OF EDUCATIONAL OPPORTUNITY -- NOTABLY THE PORTLAND SCHOOL DISTRICT'S OWN SCHWAB COMMITTEE REPORT OF 1964, AND THE NATIONALLY QUOTED COLEMAN REPORT ON RACE AND EDUCATION -- TELLS US THAT THE SOCIO-ECONOMIC BACKGROUND OF THE FAMILY AND THE QUALITY OF LIFE IN THE NEIGHBORHOOD ARE THE MOST IMPORTANT DETERMINANTS OF EDUCATIONAL PERFORMANCE.

THE MESSAGE SEEMS CLEAR -- WE ARE INTER-DEPENDENT. THE CITY NEEDS GOOD SCHOOLS TO ATTRACT FAMILIES TO OUR NEIGHBORHOODS; THE SCHOOL DISTRICT NEEDS FAMILIES AND STRONG NEIGHBORHOODS TO HAVE GOOD SCHOOLS. IT IS A MESSAGE WITH A NUMBER OF IMPLICATIONS:

- THE CITY AND SCHOOL DISTRICT MUST DO A BETTER JOB OF COORDINATING PHYSICAL PLANNING. IN THE PAST TWO YEARS WE'VE MADE PROGRESS. IN PARTICULAR, THE SCHOOL DISTRICT HAS WORKED HARD TO COORDINATE ITS CAPITAL SPENDING WITH THE CITY AND ITS FACILITY PLANNING WITH OUR PROPOSED PARKS LEVY. BUT MORE REMAINS TO BE DONE.

AT THE TOP OF THE CITY/SCHOOLS AGENDA MUST BE THE WHOLE ISSUE OF NEIGHBORHOOD SCHOOLS AND SCHOOL CLOSURES. I KNOW THAT THIS IS AN ISSUE TO WHICH THE SCHOOL DISTRICT IS SENSITIVE. THE SCHWAB COMMITTEE REPORT RECOGNIZED THE IMPORTANCE OF NEIGHBORHOOD SCHOOLS, AS HAS SUPERINTENDENT BLANCHARD.

WE MUST WORK WITH NEIGHBORHOODS TOWARD A SHARED AGREEMENT OF THEIR FUTURE. TO ACCOMPLISH THIS, THE CITY AND SCHOOL DISTRICT SHOULD COMMIT WHATEVER ENERGY OR DOLLARS ARE NEEDED TO CREATE A JOINT PLANNING OFFICE. IN ADDITION, THE SCHOOL DISTRICT

MUST BE AN INTEGRAL PARTNER IN THE DEVELOPMENT OF THE CITY'S
ANNUAL CAPITAL BUDGET AND OUR COMPREHENSIVE PLAN.

THE HOUR IS GETTING LATE. THE CITY AND SCHOOL DISTRICT
MUST RECOGNIZE THAT THE FAMILIES IN OUR CITY ARE "WHOLE FAMILIES" --
NOT PART CITY FAMILIES, PART SCHOOL DISTRICT FAMILIES. THE
ARTIFICIAL BOUNDARIES OF GOVERNMENTAL JURISDICTION MUST NOT BE
ALLOWED TO STAND BETWEEN A UNIFIED EFFORT
TO MEET THE NEEDS AND FULFILL THE ASPIRATIONS OF THE FAMILIES
WE BOTH SERVE. THIS GENERATION -- AND GENERATIONS TO FOLLOW --
WILL NOT HOLD US BLAMELESS IF WE POSSESS THE FACTS, RECOGNIZE
THE PROBLEM, AND FAIL TO ACT. WE HAVE AN OPPORTUNITY NOW --
THROUGH COORDINATED PHYSICAL PLANNING AND CAPITAL INVESTMENTS,
THROUGH THE COMPREHENSIVE PLAN, THROUGH A JOINT PLANNING OFFICE --
TO REINFORCE EACH OTHERS EFFORTS IN A POSITIVE WAY. MOREOVER,

I CHALLENGE THE CITY CLUB TO UNDERTAKE AS ITS MAJOR 1977 STUDY

EFFORT A COMPREHENSIVE REVIEW OF CITY/SCHOOLS POLICIES AND PROGRAMS.

I AM PREPARED TO PARTICIPATE WITH THE SCHOOL ADMINISTRATION IN

NAMING A JOINT COMMISSION TO WORK WITH THE CITY CLUB -- THE

SCHOOLS FOR THE CITY COMMITTEE, OR ANY INTERESTED GROUP -- IN

REVIEWING EACH OF OUR POLICIES AND PROGRAMS AND RECOMMENDING

WAYS TO BRING US CLOSER TOGETHER.

THE FISCAL INTEGRITY OF THE CITY.

IT IS ALMOST LUDICROUS FOR THE MAYOR OF THIS CITY TO COME
BEFORE YOU TO PLEAD POVERTY AT A TIME OF GREAT LOCAL ECONOMIC
GROWTH. BUT I'M ABOUT TO DO SO. FOR THE FACT IS, THE CITY OF
PORTLAND FACES POVERTY IN THE MIDST OF PROSPERITY. CHARLES
DICKENS' WORDS CAN WELL BE APPLIED; FOR US, INDEED, IT IS THE
BEST OF TIMES; IT IS THE WORST OF TIMES.

OUR ECONOMIC SUCCESSES ARE IMPRESSIVE:

- IN THE PAST FOUR YEARS WE'VE ADDED OVER \$200 MILLION
IN NEW PUBLIC AND PRIVATE INVESTMENT IN THE DOWNTOWN; OVER A
10-YEAR PERIOD, DOWNTOWN EMPLOYMENT IS PROJECTED TO INCREASE
BY 50%;

- COOPERATIVE EFFORTS WITH THE PORT AND WITH INDUSTRIAL
NEIGHBORHOOD ASSOCIATIONS MEANS THAT WE NOW HAVE ECONOMIC DEVEL-
OPMENT POTENTIAL READY TO BE EXPLOITED IN NORTH, NORTHEAST,
NORTHWEST, AND SOUTHEAST PORTLAND;

- ANNEXATION AND ECONOMIC GROWTH AND DEVELOPMENT HAVE
ADDED MILLIONS TO OUR TAX ROLLS AND ENLARGED THE CITY BY
10%. RIVERGATE AND PIA HAVE ADDED OVER \$60 MILLION OF TAXABLE ASSESSED
VALUE TO THE CITY TAX ROLLS.

WE HAVE BEEN PHENOMENALLY SUCCESSFUL AT ADDING NEW PROPERTY

AND IMPROVEMENTS TO OUR TAX ROLLS AND NEW JOBS WITHIN
OUR CITY LIMITS.

BUT THE PROBLEM IS THAT OUR ECONOMIC DEVELOPMENT SUCCESSES
HAVE NOT BROUGHT WITH THEM FISCAL REWARDS.

SINCE 1972 -- AS WE DID OUR BEST TO ADD JOBS AND POPULATION --
REVENUES TO THE CITY FROM ALL SOURCES HAVE GROWN BY 4%. INFLATION
HAS EXCEEDED 8%. NO MATTER HOW MUCH DEVELOPMENT WE ADD TO OUR
PROPERTY TAX ROLLS, OUR PROPERTY TAX REVENUES MAY GROW BY ONLY
6% PER YEAR, UNDER THE STATE CONSTITUTION. OUR ECONOMIC DEVEL-
OPMENT EFFORTS HAVE NOT RAISED MORE REVENUES FOR THE CITY; BUT
WE HAVE REDUCED OUR PROPERTY TAX RATE BELOW ITS 1960 LEVEL, AND
IT IS EXPECTED TO CONTINUE TO DROP IN THE NEXT 5 YEARS.

BECAUSE OF THESE FACTORS, WHEN WE DID OUR FIRST FIVE
YEAR PROJECTION IN 1974, THE SLIPPAGE IN OUR PURCHASING POWER
WAS ESTIMATED TO REQUIRE \$63 MILLION IN ADJUSTMENTS TO OVERCOME

THIS REVENUE SHORTFALL.

THIS IS THE MOST FUNDAMENTAL AND URGENT AFFLICTION THREATEN-
ING PORTLAND -- IT MAY ALREADY HAVE TERMINALLY SIEZED OTHER
AMERICAN CITIES.

THE FISCAL INTEGRITY OF THE CITY IS A MEASURE OF ITS ABILITY
TO KEEP FAITH WITH ITS PEOPLE AND WITH OUR SYSTEM OF PRIVATE
ENTERPRISE. IT WILL MATTER LITTLE HOW WE FARE WITH OUR NEIGH-
BORHOOD STABILIZATION PROGRAM, HOW WELL OUR HOUSING STOCK IS
PRESERVED, HOW WELL-COORDINATED OUR RELATIONS ARE WITH THE
SCHOOL DISTRICT, IF WE LEAVE TO OUR SUCCESSORS A LOCAL GOVERN-
MENT THAT IS NOT FISCALLY SOUND. FOR IT IS CLEAR THAT A CITY
THAT DEFAULTS ON ITS SERVICES CANNOT HOLD UP ITS END OF A
PUBLIC/PRIVATE PARTNERSHIP -- NOR CAN IT MAKE CLAIM TO KEEP
THE LOYALTY AND ENERGY OF CITIZENS WHO ARE ITS LIFEblood.

TO CONFRONT THIS PROBLEM WE HAVE MOVED ON A NUMBER OF FRONTS.

FIRST, WE HAVE TAKEN THE VIEW THAT BETTER MANAGEMENT AND PRO-

DUCTIVITY IMPROVEMENTS WERE OUR BEST SOURCE OF NEW MONEY. OUR

TOP MANAGERS HAVE SOUGHT EVERY OPPORTUNITY FOR IMPROVED PRODUCT-

IVITY AND COST SAVINGS. SOME EXAMPLES OF THESE ARE:

- \$250,000 SAVED THROUGH REDUCTIONS IN POLICE OVERTIME

AND COURT APPEARANCES.

- \$300,000 SAVED BY REPLACING FULL-TIME POSITIONS WITH

SEASONAL EMPLOYEES FOR PARK MAINTENANCE.

- \$300,000 SAVED BY REDUCING THE WATER BUREAU'S CREW

SIZE AND USING MORE EFFICIENT WORK METHODS.

- \$300,000 SAVED IN DATA PROCESSING COSTS.

SECOND, WE HAVE SOUGHT TO MAKE ONE-TIME CAPITAL INVESTMENTS

THAT WOULD SAVE US PERSONNEL DOLLARS OVER THE LONG RUN.

- WE INSTALLED AN AUTOMATED SPRINKLING SYSTEM FOR CITY PARKS; WE REMODELED OUR POLICE CRIME LABORATORY AND OBTAINED THE STATE'S AGREEMENT TO PAY FOR FUTURE STAFFING COSTS; WE PURCHASED FIRE FIGHTING EQUIPMENT THAT REQUIRES LESS MANPOWER.

THIRD, WE CUT THE OVERALL NUMBER OF CITY EMPLOYEES WHERE WE FELT IT COULD BE DONE WITHOUT IMPAIRING THE LEVEL OF SERVICE. SINCE 1973-74, WE HAVE CUT 318 LOCALLY FUNDED POSITIONS FROM THE GENERAL FUND. EXCLUDING FEDERAL GRANTS AND THE CETA PROGRAM, YOUR CITY WORKFORCE IS AT THE SAME SIZE TODAY THAT IT WAS 5 YEARS AGO, SERVING MORE CITIZENS, MORE TERRITORY, MORE COMMUTING WORKERS, AND WITHOUT REDUCTIONS IN SERVICE LEVEL.

FOURTH, WE HAVE IMPLEMENTED INVESTMENT PROGRAMS TO INCREASE OUR RETURN ON IDLE CASH. THIS PROGRAM ADJUSTED FOR INFLATION HAS PRODUCED NEARLY \$11 MILLION OVER THE PAST TWO YEARS.

FIFTH, WE HAVE SOUGHT TO RELIEVE THE GENERAL FUND OF SERVICES -- SUPPORTED BY CITY TAXPAYERS -- WHICH ARE TRULY REGIONAL IN NATURE. VOTER ACCEPTANCE OF THE WASHINGTON PARK ZOO AS A REGIONAL FACILITY RELIEVED THE CITY OF AN ANNUAL \$700,000 EXPENSE.

SIXTH, WE IMPROVED AND TIGHTENED OUR MANAGEMENT AND BUDGET CONTROLS TO RECAPTURE AND REPROGRAM DOLLARS ALLOCATED TO BUREAUS BUT UNSPENT BY THEM. A QUARTERLY ALLOTMENT REPORT PROCEDURE ALLOWED US TO RECAPTURE AND REPROGRAM \$4.9 MILLION LAST YEAR, OR TO SAVE IT FOR THE NEXT FISCAL YEAR.

SEVENTH, WE HAVE CONTRACTED WITH PRIVATE ENTERPRISE FOR SERVICES WHEN IT WAS LESS ECONOMICAL FOR THE CITY TO PROVIDE THEM. CUSTODIAL SERVICES FOR CITY HALL AND POLICE HEADQUARTERS ARE DONE BY CONTRACT, SAVING TAXPAYERS \$250,000 PER YEAR.

THE SAME SYSTEM HAS BEEN APPLIED IN OTHER CITY AGENCIES.

EIGHTH, A NEW SIMPLIFIED BUSINESS LICENSE TAX WAS DEVELOPED BY A CITIZENS COMMITTEE , IT IS MORE EQUITABLE, EQUAL IN REVENUE PRODUCTION, AND PRODUCES A \$75,000 PERSONNEL SAVINGS TO THE CITY.

I BELIEVE THAT WE HAVE PURSUED A MODEL PROGRAM OF FISCAL CONSERVATISM AND RESTRAINT, AND IT HAS HAD REAL BENEFITS, BOTH IN TERMS OF SERVICE IMPROVEMENTS AND SAVINGS TO OUR CITIZENS. FOR ALL OF THESE EFFORTS, WE HAVE BEEN ABLE TO SOLVE JUST ONE-THIRD OF OUR ORIGINAL 5-YEAR PROJECTED REVENUE SHORTFALL. WE HAVE REDUCED IT BY \$21.5 MILLION OVER THE NEXT 5 YEARS, AND I BELIEVE WE CAN FIND ANOTHER \$15 TO \$20 MILLION THROUGH LOCAL PROBLEM SOLVING. BUT, WITHOUT A NEW SOURCE OF REVENUE WHICH RESPONDS TO INFLATION -- ONE THAT REWARDS THE CITY FOR ITS SUCCESSES -- WE ARE LEFT WITH TWO CHOICES -- DRASTIC CUTS IN SERVICES OR A NEW LOCAL INCOME TAX -- EITHER DEFEATING OUR

STRATEGY OF RENEWAL.

WE ARE ASKING DURING THE 1977 OREGON LEGISLATURE THAT A PORTION OF THE INCOME TAX DOLLARS COLLECTED BY THE STATE, MUCH OF IT GENERATED BY THE CITIES/PRIVATE ENTERPRISE PARTNERSHIP, BE RETURNED TO CITIES TO ENSURE THAT SERVICES TO SUPPORT OUR END OF THE PARTNERSHIP CAN BE MAINTAINED. I CALL IT CLOSING THE LOOP.

WE NEED YOUR SUPPORT -- WE NEED YOUR HELP. THE ISSUE COMES TO THE LEGISLATURE WITH LEADERSHIP FROM GOVERNOR STRAUB, THROUGH HIS BUDGET AND A FAVORABLE RECOMMENDATION BY A LEGISLATIVE INTERIM COMMITTEE, THAT CITIES SHARE UP TO \$25 MILLION PER YEAR DURING THE NEXT BIENNIUM.

WE HAVE AN OPPORTUNITY TO TAKE PREVENTATIVE STEPS -- TO AVOID A SITUATION LIKE NEW YORK STATE'S -- WHERE THE CITIES

ARE BEING THROWN INTO THE STATE'S LAP. OREGON CAN DEMONSTRATE ITS VISION AGAIN IN CONSERVING ITS CITIES AS WELL AS ITS ENVIRONMENT.

I BELIEVE THAT WE PORTLANDERS ARE STEWARDS OF A UNIQUE CITY, A CITY UNPARALLELED IN ALL THE WORLD FOR ITS LIVABILITY. AND THAT THE MOST IMPORTANT RESOURCE WE HAVE IS THE PEOPLE WHO LIVE HERE AND THE LOVE THEY HAVE FOR THEIR CITY. IF PEOPLE STOP CARING...IF OUR LOVE FALLS PREY TO TOO LITTLE PARTICIPATION, TOO LITTLE CONVICTION, TOO LITTLE POLITICAL CONTEST, TOO LITTLE DIVERSITY, TOO LITTLE COURAGE... TOO MUCH COMPLACENCY, THEN ALL THAT WE HAVE WILL MATTER MUCH TOO LITTLE.

RATHER, LET US RECALL, AND REAFFIRM FOR OUR CITY THE OATH TAKEN BY THE CITIZENS OF ATHENS:

"WE WILL EVER STRIVE FOR THE IDEALS AND SACRED THINGS OF THE CITY;

"WE WILL UNCEASINGLY SEEK TO QUICKEN THE SENSE OF PUBLIC
DUTY;

"WE WILL REVERE AND OBEY THE CITY'S LAWS;

"WE WILL TRANSMIT THE CITY NOT LESS, BUT GREATER, BETTER,
AND MORE BEAUTIFUL THAN IT WAS TRANSMITTED TO US".

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