



CITY OF  
**PORTLAND, OREGON**

**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 15<sup>TH</sup> DAY OF MAY, 2013 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fritz, Novick and Saltzman, 4.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ben Walters, Chief Deputy City Attorney; and Steve Peterson, Sergeant at Arms.

On a Y-4 roll call, the Consent Agenda was adopted.

Council Convened as Budget Committee at 9:58 a.m. and reconvened as City Council at 10:04 a.m.

<b>COMMUNICATIONS</b>		<b>Disposition:</b>
<b>418</b>	Request of Kurt Ferre to address Council regarding water fluoridation (Communication)	<b>PLACED ON FILE</b>
<b>419</b>	Request of Sam Blackman to address Council regarding the help Portland Development Commission provided to Elemental Technologies growth (Communication)	<b>PLACED ON FILE</b>
<b>420</b>	Request of Kenneth Poirier to address Council regarding the Parkrose district Neighborhood Prosperity Initiative (Communication)	<b>PLACED ON FILE</b>
<b>421</b>	Request of Steve Unger to address Council regarding unlicensed short-term transient lodging in residential zones (Communication)	<b>PLACED ON FILE</b>
<b>422</b>	Request of Mary Davis to address Council regarding preserving pass-through funding to keep all SUN schools open (Communication)	<b>PLACED ON FILE</b>
<b>TIMES CERTAIN</b>		
<b>423</b>	<b>TIME CERTAIN: 9:30 AM</b> – Mayor’s Message to Budget Committee (Mayor convenes Council as the Budget Committee) 15 minutes requested	<b>PLACED ON FILE</b>

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<p><b>424</b> <b>TIME CERTAIN: 9:45 AM</b> – Revise residential solid waste and recycling collection rates, effective July 1, 2013 (Ordinance; amend Code Chapter 17.102) 1 hour requested for items 424-426</p>	<p><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>	
<p><b>425</b> Revise sewer and stormwater rates, charges and fees in accordance with the FY 2013-2014 Sewer user Rate Study (Ordinance)</p>	<p><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>	
<p><b>426</b> Authorize the rates and charges for water and water-related services during the fiscal year beginning July 1, 2013 to June 30, 2014 and fix an effective date (Ordinance)</p>	<p><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>	
<p style="text-align: center;"><b>CONSENT AGENDA – NO DISCUSSION</b></p> <p style="text-align: center;"><b>Mayor Charlie Hales</b></p> <p><b>427</b> Appoint Claire Carder to the Development Review Advisory Committee for a partial term to expire October 11, 2014 (Report) (Y-4)</p>		<p style="text-align: center;"><b>CONFIRMED</b></p>
<p style="text-align: center;"><b>Bureau of Environmental Services</b></p> <p><b>*428</b> Authorize contract with GSI Water Solutions, Inc. for technical services in support of the Columbia Slough Sediment Program for \$500,000 (Ordinance) (Y-4)</p>		<p style="text-align: center;"><b>186018</b></p>
<p><b>*429</b> Authorize a no-cost Permit and Right of Entry agreement with the Port of Portland to grant City staff access to three Port sites (Ordinance) (Y-4)</p>		<p style="text-align: center;"><b>186019</b></p>
<p><b>430</b> Amend contract with Berger ABAM for additional work and compensation for the Skidmore and Safeway Pump Station Remodels Project Nos. E10291 and E10292 for \$21,498 (Second Reading Agenda 409; amend Contract No. 30002704) (Y-4)</p>		<p style="text-align: center;"><b>186020</b></p>
<p style="text-align: center;"><b>Bureau of Fire and Police Disability and Retirement</b></p> <p><b>431</b> Authorize contract with Milliman, Inc. to provide actuarial services to the Bureau of Fire and Police Disability and Retirement (Ordinance; Contract No. 300003232)</p>		<p style="text-align: center;"><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>
<p style="text-align: center;"><b>Office of Management and Finance</b></p> <p><b>*432</b> Pay claim of GSL Properties, Inc. in the sum of \$12,526 involving Bureau of Environmental Services (Ordinance) (Y-4)</p>		<p style="text-align: center;"><b>186021</b></p>
<p><b>*433</b> Amend contract with P. &amp; C. Construction Co. to increase contract amount by an additional \$14,261 to provide additional construction services for the Union Station Facility Improvement project (Ordinance; amend Contract No. 30001405) (Y-4)</p>		<p style="text-align: center;"><b>186022</b></p>

<p><b>*434</b> Ratify a Letter of Agreement between the City on behalf of the Portland Water Bureau and the AFSCME, Local 189-1 authorizing an alternative work schedule for employees in the Water Treatment Operator classification who work at Headworks (Ordinance)  (Y-4)</p>	<p><b>186023</b></p>
<p><b>*435</b> Ratify a grievance settlement agreement between the City on behalf of the Portland Water Bureau and the AFSCME, Local 189-1 authorizing shift differential pay for employees in the Water Treatment Operator classification who work the Day 1 and Day 2 schedule (Ordinance)  (Y-4)</p>	<p><b>186024</b></p>
<p><b>*436</b> Ratify a Letter of Agreement between the City on behalf of the Portland Water Bureau and the Operating Engineers, Local 701 authorizing an alternative work schedule for employees in the Operating Engineer classification who work at the Water Control Center or Groundwater Pump Station (Ordinance)  (Y-4)</p>	<p><b>186025</b></p>
<p><b>Parks &amp; Recreation</b></p>	
<p><b>*437</b> Amend contract with Talisman Construction Services by \$265,000 from \$482,209 to \$747,209 to include repair work on three additional terraces at the Pittock Mansion (Ordinance; amend Contract No. 30003110)  (Y-4)</p>	<p><b>186026</b></p>
<p><b>Portland Housing Bureau</b></p>	
<p><b>*438</b> Amend subrecipient contract with JOIN to add \$30,000 for the revised total contract amount not to exceed \$1,344,757 for placing chronically homeless veterans into housing (Ordinance; amend Contract No. 32000781)  (Y-4)</p>	<p><b>186027</b></p>
<p><b>*439</b> Establish the duties and responsibilities of the Portland Housing Bureau and amend code to reflect bureau title (Ordinance; add Code Chapter 3.36; amend Code Title 30 and Section 2.12.020)  (Y-4)</p>	<p><b>186028</b></p>
<p><b>Water Bureau</b></p>	
<p><b>440</b> Authorize an Intergovernmental Agreement with the City of Sandy to design and construct fiber optic improvements (Ordinance)</p>	<p><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>
<p><b>REGULAR AGENDA</b></p> <p><b>Mayor Charlie Hales</b></p> <p><b>Bureau of Fire and Police Disability and Retirement</b></p> <p><b>441</b> Amend the Fire and Police Disability, Retirement and Death Benefit Plan so that the Plan will retain its tax-qualified status (Ordinance)</p> <p><b>PASSED TO SECOND READING MAY 22, 2013 AT 9:30 AM</b></p>	

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<p style="text-align: center;"><b>Bureau of Planning &amp; Sustainability</b></p> <p><b>*442</b> Accept a grant in the amount of \$100,000 from the Oregon Community Foundation's Penstemon Fund to make renewable energy accessible to a broader segment of Portland's community (Ordinance) (Y-4)</p>	<p><b>186029</b></p>
<p style="text-align: center;"><b>Bureau of Transportation</b></p> <p><b>*443</b> Authorize the Bureau of Transportation to acquire certain temporary rights necessary for construction of the SW Spring Garden St Sidewalk Infill Project, through the exercise of the City's Eminent Domain Authority (Ordinance) (Y-4)</p>	<p><b>186030</b></p>

At 12:15 p.m., Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 15<sup>TH</sup> DAY OF MAY, 2013 AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Roland Iparraguirre, Deputy City Attorney; and Mike Cohen, Sergeant at Arms.

Council convened as Portland Development Commission Budget Committee at 2:00 p.m. and convened as City Council at 3:00 p.m.

		<b>Disposition:</b>
<b>444</b>	<b>TIME CERTAIN: 2:00 PM</b> – Council to convene as Portland Development Commission Budget Committee to receive the proposed annual budget (Mayor convenes Portland Development Commission Budget Committee) 1 hour requested	<b>PLACED ON FILE</b>
<b>445</b>	<b>TIME CERTAIN: 3:00 PM</b> – Introduction of the Citywide Equity Committee and presentation of its strategic plan (Report introduced by Mayor Hales) 20 minutes requested  <b>Motion to accept the report:</b> Moved by Fritz and seconded by Novick.  (Y-4)	<b>ACCEPTED</b>
<b>REGULAR AGENDA</b>  <b>Mayor Charlie Hales</b>  <b>Office of Management and Finance</b>		
<b>446</b>	Amend contract with Moore Iacofano Goltsman, Inc., P.C. to increase contract amount by an additional \$409,704 to provide additional consultant services for redevelopment of the ADA Title II Transition Plan for the City (Ordinance; amend Contract No. 30002636) 15 minutes requested	<b>CONTINUED TO MAY 22, 2013 AT 2:00 PM</b>

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

**LAVONNE GRIFFIN-VALADE**  
Auditor of the City of Portland



By **Karla Moore-Love**  
Clerk of the Council

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

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**Closed Caption File of Portland City Council Meeting**

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

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

**MAY 15, 2013            9:30 AM**

[roll call]

**Hales:** Before we begin the formal council agenda, we have a proclamation and some folks here to talk with us about the fact that this is asian american and pacific islander heritage month. Come on up. Then we will read the proclamation after that. Good morning.

**Joseph Wahl, Office of Equity and Human Rights:** Good morning, mayor and members of council. I'm joe wahl with the office of equity and human rights. I just wanted to say how much we appreciate this proclamation recognizing asian american and pacific islander heritage month. I think many people don't realize that the history of asian americans and pacific islanders goes back over 170 years and certainly over 150 years here in the state of Oregon. And they have had a rich contribution to the state as well as to the city of Portland and we very much appreciate this recognition and celebration of this month and the cultural and overall civic contributions that these communities have provided to the city and the state.

**Sukho Viboolsittiseri, Bureau of Human Resources:** My name is Sukho Viboolsittiseri, I work with the bureau of human resources. And i'm originally from thailand. But I have been here pretty much all of my life. By way of denver, colorado. I'd like to thank you, mayor hales, and commissioner Saltzman, novick, Fritz, and Fish for formally recognizing here in Portland the month of may as asian and pacific islander heritage month. The city that works, works even better when it recognizes values and embraces the contributions and diverse talents of the asian and pacific islander communities. This amazing and beautiful city becomes even more amazing and beautiful when it celebrates the rich history, art, music, craft, dance, and, yes, food that the api has brought to share. While Portland's api community consists of numerous nationalities, ethnicities and cultures, we each have a distinct story to tell. We thank you again, mayor, city council, and people of Portland for listening to and valuing our stories.

**Hales:** Great. Thank you very much. Thanks for coming. A number of us, joe was there, Commissioner Fritz and I were there. A lot of us were at the great celebration on friday night that erco held to celebrate these amazing cultures. It was -- the energy in that room, and the joy that each of those groups brought to that combined celebration, I think, was pretty amazing and very palpable. And we had everything from people from, let's see, we had a bhutanese dancer who was just magical. We had a tongan dance group that danced the haka, and got everybody's attention, of course. It was just -- just a tremendous night. I think it -- for anyone who hadn't understood how vibrant these cultures are or how extensive this community now is in Portland, it would have been great to just bring them into that room and say see, here it is. It is a big part of Portland now. And I know I enjoyed it. I hope commissioner Fritz enjoyed it as well. It was just a great affirmation of how significant these communities are in Portland and how we're trying to celebrate the amazing ingredients that they bring to Portland's culture. So, thanks to you and other folks in the city that are working in partnership with those groups and i'll read the proclamation. Whereas asian pacific americans lived and worked in the city of Portland and state of Oregon for more than 150 years, contributing to the city and state's rich history and culture. Whereas asian and pacific Americans have helped advance the city of Portland's prosperity through contributions through the field of education, business, arts, economic development, science, technology, and whereas the vibrant

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history and diverse cultures of Portland's asian and pacific americans ought to be shared with all Portlanders and Oregonians. And whereas the month of may nationally recognized as a time to celebrate the contributions of asian pacific americans to our society and our collective history, therefore, i, charlie hales, mayor of the city of Portland, city of roses, hereby proclaim may 2013 to be asian american and pacific islander heritage month in Portland. And encourage all residents to observe this month. Thank you all.

**Wahl:** Thank you. [applause]

**Hales:** Can we do a photo with the council? Thank you everyone. We will start the calendar for wednesday, may 15th, 2013 city council meeting. We have a number of communication items. Karla, would you take those up in order.

**Item 418.**

**Hales:** Good morning.

**Kurt Ferre:** Mayor hales, members of the city council, my name is kurt ferre. I've been advocating for fluoridation in Portland for over 14 years as sound public health policy. Today over 204 million americans have access to fluoridation via the public water systems. Over the hill in Washington county, nearly 300,000 Oregonians that enjoy the public health benefit of fluoridated water. Corvallis, salem, albany, all long-standing 50 years fluoridated communities. As you know, Portland is the largest city without fluoridation. There are over 100 well respected scientific research, public health, medical and dental organizations, such as the world health organization, the cdc, the ama, the ada and the american academy of pediatrics who recognize fluoridation as safe and effective. Earlier this spring the City club of Portland assembled a 12 member research committee on fluoridation and they did an exhaustive 6 week analysis of fluoridation. They invited both the supporters and opponents and in their final report, they voted 11-1 in favor of fluoridation. Healthy kids, healthy Portland has received the newspaper's endorsements of the Oregonian, Willamette Week, the Trib, the mercury, the scanner and street roots. The idea that the above mentioned organizations and newspapers have come out in favor of fluoridation were somehow asleep at the switch when evaluating this practice as pure science fiction. I attended dental school in the fluoridated city of chicago, and I have over 33 years of delivering my professional services right here in Portland. I can look into an adult patient's mouth and know immediately whether they grew up with fluoridation. If I could predict with the same amount of certainty in vegas, I would be a rich man. Fluoridation is the foundation of a sound dental public health policy since it began over 68 years ago. No public health measure, none, has been more studied or scrutinized than this one. I would like to give a special shout out to commissioners novick, and unfortunately commission Fish isn't here, for exercising their right as private citizens and coming out and canvassing our neighbors in support of fluoridation. I would like to thank you all for your service to our city. And I would like to end my presentation with a hubert humphrey quote I shared with three of you last december. It was once said that the moral test of government is how that government treats those who in the dawn of life, the children, those in the twilight of life, the elderly, and those in the shadow of life, the sick, needy and handicap. Together let's make fluoridation the healthiest city in this country. Vote yes on 26-151. Thank you very much.

**Hales:** Thank you for coming. Thank you.

**Item 419.**

**Hales:** Good morning sam.

**Sam Blackman:** Good morning mayor, good morning commissioners. Thank you so much for the opportunity to speak this morning. I just wanted to provide a couple of minutes testimony explaining how the Portland development commission has helped elemental technologies as we have grown rapidly over the last couple of years. Quick background, Elemental is a start up company based in downtown Portland. Founded in 2006. We raised about \$30 million of intercapital financing, we've grown our revenues grown from zero to \$21 million last year, targeting

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about \$40 million this year. We now have 90 employees in downtown Portland, and another 40 around the world. And 11 international offices. Elemental has been a good growth story here in city. We have been incredibly fortunate to have a fantastic team and a really strong market that has grown nicely. Even with that, I'm a very inexperienced ceo. I've been learning on the job the entire time and Pdc over the past couple of years, once we've kind of achieved a good scale has been really helpful in our growth and in moving us forward. I first met the team there about two years ago when we were looking at moving into our 5th facility. We had five different offices so far. They helped us a lot with the negotiations with our current land lord. We were able to get into a Leed certified space when that would have been probably not possible without pdc's influence. They helped with storefront approval programs. So if you've seen elemental's signage on our Broadway and oak building, that is there because of pdc support. Very, very small financial investments that have really made a tangible difference in terms of elemental's presence and recruiting ability in downtown Portland. They have helped us with connections to the PSU masters international management program and we've had interns come every summer and help us build out our international growth plans. We partnered with a team called sustainable hub in Brazil, that helped our entry into Brazil. We did almost \$1 million revenue in Brazil last year. Expecting to double or triple that this year. So these are very small programs that have had tangible impacts on elemental. The most recent one is a video project we put together called Tech Town Portland, which is a collaboration between pdc and 11 other start-up companies in Portland. One of the biggest challenges we faced growing from zero to 90 employees over the last couple years, is really around recruiting and retaining world-class engineers. Software development requires world-class engineers to be productive enough to generate competitive products in a very, very competitive global market. Our success is completely determined by how good of people we can recruit into the company. One of the big challenges we have when we're trying to recruit college students from the east coast, ivy league schools or what have you, is that they've heard of maybe elemental, maybe they've heard of puppet labs, or maybe they've heard of a couple of our companies here, but they haven't heard of very many compared to the bay area, Seattle, and other locations. The idea here, if we can tell the story about how many great tech start-ups there are in Portland, folks won't be worried about moving their lives to the city to get started. If we can do that, we will retain and recruit world-class people. So, this video was a financial effort from many different companies, plus pdc. Again, told direct taxpayer cost was very low and I think it will be a significant return. Premier of that on the 29th, living room theaters. You are all invited to come see. Finally, I know the city is facing significant challenges in the budgeting cycle. The returns that pdc is returning very significant and I would encourage you to maintain funding for these type of programs that support the software cluster and other targeted clusters here in the city.

**Hales:** Thanks Sam. Sam's company was one of a few recognized last night at the city's international business awards. It's really an amazing story. We look forward to the next chapter. Thank you for growing your company here.

**Blackman:** Thank you. Thank you for your support of Elemental and companies like ours.

**Hales:** Thank you.

#### **Item 420.**

**Hales:** Good morning.

**Kenneth Poirier:** Good morning, Mr. Mayor, council members, friends and neighbors. My name is Kenneth Poirier and I'm the chair of the Parkrose NPI. I would like to speak to you about the successes of the NPI program and how its impact is already being felt in my community. I'm a graphic designer by trade and was initially intrigued by the NPI program when I heard the term community branding. When I started to look into the heart of the NPI, Parkrose NPI would have a more lasting and foundational impact than some shiny new logos on street signs. It's about engaging our businesses and neighborhood on a different level than I was used to seeing in my

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community. And it was this new engagement that was growing directly from the guidance and training being provided by pdc. We worked with dana dekylen from pdc to help build the best framework for which historic parkrose would grow and prosper within the npi program. It is within the structural guide that we have been able to actively address our economic development ourselves. The npi program in my experience is a program based upon milestones. They help track our progress and also make sure we are holding up our end of the bargain. Since I have been involved with the parkrose npi, we have branded ourselves as historic parkrose, gateway to the columbia, with active community involvement in that creative process. We've hired a full-time district manager, Bridget bayer. Our first business centric, promotional event takes place tomorrow. We are filing for our 501c3 status by the end of this week. Our first district improvement project will be completed by july 1<sup>st</sup> which will include community branded banner poles along ne sandy boulevard. In short, the program is working. And now that we're up and running, pdc has evolved their support and are now surrounding the npi's, with highly qualified technical service providers to help us take our next steps towards not just the style of economic development our community wants, but also the next steps toward the leveled economic growth our businesses and neighbors deserve. The concept behind historic parkrose has always been a commitment towards economic growth and a revitalization of our often neglected thoroughfare in our proud northeast community. The reengagement of our neighbors in our flagging business district. And reenergizing our community spirit in that process. Pdc has given us the tools to make that concept a reality. But as I say, the job is far from over. We have taken just the first baby steps towards our goals and with your support and the backing of pdc, we hope to continue this journey towards a fully revitalized parkrose. I have given you each a sampling of our promotional materials as well as my contact information should you have any questions. Thank you for your time and for the worthy program.

**Hales:** Thank you. Thanks for coming.

**Item 421.**

**Hales:** Good morning.

**Steve Unger:** Good morning. My name is steve unger and I live at 1810 ne 15<sup>th</sup> ave. I own and operate the lion and the rose bed and breakfast. In january of 2011, I spoke to city council about the growing problem of unlicensed vacation rentals in Portland. 2 1/2 years ago, there were about 5,000 unlicensed vacation rental listings. Now there are over 1,000. Contributing to the current shortage of long-term rental housing in the city. At that time, 2 1/2 years ago, the city was losing about \$500,000 a year in lodging tax and license fees. Now the city is losing over \$1 million a year. Public safety and health issues are being ignored. Neighbors and neighborhoods are still not being informed. And most of all, the bureau of planning and sustainability and bureau of development services have not even begun to propose a licensing process with one of the obstacles being the lack of funding. The growth of this problem has been fuelled by the proliferation of major vacation rental web sites. For example, airbnb alone, in 26,000 cities worldwide. And reported \$14 million of bookings in one year just for san francisco. A quick search on google will show that illegal vacation rentals have become a major issue all across the country. So much so, that the major vacation rental web sites have recently banded together to promote licensing and regulation. Yet Portland is way behind. Ashland and many other Oregon cities and towns who have implemented vacation rental ordinances. I hope that the next time I come to speak to you will not be because of a tragic fire in an unlicensed, unsupervised, unregulated vacation rental. To be clear, this is not about mom and pop renting an extra bedroom after their daughter goes to college. Landlords deciding that they can make more money renting high price properties by the day or the week than by the month. Now, ask yourself, why would I pay \$4k to \$10,000 to be licensed as a bed and breakfast and have to collect lodging tax and inspections by the health, fire, and police departments, have neighbors notified and even have to be present to supervise the property and those pesky guests when you can just forget about all of that, operate as a vacation rental and make more money in the process.

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And so far, the various city departments, each with their own narrow focus, have not joined together to find a solution.

**Hales:** Steve, let me stop you there. You have finished your time. But we do have this really well written statement from you and I really appreciate you bringing this to our attention. I want to make sure that before you leave that you connect with my staff. Bureau of revenue, one of my responsibilities as we have had bureau in our portfolio along with everything else at the moment, but I want to make sure that we follow up with you on this. Obviously I was not here in January of 2011. A couple of members of council here were. You've raised this issue very coherently and I appreciate you bringing this to our attention. Thank you. Before you leave is somebody from my staff still here? Rachel is still here. Young woman in the orange blouse right there is Rachael Wiggins on my staff. Make sure we connect you with her and I would like to meet with you further about this. Thank you.

**Item 422.**

**Hales:** Good morning.

**Mary Davis:** good morning. I'm Mary Davis and I'm a business owner in southeast Portland and I'm here to speak on behalf of the Buckman program run by Impact Northwest and Director Diane (Meisenhelter) who was a 2009 Spirit of Portland award winner. My husband and I are working class people. Together we have a three-year-old, a first grader, and we own a company that employs 16 people. We rely on Sun because we have to work to keep our business growing strong. This program helps over 500 children. As an industrial engineer and business development person, my background is in analyzing business efficiencies and I'm having a hard time wrapping my analytical brain around this budget cut. Modest investment of less than \$275,000 and then it leverages nearly 40 other agencies, countless volunteers to help teach my son and his colleagues 226 days of the year. That is at least 44 more traditional school days than the schools are now open. Today is a late start for public schools. I normally would be the work and my boy would be at Sun due to late start time. Portland public school days have been sliced back to 180 days a year, Buckman Sun is there for us. On these late starts on Friday closures, on some holidays, they offer solution for spring break, for summer they offer camps. Because working families have to work. We have to work to pay our rent, our mortgage, our property taxes. I see a dynamic and valuable program that is leveraging its resources consistently utilizing partnerships that help organizations bring other private resources to support public need. 40 out of 50 of the families at the previous city council meeting from Sun were from the Buckman Sun. Why? Because we all believe that this is a focused and efficient use of our dollars. It is a well-run business. The largest majority of the folks that are using this program are people that have to be at work. As parents, we pay participation fees. Many are not able to, yet they need the help. In fact, 48% of the folks that use this Sun program are on scholarships and have free and reduced lunch, working at the poverty level. Only half of us are able to pay to play. I worry for my own family and even more for these folks. There is an alternative that -- there isn't an alternative that will come through for them with dedicated programming, mentoring, tutoring, fitness, snack and dental care for their children. Like so many of the families involved, we are not able to stop our day at 3:00 and tote our little ones from dance, to sports, to piano, to language class. Buckman Sun offers these thoughtful and dynamic options, and a total of 129 days of extended day activities. Run by energetic teachers, many volunteers who want to share their passion and teach kids. Sun creates events for the entire school that help parents learn to support the curriculum and in lieu of having an inner southeast community center. We cannot be in a classroom to learn a program while we're working and Sun helps us to bridge that gap with teachers. With your continued support, the program can provide these basic and extraordinary learning options. But without your support, it sounds like the county will disperse their funds elsewhere and the program will be crushed. I'm sure if you look closer at

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this program at buckman sun, you will see it is too well run from a fiscal as well as a community-impact level to eliminate it. Thank you.

**Hales:** Thanks for coming. I want to respond because I think there are a lot of people will want to testify about this during the budget hearings. I'm not sure if you saw the article this morning. But the county had the first hearing on their budget, and apparently no one showed up to testify about sun, if I read the article correctly. And this is a program that is funded jointly by the city and county over the last several years, the city has picked up more of that because the county was in great budget difficulty. This year the city is in great budget difficulty, and the county is making few, if any cuts in their programs. So, i'm -- i'm actually kind of concerned that the sun advocates are all here advocating for funding that we were passing through to Multnomah county. So, one might want to divide the effort here. The county's next budget hearing I believe is on the 22nd. We're cutting 180 positions and \$21 million out of our budget. They are not. So, you might want to make sure that you are in both forums. I realize it means more meetings to go to, but one of these two partners is in very dire financial straits. And the other one, who was receiving pass-through funds from the city is not.

**Davis:** I will take that back to our people. Thank you.

**Fritz:** The information about the county budget meetings is on the front page of my web site. Definitely keep going to both places. Thank you very much.

**Davis:** Thank you.

**Hales:** Thank you. [applause]

**Hales:** Okay. Thank you all. We are ready to move to time certain.

**Moore-Love:** do you want to do the consent agenda first?

**Hales:** Sorry, yes. Are there any items to be removed from the consent agenda? I don't believe I have heard any requests. Any requests? We will take a roll call please.

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

[gavel pounded]

**Hales:** ok, time certain, 423.

#### **Item 423.**

**Hales:** Good morning. We are going to convene the budget committee of city of Portland which happens to be under other circumstances city council, for purposes for receiving the budget message and beginning the formal process of considering our city budget. Committee members received copies of the budget document itself yesterday. This budget is the product of a lot of work by members of this council, by our staffs, by citizen budget advisors, by our budget office and bureaus across the city. I want to thank everyone for a lot of hard work on the difficult budget decisions we will be taking up and considering. Proposed budget includes recommendations from a couple of city council sub committees. Our colleagues here on the council divided up and took on certain issues and possibilities in the budget process and did some really great work. Some things like modifying the ratio of managers to workers. Like taking on the cost of administrative processes, figuring out where we might find some access reserves, and ways to provide bridge funding to avoid some of the layoffs that these budget cuts will require, particularly in public safety. This proposed budget asks for shared sacrifice from all of the city's bureaus. No one was exempt from scrutiny and no one was exempt from the process in which we asked every bureau to come in with budget that was 90% of last year's and make the case for every single addition above that reduced base. No one has been held harmless as we have gone through this process. We have tried to be thoughtful as a council and I and my team developing this proposed budget in how to make the cuts in a way that both preserves basic services and gives us the base for better future here in the city. We've worked hard on the subject of utility rates. Something that I know all of us have heard a lot about. I knocked on 25,000 doors last year in the course of running for this office. If I didn't hear from every single one of those folks about water and sewer rates, I certainly heard from a

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majority of them about that subject. We tried to take that to heart in this budget. Bureau's water and bes through the normal process of looking at traditional costs were coming in at rate increases in the 7.8% range. We reduced that in the proposed budget to 3.6% for water and 5.33% for bureau of environmental services, for a combined water and sewer rate increase that is under 5%. A lot of us would have liked that number to have been zero, but I -- i'm happy that we have been able to reduce it that much. We're also asking our employees to be part of that shared sacrifice. We are proposing a cost of living adjustment for most employees that is only half of what inflation and the cost of living would normally require. So, we're asking everyone that works for the city to help us get through this. We want to build for a better future, not only in building back the capacity of those services that we have to reduce in this budget year, but also to work smarter. You don't wait to innovate until you have extra money. We are proposing an innovation fund where we reward bureaus for coming up with cost saving, smarter ways of doing business, that will use taxpayer dollars more efficiently in the future and cover the up front costs of the innovations and get them paid back by savings, assuming that this proposal is continued in the budget. Contingency, something that I have talked quite a bit about. Our contingency fund stands at a little over \$250,000. It got down to a low point of about \$65,000. Frankly, those numbers are both ridiculous. The david douglas school district, prudently managed public agency in this city that is working with us on all kinds of fronts like sun schools and arts programming, has a 4% contingency. 1% for the city of Portland would be \$4 million. I'm proposing a contingency fund of \$3 million. It should be more. Under these circumstances, that is the best we can do and I think frankly that it is the least we should do. In closing, this proposed budget reflects the reality of our times refocusing the city on core services, by making difficult but needed cuts and investing wisely in programs that work and all of the time keeping utility rates as low as possible. I want to thank my colleagues on the city council for the work so far. There is more work ahead and some important public hearings and I look forward to this now formal process of considering our 2013-2014 budget. Thanks. Are there any comments or questions from council members before we start the presentation? All right. Thank you. Andrew, is there anything you want to present at this time? So we'll reconvene then -- we are not taking testimony, I don't believe, at this point. We will take testimony at the budget hearing, therefore, I will adjourn the budget committee and -- no, i'm not adjourning the budget committee, am i? Because we're doing residential solid waste rates yet. Is that correct? And we will have a hearing tomorrow evening starting at 6:30 p.m. In this chamber in which we will begin taking public testimony on the proposed budget.

[gavel pounded]

**Hales:** Remind me, Karla, do we adjourn as the budget committee in order to do the solid waste?

**Moore-Love:** I'm getting a yes and a no.

**Hales:** on both, right? Thank you. Okay, we will continue the hearing until tomorrow night at 6:30. Thank you. Now, we will reconvene as the city council and take up item 424.

**Item 424.**

**Hales:** Good morning. Good morning, Susan, how are you? Take it away.

**Susan Anderson, Director, Bureau of Planning and Sustainability:** So, susan anderson, director of the bureau of planning and sustainability. With me today, michael armstrong, the policy and operations manager, and bruce walker solid waste program manager. Every year we do a review of the rates for franchise haulers to provide residential recycling, food composting and yard debris and garbage collection. In our evaluation, we have an independent cpa actually work with each of the haulers and then the purb, the Portland utility review board does a review and comments. So, to develop the rates each year, we look at the cost of service of providing collection and we look at things like labor and insurance and equipment and fuel costs, cost of trucks. We actually go out and do average can weights of all of the different sizes of garbage and students at psu help us do that. We look at disposal charges to solid waste to take to the landfill and/or to compost for yard

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debris and food. And then when we do that, we look at the cost -- offset those costs with the revenue that the haulers received from the sale of recycled materials. We add up all of the costs and we subtract out the revenues that the haulers receive from selling recycled material. So this year when we completed the process, we found on one hand costs for purchasing new trucks, to meet clean air standards that had increased, disposal fees charged by metro had also increased. On the other hand we found much lower costs for collecting food composting yard debris and the cost for composting those materials remains far less than the cost of disposals for dumping garbage. So when you put all of this together, we found the savings outweighed the cost increases. So this year, actually proposed a one percent rate decrease. This is only happening because Portland residents have done an amazing job at composting and recycling and haulers have done an amazing job working with us. As a result, only 30% of what's collected from residential homes actually ends up in the landfill and now 70% is either recycled or composted. And that is up from 50% just a year and a half ago. So, huge, huge improvements. Great news. Great recycling, great composting and we get lower rates. Before we have questions, I also want to share a couple of things we have done with the rates this year. These are on the rate sheet that we just handed out. First of all, we're proposing a slight change for how we do incentives a disincentives that we apply to different can sizes. We'll continue to provide a small incentive for people who use mini cans or once every four-week service and a charge a small disincentive for large garbage containers, but reduce the size of the incentives as disincentives as instructed by council last year and by the suggestion from purb last year. Second, we have a slight incentive for customers to switch from mini cans and 35 gallon cans to roll carts. Some people still have regular garbage cans. We want them to move to using roll carts. We want to do that because of worker safety. This will help prevent injuries from lifting the cans and dumping them and shifting to the roller carts will help on the long run to reduce labor and insurance costs.

**Fritz:** How would customers get a roll cart?

**Anderson:** yes, they get them from the haulers and just like the large green cart and the large blue cart, they will have wheels. We have mini carts. So you can still have a mini can and be charged the mini can price, it just has wheels on it. Which is easier, it's just that the haulers own the cart and if they're damaged or whatever, you can turn them back in and get a new one.

**Fritz:** And they call their hauler to ask for one.

**Anderson:** Yes.

**Fritz:** Thank you.

**Anderson:** For people having a hard time fitting all of their garbage into a regular 35-gallon cart, we are reducing the price for a 60 gallon cart by a dollar. We want people to recycle and compost as much as they can. Some people still need more service. We understand that. they can almost double their capacity from a 35 gallon cart to 60 gallon roll cart and we're charging just \$7 a month to have that additional service. In closing, I just want to reiterate that we are really proud of Portland residents. Recycling is up and composting is up and garbage is down and we're thrilled to be able to actually reduce rates this year as well. If you have any questions, we're here to answer those.

**Hales:** Great. Thank you. Questions.

**Novick:** Actually I have a question -- sorry. My office has been in touch with mr. Armstrong about this issue, and frankly it is a pet peeve, which I wish could be translated into policy. I -- I find that during most of the year, the nonleaf portion of the year, my compost bin is filled with maybe a pound of chicken bones and other scraps. And it seems to be somewhat silly to have that picked up once a week. I don't know if this is a position that is largely shared by Portland residents. Commissioner Fritz informed me yesterday that she dolls out her yard debris throughout the year. This is not a problem for her. But i'm just curious as to whether we could save some money on the rates by reducing compost pick up on an across the board or voluntary basis,

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particularly during the winter where we don't have the sun beating down and making the compost smelly, and, again, if it is not something that you could possibly save money, it is not worth pursuing. If it is something that could possibly save money but there's no public appetite for it, then it is not worth pursuing. I'm curious if there is a way to study the possibility to shifting to less frequent compost pickup, particularly in the winter, and if it is possible to save money, and then sounding out the public to see whether that would be an attractive option.

**Anderson:** We're having to take a look at it. We've talked about it. Two primary issues. One being, you don't want every household doing something different. If some want it all of the time and some don't, still the truck driving down the road and efficiencies are kinda lost. We want to look at that further. Second, is it is hard to get people to change behavior. We spent a lot of time to get people to understand what is going on. If we take away and change the schedule on the green cart for three months, it may be hard for people to understand now that they have to go back and they have to notice and provide information. Usually a person goes, yeah, yeah, we can do that. In this case, i'm not sure. We are happy to look at it and talk with you about how we might be able to look at that kind of a shift.

**Novick:** Thank you.

**Michael Armstrong:** I would just add, it certainly is the case no obligation to put the cart out every week. If you only put it out when you need to, odors permitting, that does save money in aggregate a little bit. Nothing like not having a truck there at all. But obviously put it out when you are ready for it, but we're happy to look into it further.

**Novick:** of course, you are saving the world money but not saving yourself money.

**Armstrong:** You are saving the system money, which you only get one little slice of, exactly.

**Novick:** thank you.

**Fritz:** It is kind of significant. I'm very pleased with this report showing the differences and indeed for all of the challenges and discomfort that folks had changing behavior, it is paying off. And that because Portland is a recycling more thanks to our new system, they're going to see the lower rates. And I appreciate also the restructuring of the incentives for the different options. There are so many options and people should be aware of that that one size does not fit all and the companies are working with that. I really appreciate your work on this and congratulations. I missed the banner headline. There was an article in the Portland tribune, I believe, noticing that this was happening. You thought it would be front page news every place and it should be.

**Anderson:** We didn't want to gloat.

**Fritz:** I think we should gloat.

**Hales:** Go ahead. You have the council's permission to gloat.

**Novick:** I think you should gloat too. I forgot one other question I have which is, what percentage of the reduction in garbage is due to more recycling as opposed to more composting. Do you know?

**Anderson:** I do have those numbers, I can get them for you but it is more about the composting than it is the recycling. It's more about the increase in food composting and yard debris than it is around an increase in recycling. Although recycling numbers is up too.

**Hales:** because we were all recycling at an effective rate, right?

**Saltzman:** What is the official recycling rate?

**Anderson:** For residential, I believe it's now 70% and was in the low 50s. Overall it is around 70 -- Right about the same. Commercial had already been out around 70%. So our goal is still 75% by 2015 in the Portland recycles plan.

**Hales:** It looks like that might be doable. Great. Other questions?

**Saltzman:** I just had one question. So you want to encourage people through those rates to use carts and so I'm looking at the 32 gallon can rate versus the 35 gallon cart rate, it is more expensive for the 35 gallon cart. I'm trying to figure out what is the incentive, even though you get 3 more gallons of capacity.

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**Anderson:** Actually the -- if you look in the first column, 2013 rates, it's \$21.75 for both --

**Saltzman:** I'm looking at a 32 gallon can. \$28.10. Trying to incent people to go to carts, wouldn't you want to make that 35 gallon cart rate more competitive or lower than the can? You don't need to show me a powerpoint.

**Anderson:** Okay.

**Saltzman:** You can get back to me later. It seems -- I am one of those 32-gallon can people. Not that I operate solely by a \$1.50 per month difference. But it seems, if you want to get people like me into the carts --

**Anderson:** Make it the same price.

**Saltzman:** Or maybe it even less. That's food for thought.

**Armstrong:** That's good input. You will see that we have narrowed that gap, but it is more difficult to bring those two together simply because of the number of customers in those grade classes. So, little bits have changed there, require lots of dollars. And so we moved one step toward narrowing that, we would agree we have further to go. So, that's something we'll work on for next year.

**Fritz:** So come back next year, I'm in the once a month, and i'm certainly going to get my extra three gallons for free. (laughter)

**Anderson:** Great.

**Armstrong:** Somebody is reading the rate schedule carefully.

**Fritz:** That's nice. But coming back next year with the next step.

**Armstrong:** Try to keep moving in that direction.

**Fritz:** Excellent, thank you.

**Hales:** Good. Thank you very much.

**Anderson:** Thank you.

**Hales:** Karla do we have folks signed up to testify?

**Moore-Love:** We do. We have three people on this item. Please come on up.

**Hales:** Good morning.

**Vincent Sliwoski:** Good morning. I'll begin. Okay. My name is Vincent Sliwoski, I'm a member of the PURB, I sit on the solid waste and recycling committee. And the PURB and by and through the solid waste and recycling committee has two recommendations today for council. First recommendation is that council adopt the rates proposed by bps for solid waste and recycling. And the second recommendation is that the council keep the incentive raised structure currently utilized by bps. which as we just discussed, bps intends to revise and commissioner Saltzman picked up on one of the recommendations that we talked about with bps, with regard to the 35 and 32 gallon containers. On the first recommendation -- well, first as a preliminary matter I guess, the PURB would like to thank bps for moving all the reporting periods back. When the franchise haulers have to give reports to bps, etc, so that they are able to give us timely information on their proposed rate changes. And it allowed us to make a more a more considered decision this year than in years past. Kind of a constant point that PURB had been bringing up and that was addressed this year. So that was very good. As you are likely aware, projected rates are set to decrease from last year's rates by about one percent. And that's a welcome relief to rate payers after last year's solid waste and recycling increase of 4.2%. Also, as mayor Hales mentioned, current combined increases for sewer and water of about 5%. Ms. Anderson mentioned some of the factors for the slight decrease in rates, but there are a couple that I don't think were discussed. One of them is the adoption by bps of the new methodology for calculating a recycling offset. Those averages are now considered or used over a two-year period, whereas before it was one year. Also an extended implementation of the clean fleet program which was something that PURB recommended in 2012. the council was pleased to see the council adopted last summer and that had a good effect, it gave some downward pressure to rates which we're now seeing. With regard to our second recommendation, revised

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incentive structure within the current rates, again PURB recommends that we keep the incentives and disincentives in order to lower the rates for people who generate less garbage and apportion higher rates to residents who generate more garbage and also promote worker safety as ms. Anderson mentioned. Now, the auditor's review of the franchise hauler system last year actually recommended against incentive rates. And PURB believes that the incentive program actually encourages rate payers to use the garbage service level that meets their household needs. But also encourages rate payers to recycle more. As you will note when you review the actual incentive and disincentive structure, it has more carrots than sticks associated with it. And we feel like without getting too much into the weeds of what those numbers are, elimination of the program would mean an increase for rate payers currently benefiting the community environmentally while at the same time receiving a modest personal financial benefit for those rate payers. Those are the extent of our comments.

**Hales:** Thank you. Thanks for your volunteer service on the review board as well.

**Sliwoski:** Thank you.

**Hales:** Good morning. Who is next?

**Vallerie Gruetter Hill:** My name -- mayor and council members, my name is Vallerie Gruetter Hill. I'm an owner of gruetter sanitary service and president of tri-county council. The tri-county council is the local industry association that represents the city franchise residential collection companies. I'm testifying today on behalf of the tri-county council. In the audience representatives of some of the franchise collection companies, and they are cloud burst, arrow sanitary waste management. This has been a significant time for the city, its residents and the city's haulers. 2012 was the first full year of the residential food, scraps and every other week garbage collection program. We are all working to make the program a success and the results so far have been impressive. By voting last december to renew the residential collection franchise, council recognized that the partnership between the city and its franchised haulers is a cost effective and efficient system for providing collection service. And importantly, it allows the haulers to make a significant investment in new trucks that meet the city's goals of reduced missions and improved fuel efficiencies. We appreciate the Portland utility review board support for the proposed rates. We are proud that the PURB and the bps staff acknowledge that the haulers efforts to contain costs and increase efficiencies have had a role in the proposed rate reduction. I want to leave you with the following. Portland's haulers have many decades long tradition of commitment of providing excellent collection services to the residents of the city. In it -- and doing it in a way that produces sustainable results, operational safety. We appreciate your -- we appreciate this opportunity. Thank you for your time. I would be happy to answer any questions.

**Hales:** Questions? Thanks for all of your hard work. We do depend on the partnership between city and the franchise haulers to make this system work. We understand that there has been a lot of change to manage for everyone and you have done a great job to help manage that change. Thank you.

**Charles Johnson:** Good morning commissioners. My name is charles johnson. Although this is mostly great news, I do want to point out that when dealing with solid waste, we have the one -- maybe one solution that makes a few tea party members in Portland happiest and it is very privatized. And we want to constantly be mindful of how well the contractors are doing of providing quality of life for their employees. That is one thing that doesn't get mentioned. All of the other city services are provided by people that you all actually pay, people who pick up and dump the garbage are kind of filtered from you by being employees of sub-contractors, and I hope that that -- I want to get that on the record that we appreciate those people and that even though they're different than regular city employees, I hope the city council will be mindful of things that affect the quality of life when reviewing contractors. The other issue that came up is solving commissioner novick's problem, and that is for the office of neighborhoods to work more closely

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with solid waste. There is actually no need in many or perhaps all neighborhoods for regular compost collection. Maybe yard waste, but the city -- solid waste people on the city -- their city staff will talk with neighborhoods about improving local neighborhood composting. That makes the whole picture pie, less work for people that collect the compost and impact rates. Thank you very much.

**Hales:** Thank you. Anyone else signed up to testify?

**Moore-Love:** That is all to signed up for that item.

**Hales:** So this item moves to second reading. We will now take up the next utility issue, 425.

**Item 425.**

**Hales:** Good morning Mr. Marriott.

**Dean Marriott, Director, Bureau of Environmental Services:** Good morning, mayor. We have a vibrant, interactive slide show for you today.

**Hales:** Okay. Thank you. Ready?

**Marriott:** Yes. Good morning mayor, members of the council. I'm Dean Marriott, Environmental Services Director. With me is Jim Hagerman, our Business Services Director. As the mayor outlined earlier, talked about a positive direction for sewer and storm water rates. Good news was accomplished by cutting the bureau's budget and moving some cost centers into other more appropriate funding sources. All total trimmed over \$6 million from our operating budget and we've done it in a way that still focuses on the key components of our program for maintaining this critical infrastructure. The first slide, you will see that what we proposed to spend the money on obviously pumping and treatment costs continue to go up. We've just added \$1.5 billion to the infrastructure over the past decade and we have to maintain and operate that as part of the cost of keeping the willamette clean. As stormwater management, obviously in protecting our watershed health a key component of the budget. And maintenance and reconstruction of our aging infrastructure, you'll recall that about a third of our collection system is over 80 years old. And needs to be carefully managed. And of course we continue to fund the city's role in the Portland harbor superfund remediation -- remedial investigation and feasible study. On the capital side, budget is \$119 million. That includes elements of maintaining the collection system I just referred to, improvements to pumping and treatment system, and watershed health and green infrastructure investments and extending the sewer systems to those pockets of Portland that still do not have sanitary sewer service. This capital investment supports about 1,600 jobs throughout our economy. So it's an important piece of our investment in the city, and it has that strong ripple effect throughout the economy. Just a word about revenue requirements, as you know what we do is we build the budget as the mayor has proposed and then we analyze the rates necessary to raise the revenue to pay for the budget. Revenue requirements include a need for rates to raise \$276 million. Includes \$172 million in debt service and cash financing of our capital program. Operating and maintenance budget of \$119 million. And some fund transfers and non-rate revenues. So, that explains how we then can move into a discussion of what the impact to the rate payers are. So, just a quick summary of our budget decisions. Initially we proposed five packages. \$11.7 million. Mayor accepted \$5.1 million to put in his proposed budget. Impact is a reduction of about 18 fte's or staff people. Three of those are management positions. Reduced and delayed cola's and pers as the mayor talked about and ends up with a required bill increase that was going to be 7.85% is now 5 1/3. The impact of rate payers is a shrinking of what would have been a \$4.68 increase a month, down to \$3.17 a month. The next slide, you can see the average single family residential bill. What is the impact to a typical family in Portland from a sewer and storm water bill? It goes from \$59.50 to \$62.74. That's the typical bill and there are multiple components are that. You will see a sanitary sewer increase, storm water increase, but the Portland harbor superfund charge actually dips slightly in the coming year. Rather complicated chart, follows which is again the more discreet components of the proposed rates. And you can look down and see that they're not all uniformly

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the same. They vary from the sanitary sewer volume charge which is proposed to increase 6.9%. But the good news is the storm water charge is going up only 4%. The low income discount. You can see the commercial rates, the Portland harbor sewer rates are declining, as I mentioned. So typical monthly residential bill increased to 5.3%. There are other charges, of course. The next slide shows those. Sanitary system development charges, just under 5% per edu. Stormwater system development charges, 5%. Plant check and land use reviews, increasing the fees to get us closer to cost recovery. We're still no where near full cost recovery. But these fees and charges were not changed last year. This is the first time in a couple of years that they have been adjusted. And everyone likes to know where we stand in relation to other areas in Oregon and around the country. This chart shows for comparative purposes where we are, versus cities like atlanta, and honolulu, and seattle. All of which are struggling with getting going with their combined sewer overflow abatement programs. People like cincinnati and those cities have moved ahead of us, having completed our cso investment, we're beginning to see some major cities like knoxville, and even cities like kansas city that right now fairly low on the list, they're moving up rapidly as they face over a \$3 billion cso abatement program. And the final slide is actually -- two more slides. One will show what the projected rates forecast look like moving into the future. You can see they're now just above 5%. We're looking at a future of dropping below five and reaching above 4% in 2018. Final slide is just a comparative -- for comparative purposes with sanitary system development charges. A lot of interest in how we stack up comparatively. You can see the cities above us from the region and there is a few below us but we're comfortably in the lower half of the chart. And mayor, that completes my presentation. I'm happy to answer any questions from the council and I will be glad to stand by and answer any questions that come up.

**Hales:** maybe for public sake, to understand that two slides back, that gradual decrease in forecasted rates. explain the mechanics of that, driven a lot by capital, by the cso debt, why do we project this gradual decline in rate increase? And is it real, not aspirational?

**Marriott:** It's both. Just a quick context. When we -- when the city decided how to fund the cso investment, \$1.5 billion investment, it was done by borrowing a lot of money and paying some cash as well as we went. We still have the debt payments to make well into the future. It also was that we would levelize the rate increases. So, yes, they went up. And they were up pretty substantially. But they were not projected at that point to zip back to zero. They were always projected to sort of arc out into the future. That really is that arc that you see. It does also -- it is built also on a rather substantial capital investment program the next five years, about \$500 million cip. And I know that on your direction, we will be talking about that in the next few months. But is that the right level of investment given the state of our infrastructure? So it is quite possible that that arc that you saw on that chart could change based on decisions the council makes about what level of investment to make in the future.

**Hales:** So there is still, that's why I wanted to bring that up, there is still discretion there for the council looking forward. Yes, we have to pay the bonds for cso and other previous capital investments, but there are still decisions to make about the level of effort of capital investments going forward.

**Marriott:** Exactly right. That's a projected chart which is always subject to change just as you made changes this year, and that changed the forecast from what it would have been to what it is now.

**Hales:** Thank you. Other questions for Dean or Jim?

**Fritz:** I have a question about the -- some of the cuts.

**Marriott:** Yes.

**Fritz:** It seems -- the mayor is proposing to fund a number of things with general fund, and move them to parks, many of the watershed programs, but in particular the friends of trees or the tree

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plantings, it looks to me, it is \$783,000 that is proposed to be general funded in parks. But then there is a cut of \$343,000, is that correct?

**Marriott:** Yes, that's right. The -- some of the tree planting would be moved to parks and funded in a general fund. We still -- we still will spend roughly \$1 million next year on trees. This substantially changes the mix and more of it goes to Parks

**Fritz:** There is a \$343,000 cut overall?

**Marriott:** I don't recall whether that is -- that is the total or not.

**Fritz:** Thank you. What is the \$100,000 cut to the columbia slough. What is that?

**Marriott:** The columbia slough, as you know, although the water quality is greatly improved, still sediment contamination issues in the Columbia slough a variety of places. We have been working with deq and neighboring land owners to address those. We have, I think, about \$2 million budget next year on slough sediment work. This will be a slight reduction in that. Because the --

**Fritz:** it was difficult for me to look through your budget of -- when it was presented and now and it would be helpful if you could tell me what is left in BES of the things that have been cut like the columbia slough and knowing that there is \$100,000, I want to know what exactly is not going to get done in that and then also what is the rest of the Columbia Slough program? If you could get me that before next week I'd really appreciate it.

**Marriott:** Certainly, yes. That is a good point. I know, and you will hear from the budget advisory committee in a moment, but one of the things we tried to do as we met with them throughout the fall and winter was to provide just what you -- what you described, which is a great question. You are talking about trimming this, what does that leave?

**Fritz:** On that line, can you tell me offhand if the eco roof incentives as proposed to take a \$447,000 cut, is there anything left in eco roof incentives?

**Marriott:** The eco roof program will still exist as far as providing technical assistance which we're very vigorous with. But the financial check writing from the city to people putting eco-roofs on their roofs would end. We have done that for several years. Put quite a bit of money out there. Expanded the eco-roof acreage in the city dramatically as a result. I think we have accomplished that goal to show that eco-roofs make financial as well as environmental sense. We will continue to work with people to encourage them as we're working with Portland public schools for instance, with their major reroofing projects around the city. We've already gone out in the field and met with them and provided technical assistance and will continue to do that. As far as writing people a check, this would end that practice.

**Fritz:** has there been any analysis done of whether the projects will still get done without the assistance?

**Marriott:** I think it will end up being a case by case situation. I know for instance with Portland public schools, amount of money that they have set aside and raised to do school reconstructions, I think it is very affordable and it makes sense for them. After all, they're a long-term landlord. They will maintain the buildings for a very long time. A company like wal-mart, they can certainly afford their own eco-roof. They don't need a check from us.

**Fritz:** If the cost of the eco-roof is more expensive than a regular traditional roof, then the grants have helped make that pencil out, correct?

**Marriott:** I think they've done their job to demonstrate how they work, and how they are maintained and we now have a whole cadre of happy owners around the city that are happy to share that information with perspective people.

**Hales:** I think the other factor there is the most powerful force in terms of what people build, I think, in the current private sector construction market is the leed program. Not whatever incentives we might offer. Now we have some good public policy over time, lit the fire and it is now sustaining combustion of people competing with each other for the greenest building on a private basis without much incentive anymore. It was on the energy front and on eco-roofs in the

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early stages in both those innovations. A lot more public support. But now, you talk to any private developer and they will tell you that their tenants are demanding at least a leed goal building. They will stretch to platinum if they can pull it off. And they're being driven by the market in the direction we led them originally. So, I think it is one of those cases where early on we had to do more than we have to do now.

**Marriott:** Uh-hmm.

**Novick:** so dean, when you said we will spend \$1 million on trees, that's we as a city?

**Marriott:** Environmental services through a whole variety of work that we do as watershed services will spend roughly \$1 million, even with the changes in the proposed budget.

**Saltzman:** So that is solely within bes you're saying?

**Marriott:** Yes.

**Saltzman:** oh, Okay. And then, I was just curious. Talking about schools and retrofits. The greenbucks contribution fund –

**Marriott:** yes –

**Saltzman:** what is the fund balance when people voluntarily pay money to –

**Marriott:** right –

**Saltzman:** retrofitting storm water retrofits for schools?

**Marriott:** yes, I will have to get back to you on that. It is a good question. I have not looked at this in sometime. I can get you a status report on that.

**Saltzman:** I want to know if I am the only one --

**Marriott:** You and I are. \$100 in the fund, I really don't know. I will get back to you. Good question.

**Novick:** Academic curiosity, I noted that our monthly bills are lower than lake oswego, but significantly higher than gresham's. I also noticed that sdc's of those reversed. I was just kind of curious, what do you think accounts for the difference in our bills and those local jurisdictions and is it possible that they are taking a different approach to subsidizing bills through sdc's or what are some of the other factors.

**Marriott:** That is a good question. I don't know, Jim, whether you thought about that -- I have not really thought about that, hadn't really noticed that.

**Jim Hagerman, Bureau of Environmental Services:** I can offer you conjecture, not necessarily facts. In the case of sdc's, there are a variety of different ways that you can charge them. Portland is a reimbursement fee, which is based on the value of past capital investments. It may be that gresham does what's called an improvement fee based on your capital plan going forward. And depending on what methodology you use, the sdc charge can swing around quite a bit. As far as the monthly charge, we have a cso program to my knowledge, they don't. and so it's the legacy of that program in large part that drives our monthly bill and I would be surprised if gresham had any major capital expenditure like that in their history.

**Novick:** Thank you.

**Marriott:** We will stand by in case you have other questions for us.

**Hales:** Thank you very much. Ok, take testimony?

**Moore-Love:** Yes, we have five people signed up.

**Hales:** Good morning. Go ahead mr. van rossen, you are on first.

**Charlie Van Rossen:** Mayor, council, i'm a member of the Portland utility review board and speaking on behalf of the Portland utility review board, the council will be pleased to learn that purb endorses the mayor's proposed budget to the bureau of environmental services. The PURB appreciates the Mayor's efforts to reduce bes' proposed budget cost, helping to keep utility rates in check. three of the purb's members also participated with the bes budget advisory committee, or bac. The bac supported full add back of bes' proposed budget cuts. The bac, however, did prioritize which cuts should be made or added back in the event the mayor and city council decided

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to reduce bes' operating costs. The mayor has followed the bac's recommended weighting of these costs in reducing the 2013-2014 budget. The purb especially appreciates the mayor's efforts to remove non core operating costs from the bes' budget and to preserve and place these costs on to other bureaus that better identify with such expenditures. The purb has long been a proponent of keeping non core operating expenses out of the utility bureau's budgets. the bac included a comment in this letter to the mayor and council regarding the flow of money between bureaus, "The Purb is encouraged by the mayor's efforts to begin this process of segregating each bureau's operating cost on a case by case and bureau by bureau basis." Finally, the purb reiterates the bac's comment regarding keeping both the bac and purb engaged through the entire budget process. the citizen volunteers on the bac and purb donate considerable time working with bureau's staff to understand the operating budgets. We believe that the bac and purb can give valuable insight to the council and the city throughout the budget process. Thank you for your time and your support of purb.

**Hales:** Thank you and thanks to you and other members for volunteering all that time. Mike, are you next? Bob?

**Bob Sallinger:** Good morning, mayor hales and members of the Portland city council. My name is Bob Sallinger, I'm the conservation director of the Audubon Society of Portland. Last time I was here, it was to celebrate the United Nations Environmental Program designation of Portland as the host of World Environment Day. So it's ironic that I'm back to talk about what we consider to be the dismantling, significant dismantling of bes programs that we believe are at the core of how we arrived at this point and got that designation. There are many things that set Portland apart when it comes to the environment. The thing that makes us truly different, truly different, is the integration of the built in natural environment. Lots of cities do sustainability, transportation. Portland truly protects the green in the city. And we don't believe that is hyperbole to say that one of the reasons we're able to do that is that we have probably the best urban environmental agency in the world. There is very little that compares to the expertise and programs that Portland has been able to develop through the Bureau of Environmental Services. We believe this budget takes us back 25 years, both in substance and in philosophy, to a time when bes was basically a sewer agency and this city did not have an environmental agency. The proposed budget guts the bes watershed program and leaves greater grading programs on unstable and unsustainable and uncertain ground. Bes watershed program is taking a 25% hit. Hugely disproportionate to the other programs in bes. Early detection and rapid response, one of the cornerstone programs of the city, gone. Eco-roofs gone. Community watershed grants, gone. Two river planning positions at planning bureau gone. I want to be clear here. The environmental community didn't say don't cut and we didn't say don't make changes. We wanted to work hand-in-hand with the city to do gray to green 2.0. not to cling to the past, but do something more sustainable, more stable, more equitable, and is better at leveraging outside resources. We have been actively engaged with the mayor's office from the time you took office, and we have already had meetings, and we have had josh at one of the meetings. We're meeting again this afternoon. Environmental community is willing to step up and see changes. We think we can make a bigger, better, greener, more sustainable gray to green program but not with the proposed cuts that are on the table. What troubles us most is not necessarily the changes, but the philosophy that seems to underly it, which seems to say that green infrastructure does not belong on the rates. And it seems to say that bes should not be a watershed protection agency any longer. That it is back to being a sewer agency. We heard that clearly yesterday when we met with the mayor's office. We ask for a couple of things for your consideration in this budget. First, we ask that you consider whether it is general funds or rates putting that money into bes first and foremost to stabilize the programs, where they currently exist. Maybe some movement that needs to occur, we don't necessarily oppose that. But stabilize the expertise and experience within bes even as you make these changes. Use this as a bridge year.

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Don't gut the programs and move them around randomly. Number two, make a real commitment to putting some of the green infrastructure on the rates. If you look at bes' mission, it is absolutely appropriate. The only way that we are going to meet our cso requirements and our ms (inaudible) requirements is by stabilizing and increasing the green infrastructure. We can't do that without a stable funding source. And putting on the general fund and hoping for bond measures and levees down the road puts it on incredibly unstable ground. And so as we celebrate the city's past environmental accomplishments on world environment day, lets work together to double down on creating a cleaner, greener, healthier future for our city. Thank you.

**Hales:** Thank you.

**Michael Charles Houck:** Mayor hales, commissioners. I was around when the bureau of environmental services mission was--

**Hales:** Put your name on the record, Mike.

**Houck:** My name is michael charles houck, I'm here representing the urban green spaces. Thank you for reminding me that. I was around when the mission was in fact changed from the sewer bureau to, I'll just quote it, "environment services protects public health, water quality, the environment by providing sewerage and stormwater collection and treatment services for the Portland community. We protect the quality of surface and groundwaters and conduct and promote healthy ecosystems in our watershed." I would agree with bob that we have an agency that does stand out across the nation and internationally. Which is why a lot of folks are visiting here from europe and throughout the united states. Green infrastructure is now a key element of bes' mission, program and culture. And as bob mentioned, we're talking about 25% cut of the green infrastructure program. In our opinion, all of the green infrastructure programs are legitimately funded by storm water rates. The thing that disturbs me the most, is that yesterday it was suggested that those things that are on the -- are proposed to be put in the general fund, rather than being funded in the future -- I agree with bob. We're more than happy to sit down and talk about what makes sense in terms of which bureau delivers which service. But when i'm told that in the future, we're going to look at levees and bond measures to fund things that should be in the rates, and we all know how difficult it is to pass those levees. You, mayor hales, have had a lot of experience in trying to park funds. So I can imagine we're out there competing with children levees, park levees to fund fundamental programs within the bureau of environmental services. It makes absolutely no sense. We've also been told recently that bes should not own the city's environmental agenda. Environmental programs should be spread throughout the city. Absolutely agree every bureau has the responsibility to address environmental issues. But there has to be a single entity within the city, and that is the bureau of environmental services, and again, they have amassed an incredible amount of expertise within that bureau that is serving all the other bureaus within the city. And I just want to make the argument that to start decentralizing that effort by taking apart the green infrastructure program within bes, is contrary to where the city should be headed. Thank you.

**Hales:** Thank you.

**Houck:** and we did pass out actually two documents. First one bob and I actually coauthored. A summary of the regional conservation strategy for the region. For the entire Portland, vancouver, metropolitan region which hits on green infrastructure issues, climate change and so forth. And then more recently, a publication called "our common ground", in it we issue three challenges to elected officials from throughout the region. One of which is to increase the percentage of investment and storm water management. Green infrastructure, all of the jurisdictions within the region. If you look on page 19. Specifically call out one of the great examples of how by combining gray -- and we're not talking about competing gray with green infrastructure. It is both, green and gray infrastructure. Take me to the river program, city of Portland will save rate payers \$63 million. By integrating the gray and the green infrastructure. So we are using city of Portland

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to talk to beaverton, to talk to other metropolitan cities, about how they can increase their efficiency and improve environmental quality at a lower cost. We need to keep our leadership role in that regard.

**Hales:** Great. Thank you.

**Houck:** Any questions?

**Novick:** Mr. Mayor, may I ask a couple of questions? On the issue of the 25% cut, how much is an absolute cut and how much of that is movement of previous bes/rate funded programs to general fund other agency programs?

**Sallinger:** My understanding is its 25% cut. The program is taking a hard 25% cut. Also stuff is being moved out of the program as well. I would defer to staff to answer that for certain. My understanding is a hard 25% cut and then the movement out of the program as well.

**Novick:** To clarify something that I think I understood but I want to make it clear. Are you suggesting that even to the extent that some of the programs are moved to the general fund, you think that bes has more expertise in watershed management, than parks for example. So you would rather have the general funds programs stay in bes than move to parks or other agencies?

**Sallinger:** In general yes. I'm not saying that nothing should move to parks. the park ranger in forest park for example, there are some other examples I think that do make sense that can be done in the short term. But I think in the bigger picture, it makes sense to maintain the infrastructure at bes and continue to perpetuate these programs and then work over the next year to see what kinds of realignments really make sense. We are very concerned if we precipitously remove all of these programs from bes and put them on the general fund and distribute them among other bureaus, they're going to fall apart before we figure it out. And we will lose that expertise within bes. We will lose that work that has been done over the past 10, 20 years. But really the past 10 years has been a real building process. It would be a shame to lose that before we really do a good analysis of how we want to reorganize and what gray to green 2.0 really looks like.

**Houck:** And to be very clear, we wouldn't be here today had we not learned that there's no real plan out there how to deal with this in the future. We were told to, you know, let it go this year. We are going to come back and try to do all of the work that bob referred to. We're more than happy to do that. But we're very concerned about the shift in philosophy, which seems to be occurring within the city.

**Hales:** Other questions? Thanks. Other folks that are testifying?

**Houck:** Thank you.

**Hales:** Good morning.

**John Gibbon:** Good morning. Good to see you again this week. I'm john gibbon, resident in southwest Portland. I will testify a little bit as a member of purb, but this testimony is my own personal opinion about this issue that mike and bob raised with you. And I've got to say, I probably decided to sign up because I saw my colleague mike houck was going to testify and the first time we shared a table was in front of the u.s. Congress in about 1977, talking about bull run issues. So, I think we have had a little bit of environmental experience to draw on here. And I will tell you I come at this at a little different take than mike and bob, although I think we agree a lot of the time. I consider myself trained as a natural resource lawyer and I had to put up with the environmentalists when I was in law school. And I will totally agree with you, mayor hales, that there is some element in environmentalism of aesthetics. I mean, i've struggled with that my entire career in dealing with natural resources issues. And I will tell you that I understand the concern, but I don't know how we sort it out. I worry about taking money that is coming from the rate payers and saying we need to spend dollars on infrastructure, not aesthetics, out of the mix when we're having this discussion about, you know, green to gray 2.0 or wherever we're going. And that is my only concern that -- what i'm hearing mike and bob say is we have got to have this discussion. We all recognize it. And i'm completely -- I completely understand there is an issue of aesthetics and

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other members of purb share your concern about the aesthetics but what I will tell you is as a stream team captain for solve, I can't tell you that the rose bush I plant on a stream corridor is more for aesthetics than it is for watershed health and clean water issues. So, we have to have the discussion. Maybe we need to make some cuts. And take a look at it. But please, please don't take us out of the green to gray business. Do the 2.0.

**Hales:** Thank you. Good morning.

**Jim Robinson:** I'm Jim Robinson, I'm a resident of north Portland. I'm Chair of the Portland harbor community advisory group. I'm not here speaking on behalf of the community advisory group, but as chair, I'm speaking from my own experiences as a resident of the community and being involved in a lot of the issues regarding superfund clean-up of the willamette river. I am concerned by the elimination of the budget, the office of healthy working rivers. And the reason that raised a concern for me, is largely the same reasons that both bob and mike mention, which is moving away from the view that we have a responsibility of maintaining the overall watershed health and really establishing that we have a healthy watershed in total. And moving towards the view that the willamette river and all of the rivers are simply ditches to drain without out of the area. I want to ensure that we don't move in that direction towards simply viewing our system as a drainage system and look at it as a really healthy system that needs to be maintained and continued. I agree with much of what bob and mike said regarding some cuts to the budget that are proposed and I want to ensure that this is maintained over time, that we continue to view ourselves as good environmental stewards. One of the reasons that the elimination of the office of healthy working rivers concerns me is that that office is a way to actually bring together the interest that are of concern to all of the different bureaus, instead of being in one bureau as a bureau looking at one issue. We have an office that can bring together issues from environmental services and from building development services and issues looking at jobs, as well as looking at overall health and community and looking at it in how the rivers affect the entire community so that we can bring all of that together and be sure that we have the whole picture.

**Hales:** Thank you.

**Fritz:** Jim, how do you, as the -- somebody who has worked on the harbor advisory committee for a long time, how has the office of healthy working rivers interacted with it and how do you see it important moving forward?

**Robinson:** One thing that I have appreciated over the last several years, representatives from the healthy working rivers office have been participating at the level that we're participating as a community advisory group. Attending our meetings and participating with us when we deal with issues with epa and deq. So, having that interaction with the community has been very valuable. Because we get the feedback from the city of what's happening at the city level and they get feedback from the community so that it brings it together to all of the different bureaus instead of just being one bureau's perspective.

**Hales:** Thanks.

**Fritz:** and moving forward, what were you expecting from them as we move to the next phase?

**Robinson:** Well, the city is in an interesting position of being on two sides of the superfund clean-up. On the one side, responsible for a lot of clean-up. On the other side, the city is responsible for representing community and being involved with community. I expected the office of healthy and working rivers would be overseeing a lot of that -- undertaking a lot of community outreach and community involvement to be sure that we have solid input from members of the community in how the clean-up occurs and what we see for the future of the river. One thing I like to remind people of is that when a question comes up of how clean do we need the river when only a few people are fishing there anyway? We have to remember that for thousands of years, the willamette river provided food for thousands of people. It is only relatively recently it has not provided that food. That is a perspective that doesn't get seen when you are only looking at it as a way t remove

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wastewater. But if you are looking at it as a way to really develop the community and restore what we have as a resource for the community, that's something that can be brought in by having an office of healthy working rivers instead of just looking at it as a way to remove stormwater or remove wastewater.

**Hales:** Thanks. Other questions? Thank you both. Thank you very much. Anyone else signed up to testify?

**Moore-Love:** That is all to signed up.

**Hales:** Questions for staff before we close the hearing? If not, we can follow up later. Okay. Thank you. This will move to second reading.

**Fritz:** presumably we take comments about this at the budget hearings?

**Hales:** Yes.

**Fritz:** Thank you.

**Hales:** Now we'll move to next item.

**Item 426.**

**Hales:** Good morning.

**David Shaff, Director, Portland Water Bureau:** Are you going to help us? Ok.

**Hales:** One of these days we will have a power point system in this chamber that, you know those of us who operate powerpoint, can actually do it one at a time.

**Shaff:** Good morning, I'm david shaff. I'm the director of the Portland water bureau. With me, Cecelia huynh, who is the finance manager for the water bureau. I'm going to launch right into our presentation. Our overall budget, as you mentioned, mayor hales, is looking at a 3.6 percent rate increase down from 7.8, and actually down from 14.8, which we were projecting at about this time last year. Our total operating, or our total budget is about \$203 million. Of that, \$79 million is the operating budget. We are looking a the an on going reduction of just under \$11 million as part of our process that we have been going through throughout the year and then when you were elected and directed the bureaus to come up with additional cuts beyond those that we are proposing and then finally the final cuts that we were looking at over the last several weeks. We also have a proposed \$124 million capital budget. Our revenues that come from rates and charges projected to be at about \$140 million. Of that retail is about \$119. Our wholesale customers about \$16 million. Other fees and charges \$3.5 million. And then fairly modest amount from sdc's of \$1.5 million. We anticipate ending up as an organization that has 575 full-time employees. It's down from just under 40, 39.5 fte's. The primary drivers for this year's rate increase, and it's both increases and decreases are the ones you're familiar with, the capital improvement plan. We have two reservoir projects going on right now at powell butte and Kelly butte. And we're beginning the design process for Washington park, the interstate facility that we're replacing, and we have our habitat conservation plan work that we're doing, dam two towers. And that's in addition to normal things that we do every year in a capital plan: Pipe, services, hydrants, pump stations. That sort of thing. We have had some good economic factors that have helped lower the rates. We have a lower cola, cost of living increase. We had lower interest earnings. We sold bonds at 2.96%, I believe it was, a couple of weeks ago. That was a very good bond sale. Our borrowing rates benefited from that. We're in the last year of those deferred rate increases that we did in 2006 and 2007. That has an impact on our rates. We also have lower retail demand that we've been talking about which we've been adjusting to. Our operating budget reductions that I mentioned are primarily focused around modified security function instead of having the fixed posts. We will be primarily a dispatch monitoring system that will rely on cameras and the Portland police bureau for response. As you know, we've transferred or were transferring the decorative fountains back to the parks. Those are the decorative and interactive fountains like salmon springs, skidmore, keller. Not the benson bubblers. Reduction in grounds maintenance around facilities, reduction in administrative and support functions, reduction in our customer service department. And then as mayor hales

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mentioned, both the lower proposed cost of living increase that the city has in general at the collective bargaining table and the delayed cola for the nonrepresented employees, and then lastly the pers reform changes all had positive impact on that rate. The overall retail rate increase is as the mayor said, 3.6%. We have -- and like -- as dean was describing, we have a variety of other charges that apply. Those are generally up at about the same percentage, although some are less. Some are about the same, and some are more. We have tried to do a full cost to recovery on things like petition mains and that sort of thing. Our sdc's, system development charges, are increasing by 20% primarily do to all of the capital work we're doing. That raises our basic residential sdc from \$1,817 to \$2,183. You will see in a coming slide that we are next to milwaukie, the lowest in the region as far as sdc's as much as a half or two-thirds lower than some of the comparable jurisdictions. We remain well below other regional providers. We do still provide waivers for affordable housing and temporary adu exemptions. Adu accessory drilling units. And we have, as I said, fixed charges for services, mains and other development fees. Things that where we have agreed that when you're putting in a six-inch main for 1,000 feet with asphalt, it will cost x-amount and we guarantee that amount. That is something that we have been doing for the last several years. Those charges get updated every year based on the actual cost of doing comparable projects. Our water bills are typical residential, monthly bill will increase by 96 cents from \$26.65 to \$27.61. That's for the typical residential customer who uses 500 cubic feet of water. Low income residential monthly bill will increase by 47%, or 3.6%, from \$13.33 to \$13.80. Medium commercial typical bill, which is 100 ccf, increases \$13.08. And Portland water bills represent about 5% of the average utility services for retail residential customers. I will cover that in just a second. For the new volume -- what we call the volumetric charge of \$3.44 for 100 cubic feet or 748 gallons. I happen to be out and about last night, and at my local fred meyer, I can buy a gallon of water for 99 cents. I will provide you 214 gallons for that same 99 cents at your tap. I went to the grocery store last night. They were selling bottled water for \$1.50 a pint. For that \$1.50, I sell 325 gallons at the tap. So if you look at the next page, our average utility services, we are the lowest of the required and non-required average utility services in the region. We're lower for the first time than solid waste and we've always been lower than all of the others. Obviously not everybody has a cell phone. And some people have cell phones that are much more expensive than what we have proposed -- what we have reflected here. But it is intended to give a general idea of how water compares to other utilities.

**Novick:** I just have to ask, how much would have to raise the rates, to add hbo and full major league baseball package to your services.

**Shaff:** It would be quite a bit commissioner. This is just your basic cable package. Looking at the next slide, it's similar to material that dean shared a minute ago. Comparison of proposed typical monthly residential utility bills. As you can see, Portland ranks right in the middle of what the typical water portion of a bill is. That's not true of the combined bill. We recognize that. I think we're the second highest behind lake oswego. But from the water perspective, and that is the base and volume charge, we're right in the middle of our regional partners. Typical, as I mentioned, our system development charges are going up, but they are still the lowest. If you look at the next slide. Our \$21.83 compares to just about half of gresham's and a third of tualatin valley water district and then if you look at the next slide, we have expanded beyond those four or five and compared it to people in the general, broader willamette valley area. You will see that our sdc's are the lowest among, almost the lowest, next to milwaukie. That completes my formal presentation. And of course I'm available to answer any questions that you may have.

**Hales:** Great. Questions?

**Saltzman:** So David, you talked about the fte being reduced by 39.5 fte's.

**Shaff:** Yes.

**Saltzman:** How many of those are vacant positions?

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**Shaff:** About 25 of them are vacant. The others are -- the rest are filled.

**Hales:** and have you had some success with the retirement incentive?

**Shaff:** yes, I was going to add, commissioner, we knew that we were going to be taking cuts this year so as positions became vacant over the course of the year, we identified those that we were not going to fill in, that we would eliminate. So we have been, if you will, banking those vacancies. And yes, mayor hales, I was frankly surprised, we have probably eight positions that we were not anticipating that we may be able to eliminate as a result of those vrip, the voluntary retirement incentive programs.

**Hales:** Great. Other questions?

**Novick:** actually mr. mayor, I just wanted to kind of offer a comment. Actually two comments, one specifically to water and one that applies to both water and bes. On water, I just wanted to say that when the bureau, which I happen to have the honor of having for a month, presented its initial budget and said it was going to delete funding for maintenance of the decorative fountains, there was at least one local media outlet that said that that was a Washington monument strategy, it would never actually happen. And mr. shaff thought, and I agreed that if we're going to focus the water bureau on its core services, taking the decorative fountains out of that and out of the rates makes sense. And I was pleased mr. mayor that you agreed with that. But also agreed that it was important to maintain the decorative fountains and ship them to parks and to the general fund. So I thought that was a very appropriate resolution. I also wanted to note publicly something that I think that I have discussed with each of you privately, which is that the citizens utility board, which has a long and distinguished history of being a fair and effective advocate for rate payers in the context of electric rates, and natural gas rates, has suggested that we come up with a way for them to fold, be playing a watchdog role on the water and sewer rates into their portfolio, and they have come up with a proposal for that, which would not require any city money, and I hope that's something we explore over the next year because I think that it would, I think that they do very good work and it would give the public comfort to know that there is an independent entity with a good track record looking at water and sewer rates.

**Fritz:** I appreciate that suggestion, commissioner novick, and I also want to remind those of us who are here and reintroduce the concept that we had talked about having utility experts in the city budget office, and so, perhaps, mayor, there needs to be a conversation after this budget is done, and after the Bureaus are assigned, and the new commissioner in charge of water, in particular, and of environmental services has a chance to see what he or she can do for starters within those bureaus. But then, also, returning until we can have a comprehensive discussion about what is the appropriate analysis and who should be doing it, and should we be bolstering the capacity of the city budget office to assist with that.

**Hales:** Good point.

**Fritz:** Director shaff, I have very much appreciated in past years you've given us a breakdown specifically of what the rate increase goes for and it's probably in the information that I have, but if you could have your staff go back and give me what was the 14% that was projected last year, and what were the elements of that, and then what are we not doing or what are the differences so that it's down to 3.6% because it's over a 10% difference, and I would like to figure out what is it that we're not going to be doing that we thought we were going to be doing. The other question that I have is, is there an element in the rate increase for paying for decommissioning the reservoirs and doing the changes to the Washington park reservoir?

**Shaff:** No, on decommissioning, that's yet down the road. By at least two years still. On mount tabor. and then if I understand your question correctly, a qualified yes on Washington park because we started to work on the design Process, and that is several millions of dollars, so that is budgeted to begin this fiscal year.

**Fritz:** And the capital improvements for that are also budgeted in the capital improvements plan?

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**Shaff:** They are in our -- yes, they are in our five-year cip, and obviously, it will be, I think, it's another three years before we actually begin construction, we're at the planning permitting design stage on Washington park.

**Fritz:** Ok, so, to my colleagues on the counsel, the news that the Oregon health authorities are not going to give us an extension on the time line for, for taking their open reservoirs off line, has come in since the budget process started, and it seems to me that it would be prudent to put some money into the budget, part general fund in parks and part from the water bureau, and to start the public process for the discussion of what is going to happen to, to the mount tabor reservoirs after, in a couple of years as you say, director shaff. That needs to be an inclusive public process that we should be thinking about now rather than oops, we have got these large containers full of water and what are we going to do with them. So, I would suggest that we amend the mayor's proposed budget to add that. And that also reminds me off the subject by I forgot to mention it in the first time certain that we had today, and that is, adding \$30,000 for the earned sick leave process at the city, and this has nothing to do with, you are looking like you should be writing this down, but no, this is back to, again, something that we were hoping that the state legislature would take action on, earned sick leave. it's still alive, but not exactly kicking at the legislature. So, I think that we need to be budgeting \$30,000 for work on that. And there may be partnership with the water bureau and including notices in the water bills to let folks know, both employers and employees about our sick earned leave regulations that will go into effect in january.

**Shaff:** thank you.

**Hales:** Thanks, any other questions? Great. Thanks very much. Public testimony.

**Moore-Love:** yes, we have 11 people signed up. The first four please come on up.

**Hales:** Welcome back, john. You get the first billing.

**John Gibbon:** I don't have a hat and I don't want one.

**Hales:** I don't think that there is a purb hat.

**Gibbon:** And I don't think that there should be. I appreciate that commissioner Fritz gave me this hat a couple of years ago at a southwest neighborhood event. My name is john gibbon, and I am speaking as the west side representative on purb at this point. And I will turn in my written comments in a moment. Purb's recommendation is that the city council adopt the mayor's office proposed water rate increase for fiscal year 2013-2014 of 3.6%, purb commends the mayor for focusing the budget on water bureau core services and because they are not core services and were ranked near the bottom of the water program, ranking, which was discussed and approved by the bac, the purb supports the downsizing and redirection of some of the water bureau's security services, and the transfer of responsibilities for operation and maintenance of the city's decorative fountains to parks. Purb's review of the former action shows that it will be facilitated by the use of surveillance technology and the continued implementation of the capitol improvement program that will change the character of the reservoirs. Purb looks forward to and requests that the council provide for its active involvement in any of the discussions that the city council has, and regarding the scope and the water direction of the water bureau cip. purb commends the water bureau administration for implementing management efforts to respond to the systemic decrease in water consumption and to as much as is fiscally responsible limit this phenomenom's impact on rates. And the cbo's effort to enhance purb's understanding of the rate impact and strategic management of the bureau's long-term debt is also worthy of -- they need to be commended. [laughter]

**Hales:** Thank you. Thanks very much.

**Gibbon:** Thank you.

**Hales:** Thanks for your service on purb. Good morning.

**Beth Giansiracusa:** Good morning. My name is Beth Giansiracusa and this is the first time that i've been up in front of you, mr. Hales, or mayor hales. Yeah, well anyway. What I would like to say is, in watching the water, and seeing that gail shibley is now your chief of staff, who was in

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charge of the state water, which you mentioned earlier. And I am really concerned in the sense that you are all on plan. And that's fine, if you have a regional plan that you are moving water from Canada to Mexico, and I get that. What I don't get, and what I really would like to see is plan B, our water source held in a different place again. Held in that pristine place where g.e. hydro plan, we're not cleaning up after the diesel spill in the Bull Run. Where we're not running fish runs in the Bull Run to get emergency measures that we can run this whole project over ten-year period during the variance. Because I read the lawyer letter, circling every line because the lawyers are like that. The thing is that I think that it's prudent that we do have plan B that we do take a certain percentage of the bond money, and we go ahead and revert the land that was taken and traded from state to city, so that the city could get into the Bull Run, and have buses. And build a facility that, you know, allows lab coats and people experimenting with different things, and that's fine. The thing is that that's for the bigger picture. For our little town, for our little city, for the 1% family that lives here, we really do need to maintain those reservoirs. There is nothing wrong with them. Who was it, the man that wrote the open reservoir manual for the EPA, he cited all these things that could go wrong with open reservoirs. And everything that he cited, were from closed reservoirs. He spun the whole entire thing. He had to be really cautious because he really loved those reservoirs. He took pride making sure that they were beautiful and they were perfect and they were well maintained. But on the other hand he's running and getting these things set up so he can go into private industry to run this huge plan that I feel has been basically in the background run by the state. And different things that guys know are facing, and I think once again, we need to look at a plan B for this. Because, holy cow, we have plenty of water. We like our open reservoirs, there is nothing wrong with them. And let's just put them off to the side and run everything else, you can take HDR into everything else, but basically, put it back. Thank you.

**Hales:** Thank you. Thanks. Good morning.

**Dan Bourbonais:** Mr. Mayor, commissioners, my name is Dan Bourbonais, and I am the general manager of ALSCO. We employ approximately 200 people here in the city. I am here to talk about the water rates and sewer rates. I've been in the city for over 30 years. I moved up here to manage also for my company. In that time, I have seen water and sewer rates skyrocket. And have been a detriment to business. It's very difficult for us to continue to experience the cost increases that we have. That we have had. My company is a privately owned company. That's been in business for over 100 years. And we have 72 operations in North America. Portland is the highest in our operational field for water and sewer costs. It's a detriment to employment. It has been. And it will continue to be. And what I strongly feel is that what we need to do is we need to have a topdown review of both bureaus, so that maybe they can be combined maybe jobs can be combined. Eliminated. Capital projects that don't need to be, that don't need to be done. Eliminated. And possibly put off to the future purchases. And but, I have to tell you that, that it's extremely difficult for business to operate with these kind of cost increases that we have experienced, especially in the last ten to 12 years. Thank you.

**Hales:** Thank you, appreciate being here, thanks. Good morning.

**Melinda Messore:** good morning.

**Hales:** Push the button at the base of the microphone, there you go.

**Messore:** Good morning. All right. Good morning commissioners and good morning mayor and other people who are listening. My name is Melinda Messore, and I am here mostly based on an email that I received from the friends of the reservoir, from Floy Jones about the fast tracking of the disconnecting the Mount Tabor reservoirs. I was unable to reach any human beings or get any kind of confirmation or any more information besides that email. So I am not here to testify with information, I am here with questions. My perspective is probably fair different from most people who come and testify, and I would ask that you read two books if you have not already, one is the Haroun and the Sea of Many Stories by Salman Rushdie, it is a story about polluted story waters and

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how stories are no longer being able to be told because the water has become polluted. That he did the stories. And how that water is cleaned up again. And another story is called, the disobedience of the daughter of the sun. The sun being the sun related to the moon not son like your child. That is written by martin prechtel and it is a translation of a mayan tale. There are many threads in that tale but one is about the living water cycle and annual water cycle through the year. Primarily, I am an educator and I work with mostly children under 12. So, it's unusual for me to be speaking to adults. But, the one thing that I did do in my career as an educator is work with buckman elementary school many years ago, as an intern, with a classes that, that did a project on where Portland water, where Portland's water comes from. And we worked with the water bureau on this, the person that -- tim larkin, I don't know if he still work here and I don't have any contact information for him. And we also worked with artists, so the children visited bull run, and I visited bull run also and we visited the water labs, and they learned about the process of where our water comes from and painted watercolors and they put together book, which makes, may still be available. Through the water bureau, the watercolor illustrations of where Portland's water comes from. And through that process, I became, at least elementary level of understanding about how our water system works and how lucky we are to have it. so I was shocked to hear that, that the water, that the reservoirs are being disconnected, and nobody seems to know about it. So, mostly I am here to ask that, that we protect our sources, I know a lot of work has been done to that, and much of which I am ignorant, and I know that we're facing it, but I really believe that the water system, is wonderful the way that it is, and it does not need to be covered. I read somewhere that natural sunlight, does that mean my time is up? Natural sunlight actually provides filtration and -- and uv actually makes healthier water than covering reservoirs, and so anyway I can help. So anyway, any way that I can help, uncover that process and, and keep the water the way it is, I would like to be part of that.

**Hales:** Thank you and thanks for coming. Appreciate it. Good morning.

**Tyson Terhaar:** Good morning. Mayor hales. Council. I represent precision cast parts, basically Portland's last and only remaining fortune 500 company that actually doing business here --

**Hales:** Please put your name in the record.

**Terhaar:** Tyson Terhaar. So the big thing for us is, you know, since basically year 2000 we have had 134% blended rate increase associated with water and sewer for us. So you think about that from 2000 to today, we're paying 224% more for what we have used in the past. So, you know, just put that in perspective, you know we're not normal household bill that's in the mid \$70's or \$80 range. We run fairly regular between \$220 and \$300,000 of water through our factory in a day. So, one of the biggest things for us is, you know, we employ roughly 2,300 working wage jobs. For the city of Portland. We are a commodity business, really, the market sets what our prices are, for our products that we produce out of our company, and increases of, even three or four or eight or some of the proposed increases are dramatically impact our ability to be profitable as far as the company goes. So, you know, realistically for us, even a few percent increase, with the proposed increases from 2014 to 2018 represents about a \$4.6 million increase in our costs. And if really break that out as far as working wage jobs, for us, that represents about 79 jobs for the city of Portland. It represents for us. So, the biggest thing for us is we are asking for actually a rate reduction instead of an increase as we have since, you know, 2000 of fairly substantial increases. And how you guys do that through your budgeting cycle, you know, it's either, you know, elimination of all non mission critical capital, and other expenditures, you know, further vacancy eliminations, or staffing reductions, as well as cancel any other non mission critical spending. So, we ask that of the council to consider and to, going forward is to making the changes necessary to reduce them for us. Going forward.

**Hales:** Thank you. We appreciate being here, and want to continue to get suggestions from you and others about further ways that we can reduce those costs. Thanks. Good morning.

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**Tom Fahey:** Good morning. My name is Tom Fahey. The vice president of human resources at Siltronic Corporation. We are a silicon wafer manufacturer here right on Front Avenue in Northwest Portland. We are the largest water user within the city. So, we're the largest customer. And I certainly agree with the statement from my colleague here, at Precision Cast Parts, that since the year 2000, for example, we have seen a staggering, 138% rate increase for our water. Over the same period we have worked to conserve this precious renewable resource by reducing our consumption by 24%. But still, and in the year 2011, our combined costs for water and sewer, was 4.2 million. In that one year. Over the course of the last 33 years, of our operation here in Portland, silicon wafers have become a commodity product. So we share the same experience at Precision Cast Parts. Started off as a high-tech product 33 years ago, and very much customized but has become a commodity over these years. As such we compete globally on price. That's what a commodity product is all about. It competes on price. And any price sensitive commodity manufacturer works continually to reduce these kinds of fixed costs we're talking about today, to be competitive. That's how we stay in business. And utility costs are a huge component of those, those fixed costs that we have. Last year our parent company, told us that we had to close one of our two plants here in Portland. We had to let go of 380 living wage jobs. The majority of those jobs only required a high school diploma. Those are very, very hard to replace, here in the city of Portland. Despite our efforts to keep this working as efficiently as possible, the continuing rate increases, for sewer and water were a large factor in those jobs. Going to other places in the world. And over the life cycle of that plant that was closed, the payroll was, was \$800 million. I'm not sure where you are going to find to replace them for that. Those 380 jobs here in the city. Those jobs, I'll point out had paid sick leave. They had paid vacation. They had 401(k) and they had a pension plan. You are not going to find that very often for a high school graduate these days. So I just want to point out that in my mind, that creates a certain double jeopardy, I have called it, for, for our employees. Because their jobs are in jeopardy with these kind of continual rate increases. And yet they go home at night, and they get a rate increase at home, too. So, certain double jeopardy that's not fair there. And Commissioner Novick, I believe that you called this an equity issue, in the past. We agree completely, and we would like to see this kind of long-term reform, I'll call it, and what you mentioned, Commissioner, about some sort of a third party commission to overview that, we agree with wholeheartedly and we would like to see that put in place. Thank you for your time.

**Hales:** Thank you, thanks for being here. Good morning.

**Kent Craford:** Good morning. Mr. Mayor and Commissioner, my name is Kent Craford, I'm the director of the Portland Water Users' Coalition. We're a group of 17 large industrial water and sewer customers. We have some specific recommendations that I have shared with you about the water, proposed water and sewer budgets. I first just wanted to put Portland's water and sewer rates in context though. You heard presentations from the administrators for BES on the water bureau, about where Portland stacks up against mostly regional rivals. I want to draw your attention to a trade journal called American Water Intelligence, which does an annual tariff survey of the 50 largest cities in the United States. And on their survey, Portland has the third highest wastewater tariff and the eighth highest water tariff. We have higher water rates now than Phoenix, Arizona. As my colleague said, the water and sewer rates have increased 133%, and 147% respectively since 2000. And the original proposed budgets that the bureaus came to Council with in January had a proposed sewer rate increase over five years of 26% compounded and a water rate increase of 66% compounded over five years. We understand that, that under your proposed budget, Mayor, the water rate could be curbed to 44%. And that's a step in the right direction. But the message I wanted to deliver today is that we really need larger and more sweeping reforms. I think we're at a tipping point and you know, once the camel's back is broken, there is no amount of hairs that you can throw off of it. To cure it. And I think what we really need to do is, is take a big step back as Tyson had suggested. A lot of the expenditure that is you are shifting from BES and water over to the

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general fund, make perfect sense. We should have been doing that a long time ago. And we appreciate the effort. But, make no mistake, those, we've been spending money on those projects illegally anyway, so righting a wrong is not necessarily solving our water and sewer problem. What we need to go further, look at the bigger structural costs, and we point out, for instance, the water bureau has about 125 employees more than it has had historically. It's way overstaffed. The reductions you are seeing in this budget are good news, but they really don't go far enough. And you asked, there was questions about the vacancies, we're concerned about the vacant positions that are still funded and yet in the budget. So, we also are willing to work with you to identify these costs. But, we really encourage you to look bigger, we need to be cutting with an axe, not a scalpel, thank you.

**Hales:** Thanks for being here. Good morning.

**Floy Jones:** Good morning. My name is floy jones. I represent the friends of the reservoirs, and mayor hales, when you ran for office, you said that you were going to lower utility rates and that you supported preserving Portland's historic open reservoirs. The friends of the reservoirs have offered many specific budget recommendations that if followed would set a better, long-term course for the Portland water bureau and for Portland rate payers. More affordable water bills and preservation of the many benefits for a grand open reservoir water system. Rate payers expect significant budget cuts this year with commensurate savings for rate payers. The water bureau should be directed through budget cuts to focus on basic system maintenance, not new construction. Struggling individuals and families simply cannot afford the burden of the nearly \$900 million debt load projected by 2018. A thorough review of the Oregon health authorities' denial of onerous reservoir projects that will provide no measurable public health benefit finds no basis, no legitimate basis for denial. Much if not all of the health authority commentary is irrelevant, irrational, or misleading. As rochester's mayor, has said, and Portland can say with even greater confidence, given Portland's participation in sound statistically significant open reservoir study, there has never been any public health problems associated with Portland's open reservoirs. As a matter of fact, all storage facility public health problems have been with covered storage, all. There is no scientific documentation of any difference in public health risk between open and covered reservoirs. Officially, federal legislative relief for portland's open reservoirs has been a top city priority. It's time to finally put some muscle behind the federal legislative relief. Portland rate payers alone, your constituents, will be paying for \$40 million in open reservoir upgrades until the year 2030. These were designed to keep the reservoirs operating safely until 2050, the majority of the expense, \$23 million, was spent between 2007 and 2011. Some of us might not be here in 2050, we will still be here in 2030. We expect the open reservoirs to be functioning then, as well. Everyone knows that Portland's water very safe. That's why so many diverse organizations support retaining the functionality of Portland's open reservoirs. Make federal legislative relief for Portland's open reservoirs a true city priority, and please, lower our water and sewer bills this year.

**Hales:** Thank you, and thanks for coming. Good morning.

**Dee White:** Hi. My name is dee white, and I have lived in Portland for 27 years, and like many thousands of residents of Portland, I have been hit hard by the recession. My income has steadily dropped. Over the past seven or eight years, and my utility bills, my water and sewer bill is the highest by far, the highest bill that I pay. It's higher than my gas and electricity combined. On month-to-month basis. And the main reason that i'm here, I wrote a letter last week, mayor hales, and i'm just going to recap kind of what I said. When I see the capital improvement, \$123 million, for capital improvement, I feel like there is, there is a lot of capital improvements that are being made that do not need to be made, we do not have a good reason for them. And i've been talking, we all have been talking about this for so long, businesses, organizations, and individuals. Right now, today, I think that, that there are two things that y'all could do. Stop the construction of buried storage up on kelly butte. It's a massive project. I don't know if anyone has driven by it, but it's a

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massive project and will cost hundreds, tens of millions of dollars, and it does not -- the only reason that it's being built is for increased water supply, water storage because it's a demand, the demand going up. But we all know that the demand going down, it's been going down. Our wholesale customers are leaving us in droves because they can find water cheaper, they are trying to find cheaper water. And so, the Kelly Butte and Powell Butte, as well, they don't, we don't need that storage. It's ridiculous. And the reasons that are given are not true. And so, the second thing is to stop the forward motion on decommissioning our open reservoirs. David Shaff said that the decommissioning, there was not any part of that in the rate increase. Well, I know we gave a contract for a consultant, built into the Powell Butte bond, thing that we did last year, for a consultant for decommissioning the reservoirs, so, it is part, it is just adding more money to the debt load. For something that we don't need to be doing. That's all that I have to say. I just feel like we need to stop these capital projects. It just is doing nothing but adding to the debt load, and we're not paying as we go, and we don't need, we don't need more storage. We don't need to wreck a beautiful, elegant asset such as our open reservoirs and our delivery system, sustainable delivery system from Bull Run. Thank you.

**Hales:** Thank you. Thanks for coming. Good morning.

**Tom Keenan:** Good morning, Mayor, Commissioners, Tom Keenan, Portland Bottling. I want to speak from the heart today. I talked here at many hearings before about this issue. You got a boondoggle. It has been run badly and it's still being run badly. And you are laying off police, you're laying off fire. You're not able to take care of Buckman. All you need to do is run the water bureau better and you have got money to handle all these other things. I just don't get it. It's really that simple. It's -- 125 more employees with the water use going down for 20 years. I mean, really. It's mind boggling to me, and I can't improve on all of the testimony prior, it's just so simple. You have got a badly run bureau, and it needs to change, it needs to change now, and there is absolutely no reason to have an increase. Why do they need a new headquarters? It's a beautiful building. It's fair, it's fine, they don't need 125 more -- it's so simple, and that's all that I have to say. Thank you.

**Hales:** Thank you. Thanks for coming.

**Michael Morgan:** I am Michael Morgan, and I live in Portland. And I am here to ask you not to raise the water rate and to halt the uncovered reservoir disconnection activities and keep the reservoirs functional, which would preserve the opportunity to continue to use them. I ask that you work with our congressional delegation to obtain relief from the federal LT2 rule uncovered finished drinking water reservoir treat or cover requirement. It is an outdated cooking cutter Rule, designed to protect us from cryptosporidium, giardia and viruses that are not a problem in our water system, and being reviewed. The environmental protection agency review of the LT2 rule scheduled to be complete in 2016, and the persistence of New York City in changing the rule, increases the probability we will ultimately be allowed to continue to use our uncovered reservoirs. Even Lisa Jackson in her letter to Charles Schumer said that we should and can find cost effective ways to protect the public from water-borne parasites such as cryptosporidium, and she said different reservoirs around the country have different specific conditions and protections that may have a bearing on the public health benefits of the LT2 coverage requirement. They intend to consider innovative approaches in the review and science will drive their ultimate decision. Important reasons to be confident in our uncovered reservoirs are that our water bureau monitors them, and they have been used for over a century. And Dr. Gary Oxman said Portland's drinking water is superb. He had we have a wonderful water source in the Bull Run watershed, a well designed and responsibly run system, and excellent water, and they have not detected any sign of illness associated with our water system, including environmental, chemical, bacterial or microbial diseases. And therefore would not expect fewer illnesses if the reservoirs were covered. And Dr. Thomas Ward of the Oregon Health and Science University recommended we be given the same consideration as New York City to evaluate alternative, healthy reservoir compliance options, and

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specifically, that our compliant schedule commence in 2020 and end in 2034, and based on the sufficient water quality data and excellent epidemiological data, specifically the testing of over 7,000 liters of water taken from the reservoirs in 2009, in which not one cryptosporidium assist could be demonstrated. He said that there are scientific, no scientific evidence that either source water treatment or covering or treating the open reservoirs is likely to have any demonstrable public health benefit. Multnomah county health officials said in more than two decades of monitoring, there was no evidence of a single case of drinking water related cryptosporidiosis, and they worry about far more common sources of the disease that have nothing to do with drinking water. Such as changing diapers, toddlers with subpar hygiene and swimming pools. Last month, and a year ago, the Oregon health authority denied requests for deferrals of the approved It2 reservoir compliance schedule. The first denial letter mentions contamination incidents and the second coliform bacteria detection. In response, please read the willamette week august 1, 2012 article about a coliform bacteria detection at a Washington park reservoir last July. Dr. Oxman said no one was in serious danger, and he would classify it as a low, low risk. Further questions and answers by experts show how very low the risk was.

**Hales:** I need you to wrap up. You have used up your time.

**Morgan:** And what an overreaction the boil water alert was, and the draining of the reservoir, and furthermore, the It2 rule does not cover bacteria, and protection from bacteria is done outside of It2.

**Hales:** thanks very much. You can leave us a copy, if you could. That would be helpful. Thanks a lot for coming.

**Mary Ann Schwab:** good morning, mayor hales, and city commissioners, actually waiting their new bureau assignments. Me too. I understand I can just see you playing cribbage, poker, old maid and go fish.

**Hales:** Oh, yeah, we have lots of free time. [laughter]

**Schwab:** but on a serious side, I am here to say enough is enough, these water increases are just bizarre. Enough, enough -- let me start over, enough is enough with the reckless water rate spending on unrelated projects. Portland's workforce this, for the Portland workforce, these water rate increases are a final straw. Portland's payroll, taxpayers, and Multnomah county property owners, are carrying a heavy load with numerous levies. Plus, new payroll, arts in the schools tax, now in the courts. Least we forget when mayor adams and commissioners approved spending, 148 million on the crc white paper concept, over the objections of the federal Aviation, the crc to high, the barge companies saying the crc is too low. Has anyone stopped to look to respond to jim howell's my opinion piece, rethinking the innerstreet crossing and how to build the crc sooner and how to save 1.5 billion? We're talking budgets here, and with the 2.5 billion crc still in limbo, my fear is each of you are listening to lobbyists from contractors and developers who support whi annexation, and it's all about family wage jobs and hire locals first, I hope each of you are also listening to those in opposition of the whi annexation from the sovereign nations, from the inner river fish commission, from the auduban society, the Willamette river keeper and the columbia river keeper as well as 2,500 residents. And I will get to the point. The port of Portland migration by installing new windows on manufactured homes, planting birds and trees to block the sound, surely they jest. I hear train whistles from Amtrack and I live 38 blocks from the main railroad going through the city. And to my knowledge, I have yet to hear anyone express concerns over the potential loss of jobs related to the iconic salmon runs. Tourists flying into the area, deep sea Fishing, columbia river Fishing, the sporting goods stores selling camping equipment, fishing equipment, tents, boats, trucks, trailers, r.v's, and the retirees at home making fly hooks for fishing at their kitchen tables. Today, it appears the city bureaus are all on the mayor's office desk, early january, as, I am asking that, that the city council stop further work on the mount tabor reservoir

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now and actively engage with the congressional delegation to ensure we secure permanent relief of our bull run water and our water rates. Thank you for listening.

**Hales:** Thank you. Thanks for coming. Anyone else?

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

**Hales:** Ok, thank you. This item is continued.

**Saltzman:** Could we have staff come back?

**Hales:** Yes, please. Absolutely. Sorry about that. Forgot to bring them back up. Would you come back, please. Questions, dan?

**Saltzman:** So, there's an item in the Portland water user's coalition point about the general fund reimbursement for the rose festival headquarters. Of 1.6 million. And whether that was to be applied towards this year's rates.

**Shaff:** It was. Excuse me.

**Saltzman:** It's not in the reserve.

**Shaff:** We reflect the .1% reduction from the original proposed rates.

**Saltzman:** A full 1.6 million was applied towards producing rates?

**Shaff:** Yes, and we reduced our rate -- it was, what we referred to as the rate benefit. It was a 1/10 of a percent rate benefit.

**Saltzman:** So the full reimbursement was applied towards rate reduction?

**Shaff:** Yes, it wasn't all put in the first year. I think that's what, what the distinction is. I have not seen the letter, obviously.

**Saltzman:** Well, let's take a look at it. Spread over how many years?

**Cecelia Huynh, Portland Water Bureau:** The \$1.6 million is a one-time resource, and so our practice in the bureau is to apply that to the capitol program, which reduces the bond sales, reducing the debt service, so the debt service that was reduced, yields a .1% rate reduction.

**Saltzman:** So what's wrong with applying that to the operating rather than the capitol? If that's your policy?

**Huynh:** If we applied that --

**Saltzman:** What would be the rate impact if we took that \$1.6 million and applied it towards the operating portion of your budget?

**Huynh:** If we applied the \$1.6 million to the operating budget, this will be a significantly higher rate reduction, probably closer to 1.2%. But because it's a one-time resource, we would be looking at the subsequent year, fiscal year 14/15, we would be asking for that 1.2% rate increase back on top of what would be forecasted. Again, it's a one-time resource, so you get a one-year reduction. Resources not there, to continue for the operating costs so we would be back at adding that rate increase back in year two. So --

**Saltzman:** I appreciate what you are saying, i'm just saying that is conjectural. Last year at this time we were talking about a 14% water rate increase, we're now looking at a 3.6% so, I guess, what i'm mulling here with my colleagues saying if we took the 1.6, applied it to an operating reduction, and we'll see what happens in the next year's forecast.

**Shaff:** It's \$1.6 million on top of the \$11 million that i'm already cutting from the operating budget. And since that \$1.6 million isn't coming back next year, then that would need to be an ongoing reduction. Or a commensurate increase. I'm mean, the conversation we've had before --

**Saltzman:** That's the assumption, that's the way we normally do business. But assumptions have changed.

**Fritz:** Well we have a policy we don't use one time money for operating expenses otherwise it does just delay the inevitable increase. It seems to me that applying to the capital budget, and then reducing the debt service is in line with our policy of the five-year budgeting.

**Saltzman:** Well --

**Hales:** Why don't we give them an opportunity to look at this letter and respond.

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**Saltzman:** and then my other question and I should have asked this of bes too, but, and i'm off the budget office this year? I don't know if they are not here --

**Hales:** I think --

**Saltzman:** Do you have somebody? Oh, ok. So, the bureaus and the budget office, please provide us, how many funded vacant positions are in your proposed budget for next year and what are those? Funded vacant positions? You don't have to answer that now but I'd like that before next week.

**Shaff:** Well, right. I can tell you that I have some vacancies right now that are under recruitment.

**Saltzman:** I'm not saying it's -- i'm not implying it's bad. I just want to know how many funded vacant positions are in the proposed budget.

**Shaff:** I'll be able to tell you, as of may 1st, how many vacant positions that we have.

**Saltzman:** Ok.

**Huynh:** Commissioner Saltzman, all of our positions are funded whether they are filled or vacant. So all of our vacant positions are filled. Excuse me, funded.

**Saltzman:** Yeah. And I need to know what that is. I want to know what that number is.

**Shaff:** We'll tell you.

**Saltzman:** ok.

**Hales:** So the budget office, we can follow up and let's do that. Thank you. Other questions, before they -- ?

**Novick:** Mr. Mayor I would like to make a comment about the open reservoirs issue. I'd just like to make it clear that the city has repeatedly asked the federal and state government from relief from the lt2 role. I wrote letter to oha a few months ago, and oha responded and said no, no relief. And I am a little puzzled that people concerned about the lt2 issue, keep on bringing complaints to the city. As opposed to the state. And to use a basketball analogy, if referee makes a bad call and the coach complains, and the referee tells them to sit down, usually the fans boo the referee. And I encourage people concerned about this issue to please boo the referee, not the coach.

**Hales:** Thanks. Ok. Passes second reading and will be subject to the hearing tomorrow night, of course. Now, let's move to regular agenda.

**Item 441.**

**Hales:** Good morning.

**Nancy Hartline:** Good morning, Mayor, Commissioners.

**Hales:** Or afternoon, sorry.

**Hartline:** Whichever it is. This ordinance amends chapter 5 of the city charter, which is the fire and police disability retirement and death benefit plan in order to maintain the plan's tax qualified status. Charter section 5403c gives the council authority to amend the plan by ordinance in order to comply with changes in the requirements for tax qualifications under the internal revenue code. The current changes incorporate in the plan two provisions of the 2008 hero's earnings and relief tax act or heart act. Article 1 could potentially increase the plan's costs slightly in the rare event that an fpdr member with less than five years of service was called to military duty, and then died on military service with a combined, at least five years of fpdr and military service in the last tour duty.

If that were to ever happen, fpdr would pay a non service death benefit based on the fdr service to any surviving dependent minor children or surviving spouse at age 55. Article 2 does not affect the fpdr plan because the city does not make differential wage payments to employees called to military service. Do you have any questions for me?

**Hales:** Apparently not.

**Fritz:** I don't have question but I need to read what my staff has written up because I think it's delightful and as a was your presentation, they say this agenda item is about death and taxes, thus it is the only ordinance of which you can be certain. [laughter] so the council must approve the changes in this irs code and there is no financial impact. Seems very straight forward and thank you for your time.

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**Hartline:** Thank you.

**Hales:** Thanks. Okay, anyone else wants to testify on this item? If not, passes to second reading, item 442.

**Item 442.**

**Hales:** This is great news, especially in our current budget environment. Miss Anderson has been adroit at getting grants for a long time for all kinds of good purposes. And including in the past on other energy fronts, as well as previous grants on solar programs, so this is a great partnership. Not only with the Oregon community foundation, but among bureaus, so thanks for putting this together.

**Susan Anderson, Director, Bureau of Planning and Sustainability:** Thank you. And we started this morning with some good news about reductions in solid waste, and we wanted to end on a good note so we came back to tell about the more good news. With me here today is Michael Armstrong, who you met earlier, and Andrea Jacob, who is our solar and energy efficiency program manager.

And yes, we have been at this for now about 20 years, focusing on energy efficiency and solar and, and having worked with Commissioner Saltzman from the past in building the Sustainable Development Office. Today we are here to celebrate a \$100,000 grant to BPS from the Oregon community foundation. It's a great partnership that Andrea built. The partnership brings together the Parks Bureau, BPS and residents from throughout the city to create new financing tool for solar energy systems. Most of you are probably familiar with the work that we have done over the past six years or so working with residents, working with the Energy Trust of Oregon, the Oregon Department of Energy, U.S. Department of Energy and others. And together we have worked to make easier to install solar for on Portland homes, and Portland business, so we revised the code and made the processes easier and provide technical assistance, and support neighborhood efforts. And one of those efforts, is something called Solarized Portland. And you are all familiar with this, I think. It's a program to coordinate a bulk purchase of solar panels, and installation, and that helps tremendously to reduce the costs. So, Solarized was started by neighbors in Southeast Portland, and then it kind of spread throughout the city. In fact, our model here in Portland has been so successful, that the U.S. Department of Energy has paid for a staff person in our office for almost two years to basically teach other cities from around country how to run Solarized. And so we now have, other places in Oregon, Pendleton has Solarized Pendleton, Salem, West Linn, Lake Oswego, Hood River, Clackamas County, probably others. It's also spread to two dozen cities throughout the United States. And from Boston, New York, Richmond, Santa Barbara, Seattle and others. And so it's been a great model and it's one of those things that we all learn from each other. So, we have a real quick, something I just wanted you to look at. Which is that partnerships between the city and the private sector can have a huge impact. And what this map is going to show you is that, back around at 2001-2002, we had about 20 solar systems in the city, and as we move this time line, you could see, we have a few sprinkling in there, another 10, another 20, and every year, and all during this time there were grants, there were incentives from the usually, there was the ability to install a solar system, but there wasn't the information and people didn't know how to do it, and we needed to make it easy. As Andrea moves --

**Saltzman:** Are you talking about solar electric and solar hot water or just solar electric?

**Anderson:** These are both, solar water and --

**Hales:** Mostly photo voltaic, right?

**Anderson:** In the early years, it was a little more solar water but now more photo voltaic, solar electric systems.

**Saltzman:** ok.

**Anderson:** So when you get over to, let's go around to 2008-2009, it begins jumping. And it begins jumping in 2009, we started up the program with the U.S. Department of Energy grant and actually \$150,000 from the city, what had been funding that had gone to PDC, we saw this as an economic development opportunity to grow the solar industry. And now if slide it over to the end,

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we now have, have over 1500 systems today. And most of those were in the last couple of years. So, that's been a success. And that's not really what we are here to talk about. But what we learned from this, is that we still had a problem. and the problem was that there were lots people in our community who, literally, day after day would be calling us and say, well, I live in an apartment or I live in a rental home or I have trees shading my house or I don't have enough up front cash to buy a whole system but I want to invest in solar, and I want to do more than just buy some green Power on my electric bill. So we started looking for funds and I think that we've learned our lesson and decided we shouldn't come to the general fund, and we looked for other partners. And the Oregon community foundation came with a \$100,000 grant that you are accepting today from the, what's called the penstemon fund, from the Oregon community foundation and this will allow us to install our first community solar system. And the system will be installed on the southwest community center, this fall. And so, the way the community solar works, is that, well you've probably heard of crowd funding or crowd sourcing. A site like kickstarter. Crowd funding is an emerging tool where people can go online to donate money for causes that they care about, and/or to invest their personal funds into projects that mean something. So, we thought about this and said, what if we took something like community energy and solar and merged it with crowd funding and we could call it solar kickstarter or something, and brought these things together. So, the foundation is giving us grant funds to build the first system. At the southwest community center. But their goal and ours is to raise community matching funds. And to build a community solar fund. So that over time we can fund more installations, and the way it will work is that, as individuals or as businesses, you can make a contribution like \$100. Or you could make, let's say a \$2,000 or \$3,000 loan, a 0 interest loan that you would get the money back in six years. And this, although we want to think that this is creative and innovative, a couple other cities have tried it. We've studied how they've done it, and it has been very successful. So, we're very interested in moving this forward. We have got our first funds to build the first system. We'll have, we think it will take us less than six years to get enough money to keep this going. If you go online you can see kickstarter and others, it's an amazing process where people can vote with their dollars. And in the case of the loan and potentially large contributions, we're going to look for ways for individuals and businesses to be able to get tax credits for those donations. So, exciting times. We're glad to be putting this all together, and we're really excited to have parks be our partner on this, and they get a brand new solar system and lower energy bills. We get to help push the city towards a lower carbon footprint and to create jobs in the growing solar industries. So, we think it's a win for everyone, and we would be happy to have you be among the first to donate and/or lend your money to the cause. So, andrea, I am sure can sign you up. And this is moving through very quickly. we applied for some funding just a couple of months ago, and literally, a couple of weeks ago, we're opening the mail and andrea stands up with 100,000 check from the Oregon community foundation. So we are excited to have a great partner with us, they could not be here, and parks was here earlier, but he had to, mike abatté had to take off. So, great partnership and I think that it's something where we're going to see this, this really take off.

**Hales:** Questions. Comments, anyone else that wants to testify?

**Anderson:** We thought we should keep it short.

**Moore-Love:** No one else signed up.

**Hales:** So, this is an emergency ordinance. So, let's take a roll call.

**Saltzman:** Great work and this is a very exciting concept, so I look forward to seeing it grow. Aye.

**Novick:** Thanks for the two items of good news in one day. aye.

**Fritz:** Thank you for the explanation as to how people can invest in this and why it's at the community center for right now, aye.

**Hales:** A combination of good management, good public policy, and innovation, it's really great. And of course, the fact that it's on the southwest community center roof makes it a special one for

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me. So i'm obligated to donate even if I wasn't going to already. [laughter] But, that's really, really excellent. And also, a good indication that even in the days of, where almost everything is done electronically you should still open the mail. Aye.

[gavel pounded]

**Hales:** Ok, one more item on the morning, what was the morning calendar and then we will be recessed until this afternoon.

**Item 443.**

**Hales:** I don't know if we need a presentation, this is just temporary eminent domain in order to get the project built, I believe. Any questions from council before we vote on this?

**Fritz:** Do we have any objections from property owners?

**Hales:** I don't think there is anyone here to testify, do we have any objections at all?

**Audience member:** No.

**Hales:** No news is good news. Ok, roll call please.

**Saltzman:** Look forward to more sidewalks, aye.

**Novick:** Aye. **Fritz:** Aye. **Hales:** Aye.

[gavel pounded]

**Hales:** We are recess until 2:00 p.m.

At 12:15 p.m., Council recessed.

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**Closed Caption File of Portland City Council Meeting**

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

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

**MAY 15, 2013            2:00 PM**

**Hales:** We are going to reconvene as the PDC budget committee, welcome Gina, would you please call the roll.

\*\*\*\* [roll call]

**Item 444.**

**Hales:** Here, welcome. And we're convening as the pdc budget committee for purposes of reviewing Portland development commission proposed budget. We will reconvene again as PDC's budget committee on may 29th for final approval. Today is our opportunity to go through that budget with patrick and his staff and look at projects, particularly in urban renewal areas. We have talked about the general fund side of the bureau. So, I want to welcome patrick and his team to make the presentation. We have a budget proposal that deals with the realities of these different districts but tries to maintain a lot of momentum in the focus on traded sector clusters that the agency has done a lot of good with. Last night we had a celebration with a bunch of local businesses, how increasingly international Portland's business community is becoming, and some success stories like elemental technologies who stopped by this morning during council comment period and some great examples of how pdc has been collaborating to create jobs and great places. Thanks for the good work that you do and take it away.

**Scott Andrews, Chair, Portland Development Commission (PDC):** Thank you mayor and commissioners. Good afternoon. We only have an hour, and as you well know, this is a large and complex budget. We're going to need all of that time. I'm not going to spend much of it at this point. I did want to thank you for taking the time, as you always do, over the last several weeks to get briefed on our programs, projects and challenges that we're currently facing. It feels like the economy is getting better. Numbers keep looking better. Employment is growing. But there is a long way to go to get to what we used to think was normal. There is a lot of work still to be done. And of course you're well aware of our funding pattern for the next five years and the fact that this year's budget, in particular, reflects a further downsizing from 135 to 90 staff. There are assumptions built into the overhead, even with the urac budgets that match that expectation. With that, again, thanks. Patrick.

**Patrick Quinton, Executive Director, PDC:** Thank you. Good afternoon mayor hales and commissioners. I'm going to walk through our budget and try and focus on the ura by ura summary. I'll do the quick overview of the budget but we will get into the details in a second. I guess I think it is going to be helpful if everybody is looking off of our actual budget, and in particular, in the back, we have the five-year budget projections, ura by ura. If you need a copy, we have extra copies. Do you want a copy? I'll get there in a few slides. We have a few minutes before you have to start to dig into the line item. So, the big budget we have resource side and expenditure side. On the resource side, we are -- we have total resources right now of \$208 million. And in a second i'll show you we have a budget of \$175 million. So, there is \$33 million of contingency that isn't on the expenditure side. It shows you where our resources come from. Over time, as projects have slowed down, the economy has slowed down, we have grown our fund balance and those are dollars on hand to do the projects. That is money that we want to put to work. Good part of about that, it has reduced our long-term borrowing. Much of the money that

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we're proposing in our budget is not long-term debt proceeds. It is dollars that we have or short-term borrowing. As you can see, the rest of the distribution, remaining 25% of our resources really come from a variety of revenue sources as we talk, and later on in the year about the future pdc. Revenue sources become a bigger priority for us. Expenditure side, if you take out the \$33 million in contingency, you're left with \$175 million budget. We, according to our set-aside policy, we carved out about \$36 million for affordable housing. That's not -- you will see line items in there in our ura by ura budget on housing. Portland housing bureau shows this money in their budget as well. It actually gets double counted and I know you have gone through their budget. As you can see, the big percentage of our dollars continue to flow into what we call property redevelopment. There are a couple of big line items within that category that drive that and we will get into those. A \$27 million payment to the county, county health facility that they are planning on building next to union station, as well as the \$20 million that we have had set aside for the veterans memorial coliseum. That was in last year's budget and it has been rolled over to this year's budget. And then you can see the remaining categories. Roughly evenly distributed between administration, our work in business development that the mayor highlighted as well as about \$18 million in infrastructure, which includes park as well as transportation infrastructure. You will see where that resides in our ura by ura line items. As chair Andrews mentioned, there is a lot to talk about today. We could spend an hour on this slide. We are in the midst reducing the staffing and overhead for the agency. This shows you the five-year trend. Aiming to get to the 30% reduction in both personnel costs as well as our administrative overhead by the end of 13-14. You will see the transition that will happen over the course of this coming fiscal year. The goal as directed by our board is to realize that 30% reduction in our annual costs by the beginning of 14-15. You can see how it plays out over the remaining years of the forecast, staffing costs, as we all know, once you reduce them, there still is annual increases. It does begin to creep back up again. We will have to continue to manage that. On the overhead side, I believe that we have the ability to manage down even after we hit our 30% goal next year so that you can see the downward trend there. And I really applaud our team. We have done a tremendous job of continuing to weed out unnecessary expenditures. So, I'm going to move on from this slide. We can always come back. I realize this is a big topic and there has been a lot of talk publicly about our staff reductions and those things. And then like I said, we're going to talk by ura, but we align our budget with our strategic plan. We showed you this when we talked about the general fund. I wanted to be sure that we returned to it before we dig into uras. We think of our work in three major strategic categories, neighborhood economic development, trade sector, business growth, urban innovation and vibrant central city and then at the bottom, effective stewardship is our administrative costs and cost for managing our assets, like real estate and what not. You can see how the combination of non-tif, general fund dollars matched up with tif in the two primary strategic areas, neighborhood economic development and trade sector development to get our work done. It is notable to think if you were to look five years ago and how much we invested in neighborhood economic development, this percentage of our budget is a pretty significant growth in how much we allocated to neighborhood economic development relative to the other categories. If you take out the big projects that we have, that I just mentioned. The county, the payment to the county, veteran's memorial coliseum, neighborhood economic development piece our budget does represent a fairly significant piece of our work. Once again, we think that is as it should be. On the urban innovation central city side, obviously not a general fund supported area. It is where we spend the bulk of our tif, but it is largely driven -- the size of the dollars is largely driven by a few large projects. So, now we move into the ura by ura analysis. If you -- in the back of the budget, if you wanted to follow along by line items, that starts on page 108. Page 108 will be our -- the first specific urban renewal area. I'm going to do summaries of each, but I'm happy as we go through each urban renewal area, if you want to toss out questions about specific line items. Some urban

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renewal areas have more activity than others. Stop me as we go through if you want to dig in. You can see from the map, not only do we have our legacy 11 urban renewal areas, but we also have our six neighborhood prosperity initiative districts as well the new education urban renewal area which is in the peach color in central city. The first, going alphabetically, the first urban renewal area, airport way. One of four urban renewal areas that has reached the last day to issue debt. Airport way has no new debt proceeds. Everything that happens within a district like this, and there are three others, really based on the revenues that we get from the property sales or repayments on loans. And airport way has really been a place where we have used our real estate holdings to continue to fund our work over the past few years. This is land on the cascade station side that we acquired through a partnership with the port. We continued to sell off parcels in cascade station. We have a few remaining parcels on the east end of the district and riverside parkway. When we get dollars back in, we use those to fund primarily loans, you know, back to businesses or for projects. We use occasionally when we have opportunity to help local manufacturers, but it is primarily used and lended back out. The real estate transactions, market transactions, remains active interest in this part of the city. We are sitting on nice assets that we can turn into dollars to be reinvested. The next urban renewal area -- i'm sorry.

**Saltzman:** Those have to be reinvested within the ura itself?

**Quinton:** Yes, yes. Central eastside is the next urban renewal area, an area where we have spent a significant percentage of our maximum indebtedness, and even though we have -- we have five years left to issue debt, we are -- we are coming down to the last of it, relatively speaking, the last few dollars that are in this district. We -- in the past few years, our focus has been on business development. Most of this area is included in industrial sanctuary. It is designed through our policy around this part of the city to promote both job retention and job growth. We use the tif that we have to promote that. There is a lot of start-up activity. Produce row initiative or start-up pdx challenge. Work at burnside bridge head -- all of that is designed to re-enforce what we think is already going on there in terms of -- in terms of the strength of the neighborhood. The dollars that we have remaining, we will continue to use opportunistically. Particularly to fund both commercial property loans as well as our business loans. We think there is probably an opportunity to do on the commercial property side some commercial energy retrofits as well. We have a lot of older building stock that could be renovated, both increase usage, but also to improve energy efficiency. It also should be noted that the -- this district includes the proposed omsi light rail station, on the Portland-Milwaukie light rail line. We are in conversations with Omsi, around their master planning, the proposed Clinton station sits just across the street from the district so that there is opportunity there for collaboration on that. And it might be a conversation down the road about whether or not the eastside could be modified in small ways to pull in more of the light rail activity. That's going to be a big public investment that's going to happen on the edge of this district.

**Fritz:** I'm interested in the central eastside budget that affordable housing money is in 14-15, \$900,000, and 15-16, \$2.3 million. I am wondering why that is further out rather than trying to get some housing, there isn't on that money suitable spots in the central eastside for actually housing but I'm presuming that that's along the streetcar and new light rail. Why would we not want to try to get more housing in to service customers for the businesses?

**Quinton:** The set-aside has certain exceptions and central eastside is one of them. It has a lower percentage of dollars devoted to affordable housing, and so we -- and so just because it is more of a jobs district and fewer housing opportunities within the boundaries of the district. What happens with affordable housing dollars, they get spent in a lumpy fashion. We spend dollars and we wait until the tif builds up again so that the housing bureau has a bigger chunk of money to put out into some kind of nofa. It won't -- it won't go evenly. It goes more project-based.

**Fritz:** Have we already spent some affordable housing dollars in central east side?

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**Quinton:** Yeah, I don't have historical figures. But, yes, we have.

**\*\*\*\*\*:** The slide suggests that with this investment, it would be -- looks like our target would be 18%, and we spent 16%.

**Fritz:** So the \$3.1 million is two percent of the district? Or two percent for affordable housing?

**Quinton:** We can follow up with the answer on that. The set-aside has a master spreadsheet.

**Fritz:** I'm interested in the timing. Because it seems like to start developing from affordable housing projects earlier, because we have the streetcar now. We know we're going to have the light rail soon. Now would be a good time for us to be looking at which projects that -- and is it -- the housing bureau would be doing that?

**Quinton:** Yes.

**Fritz:** You're saying that the \$900,000 and the 2.3 isn't available now?

**Quinton:** It -- I think we can get you a better answer on this. A lot of this -- I don't know offhand the specific direction we have from phb on when they would expect to spend a dollar. It is a joint decision on both bureaus as to the timing of it. Housing bureau can't spend money in every district every year. They bundle it up and put it out for bid and then the projects happen and the tif grows again and they put it out. It is not the case that every year they can use money in every district. We can get a follow-up answer for you.

**Fritz:** Ok, that would be great. Thank you.

**Novick:** Patrick how is the community redevelopment grants where do some of those go?

**Quinton:** You're on 110. So those are dos and storefront improvement grants, are grants available for building owners who either -- who either want planning money to initiate and plan around projects that might end up with the renovation of their building. And storefront improvement grants are used for façade improvements. Those are our most popular grant programs and they go out in small increments. And each district, you will see we budget round numbers in there and then based on demand that we spend the dollars. The convention center is the next urban renewal area. Convention center is one of the four urban renewal areas that has reached its last day to issue debt. We -- cities office and management finance issued those bonds last year to take advantage of favorable conditions in the bond market. So, we actually have a fairly substantial reserve for those dollars. The other reason for the timing of that bond issuance was anticipated work on the veteran's memorial coliseum as I mentioned earlier. So there's about \$20 million that is -- that is set-aside for that project. As you can see, this is a district that -- the remaining dollars that are left, we have a handful of high-profile projects that may or may not move forward. There is certain flux around the dollars, but, you know, you could see with the remaining dollars in this district, convention center, hotel, veterans memorial coliseum, we would love to renovate the inn at the convention center, a property that we own across the street from the convention center. There could be more rose quarter development and we would like to continue to support work happening in the lloyd district around the eco-districts and commercial retrofits. A district that has been very amenable to improving the energy efficiency of their buildings. We have a very motivated group of building owners there. Once again, this is a district, like I said, a lot of projects -- the main projects could go in a variety of directions. It could be that next year we are talking about a different use for some of these dollars of projects don't go forward. Or we could be watching the renovation or construction of some big projects.

**Saltzman:** You have \$4 million budgeted for the convention center hotel. Are we all on the same page? Because the city would be -- because pdc would be putting in \$4 million, convention center hotel subject to our green building policy, would have to meet leed silver minimum?

**Quinton:** I'm not sure that I can answer that question right now. I would be happy to follow up with you. I don't want to represent where it is at. It certainly would trigger -- trigger our policy --

**Saltzman:** That is your policy, right?

**Quinton:** Yes, yes, that is our policy.

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**Saltzman:** Get back to me on. Sooner rather than later.

**Quinton:** I think the answer is yes. I have not been involved in all of the conversations around that. On a broader point, though, it is not just the \$4 million from pdc is one piece of investment. The city obviously is considering along with other jurisdictions devoting the lodging tax money. It is beyond just our \$4 million. Downtown waterfront, next urban renewal area. This is the third of the four districts that's reached its last date to issue debt. This was in 2008. This is similar to airport way. We really are living off of the assets that remain in this district. We have a number of real estate holdings that are -- some are worth something and some aren't. And we have a fair number of loans that continue to pay back, and so what we are -- in terms of priorities for this -- for this district, we are -- we are looking at using dollars that were originally allocated for the uwajimaya project in old town to put back into particular smaller projects or business loans and they include different old town properties, including block 8L, which is the block that wraps around ocom and other smaller properties. We own third and oak. The infamous property with the parking obligation, which we have to reserve \$2.8 million out of our budget for that liability. Property at 3rd and taylor. It is a lot like airport way. We have assets. We have some resources and we're just trying to figure out how best to utilize the remaining dollars that we have on this -- on these projects. The old town, chinatown opportunities when we get to river district, you can see it pairs up. We have a small amount of dollars in downtown waterfront invested in old town chinatown and more dollars to invest in river district and I think that will be a priority area for the agency from a redevelopment perspective in the coming years. We will sit down and think through the next stage of objectives that we want to achieve in that district. The next one is the education urban renewal area. This is the first year where we would have resources that would be available in the district. As you can see from the -- from the budget, the -- on page 115. It's likely that if we were to expend resources in this district, that we would -- first priority would be to pay for the streetcar realignment that needs to occur by psu. Streetcar is on a single track. It needs to be separated and most of that realignment falls within the boundaries of the education urban renewal area. If we were to have, as we suggest here, \$1.26 million in resources next year, about two-thirds of that would fund streetcar work. The remaining amount for the streetcar would come the next year, \$340,000. I think there is still questions around this district. And the resources will come on very slowly. So, still some decision-making -- decisions made on priorities, but that is the most immediate priority that we have in this budget. Next urban renewal area is gateway. One of the three legacy neighborhood districts. Gateway has about nine years left before the last date to issue debt. I think it is fair to say that, you know, gateway is not -- does not enjoy the significant resources that inner city or lents has and it has been challenging to really generate the kind of catalytic projects that we would like to see in our neighborhood districts. Our work going forward is likely to focus more on trying to promote increasing business activity along the halsey weidler commercial corridor, the main business spine of the gateway neighborhood. We still have property and still have ambitions to see more development happen at the transit center. We see that is a mode of opportunity and a handful of property owners, in addition to pdc that have an interest in seeing work continue there. And we will make available our community redevelopment grant programs, and community redevelopment loans as well to see if we can generate more small-scale activity in that area. The next budget, next ura, interstate corridor. Interstate, and I guess you know interstate was amended over two years ago to pull in a significant chunk of st. John's, as well as other commercial corridors. Also pulled in parts of the Oregon convention center. Urban renewal area that ran along mlk. So, it is now the large -- it always has been -- it is 4,000 acres of urban renewal area. So, it is really a -- it is a collection of different neighborhoods and different priorities. The work in interstate, since -- it was expanded, it has been driven in large part by something called the gem list, developed as part of the expansion of the urban renewal area. Pdc and our bureau partners continue to check off items on the gem list and

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they include parks. So, this year we're taking on dawson park. That project will happen during 13-14. Bridgeton trail, a project that is funded in this budget. We hope that project will move forward. We are also working on projects along killingsworth and lombard. But we also have resources that we've -- that we have been able to set aside for business and commercial redevelopment opportunities. We see significant dollars in these line items and when you look at the different industrial corridors that exist within this urban renewal area, including parts of swan island, as well as parts of the -- parts of the columbia corridor, and the -- this is actually a place where we continue to think that there is opportunity for traded sector job growth. We have always allocated significant dollars for that. And then, you know, it's -- once again, it is important to point out, this is one of the most active areas for us in terms of storefront improvement grants and other commercial property grant programs -- these are very popular programs in north and northeast Portland so we continue to budget accordingly.

**Novick:** Patrick, could you elaborate on the \$2 million for traded sector business development site equipment?

**Quinton:** Page?

**Novick:** 118.

**Quinton:** Yeah. So, as I mentioned, we have allocated dollars across each of these -- across each of the five years for this purpose. This money allows us to have either smaller dollars available for smaller expansion projects within industrial companies or allows us to aggregate the dollars. If you have a project over \$2 million, we would bring money forward for that purpose. Like I said, the projects potentially available, and we are actively in conversation with a handful of companies where these kind of dollars would be appropriate. I'm kind of stuck in this mda situation where we can't -- we can brief you in a separate way but we can't talk about them more right now.

**Novick:** And what are some of the killingsworth street scape improvements?

**Quinton:** Currently, the jefferson high school frontage project is currently under construction. That is not -- that is -- that is an infrastructure project on the front side of jefferson high school on killingsworth. Do we have any beyond that --

**\*\*\*\*\*:** We have been working closely with pcc as they think about their expansion to consider what would be complimentary. It will probably follow the jefferson frontage project.

**Quinton:** Right now, if you go to jefferson, it is all torn up on the sidewalk there. That's work that we're paying for.

**Saltzman:** That's going to open up jefferson high school to killingsworth, is that the idea?

**Quinton:** It will be a little mini plaza. It still goes up to the sidewalk, but the corners are cut away. More of a plaza there. I don't know if there is -- it makes it look more of a plaza feel and creates a full front along killingsworth.

**Hales:** An entryway, right, into the campus?

**\*\*\*\*\*:** A little bit safer as well. Create some walls, barriers, and creates a place really.

**Hales:** It was a chain link fence.

**Quinton:** Next urban renewal area is lents. In the last budget work session and talked with you in the 101 briefings about lents. Lents still has roughly seven years left to issue debt. And as you can see our investment to date just under \$100 million. A lot of the money has gone into affordable housing and infrastructure. We have spent a fair amount on property acquisitions and have not led to redevelopment projects. We know that that is an area where there is opportunity there, but it hasn't -- we haven't had the amount of project activity that we would hope for. I think the residents and community folks have definitely communicated their desire to see more happening. And we definitely agree on that front. Going forward, we -- we would like to make sure that we make progress on a handful of catalytic projects. If you think about what lents town center and then on the foster corridor, we have the streetscape project, which we are in the midst of in lents town center. We have the property at 92h a few blocks off of that intersection where we are

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working on the green innovation park. And we have the support of the community residents. We are working with cdc on the murcado project which is at 72nd. And trying to explore specific opportunities for properties in the town center. Pdc, as I mentioned, we own a number of properties. Looking at catalytic tenants in a couple of properties and working with private property owners on opportunities as well there. We think we can actually see some -- noticeable activity over the next couple of years, as long as we're more strategic and have private partners and tenants willing to take a risk on the neighborhood.

**Saltzman:** Last year, as part of our school assistance package, there was a commitment of \$500,000 from pdc in exchange for the long-term lease Portland public schools was giving us for the former foster school site to be redeveloped into intergenerational housing for families raising foster kids. I don't see that \$500,000 here anywhere.

**Quinton:** Unless my memory is fault -- I thought that was coming out of phb's --

**Saltzman:** Doesn't this list include phb? I'm looking under housing and I don't see anything -- maybe I don't recognize the name but I don't see anything that looks like that former foster school site or --

**Quinton:** Oh, i'm sorry. Yeah, so the line item from -- from this year, I guess, from the 12-13, we have a line item for naya --

**Saltzman:** No, that's not the same thing.

**Quinton:** we can talk to the housing folks. It will come out of an allocation from the set-aside. We don't allocate the set-aside.

**Saltzman:** I get that. If you are listing everything under housing, then I would expect to see that showing up somewhere.

**Quinton:** They have line items, like affordable rental housing that can be used for different purposes. So, it doesn't -- it doesn't have to be specifically called out.

\*\*\*\*\*: Tony confirmed its in that line item, the affordable housing --

**Saltzman:** Under affordable housing.

\*\*\*\*\*: Affordable rental housing.

**Saltzman:** Okay. Where is that now?

**Quinton:** Page 120. If you look under housing, the 4th housing line on affording rental housing -- \$500,000 --

**Saltzman:** That's it. Thank you.

**Quinton:** The other thing I want to point out -- commissioner.

**Novick:** One thing that always draws attention is the dog leg as I think people call it down foster between 52nd and 82nd, and you have a million dollar transportation expenditure scheduled for this next year and I think it would be helpful to elaborate on where that money is going and how that fits in with overall economic development in lents proper.

\*\*\*\*\*: Under transportation --

**Quinton:** I can get back to you on that line item. This is -- this is what we do at pbot. Money we do on these projects flows through pbot so it would be part of pbot's list of priorities.

**Hales:** I'm surprised looking at that, that the 12-13 number is not bigger. There is a lot of work going on out there right now.

**Quinton:** But that's -- that's in the other line item.

**Hales:** Okay. There it is. Street, sidewalks, right.

**Quinton:** Yeah.

**Hales:** Got it.

**Quinton:** We will have detail from pbot on that, on this. The other thing I want to point out is that we -- we have \$300,000 in community livability grant dollars budgeted for lents and and budget based on historical demand. We already know that we have significant demand within lents for this program. Announcement will be made in july, application due in september, money

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will go out. And we are likely to make a recommendation to double this amount in lents so that we move dollars forward and prioritize other programs. We think the demand is significant, bottom of 121, number 300, we think we could easily put 600 to work. As an example, when we ran -- we did the program last year, we offered lents and interstate at the same time and we had like nine applications from interstate and one from lents. The opportunity for dollars on lents -- we want to be sure that we don't miss that opportunity. That is a change we would make from the budget that you are looking at.

**Saltzman:** Anything going on with freeway land property --

**Quinton:** Off and on. We spent a lot of time working with the property owners a few years back. We brought perspective purchasers to them. I think it's on hold right now. Recent conversations have led me to believe that maybe we could restart conversations around that. It's -- you know, I think everybody, including the property owner, sees the property having a higher use than it currently has now. Now, it is being productively used. I think it has to make sense for the property owners, as well as what the city wants to see happen. I had a meeting last week with a business owner who indicated that -- that they -- locate nearby, they would love to expand and they don't know where else to expand on that stretch of foster. So, I think the demand is there for more commercial, industrial space. So, we might take another run at it. But it is a private -- it is private property.

**Saltzman:** Somebody heard a great -- we heard from them this morning on behalf of pdc. It seems like, wow, maybe precision cast parts is looking for property further in the southeast Portland corridor. Ideal site.

**Quinton:** It would be nice to have more space for companies like that on the east side, yeah. The next set of eras is the npi districts. Not going to spend a ton of time on that. You had a briefing on mpi in the beginning of april -- npi. We collapsed them into one budget. There are six separate ones. They all have roughly the same resource projections. These are pay as you go districts. They don't incur any long-term debt over the life of each district, I think each of them is going to get about \$1.2 million. As we talked to you before, these are tif dollars, matched with revenue-sharing dollars that come in from the city and county as well as private match. We end up having a combination of tif dollars that can be used only as tif -- other dollars that can be used for operating support for these organizations. Over the next year, as we mentioned in the previous presentation, we are going to be in this capacity building mode, but each of the districts, I think is now staffed. You will begin to see the benefits of that staff work going forward. The next urban renewal area, north macadam or south waterfront. The -- this district has, as you can see, another seven years left before the last date to issue debt. We have right now, I think we've, as we briefed you on earlier, we don't believe that the current trends that we're going to hit maximum indebtedness on this district. I think that number was probably ambitious. We have a lot of opportunity. The dollars that we have currently available are being invested in things like the parking garage at the collaborative life sciences building that we can all see is nearing completion. That is a part of the development agreement that we've had with ohsu now for probably eight, 10 years. And then there is some work being done on thinking about eco-district, infrastructure pilots as part of that campus. Transportation issues to think about on the south end of the district. As was in the news, we have a lot of opportunity on the zrz site. And what money gets spent in that part of the district will depend on what type of activity happens there. We have a general sense of what investments need to be made. We have a sense for what dollars under current projections will be available. Our goal is to help zrz realty how to attract the best uses to that site. And the more investment that we attract to that site, the more tif we will have to put into infrastructure like streets, the greenway and other things. Absent that, this is a relatively quiet year for north mac, but I think we will see a lot of activity around what's next for that -- the

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northern part of the district. And then river district, we can just skip over it. No, joking.  
[laughter]

**Saltzman:** Oh, look at all of that money.

**Quinton:** River district. River district obviously is the -- has the most resources of any of the urban renewal areas. It has -- you know, as a result, it has a number of very high profile projects with very big price tags. I will walk through some of these things and you can obviously dive in. As part of our -- as part of the amendment to state's urban renewal statute in 2009, we agreed to provide \$26.9 million to the county for tif eligible project in this district. The money as part of the statute was to be spent \$10 million this coming year and \$16.9 million I think eight to 10 years out. As part of the discussions with the county around their plan to build this health services building in the river district, they asked to accelerate the dollars and we agreed to that. That's the -- that's the largest expenditure you see and then this budget, \$26.9 million payment to the county for that building. The other projects that obviously have that -- that may or may not really move forward this year, but they include centennial mills. I think you know we're now working with harsh. They're now in the lead in the development of that project. We are working actively with their development team. There is going to be a charette and other things to begin to vision the site. But the price tag there will be significant. So, it's probably worthwhile to have a briefing with council at some point with centennial mills as we move further along and the harsh team can come in and talk about the various options there. The last thing I will say about that, there really is a price tag with that -- as a result of the fact that we own the building, a price tag no matter what happens with the building. Various development scenarios have price tags. Demolition, which I know the council directed us not do that but people bring that up. It has a price tag. Maintaining it has a price tag. So, it's -- and then we also have the tenants next door to the centennial mills, the mpu, and that has a price tag as well. Everything has a price tag on that project. So there is no free options. I always like to remind people of that. Union station, pdc owns union station and we are in the midst of another set of renovations on that. We have significant federal money. We just initiated I believe \$5 million project, four of which comes from the federal government. We will continue to think about the long-term future of union station. We believe that it has a better future than its present. There has to be a higher and better use for union station, in addition to being obviously a train station. We continue to think about those opportunities. As I mentioned earlier, I think because we -- when we redrew the boundary river district and brought in a bunch of old town, we have an opportunity to take on another phase of development in old town. And I think that we believe with the investment that pnca is making with their 5-11 building there, along with what we believe is some interesting activity with office space and other things, we believe there is an opportunity to make strategic investments and attract private investment. We are working with planning around the central city plan that will hopefully begin to clarify some of the issues as well. Some of that might include even addressing the parking needs in the district, which there is a fair amount of surface parking in the district. We think that structured parking could actually not only deal with some of the surface parking and provide development opportunities but help solve some of the parking issues that we have within old town. And in addition, infrastructure project that's in the budget related to signaling on burnside and other traffic improvements which could improve access in and out of old town and downtown. So, we think that is kind of the exciting work that's ahead of us. And in contrast to some of the bigger projects in the pearl district, old town stuff feels like we can actually begin to get some singles and doubles and near-term wins. We're looking forward to that. I know that we have post office sitting in this urban renewal area budget. I think we're nearing the end of our conversations with the post office about it is really fish or cut bait kind of moment. Just had an email from a staff person today who had a conversation with the post office about, you know, here is -- here is kind of where we're at on this. Whether or not a deal can go forward or not. We can

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brief you on that in the near future as well. I think it is -- I think it is the kind of thing where we might be sitting here next year and having a conversation about we are either going forward with the post office or doing something else with the dollars. I think we're getting close to that.

**Novick:** What is the \$2 million transportation pearl district line item, 13-14?

**Quinton:** I think that's the one I just mentioned which is the transportation improvements on west burnside. A lot of it is signaling, allowing for left turns into -- both into old town as well as into downtown. A project that was initiated last year, additional analysis on it. And I think pbot is ready to move forward on the project. I think some of it has to creep into the pearl because you push traffic in you have to deal with the traffic once its in the pearl. But --there could be something else in there. I think we're a little under \$2 million. Yeah. Any other questions on the river district? Like you said, I think we can -- we can bring back individual briefings on things like centennial mills and post office and those projects. We did -- just as a quick look back, we did just open fields park. You can see the dollars that were in parks, \$4.2 million. We now have a third of the planned parks from the pearl. So it's nice to see these things actually come to fruition after many years of planning. South park blocks if the last of the four districts that has reached its last issue debt. This district really has kind of minimal assets, small amount of cash left. These dollars were -- primarily been slated for the Oregon sustainability center. So we now have those dollars to redeploy as commercial property loans, business loans. Maybe some commercial energy retrofit activity. There might be some individual projects that we could make use of the strategic dollars. But for the most part, we're really -- this district for all intents and purposes is winding down its activities. And then willamette industrial. Willamette industrial. We have never issued debt -- never been able to support any long-term debt. The dollars that are available in this come from, you know, the -- some pay as you go, basically. And we have tried various program offerings and other rps to get the dollars in this district out the door. It is -- it's -- there is not a lot of demand for the dollars in this district. I think a lot of it has to do with the issues, the map, the issues relating to super funds, and what it would take for somebody to make an investment in property there. So, I think there is obvious questions about the future of willamette industrial. About the ongoing need for it. But to the extent that we have businesses, property owners that are in the northwestern part of swan island and on the other side of the river, we do have resources available. We will continue to try to push it. Obviously the manufacturing sector that would be of most -- that would have the interest in these dollars. So, that's the quick run through of the -- of the urban renewal area budgets. I'm happy to double back on any specific topics. As the mayor mentioned, we come back on the 29th for the final disposition of our budget. So we're happy to get any information to you in the interim.

**Hales:** Questions?

**Andrews:** Just a quick reminder, this process starts in the fall with pdc board taking a look at the strategic plan, it goes to urban renewal advisory committees for review. Their invited into testify the very first time the commission takes a look at the budget. There's a second opportunity for anyone to come in on an item on the agenda. Of course anyone is invited to come in and speak on any topic anyway. So this is seeing a lot of scrutiny to date. It has been passed by the pdc commission. And it's -- it's just tee'd up for your pleasure.

**Hales:** Great. Thank you. Anyone signed up to testify gina?

**Gina Wiedrick:** Lightning.

**Hales:** Okay. Come on up.

**Lightning:** my name is lightning. Relating to the centennial mill site owned by pdc, willamette week stated that pdc has sunk operating expenses unprecedented somewhere around \$13 million into that property. Now, one of the concerns I had, they acquired it in the year 2000. It is my understanding the only tenant currently at that property is basically the horses for the mounted patrol. And it's my understanding that they signed a one-year lease with pdc to be at that property.

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So, I guess I have a little bit of a problem understanding operating expenses for some horses that are property -- possibly should have just been boarded up of \$13 million. It is hard for me to understand where that kind of money went. I'm in the process of trying to pull that data through pdc. Numerous buildings around the city pdc owns that are currently vacant and boarded up. They appear to be losing a tremendous amount of money year after year. Due to the fact that historic low interest rates that we currently have, would it not be prudent to begin a property disposition plan at this time? There are many developers looking to buy land to develop at this time. The city should use the equity dollars in these properties in a more productive manner. They are not making any returns on the money. They're losing a tremendous amount of money. I don't see any reason to hold them if they continue to lose money over time. One of the issues that I have on the enterprise fund is that I like what they did at the bud clark commons. I think it was one of the best projects developed throughout the city. One of the things I like is the social services that they provide throughout the city to the homeless. Another area that I think would be beneficial to the city, maybe pdc to look at maybe funding a company to do some type of a similar labor-ready type business. Because I think we have a tremendous resource there waiting to work, wanting to have jobs. Wanting to transition back into the community. I think with a little effort from the city, there might be an opportunity to tap into that labor pool, which I think is very beneficial. And basically like I say, I believe throughout the city that the homeless have the potential to show some of the greatest improvements to the city overall if we create ways for them to be able to do that. Now, another issue that I have, too, is on the low-income housing. What I'd like to see maybe -- and I don't understand, why we cannot buy apartment buildings say even on contracts from the owners. And basically not have a tremendous amount of our equity tied up into the properties, and maybe work with them, owners that have had them for many years on maybe doing interest-only payments for say, five to 10 years. Maybe they will transfer them into the family trust. They will go down to their kids. Balloon payment at a certain time. But we will create a rent structure that will allow us, within the current market, to sustain that low affordable rent for the people. And I'm sure there is many people and owners out there that would be willing to look at a program if it was presented to them, you know, in a reasonable manner. And that's where I'm at. Thank you.

**Hales:** Thank you very much. Good points. Thanks. Anyone else signed up? Okay. Thank you very much. We will come back to this on the 29th as mentioned. And now we have one more time certain item. Which is -- sorry, we are going to reconvene as the city council and close the Portland development commission budget committee meeting. Do we have to recall the roll?

**Moore-Love:** Probably should.

**Hales:** Okay. Thanks Gina.

At 3:00 p.m., the Portland Development Commission Budget Committee recessed.

[roll call]

**Hales:** Okay. Now, item number 445, please.

**Item 445.**

**Hales:** Mr. James, welcome, good afternoon. And panel, if you have one. Good afternoon.

**Dante James, Director, Office of Equity and Human Rights:** Good afternoon, city council and mr. Mayor. My name is Dante James, I'm the bureau director for the office of equity and human rights. and it is truly my pleasure this afternoon to be here to introduce to you, I guess for the first time in mass the citywide equity committee. It has been up and functioning for a while now. And it is my belief that is very important that you see as a committee, the council, as the leaders of the city, see the work that this committee is doing. I must acknowledge and thank the bureau of directors for allowing the time for these committee members to do this work. And city council for also acknowledging and allowing this work needs to be done and allowing the time for it to happen.

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So, honestly, I would just like, without further ado, to ask all of the members of the citywide equity committee to please stand and be acknowledged. As you can see, there are quite a few. Each bureau has a primary member and an alternate. And these are the members of this committee doing this hard and important work. so I would like to acknowledge them.

**Hales:** Thank you. [applause]

**James:** Thank you very much. There was a precursor to the cdc, citywide diversity committee. And in the interim as we moved to the citywide equity committee to prepare the strategic plan, there was an interim committee. I would like to acknowledge their good work in laying the groundwork so that the citywide equity committee could hit the ground running as it was instituted. I would like to acknowledge and thank ms. Emily Rice from BTS, delphine kennedy-walker from the city attorney's office, mr.stephen bouffard from revenue and desiree Williams-rajee from planning and sustainability, as members of that interim committee. Thank you very much. [applause] and the members here who are the steering committee for the citywide equity committee. Some were also on that interim committee. But have currently been elected by their peers to be leaders of the equity committee, steering committee. So, who you have before you is ms. Afifa ahmed-shafi from oni, ms. Carolina Iciraheta-Gonzalez from transportation, kyle diesner from planning and sustainability, alejandro vidales from parks and recreation, and ms. patricia weekly unavailable today from pdc. So that is who you have before you is the leadership, if you will, of the citywide equity committee. I want to thank them very much for their hard work. And I want to be sure to acknowledge the difficulty of this work. The difficulty of having this conversation. This conversation is about race. As it relates to the cec, and it is a difficult conversation to have. I want to acknowledge these courageous city employees for stepping up and often feeling the push-back in doing this work and often feeling sometimes unsupported in doing this work and realize the importance of them stepping into this role and the work they're doing. Before I hand this over for them to speak, and present the plan to you, I want to -- you've heard me speak enough about this. What I want to do is let you hear from your predecessors. What I have here is the Portland future focus, which is the 1991 strategic plan for the city of Portland. In some of the language of this document, in speaking of the diversity action plan from the strategic plan. The rationale listed is that in 1980, 7.8% of the city's employees were minorities. In 1990, city's minority population was 8.3% of city's employees. In 10 years, not even a percentage of improvement was done. Today, the percentage is approximately 17% of the city staff are made up of people of color. So, acknowledging a significant improvement and hard work to change what the complexion and the picture of the city staff looks like. But that also said, it says the city needs to aggressively reach out to diverse populations in the community and include them in all city activities. All citizens must feel they are welcome to participate in their government. Objectives are: examine government policies that are determined consistent and fair to all groups, provide tools for government to evaluate their policies impacts on all populations in Portland. A specific action item is to review city, county, regional and state government policies, ordinances and laws to determine if they are consistent and fair to all groups. and to work to revise the policies, ordinances and laws as necessary. That was supposed to be accomplished by 1992. Action item, another action item states that the need for expansion of antiracism training, and that was supposed to be ongoing. We are in the process of doing now what was supposed to be accomplished more than 20 years ago. So, I can assure you that this group is hard working in accomplishing these goals. And also suggest to you the reason why many of the city's employees of color and residents of the city of Portland who are of color are somewhat impatient given that this was a task from 20 years ago. So, at this point, I would like to turn this over to ms. Afifa ahmed-shafi to begin speaking on the strategic plan. Thank you very much.

**Hales:** Thanks.

**Afifa Ahmed-Shafi:** Good afternoon. My name is Afifa Ahmed-Shafi, I work in the office of neighborhood involvement. Where I support the city's public involvement advisory council.

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Which similar to the cec is a body created by city council, and represents multiple bureaus to improve the city's public involvement efforts. Today, however, i'm pleased to be here as a member of the citywide equity committee, representing the office of neighborhood involvement and also as a member of the citywide equity committee's steering committee, which I was elected to serve on along with my colleagues who will be presented to you today. I want to thank each of you on Portland city council and particularly commissioner amanda Fritz for your leadership on issues of equity. Your leadership on equity is reflective of the critical need for moving beyond the framework of diversity, which is a simple recognition and celebration of differences to the framework of equity, which is the intentional examination of our policies, programs and systems to see where historical legacies of racial discrimination and injustices still taint our current practices, often unintentionally. In doing this work, Portland joins a small but elite community of municipal governments that are seeking to do this important and intentional work. From the city of seattle's race and social justice initiative, to the city of minneapolis' recent resolution on employment equity, to our own neighbors, Multnomah county's equity and empowerment lens and king county's equity and impact tool. even our own community partners in Portland, the urban league of Portland, led a coalition of community and government partners to create a racial equity strategy guide as a gift to the city of Portland and this was created as a precursor and welcoming gift to the creation of the office of equity and human rights. All of these municipal governments are adopting racial equity lenses to examine how the decisions that they make are fairly benefiting or are unfairly disadvantaging the communities they serve based on race. By doing this work, we are working to set the trend for truly responsible governments. That meets the need for all portlander's, despite the color of our skin. Chronic racial disparities are evidenced and documented in many of our community partners reports. Including the coalitions community of color, state of black Oregon, making the invisible visible. These reports state that as soon as you step into Multnomah county as a person of color, all of your social and economic indicators drop for your success and well being. I'm sure you will join me in agreeing that this is a despairing situation that calls for bold, courageous and swift action as a government. And Portland has already taken a few bold steps. For example, by adopting the Portland plan equity framework, the creation of oehr, office of equity and human rights. The formation of the citywide equity committee as truly being the glue that will hold all of our separate bureaus together. Coming together to share best practices, learn from one another, develop tools and strategies that will work for all of the city's bureaus based on each bureau's unique needs and mission. All for one common purpose, that all of the communities that exist in the city of Portland are fairly benefiting from our services and that no one community is unfairly disadvantaged by the way that we do business. Let me give you a little background on how this committee came to formation. It is important to acknowledge the work of the citywide diversity committee that preceded the citywide equity committee, formally under the bureau of human resources. The establishment of the citywide diversity equity committee around 2002, institutionalized the structure for bureaus to come together to share best practices on diversity. We have evolved and learned a lot over the past decade. One important lesson was that to be effective, we must be specific about the change we are hoping to accomplish. And now under the office of equity and human rights leadership, the citywide equity committee can focus more specifically on root causes of the racial disparities experienced at the city. The ordinance passed in September, established our formal placement in the office of equity and human rights. Once established by resolution, the office of equity and human rights conducted a citywide search and called for applications. City employees applied to serve on the citywide equity committee. They were also interviewed by a panel of staff, city staff and community members. All bureaus are represented on the citywide equity committee, and there was also an interim group that dante referred to in between the citywide diversity committee and the citywide equity committee that represented several bureaus along with oehr that worked to put into place the document we're

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bringing forth today, which is the strategic plan document as well as the bylaws document. A lot of good legwork went into place before the first meeting of the citywide equity committee all for the intention of really starting off on the right foot and being as effective as possible. And the importance of the strategic plan that we're bringing forward to you today is once again all of the bureaus working together in a strategic, coordinated manner. So that we're not reinventing the wheel in any of our bureaus. We're learning from one another and truly having the greatest power by working together. We know that together we are stronger, so that we are each coming together to the table to create citywide strategies informed by each of the bureau's unique needs, lessons and perspectives. I will turn it over to my colleague, Carolina Iciraheta-gonzalez to go over the elements of the strategic plan with you. And in closing, as a public servant, i've been reminded over and over of our inherent responsibility to serve all of the communities of Portland fairly. so I'm very thankful for the opportunity to serve on the citywide equity committee and i'm very thankful for your leadership in establishing this committee and your support and the office of equity and human rights support. and I also want to acknowledge the office in general, but specifically also dante james leadership and our staff coordinator muna idow tireless efforts that keeps this body orchestrated smoothly. We could not do it without that support. Thank you. Carolina.

**Carolina Iciraheta-Gonzalez:** Hi, my name is Carolina Iciraheta-Gonzalez and I work with the bureau of transportation. And today I'm going to be speaking to you about the vision of the cec. What we hope to accomplish and what we have been up to since the initiation in early january. So, first the vision of the cec is that the city of Portland conducts business with the public and provides services in a racially equitable manner. It also envisions a city where employees feel supported to champion racial equity in their own bureaus and throughout the city. To accomplish this vision, the citywide equity committee will work in coordination with the office of equity and human rights to lead a citywide effort to shift internal city culture by promoting the recognition and removal of racially inequitable policies and practices. We have already begun this work so far. For the past five months, the citywide equity committee has been meeting biweekly to lay out a plan for tackling inequity within the city of portland. As you can imagine, there has been a lot of robust conversations. All 26 cec members adopted the strategic plan, and agreed to the promotion that the focus would be promoting racial equity. All members have gone back to their bureaus and spoken with their directors and began to assess the state of equity within their own bureaus. Our initial goals are to build capacity of city staff to address racial equity. We will begin with our own citywide equity committee members by going through and dis-mantling racism training this year. Another goal to elevate the visibility of the cec and its work, not just here internally within the city of portland, but also externally within -- among all of the various communities within the city of Portland. We will also be supporting bureaus in developing a racial equity plan with measurable goals. So that bureaus may have a place to start at when looking at racial equity. We greatly appreciate the 10 hours a month that have been allocated to each cec member to work on equity. Yet we all agree that it is a challenge to do this work with an allocation of only 10 hours a month. Being on the cec means meeting with directors, attending bureau equity or diversity committee meetings, serving as a liaison between the greater cec and our bureaus. It also means building internal capacity, reviewing policy. There is a lot -- a lot of work that we're doing. And we want to do a lot more. While we appreciate the 10 hours, it really is only a start. For all of us who are passionate about equity, equity is part of our work 100% of the time. As you can see, the cec has a very busy year ahead. We are excited and ready to do this work. Especially to do the work with a focus on racial equity. Some people will ask why? Why are we going to focus on race? I would like to introduce my steering colleague, Kyle Diesner, who will speak to this piece.

**Kyle Diesner:** Thank you, mayor hales and commissioners. As Afifa noted, many of the recent studies have confirmed that communities of color in Multnomah county, experience disparities in education attainment, income, housing, health outcomes and are overrepresented in the criminal

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justice system. This is a result of historic discrimination and ongoing implicit racial bias that contributes to the inequitable distribution of resources through policies, programs and practices at the city of Portland and other institutions. What makes this unique for Portland, is that these disparities are worse than they were 30 years ago. And they're worse and more profound than they are in cities of a comparable size. These disparities negatively impact everyone and certainly have an impact on our local economy. To put it simply, policies developed to address the deepest disparities benefit all communities. Therefore, it is critical to address the root causes of these problems, most notably racial bias and institutional racism. Studies by groups like the applied research center have shown if you don't specifically target racial equity outcomes, communities of color will continue to be left behind. I think this goes back to our version as part of the white dominant majority to avoid talking about race and racism. I'd also like to note that the cec is comprised of city employees who have experience, passion, and commitment to address racial equity specifically. This is at the core for the application, the essay questions we responded to and the interview process. By design, this group is singularly focused to create institutional change against all odds. As dante noted, we have been talking about this for more than 20 years and clearly it is still an issue. A focused effort to address racial disparities allows us to make more significant progress than if we were to address disparities across multiple identity lines simultaneously. We are digging in deep and very focused with this work and we think that is critical to success. I believe you all agree in this data. And about disparities that have been presented and can see the logic in focusing on the outcomes that directly seek to address those disparities. Therefore, I will hope that you will adopt the cec strategic plan as a road map to creating institutional change by doing business differently and with a new lens. And with that, I will hand off to Alejandro Vidales to talk very briefly about the impact of our work going forward.

**Alejandro Vidales:** Mayor and commissioners. My name is Alejandro Vidales and I work with parks and recreation. For its first year, the cec will focus on the goals and priorities. Support bureaus on developing racial equity plans with measurable goals that are tailored to each one of our bureaus. Elevate the visibility of the cec and its work. Review and analyze institutional policies. Foster and promote relationships to support racial equity citywide and elevate the effectiveness of the cec. When I think about why I joined the cec and direct relationship of the work I have been a part of over the last eleven years out in the community, it always comes back to the personal experiences that you have had. Everyone has access to the opportunities necessary to satisfy and essential need. Advance their well being and achieve their full potential. We have a shared state of individuals in the community and as communities within a society. All communities need the ability to shape their own pride in the future. That resonates with me so much. I know what it is like not to have that. The people I grew up, colleagues, the community I work with daily, don't know what that means because they accept the things that happen and move on. They don't stop working or living no matter how hard the challenges are. That is just life or at least their's. The importance of getting community the space for culture, heritage and family enrich our city. The means to a healthy community and an end that benefits us all. How can they now make our city better for everyone to move forward, feel accepted, and valued for who they are and what they bring. And in that process claim the city as their own. We are at a crossroads, a moment, where there is an opportunity to be a part of something bigger than this. The cec, since it started, we haven't stopped working. We provide information, direction, and becoming the leaders that are pushing this work forward. The reality is that this moment starts and ends with you all. The city is known for a lot of things. But the opportunity to bring a city together through your leadership and vision is going to create a legacy that will always be remembered. Even though for many of us, we don't know what equity feels like, we are here today to give you our support. We are here ready to work and asking you to lead us. Thank you.

**Hales:** It will eventually...

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**James:** here we go. Thank you.

**Hales:** It takes a village to operate our pa system. We have anita over there behind the desk who is helping us. She has to do magic on a daily basis to keep this working.

**James:** I want to say thank the steering committee for making this presentation and encourage your adoption for the strategic plan and also say thank you for your leadership and support in this process. And personally, I want to thank commissioner Fritz for the last year of support, guidance, interactions and exchanges that we have had. We have agreed, sometimes to disagree, but always in the best interest of making the city a better place for everybody. So, I just truly want to thank her for her vision and guidance on that. I do want to thank muna idow, the staff person for this committee who has been working very, very hard to ensure that we are where we are today as well. And with that, I will invite any comments or questions.

**Hales:** questions? Comments?

**Fritz:** I was wondering if somebody could give us a specific example of a policy or practice within a bureau that needs to be addressed. Or if there have been that have been addressed already and with some success.

**Vidales:** I know at parks and recreation, we have a native american advisory committee who we formalized, and they are – saying the policies on blessings of the -- how we honor -- every time we have a new park or system, and I think just being involved and education to our managers around what it means. It is not just doing something because it is on a paper. But if you understand where it comes from and the way you interact, it creates that difference. This group have made those changes in the bureau.

**Fritz:** so everybody in the parks bureau understanding what those expectations would be so that we avoid some of the lectures we've had.

**Vidales:** Well, we're working on that, yes.

**Fritz:** Anybody else have one you would like to share with us?

**Ahmed-Shafi:** Great. I know you are familiar commissioner Fritz. But the office of neighborhood involvement has diversity and civic leadership program, which is currently documenting its five year report and successes and accomplishments. The program was created as a request from the community in response to Portland has had a 30-year relationship with the neighborhood system, and it is a program that the office of neighborhood involvement has supported for those years. And the request was, you know, that program is important, but there is also other organizations where parts of the community that don't feel comfortable participating in the neighborhood system are participating. So we have been giving grants to five community of color organizations specifically around leadership development and capacity building for community members of color. Many of those community members are now serving on various city committees and are involved with our various bureaus as a result of that effort to increase equity in terms of who has a voice at the city of Portland.

**Fritz:** My final question, maybe you haven't got into this yet, but we have immigrant refugee communities who are not communities of color, russian-speaking communities in particular come to mind. What kind of discussions have you had about the culturally specific things that need to be addressed for people who might look like me but have a very different background from me?

**Vidales:** I know that one of the biggest barriers with those communities interacting with us is education. The governments, or the countries that they come from, there's no relationship. So I think to get into very specific thing about engagement, really, just doesn't set up to building that relationship. I think just giving them information and letting them guide us around what the point of context -- entrance is for them, gets us going so that's going to be different depending on which community, whether it's Russian, or --

**Fritz:** That is part of your work as well?

**Vidales:** Education, yes. What does that mean? Yes.

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**Iciraheta-Gonzalez:** And I also think that one of the other pieces that is helping address that is that the city -- all the members of the citywide equity committee are going back to the bureau of diversity committee and equity committees, and, you know, since their inception, they have been focused on diversity and what that means. There is a lot of conversation about changing that to equity. And some of the conversations are hard and there is push-back. But all of our members to come together, we are trying to figure out what are the best ways to have those conversations? I think those examples is, you know, get addressed in the bureau diversity or equity committees.

**Fritz:** That's a great answer and since we all are continuing to think about these things, for you, what is the difference between diversity and equity?

**Iciraheta-Gonzalez:** For me personally, diversity just seems more like, you know, like -- I think in the city when we talk about diversity, it seems more like a celebration of difference. It can be kind of tokenizing at time. I think equity, there is an action piece, which means that we have to kind of see where different communities are at or where people are at. And understand how we're engaging them or how we're not engaging them within the city of Portland and within our services and within our work environment.

**Fritz:** Thank you.

**Hales:** Great, other questions for the team here?

**Saltzman:** I was just curious, the, up to 10 hrs a month, how is that going to be -- is it going to be a big chunk at a time? Or do you meet, like a couple hours every week. Or something like that.

**James:** that's what they've been doing --

**Saltzman:** I guess I should be asking them, ok.

**Diesner:** it's spread out throughout the month. So we have a monthly meeting, the whole cec and then we have subcommittee meetings that we do periodically to work on specific deliverables.

**Vidales:** but in general, it's an ongoing conversation because it's not something you just put in a block and it's in one place, it's in our work every day. So it's consistent. This helps direct the work in a very intentional way.

**Saltzman:** and I'm sorry, I came in a minute late. Are you the chairs of the committee or are you officers of the committee?

**Iciraheta-Gonzalez:** steering committee.

**Saltzman:** you're the steering committee. So who runs the meetings?

**Diesner:** We do in partnership with our staff support Muna Idow.

**Ahmed-Shafi:** so, we meet --

**Saltzman:** So the steering committee sets the agenda, somebody presides over the meeting.

**Ahmed-Shafi:** we meet with Muna ahead of the large cec meetings. We work with her to set the agenda, we also check in with Dante regularly. Collaboratively we create the agenda. And then, muna is our over all facilitator for those meetings. Sometimes we're tasked with supporting pieces of the agenda. Then we also conduct an evaluation at the end of each meeting to get feedback from all the members, is this working for you? Anything we should improve? And we act upon that feedback.

**James:** And I have specifically asked each cec member to keep track of that you are hours to ensure, well, just to give them a sense and to give you a sense of what you are getting for your hours, and I have not found anyone yet who, who is doing less than 10, and doesn't want more than ten hours to be able to do this work because of the time that they are committing to doing this work.

**Saltzman:** Thanks. I appreciate that.

**Hales:** Questions.

**Fritz:** This is just an outline as well because the commissioners officers are not involved in the cec? That's correct?

**James:** Correct.

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**Fritz:** But there is also a leaders advisory council. Is a quarterly bureau director's or whatever you call it?

**James:** oh yes, sure. There is a quarterly meeting that I facilitate with each of the bureau directors, and members of the senior members of your staff to connect them to the work of the cec and the equity work in general. And the discussion of budgetary issues and templates and also, but discussing how to improve the climate and the culture within their bureaus and understand what that is, and assist them in how to do that. Many of the bureau directors have interacted with me or members of the committee on how do we ascertain how we can do better. Not just for our internal staff but also for our constituents and those who receive our services. I know parks and rec is doing a wonderful job in trying to determine who receives its services. And they have been really instrumental in trying to put forth a process by which they can, they can determine that. The planning has done a wonderful -- hello. Planning has done an excellent job in working with the comprehensive plan. And so, those quietly meetings with the bureau directors, pretty wide encompassing in terms of just city, city work and city services.

**Fritz:** Do you have a name for that group?

**James:** The executive equity team.

**Hales:** Good. Other questions or comments for the committee? Thank you.

**James:** thank you very much.

**Hales:** Are there other committee members or others here that would like to speak?

**James:** I don't know.

**Hales:** It doesn't look like a shy group.

**James:** No, they are not, they are not.

**Hales:** Ok. Chris, chris is not shy.

**James:** Chris? Ok.

**Hales:** Come on up.

**Chris:** Hello, everyone, I just want to thank you again for, for supporting us. And the time that we have to share with our bureau directors, our concerns and our work from the committee, we have difficult conversations with our bureau directors, so it's not always easy to point out certain things as a personal color, how certain policies and procedures affect us. So, I want to thank you for, supporting us and also let you know that conversations that we have are not always easy. and for example, there is conversations about job panels on interviews, that I have had with the bureau director, conversations about outreach, how effective is our outreach, and bds's outreach to the wider public. is it, actually, successful, is it actually reaching its goal of hiring more people of color. And do we actually use the data from our, the percentages people of color working in the bureau. And where are those people? Are they, actually, management positions? Or are they not? So, there is a lot of different conversations happening where i'm pointing out things to the director and to other managers about certain things and saying, we need to look at this and say, is this equitable? So, they are difficult conversations, and but we are we are moving forward. I would hope that the bureau directors would, um, because we are having such an intense effort at doing the work that we do, because the leadership is totally part of the equation that they become part of the solution, and they meet more often so that we can actually get more work done. Quicker and more effectively because we're not -- this is a team effort. And we're having these conversations, and I would hope that you would support them, meeting with us more often, or actually, having us have more strength as far as our efforts go and the bureau directors go, so that our work is not isolated. That's more effective with their participation. So, I would emphasize that you put that emphasis with those bureau directors. That this is important work. Because this work comes from the leadership down, and we are only as effective as our leadership is.

**Hales:** Thank you, chris, thanks. Great, anyone else?

**Moore-Love:** No one else is signed up.

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**Hales:** sorry, you had some people signed up?

**Moore-Love:** No. no one else.

**Hales:** No one signed up, thanks very much.

**\*\*\*\*\*:** Thank you very much.

**\*\*\*\*\*:** Thank you.

**Hales:** So we'll need a motion to adopt this report.

**Fritz:** Move to accept the report.

**Novick:** Second.

**Hales:** Roll call on that motion, please.

**Saltzman:** Well, it's good to see the committee formed, and seems like a very solid committee from the people I know, and the faces that I have seen in the audience, I look forward to hearing more about the good work and important work you are going to do for us here in the city, and appreciate it. Aye.

**Novick:** Aye.

**Fritz:** Thanks to the committee and all the hard work that has been done building up to this, this day, with the report. Starting way back a year or so ago when Dante James arrived here, and established an office of human rights, the building of the team, the whole staff team and the office of equity and human rights, and as well as working with the bureau human resources, anna kanwit and Kathleen sedat, who formally guided the city committee, agreeing that it should be housed within the office of equity and human rights. And so, I very much appreciate everybody's work on this and dora perry, in my office looked after it, as well, it's weird not being in charge for the past four months. And I have to say that having this presentation gives me courage that the work is continuing. And chris's point that the work has to happen at the grassroots' level, it does and also has to happen at the leadership level as he said. So it's not an either or, it's both and, and every step in between. This is everybody's responsibility. And we have not made much -- we made some progress over the last 20 years, it was good to hear the 17% number instead of the 8% number. But equity is more than numbers. It's about, about removing barriers and it's about moving forward on a shared agenda, and sharing each other's knowledge, and listening to each other and recognizing that nobody has all the answers. So thank you, mayor, for the presentation, and I am pleased to vote aye.

**Hales:** Well, thank you, commissioner Fritz, and I want to both echo those comments, and encourage this good work. It seems to me that, that you, as a committee, as a group of leaders within our organization are trying to do this work in a very thoughtful and, and open way, and I appreciate that. And some of you know me well from, previous years of working together, and some of you don't but my style that I do like, actually, argument and discussion and even confrontation, and as chris pointed out, you know, it has to be so that on these issues of equity and race and change, that it has to be possible for us to have these conversations, and for no one to be exempt from them. And obviously, I think you have a council here, I know do, that all five of us feel that we have both a responsibility to the direction and a responsibility to be challenged by our own staff, and anyone else in the community that wants to say, here's a way that we can do better, and that's, that's exactly what this work about. So, I appreciate the good start, and I appreciate the willingness of people throughout the city's bureaus to step up and participate and look forward to working with you. Thank you very much. Great report, good work, more ahead, aye.

[gavel pounded]

**Hales:** And we are recessed until tomorrow -- oh, sorry.

**Moore-Love:** we have one more item.

**Hales:** I am getting ahead of myself.

**Novick:** One more item. One more.

**Hales:** I was just so happy about that one, I thought that was the grand finale. I'm sorry shoshanah.

**Novick:** Shoshanah is the grand finale.

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**Hales:** Shoshanah is the grand finale.

**Item 446.**

**Hales:** Ok, folks, we're going to needing to back to order so take it outside, thank you. Sorry, shoshanah, I wasn't trying to blow you off there. I just got excited there. That's a low-tech powerpoint. I like it.

**Shoshanah Oppenheim, Office of Management and Finance:** Good afternoon, I believe that dante, are you going to join us?

**Hales:** He's still here. Pull up another chair.

**Oppenheim:** I'm so glad that I was here for that presentation. I must say, I appreciated it very much. So, good afternoon, i'm shoshanah Oppenheim with the office of management and finance. i'm the title 6 and ada program manager for the city of Portland. I took that position in february following after the terrific work of danielle brooks. So, a lot of this work that we're going to talk about today is as a result of her, important work. So, we are here on an amendment for the contract for the transition plan for the city of Portland. to remind the council of the actions that preceded today's Council item. And in the 2009-2010 budget, the office of management and finance was authorized to complete a study of all the deficiencies and barriers to access. Within the city of Portland's facilities. This is known as the transition plan. And basically, outlines how the city will transition into compliance with the ada. This important work identifies barriers for the disabled community, where they exist, and how we can plan for removal to ensure access. MIG the contractor, who is with me today, heather buczek is here, was selected in a competitive process to perform the work in preparing the transition plan. Surveying the highest priority locations is currently underway, and covered under the initial contract. The initial contract was for \$219,000. And it expires in december of this year. The additional services in this amendment are the remaining facilities that are -- have been identified for completion or inclusion in the transition plan. You could see on the map, that's a list, the locational map all of the facilities, that are covered in the transition plan. At the end of the project work, we will have detailed summary all the barriers that exist in the city facilities, including parks, fire stations, and city hall, and any barriers that exist in the city-owned facility. And I have handed -- provided you to a handout, which outlines where we are in the project. And allows you to view what steps are next. So, as you could see, we're about to receive the draft transition projects. I'm sorry, the draft transition reports. We received reports for all of the building facilities, in june. And in august, we'll receive all the reports related to the parks facilities. It's a little delay due to the fact that it's easier to be in the parks in better weather. After we received the reports, bureaus will review those for the tier 1 facilities, and prioritize the projects that need to be addressed first. The tier 2 and tier 3 facilities are all what's covered in the amendment. So we will have the final facility reports next spring, with the final transition plans in october 2014. By approving the contract amendment today, the council authorizes the work that was originally contemplated for the project, and required by the ada, and budgeted in previous city-wide budgets. With that, I have two members of the disability, the commission on disability here with me, as well as director james so let's start with joe vanderveer.

**Joe VanderVeer, Portland Commission on Disability:** Ok. I am joe vanderveer with the commission, obviously. I'm just here to say that we fully support this project and the amendment that you are considering today. It's obvious that our commission would be very interested in the accessibility of our city facilities and having it as comprehensive of a baseline of data is as we can get is critical to our advising you and to the city moving forward on that agenda. So.

**Oppenheim:** Commissioner nicholas johnson is also here.

**Nicholas Johnson, Portland Commission on Disability:** Oh, yes. I am nicholas johnson. And vice chairman of the Portland commission on disability. And I have viewed and participated in a lot of the work done in this and I see that it is crucial that we go forward in the progress of getting this done, so that it will be accessible to all Portlanders that have disabilities, whether they be temporary

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or permanent. Because all of us fall into that category one time or another in our lives. We definitely need to get from place to place, especially in our city government if we are going to participate either in the employment or decision-making or whether we're there to view an opening. But it is crucial that we progress in this area so that it's advantageous for all Portlanders to partake in the enjoyment our beautiful city. In government. So, I definitely approve of the work, and I would like to see it go forward as much as possible and as quickly as possible since it's been approved in the budget. Thank you.

**Hales:** Thank you.

**Oppenheim:** I would like to invite dante james to say something.

**Dante James, Director, Office of Equity and Human Rights:** hello again. My name is Dante james with the office of equity and human rights. The charge of the office of the equity of human rights is two fold. To identify and remove barriers based on race and disability. And this particular aspect what we are talking about here today is identifying where barriers exist. Where inaccessibility exists. And so, my office certainly appreciates and encourages the completion of this, of this important work. If we are to ensure compliance, we need to know where we are out of compliance. And as required by the ada, and title 2, I don't think that there is much question that we need to know the answers to those questions. And so, you know, in my considerate opinion I believe that the next great civil rights' movement is going to be people with disability in the disability community. And so to ensure the city's safety, ensure that the city maintains its compliance and does not end up in any liability situation. I think that this is necessity that city council approve this amendment. It was already contemplated and we would just encourage the acceptance of this amendment. Thank you.

**Oppenheim:** Are there any questions for myself, the contractor or the Panel?

**Saltzman:** What's the difference between a tier 2 -- give me an example of a tier 2 facility and tier 3 facility.

**Oppenheim:** We, actually, have a list of the facilities --

**Saltzman:** Oh, ok, I thought these were all tier 1.

**Heather Buczek:** So exhibit b, these are tier 1 facilities that are in the first phase of the projects. What you are being asked to approve today is exhibit c. And these are -- this is a mix of tier 1 through tier 3 facilities.

**Oppenheim:** So the tier 1 facilities were identified by, by a stakeholder group with the contractor. And they are the most well used and most open to the public facilities that the city has. Examples of that are city hall, Portland building, the 1900 building, those buildings used every day by the public. Are, do you want to talk about the prioritization to two and two?

**Buczek:** With the prioritization process, each bureau was given a list of criteria that was developed by the team, and I actually have that with me today. And I can pass that --

**Saltzman:** Who are you?

**Buczek:** Oh, sorry, i'm heather with mig, and I am part of the local office.

**Saltzman:** So everything that you have showed us here, in exhibit c, is a tier 2 or 3 project?

**Buczek:** Some of them tier 1 and those are primarily parks facilities. Under our original contract, there was a smaller scope of work and these facilities came up as tier 1 and it expanded the scope but our contract did not cover surveying the sites.

**Saltzman:** So there is a column heading that says "phase" is that the same as tier?

**Buczek:** We went through two word choices through the planning process and so with the changes in staff, the word tiers switched to phase and back again.

**Saltzman:** What was the last part? I didn't hear.

**Oppenheim:** I think the easiest way to --

**Saltzman:** I'm looking at the list and it says phase 1, is that the same as, I see a lot of 1's in front of park facilities, is that the same as tier 1?

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**Buczek:** yes, that is the same as tier 1.

**Saltzman:** And I go to the next page and phase 2.

**Oppenheim:** That's correct.

**Buczek:** And one can be considered high priority, two medium priority, three a lower priority.

**Oppenheim:** And the prioritization list was how the stakeholder community ranked those projects for just distributed to.

**Fritz:** so when will we get the report on phase 1?

**Oppenheim:** For the buildings and structures, it will be in june. And june 3rd is our due date.

**Buczek:** For the draft.

**Oppenheim:** that will then be prioritized within the bureaus, it will reviewed at the bureau level with city staff. There will be commissioner briefings at that time, after the bureaus have had an opportunity to review the work. And then, we'll move into that, from draft, to moving towards final. In the meantime, we'll be working on the balance of the facilities. I think that we're no longer after this amendment, is adopted or if it is adopted, we will just have the balance of the facilities. There will be no longer tier 1 and tier 2. It was a categorization that will no longer be necessary.

**Fritz:** I appreciate the letter from the commission on disability and thank you commissioner vanderveer and commissioner johnson for being here today. Your letter says that you've been monitoring it and you are satisfied with the work that's been done in the first phase?

**Johnson:** Right.

**Fritz:** And one of the first phase facilities is the sellwood community center, which we're considering moving to community ownership. I wonder if we could get the report on that particular facility earlier than june because if we are going to ask the community to take care of it, we should look at what the price would be to fix it up before we do that.

**Buczek:** As far as the park facilities, our report for phase 1 since their facilities are easier to examine in the summer, is at this point the end of august but I can move that up on the schedule to early june.

**Fritz:** This is a community center, it's a building. So, it's not a needing to be outside thingy?

**Buczek:** The parks so if you look at the top of the schedule, for this right here, the parks bureau facilities, on a slightly different time line and the tier 1 facilities are due september 9 but I can do the report earlier, and go to the site earlier. That hasn't been on my survey schedule as of yet. So I can move that up in the schedule to meet your community meeting needs.

**Fritz:** That would be helpful, which ones have been done so far?

**Buczek:** As far as the parks facilities?

**Fritz:** As far as all the facilities.

**Buczek:** All the facilities, all of the ones you see on the phase 1 list under exhibit b, have been visited, except for one of the parking garages at this point, and I am currently working on the database and the report writing right now.

**Fritz:** Is that all except for the parks facilities?

**Oppenheim:** There are parks facilities in exhibit b. All those facilities in exhibit b will be included in the report, except for the parks ones will be presented with the parks report in september.

**Fritz:** I guess what i'm trying to assess here is for the money that we have already expended, what's been done. because we're authorizing the second phase, and I understand that we divided up the \$600,000 contract into 200 and 400, but what I don't want to get to is at the end of the second phase, while we're not done yet we need more money, so I want to try to assess how much of the work has already been done in the phase 1.

**Buczek:** The money is all-inclusive of everything in this packet.

**Oppenheim:** so I think what the commissioner is asking is, what work have we completed and on what time line can she expect the deliverables?

**Fritz:** Thank you.

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**Oppenheim:** So, the evaluation and visiting of all of these facilities, the survey of all of the facilities in exhibit b, has been completed.

**Buczek:** No.

**Oppenheim:** No.

**Buczek:** No, not for the parks facilities.

**Oppenheim:** The park facilities --

**Buczek:** All non parks bureaus have been visited. The parks facilities, half have been visited at this point.

**Fritz:** It's about half the work that has been done already?

**Buczek:** For parks --

**Fritz:** No, half the work of the whole of the phase 1?

**Oppenheim:** Rather than --- so some of the facilities in tier 1 are much more intensive. Such as the Portland building, which is much larger than, let's say the mount scott community center. So, the comparing line item to line item would be difficult just because there is a number of facilities in tier 1. It doesn't compare to a line item of the facilities in the later phases.

**Fritz:** But you're telling me that all the ones on this page will be done by august?

**Oppenheim:** All of the non parks facilities will be done by august, all of the parks facilities will be done, I mean, sorry. All the parks will be done by the end of august, and all of the non parks will be done at the end of the month.

**Fritz:** Thank you. And then what's time line is for doing all the phase 2 and 3?

**Oppenheim:** That is also on this calendar. And for parks, tier 2 in january. For non parks, november. And for tier 3, april, for both.

**Saltzman:** Has anybody -- have you completed the draft facility report under tier 1 yet? That's been reviewed by shoshanah? Or bob kieta?

**Oppenheim:** That will be coming in june. The draft facilities report will be coming to the city in june. June 3<sup>rd</sup>.

**Saltzman:** We haven't seen -- and those are going to have, planning level cost estimates? Which is -- where does that fit in the hierarchy of construction ready, go to bid documents?

**Buczek:** Where does it go where?

**Saltzman:** Where does something called a planning level cost estimate fit in the hierarchy of --- you have a planning level cost estimate, at some point you want to have a number that you have a reasonable idea that's going to be the actual construction bid to do the work. Where is that?

**Buczek:** This contract does not involve creating actual schematics for each barrier removal, this is discussions with staff which ones get prioritized, and we move to the prioritization?

**Hales:** but in terms of the cost estimates.

**Buczek:** it's a planning level cost estimate.

**Hales:** So it's pretty --

**Oppenheim:** Basic. It's pretty basic. You wouldn't go to bid on the --

**Saltzman:** It's a facility specific planning level cost estimate that's based on something more than just --

**Buczek:** There is a list in your council agenda as part of the scope of work. Under -- Under our scope of work, it lists the different items that we review under the 2010, ada standards. And that is on page 2 of our scope of work.

**Saltzman:** Ok.

**Buczek:** And it outlines all the different types of elements that we look at within a building, so one building will have a report on the exterior. The stairwells. The rooms. The restrooms. The elevators. Different hazards that we find in the environment. And it's very detailed per item. So, then you get a lump sum per facility, and then a lump sum per phase, as well. And these are planning level

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estimates. For each one we do address the 2010 standard and we identify exactly how the barrier exists within each facility.

**Saltzman:** Ok.

**Fritz:** Remind me why we're doing the contract extension now than at the end of phase 1?

**Oppenheim:** So in order to not have any additional delay. The team is mobilized now, if there was, after the reports are in, there is a lag time for the team. So, while they will be working on the parks facilities, they will still be a lag time for, for the team, they can continue with all of the facilities, and moving ahead with completion of the survey. The survey needs to be done regardless, and the amendment now allows us to continue the work.

**Buczek:** Can I add to that if I might?

**Oppenheim:** Sure.

**Buczek:** And also in addition to that, I can handle the logistics of getting out and doing the surveys in a more efficient manner. Less windshield time going back to the same neighborhoods. Ideally, we would go to one neighborhood, take care of all those facilities and get the inspections done and move on. Instead of going back and circling the city repeatedly.

**Fritz:** Makes sense.

**Hales:** Other questions, discussion items? Great. Thank you. And I don't think -- we have no one else signed up?

**Moore-Love:** We have one person signed up. David miller.

**Hales:** David miller here to testify? Good afternoon. I think she can give you this microphone if that would be easiest.

**David Miller:** Thank you.

**Hales:** Good afternoon David and welcome.

**Miller:** I am david miller, and I believe by state law I need to let you know that I am a registered lobbyist. I am representing the Oregon paralyzed veterans of america. And I want to go back. I want to go back to the very first time, your years as a commissioner, mayor and catch everybody up to date, as far as where we're at today. And if you can remember back in 90, in the early 1990s, the city does what's called a transition plan. And I didn't hear any mention about the use of this transition plan in the development of this, no matter what phase we're at. When it got to parks and recreation, there was one issue that I wanted to discuss bit out of turn, and that is that there is a battleship uss Oregon battleship memorial on the waterfront. And on memorial day I went there, as a veteran, and found that it was steps on every side. No way to get up to the actual monument face, itself. And I worked with -- had several meetings with commissioner Fish's staff. And parks and recreation. And your staff, commissioner Fritz, and lots of different people, commissioner members. And they said that it was going to be impossible to do this, impossible to do that. Well, we'll do a temporary this or temporary that. Well, it will be a phase this or a phase that. Well, it's going to be in this first round, and I said ok, well wait a second here, we're looking at something that according to this transition plan, that i'm looking at, was identified, there's \$1.5 million, especially in the parks and recreation department, for ada compliance. It was in 1995. 1.5 million. And I said wait a second, that's a lot of money. And I said, it's not going to cost a lot of money to fix the memorial. Not only is it disgraceful to our veterans. We have something that you can't get to. And but, it's very important to look at things and extract that project out of this transition plan mess, fiasco that's going on right now. And I say that with all due respect to the efforts being given. In 1995, the transition plan was to be created by federal law. In 19 -- in 2006, when I got here, I met with commissioner Fritz, and I asked for a transition plan. At that point. I asked the city attorney for one. And I asked the mayor, I asked for everyone for one. There wasn't even an ada coordinator then. We finally got an ada coordinator. The ada coordinator has come and gone, and in those three years, still no transition plan. That's \$70,000 worth of salary. With really not much to show for it. Now we have meg here, I went to the winter public hearings, and as a matter of fact, I was the only

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one that went to the public hearings. And asked them to please explain their process. I'm a DOJ trained, access board ADA technical specialist. I know a transition plan when I see one. I've created them. I've written them. I have done the analysis that you asked about, which is a very good question. And they are asking for more money right now. I asked them to show you more of a qualified quantity of work that's been done, am I saying don't do the transition plan? No, by all means do the transition plan. But let's do it in a cost effective way. We're looking at budget cuts across the board. We have senior centers, and a service to disabled seniors. That are looking at an 18% cut, and so that's huge. That's 27% of their budget. when you look at asking for another 400,000 right now, what I suggest is that you wait until the first week of June, or you wait until phase 1 is complete, and you get some of that back because when I went and asked them, ok, you are looking at prioritization of 1, 2, and 3 with one having a top priority. Well, when I looked at a three, that was one of the three was a city police annex which shared a building with a medical clinic. And, and that's phase 3. Well, I don't think something that that's important needs to be a phase 3. We want to access the police department, you should be able to get, or a medical facility, you should have, that should be a priority 1, you know, anywhere. And there is issues, of transparency, you know. I go to meg's website, and I can't find anything about this project. They list at least oh, a couple hundred of projects, but I can't find Portland, it says client, I can't find the city of Portland, you know, we're paying the people a lot of money, there is no transparency, there is no, nothing that a citizen can, a taxpayer can pick up the phone and say, you know, I would like to know where, where my community center is, on this phase thing. And you know, so, I ask you this to slow the process, don't stop the process, evaluate it, before we put more money into it. And I think that you should, you should be expecting more for what you have gotten so far. And, you know, I don't want, I want to leave with a refocused back to the memorial. Please don't let that get stuck into something that's going to be not even on paper for another year. When I have already been working on it for over a year. So, it has been identified, it has been surveyed, and I surveyed it myself, and with Ryan Green, my predecessor. And you know, sent the survey over to parks and rec. And, you know, met with the commission, it's done and ready to go. Also, all they need to do is give it a green light, it's not that expensive.

**Hales:** Thank you very much, appreciate your points. Thank you.

**Saltzman:** I have to say, think Mr. Miller raises good points and they are kinda touching on the points, I think, both commissioner Fritz and maybe myself were alluding to, I guess, you know, I feel a little uncomfortable just saying, let's go ahead and authorize the contract for phases 2 and 3 when we have not seen phase 1 deliverables. So, I guess I think told me yesterday this was not meant to be an emergency.

**Oppenheim:** that's right.

**Moore-Love:** It is not. I'm sorry Shoshanah, it is not. I indicated on the agenda what, with the asterisk but there is no emergency clause.

**Saltzman:** Ok, we have a week.

**Oppenheim:** You have a week. And I appreciate Mr. Miller's testimony, I have not received any communications asking for the documents, I would be happy to provide all the documents, this is --

**Saltzman:** I guess I would like you to come back to me, and maybe all of us, in the week is ok, what if we said to Mig, we'll authorize 2 and 3 after we have seen the deliverables in June, for phase 1. What would be the extra cost with Delta if there is, there is Delta?

**Oppenheim:** Ok. Yeah, I'm absolutely able to provide you that.

**Saltzman:** Ok. I appreciate the remarks about windshield time, more efficiency but I also, like I said, I just feel nervous authorizing another 400,000 when we have not seen sort of the product of the first 200,000. Or a product.

**Oppenheim:** I understand, I understand commissioner, and the project that I inherited from my predecessor was, what I understand, was always intended to be a single scope of work with a single

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contract. There was a previous decision made by a previous council to separate the work into tiers or phases. To accommodate a budget cycle. We have collected all of the funds for the balance of the work. We -- all the bureaus contributed to an overhead model that allowed us to do this work. It was in partnership across the city. My intention with going ahead with the contract at this time was to ensure that the work was done according to the original schedule. So, absolutely, we can answer those questions about if there would be budgetary impacts, and I can meet with your office in the meantime.

**Hales:** So rather than carry this over I think we should continue this so you have a chance to come back and make this follow-up on those points.

**Fritz:** I agree with that suggestion. another alternative is to come back next week with more information, but, we could do an emergency ordinance in June after we -- the reason brought this today was so that there would be 30 days to put in effect so the contract could go out before the summer.

**Oppenheim:** Absolutely.

**Fritz:** And another possibility is to try to get more of the deliverables from the first phase, and then do an emergency ordinance. The effect would be the same but that we would have more information.

**Oppenheim:** Absolutely. It was not intended to be an emergency ordinance.

**Hales:** Why don't you come back to us in a week, and then we'll continue it rather than schedule it for second reading, and then we'll see where we are.

**Oppenheim:** Thank you very much.

**Saltzman:** Karla, I will not be here next Wednesday afternoon because -- will this be done in the morning?

**Moore-Love:** We have a pretty big morning schedule on the 22nd, but, it possibly could be heard in the morning.

**Saltzman:** Well, I'm sure Shoshanah will be in touch with me. She'll make sure --

**Oppenheim:** I will make sure --

**Saltzman:** She'll probably take care of my concerns in the intervening week.

**Oppenheim:** I did not sleep well last night.

**Saltzman:** keep it on the upswing.

**Hales:** let us know if you still have questions.

**Saltzman:** ok, keep it on the up and up.

**Fritz:** Well and again my comfort level was greatly assuaged by seeing the letter from the commission on disability. That they have been tracking it. They feel pleased. And David, in response to your testimony, also, there have been eyes on this and evaluation by our expert community group so that makes me feel better but I would like to know, you know, particularly about the Sellwood community center, if we are going to be suggesting that go into the community management, we need to know right now what needs to go into that, in order for us to pass it off in good shape.

**Oppenheim:** we do have a place on our website where I have intended to put the documents that I have to date, those will be up in the next week, so that the community can view the progress, the schedule and this mapping. So, all that will be available on the bibs website.

**Hales:** Thank you all and thanks very much. So this is continued for one week.

[Continued to May 22, 2013 at 2:00 pm. Clerk]

[gavel pounded]

**Hales:** Now we're adjourned. We are recessed until tomorrow at 6:30.

At 4:14 pm Council adjourned.