



CITY OF  
**PORTLAND, OREGON**

OFFICIAL  
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **23<sup>RD</sup> DAY OF JULY, 2014** AT 9:30 A.M.

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

Commissioner Saltzman left at 11:35.

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Ben Walters, Chief Deputy City Attorney; and Jim Wood, Sergeant at Arms.

On a Y-5 roll call, the Consent Agenda was adopted.

	<b>Disposition:</b>
<b>COMMUNICATIONS</b>	
<b>766</b> Request of Crystal Elinski to address Council regarding incumbency - what does it really mean (Communication)	<b>PLACED ON FILE</b>
<b>767</b> Request of Lightning to address Council regarding Clean Water Act - dredging (Communication)	<b>PLACED ON FILE</b>
<b>768</b> Request of Angela Hammit to address Council regarding citizens right to privacy and the E.S.P. Program administered by the Police Bureau (Communication)	<b>PLACED ON FILE</b>
<b>769</b> Request of Benjamin Barber to address Council regarding the National Day of Civic Hacking (Communication)	<b>PLACED ON FILE</b>
<b>770</b> Request of Donald Scott Upham to address Council regarding Police Bureau actions concerning Megan McCoy (Communication)	<b>PLACED ON FILE</b>
<b>CONSENT AGENDA – NO DISCUSSION</b>	
<b>Mayor Charlie Hales</b>	
<b>771</b> Reappoint Joseph Mark Campbell to the Investment Advisory Committee for term to expire July 23, 2016 (Report) (Y-5)	<b>CONFIRMED</b>

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<p><b>772</b> Reappoint Jonathan Gray, Steve Houston, Dale Lovett and Roy Moore and appoint Victoria Haynes to the Plumbing Code Board of Appeal for partial 3-year terms (Report)  (Y-5)</p>	<p><b>CONFIRMED</b></p>
<p><b>Office of Management and Finance</b></p>	
<p><b>*773</b> Pay claim of David McAllister in the sum of \$37,500 involving the Parks Bureau (Ordinance)  (Y-5)</p>	<p><b>186721</b></p>
<p><b>*774</b> Authorize an Intergovernmental Agreement with Metro for Light Detection and Ranging data and Aerial Photography in an amount of \$280,000 (Ordinance)  (Y-5)</p>	<p><b>186722</b></p>
<p><b>*775</b> Ratify a Letter of Agreement between the City on behalf of the Bureau of Environmental Services and the City of Portland Professional Employees Association that allows employees in the Environmental Technician II classification who work as Fats, Oils and Grease Program Inspectors to flex their schedules within a workday when required to perform early inspections (Ordinance)  (Y-5)</p>	<p><b>186723</b></p>
<p><b>Commissioner Steve Novick</b> <b>Position No. 4</b> <b>Bureau of Transportation</b></p>	
<p><b>*776</b> Amend Portland Streetcar Loop Extension Local Improvement District assessment to correct classification of Lien No. 152958, parcel R626629 (Ordinance; amend Ordinance No. 186504; C-10025)  (Y-5)</p>	<p><b>186724</b></p>
<p><b>*777</b> Amend contract with Oregon Department of Transportation for the NE Columbia Blvd at OR 99E/MLK Jr Blvd project (Ordinance; amend Contract No. 30002350)  (Y-5)</p>	<p><b>186725</b></p>
<p><b>REGULAR AGENDA</b></p>	
<p><b>*778</b> Authorize the allocation of \$8,600 to extend Portland Parks &amp; Recreation free summer lunch program between August 25th and August 29th at 11 sites (Ordinance introduced by Commissioners Fritz, Fish and Saltzman)  (Y-5)</p>	<p><b>186726</b></p>
<p><b>Mayor Charlie Hales</b> <b>Bureau of Planning &amp; Sustainability</b></p>	

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<p><b>S-779</b> Improve land use regulations related to accessory short-term rentals through the Regulatory Improvement Code Amendment Package 6 (Second Reading Agenda 738; amend Code Title 3 and Title 33) 30 minutes requested</p> <p><b>Motion to accept substitute ordinance and exhibit:</b> Moved by Saltzman and seconded by Novick. (Y-5)</p>	<p><b>SUBSTITUTE PASSED TO SECOND READING JULY 30, 2014 AT 9:30 AM</b></p>
<p><b>Office of Management and Finance</b></p>	
<p><b>780</b> Accept bid of \$1,118,186 from Insituform Technologies LLC for the Middle Hillsdale RDII Pilot Project in Bureau of Environmental Services (Procurement Report - Bid No. 116640)</p> <p><b>Motion to accept the report:</b> Moved by Fish and seconded by Saltzman. (Y-5)</p>	<p><b>ACCEPTED PREPARE CONTRACT</b></p>
<p><b>781</b> Authorize a 5-year contract with Schweers Technologies, Inc. to provide handheld parking enforcement hardware, software and services for a total of \$1,057,847 (Second Reading Agenda 761)</p> <p>(Y-5)</p>	<p><b>186727</b></p>
<p><b>Portland Development Commission</b></p>	
<p><b>782</b> Accept the Old Town/Chinatown Five-Year Action Plan and authorize modifications to the System Development Charge Exemption Program (Second Reading Agenda 765; amend Code Section 30.01.095)</p> <p><b>Motion to accept Mayor's 7-23-14 amendment:</b> Moved by Hales and seconded by Novick. (Y-3; N-2 Fish and Fritz)</p>	<p><b>PASSED TO SECOND READING AS AMENDED AUGUST 6, 2014 AT 9:30 AM</b></p>
<p><b>Commissioner Dan Saltzman</b> <b>Position No. 3</b> <b>Portland Housing Bureau</b></p>	
<p><b>*783</b> Authorize a loan of up to \$6,339,093 of River District tax increment funding to be used with funding from other sources to develop 52 affordable units and ten market rate units in the Erickson Fritz Apartments (Ordinance)</p> <p>(Y-5)</p>	<p><b>186728</b></p>
<p><b>Commissioner Steve Novick</b> <b>Position No. 4</b> <b>Bureau of Emergency Management</b></p>	
<p><b>784</b> Amend Disaster Policy Council membership and leadership strategy (Second Reading Agenda 762; amend Code Section 3.125.030)</p> <p>(Y-4; Saltzman absent)</p>	<p><b>186729</b> <b>AS AMENDED</b></p>
<p><b>Bureau of Transportation</b></p>	
<p><b>785</b> Declare one City owned property at SE Foster Rd and SE 91st Ave as surplus and authorize the Director of the Bureau of Transportation to transfer the property to the Portland Development Commission (Second Reading Agenda 763)</p> <p>(Y-4; Saltzman absent)</p>	<p><b>186730</b></p>

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**Commissioner Nick Fish**

**Position No. 2**

**Bureau of Environmental Services**

**786** Authorize the Bureau of Environmental Services to convey certain permanent easements at NE 2nd Ave and Flanders St to Union Pacific Railroad in exchange for a permanent easement, license and agreement to install improvements on City owned and controlled property (Second Reading Agenda 764)

(Y-4; Saltzman absent)

**186731**

At 11:44 a.m., Council recessed.

**WEDNESDAY, 2:00 PM, JULY 23, 2014**

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

July 24, 2014

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,  
OREGON WAS HELD THIS **24<sup>th</sup> DAY OF JULY, 2014**, AT 2:00 P.M.

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

OFFICERS IN ATTENDANCE: Susan Parsons, Acting Clerk of the Council; Harry  
Auerbach, Chief Deputy City Attorney; and Wayne Dykes, Sergeant at Arms.

		<b>Disposition:</b>
<b>787</b>	<b>TIME CERTAIN: 2:00 PM</b> – Refer a measure to City voters for the November 4, 2014 General Election authorizing the issuance of general obligation bonds in the amount of \$68,000,000 to provide funding to fix playgrounds and trails; improve park facilities, safety and accessibility (Resolution introduced by Commissioner Fritz) 2 hours requested  <b>Motion to accept replacement exhibits E and F:</b> Moved by Fritz and seconded by Novick. (Y-4; Fish absent)  (Y-5)	<b>37085</b> AS AMENDED

At 3:25 p.m., Council adjourned.

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



By Susan Parsons  
Acting 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.

**JULY 23, 2014      9:30 AM**

**Hales:** Good morning, everyone, and welcome to the July 23rd meeting of the Portland City Council. Will you please call the roll, Sue.

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

**Hales:** Before we begin the regular calendar, I want to welcome a group of students in the room from the Oregon fellows summer program, the PSU Hatfield School of Government. Some of you know the students already, because they're working in our offices or otherwise in the city administration. It's a program that OMF is working with, and they're sponsoring a job shadow day today. They are here to see how this part of the public process works. They're from all over the country, and they come to Oregon to participate in this PSU program. During this time, they are in a ten-week or eight-month job placement with a public agency somewhere in the metropolitan area. They're focusing their studies in areas of financial management, sustainability, project and grant management, social and environmental policy analysis, economics, budgeting, quantitative research methods, and urban planning. In their spare time they might think about another subject or two, but that's a lot. They're also matching up individually with city professionals from the financial analysis and management analysis side who volunteered to serve as mentors to the students. Some of them are here. Each student has the opportunity to interface with at least a couple of our professionals during the day. So we want to welcome the Oregon fellows, we hope you enjoy this council session and the rest of this process. Thanks to OMF -- I see Betsy is here. Would you like to talk about this program for a moment? OK.

\*\*\*\*\*: [inaudible]

**Hales:** Could you stand and we will recognize you? Good morning. Welcome. Let's hear it. [applause] The future public administrators -- recognize them when they are back here in another capacity, we hope. Thank you all, and good luck. OK, we'll begin the regular calendar. We have five communications items first, and then we'll move into the rest of the calendar. For those who are here to speak, we have some rules, which is we give people typically three minutes to speak, including in our public communications, unless there's a special presentation that's been invited for the council session. If you want to demonstrate your support for somebody, please do so non-verbally. If you agree with them, give them a wave or something, but we want to be sure everyone has the opportunity to speak and be heard. If you have materials to distribute to the council, please give them to our clerk, Sue. If you are a lobbyist representing an organization, please disclose that and who you're representing when you come up to speak. And with that, we'll take the communications items first, Sue. Thank you.

**Item 766.**

**Hales:** Is Crystal here? OK. Let's move onto the next one.

**Item 767.**

**Hales:** Good morning, Lightning. Welcome.

**Lightning:** Good morning. My name is Lightning, and I represent Lightning Think Lab. One of the issues that I have on dredging, as you know, we're moving forward on the Willamette Park boat launch -- which is a city-owned property -- to have it dredged. They've tested some of the silt or the dredging material, and it's contaminated. Now, they've tried to take that contaminated material to an

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off-site location on the land, and they've been denied. So in my opinion, we've got a bit of a problem there, because I really wonder if there's been enough research to see if other locations might take that contaminated dredging material. But they've come up with a solution. And their solution is, let's dredge and take it from the Willamette, transport it up to the Columbia, and dump it into the river. Now, you see, I have a big problem with that. If we don't start looking at that river and trying to protect the river, and quit using it for a dumping site for contamination -- you don't want to swim in those rivers. And I'm telling you now, I have a real problem with this on not looking at other alternatives for this contaminated dredging material. The solution is not to take it up to the Columbia River and dump it back into the river. Actually, you all might be wondering why not dump it into the Willamette and take it down and do that? Well, I think that you've heard the term superfund. They're not going to do it on the Willamette, because we have a superfund cleanup in the process -- or getting ready to move forward. And they don't want to do it on the Willamette any more. So, let's take it up to the Columbia, and dump it into the river there. I'm not happy with Oregon marine board. I'm not happy with the Army Corps of Engineers. I think you need to rethink what you're going to do with contaminated dredging material. I have a real problem with what you're doing here. And you may approve it, and they may stand back and say, we've been approved -- but I don't approve it, I disagree with what you're doing. And remember the term, superfund cleanup. You are in the position to make sure that this river does not become more contaminated in the future, and you're not doing your job, so I am appalled at what you are doing on this. Thank you.

**Fritz:** Lightning, I appreciate you making these points. You're illustrating why the Office of Healthy Working Rivers was a good concept, and the folks were looking at the questions you're asking. In the absence of that office, if you could please contact Patti Howard in my office, she'll give you the background of why that was approved.

**Lightning:** OK. And like I say, I have dealt with the Army Corps of Engineers myself. I've dealt with the Oregon marine board. They may decide that it's correct to do that -- and in the past, it's been correct. But the public knows, you don't take contaminated dredging material, transfer it from the Willamette and dump it into the Columbia that hasn't been named a superfund site as of this time. And that needs to stop. You don't put contamination back into the river. I'm appalled at the Oregon marine board, I'm appalled at the Army Corps of Engineers, and I think that you need to start rethinking this and understand contamination does not belong in the river. If you remove it, keep it out of the river. Thank you.

**Hales:** Thank you.

**Item 768.**

**Hales:** Ms. Hammit, are you here? OK. Let's move on then, please.

**Item 769.**

**Hales:** Mr. Barber, come on up. Good morning.

**Benjamin Barber:** Good morning. Thank you all for your time. So, a month or two ago there was an event called the National Day of Civic Hacking, and it provides people like myself the ability to serve our country without going to war overseas. It was a great opportunity to meet like-minded individuals. We were working on the Zidell property site, and we're coming up with ideas for how that could be best utilized. And came up with a concept of an innovation corridor and some short-term uses, and those uses are being used, such as the -- what was it called, there was a big concert down there for -- anyway, I digress. There is, as you may well know, the OSCON open source convention going on currently at the Expo Center. Similarly, pretty much the majority of all the computers running today are basically built like these communist software developers. And I know that some of you have talked about the sharing economy, and maybe some of that ought to be the city sharing the burden of its work with its citizens. There is, for instance, the bike share. I'm sure you know. For instance, Intel sponsors a group called the Open Bike Initiative, which seeks to make an open-source bike lock, which could be remotely activated. Similarly, I see an item on the agenda

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for parking enforcement. And while I'm sure that the company is very confident and will deliver a good product, I see no reason why a competent mobile developer could not build, for instance, an application downloadable by anyone on any smart-phone to take pictures and issue a ticket, since we have an individual citation process. And perhaps it would require less meter maids to patrol if people were given the tools to do it themselves. What I'd like to propose is someone in the Office of Neighborhood Involvement find a method of providing an infrastructure or method where people who want to donate their time to worthy causes and endeavors that the city wants to do, to be able to do so.

**Hales:** Thanks. Good suggestion. I think the idea of hack-a-thons and other ways for people in the tech community to give us innovative ideas -- we haven't figured it out, but I think it's something on the public sector side we're really interested in.

**Barber:** Yeah, by all means. And if you ever need me, I'll be happy to provide some help.

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

**Item 770.**

**Hales:** Good morning, Mr. Upham. Welcome.

**Donald Scott Upham:** Good morning. My name is Scott Upham. On February 25th --

**Fish:** Mr. Upham, I just looked at your statement. There's a bureau lawyer representing someone who has a pending claim, so could you identify --

**Upham:** There's no pending claim.

**Fish:** Well, you have a client. So could you just identify your status before you tell us --

**Upham:** Oh, sure. I represent a lady who reported to the Washington County sheriff's office that had was raped by a man, both in Multnomah and Washington counties. Thereafter, Washington County submitted the report to the Portland Police Bureau in January of 2012. Both my client and her rape victim advocate contacted the Portland Police Bureau on several occasions to find out what they were doing about this complaint, but they were stonewalled and never received a response. So finally, each gave up. I wrote this letter two years later to the Portland Police Bureau on this lady's behalf to find out why she was never contacted and why this case was never investigated. A couple hours after I wrote the email, I got a response back from the chief's office saying that someone should be contacting me soon. We then came down to Portland three days later and spent two hours with a detective, who took a partial statement from her -- didn't even come close to completing all of the information in her possession. She was asked and she agreed to allow the police to come to her house to download all of the information on her phone that she had accumulated over four years -- text messages, emails, so on and so forth. I asked to receive a copy of the report, and they said I couldn't get one. I then asked the detectives, why on earth was she not contacted for over two years? And neither had an explanation for that. The following day -- or excuse me, five days later after the interview, I got a letter from George Burke, commander of the detective division, saying, thank you for taking the time to follow up with us. This case has been assigned to detective Tracy Chamberlin for follow-up. He will be in touch with you in the near future. Obviously, didn't know that we had been interviewed. He said the intended path for this would be to present it to the DA's office for possible prosecution when the investigation is complete. We will be working closely with your client as we move forward. I then wrote back to the chief's office and said, I just got the email from Commander Burke, but he did not answer my question as to why no action has been taken on this case for over two years. And to this day, I still haven't received an answer as to what happened. The reports that were received by the Portland Police Bureau more than two years ago. And of course the public records act requires the police bureau to maintain and preserve those documents.

**Hales:** May I just -- you used your time, and we don't want to go to into the case now, but one, I appreciate you highlighting this and bringing it to our attention. Two, I understand the district attorney is about to schedule this case for a grand jury.

**Upham:** Well, that's news to us.



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**Hales:** That's what I've been told this morning, so it's news to me too. And then Commander Burke is here in the room, and I actually suggest that you and he confer about preparing for the grand jury because it sounds like -- for whatever reason -- at long last the case is going to a grand jury. So you're obviously doing your job as an advocate for your client, and we appreciate that. And this is a serious crime whenever it occurs or is alleged, so it needs to get to a grand jury, and I'm glad to see that's happening.

**Upham:** Well, I really wanted to impart that, you know, boys growing to men are trained and told never to hit a woman. Ever. But sexually assaulting women seems to be kind of OK in this society.

**Hales:** Well, it's not tolerated here.

**Upham:** And the course of this so-called investigation, which is now more than two and a half years old, kind of indicates that that attitude prevails in the DA's office in the metropolitan area and in the police department. Not one witness was interviewed in this case until July -- and that was only after the Oregonian wrote an article. Now today, I hear that because I've come to you folks, someone is going to do something about it. This shouldn't be required. I don't like to come down here and be a jerk and tell you people what a terrible job has been done in this particular case, but I've made multiple attempts to communicate with you, Mayor Hales, and the police chief, and no one has ever responded to me.

**Hales:** We'll find out why that happened, because that shouldn't happen. And again, Commander Burke is here. I want to ask you to meet with him, and then I will follow up with him and get a report to my office about what's happened and why. So, I appreciate you highlighting it, and I don't think you're being a jerk by bringing your client's legitimate interest to the public. So we appreciate you doing that, and appreciate you spending time with him. And obviously, I will also spend time with the district attorney on the subject of sexual assault cases. Because we take them very seriously, and Commander Burke and his detectives take them seriously when they are investigating one, as well as our drugs and vice decision is pretty serious about human trafficking and all the consequences of it. So, something that is a priority for the Portland Police Bureau. And I'm sorry that in this case, the process has been slow or uncertain, because that's not what our intent is in this council.

**Upham:** Well, the proof is in the pudding.

**Hales:** It is.

**Upham:** And this is the status as of right now. Thank you.

**Hales:** Thank you very much. OK, any arrive that was called earlier? Ms. Elinski or Ms. Hammit? OK. Let's move to consent agenda, please. I don't believe that we have any requests to remove items from the consent calendar, is that right?

**Parsons:** I did not, either.

**Hales:** Let's take a roll call on the consent calendar as published.

**Roll on consent calendar.**

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

**Item 778.**

**Hales:** Commissioner Fritz.

**Fritz:** Thank you, Mayor Hales. And first, I want to thank Commissioners Fish and Saltzman for co-sponsoring this ordinance and helping my staff put it together in my absence. Portland Parks and Recreation provides over 100,000 free lunches to school-aged children in Portland every summer. However, at the end of every summer, there's a one-week gap where the school kitchens that provide these lunches are closed. For \$8600, we can provide lunches at 11 sites for the week of August 25th through the 29th. This ordinance also directs the City Budget Office to add this to Parks' current appropriation levels of future years to ensure that we continue to feed children during this gap week.

**Hales:** Other co-sponsors that would like to speak about this?

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**Fish:** I'll just make a quick comment, Mayor. First, I want to thank Commissioner Fritz for bringing this forward, happy to co-sponsor it. In 2009, this issue first came up when we learned that there was a gap between the program that Parks was providing and the beginning of the school year. And that was the last time that I recall the council addressing this. And Mayor Adams felt very strongly about this, and the council then appropriated some gap money. Fast forward, this is one of the most successful programs of Summer Free For All. As Commissioner Fritz said, over 100,000 healthy meals to kids, and the additional benefit is the meals are served in playground programs where parents can drop their kids off and know that they are in a safe place and exposed to healthy activities during the summer. So it's one of the great programs in Summer Free For All. And while the federal government through an entitlement program pays for the food, the cost that the city is picking up has to do with the delivery and the distribution of the food. I think this is a vitally important program. I'm very pleased that council put hunger as a top priority for this in terms of the budgeting. The kids that are served -- and many of them are east Portland kids -- need these healthy meals, and I think that this is an excellent step in expanding the program so there is no gap. Too many kids go to bed hungry at night. And at least in this program, the kids that are served will not. So, I thank Commissioner Fritz for bringing this forward, and I'm very proud to co-sponsor it.

**Hales:** Thank you. Dan?

**Saltzman:** I would like to thank you Commissioner Fritz, and Parks Director Mike Abbaté and his staff for coming up with this proposal to close the summer hunger gap in our Parks programs. And although it's a small amount of money, it will really make a huge difference for hundreds of children that are faced with the dilemma of getting a meal in that week between when Summer Free For All ends and Portland schools begin. So once again, they can have lunch meals -- so, very happy. There are a lot of transportation, logistical issues around this, and I appreciate the Parks bureau committing to do this. And I also want to thank the parks foundation. We all got an email from Nick Hardigg mentioning that the parks foundation is also contributing money to eliminate the summer meal gap. And I guess my only question, Commissioner Fritz -- I just want to assure that the on-going appropriation we're also creating today will go specifically for the summer meal gap.

**Fritz:** Correct.

**Saltzman:** OK, great. Thank you.

**Hales:** Thank you very much. Is there anyone signed up to speak on this item?

**Moore-Love:** We had two testifiers.

**Hales:** Come on up, good morning.

**Charles Johnson:** Good morning, Commissioners. For the record, my name is Charles Johnson. And I do want to thank Commissioner Fritz and all of you for your attention to this important matter. But I want to set the context for this in that there's something wrong with the governmental system -- the federal, state, and local governmental system -- when the city council has to have an agenda item about feeding hungry children. The fact that we spend most of Oregon's total tax revenue to Washington, and then it's dribbled back, and the bureaucrats along the way can't make the system work so that children are already eating without a special item on the city council. It tells us that our government and the citizens who are supposed to be monitoring this government aren't quite getting their job right. So I want to encourage you and your legislative liaisons with Blumenauer -- not so much Bonamici and stuff, because of where we live, but especially Wyden and Merkley -- that federal programs designed to assure adequate nutrition for children should just get the job done. There shouldn't need to be time-consuming bureaucratic paperwork, intergovernmental agreements and stuff like that. It's good that in Portland we have the Children's Levy and a parks foundation can be there to fill the gap. But I want to encourage my fellow citizens and you to work to see that the federal programs get the job done so that children don't have to rely on an item being put on city council so that they can have healthy, nutritious food in a gap week. Thank you all.

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**Hales:** Thank you.

**Novick:** Mr. Johnson, if I may defend our congressional representatives. I think that our representatives this past year were engaged in battling people on the other side of the aisle who were perfectly willing to cut food stamps while eagerly reaffirming subsidies for agribusiness. So there is something of a partisan divide on the issue of food for hungry people versus subsidies -- and for that matter, massive military spending -- in Congress.

**Johnson:** Definitely, the military spending is prominent. And also, all of us need to work on our communication with people who might be further south or a little bit further east, to make sure that children -- over guns and bombs -- remains a top priority of this country, and that we can bring all of Oregon along, regardless of our political party identification, to realize that it's more beneficial to our society to focus on health and education for children than creating a few more bomber and Boeing and drone jobs. Thank you.

**Hales:** Thank you. Mr. Walsh.

**Joe Walsh:** My name is Joe Walsh, and I represent individuals for justice. Congratulations. This is really a good thing. I was a volunteer at Atkinson for a long time, and we did a snack program for the children waiting for buses. So I'm very sensitive to these types programs. The only criticism that I would offer is that it's not enough money in this budget. I would like to see more money. So I would like to see the five of you reconsider this either now or next year when you do it. Because I don't see anything coming out of Congress, and you will probably have to do this again next year. I do have a question for the commissioner, though. What happens when you have these children getting these lunches -- and obviously, they are hungry, so they come from poor families. What happens to the families? Are they included in the lunch? So if a mother or a father was also hungry, is there a provision that you would allow them to enjoy the lunch, also?

**Fritz:** I'm not exactly sure of the answer to your question. I know that most of the children come without their parents because their parents are at work.

**Hales:** I think I know a partial answer to that question, which is the federal funding is for the kids' lunches.

**Walsh:** You exclude everybody else?

**Hales:** Exclude is a hard word.

**Walsh:** I use very hard words.

**Hales:** I'm not sure that that's always the practice, but it would probably --

**Walsh:** Could one of you have a staff member look into that? And maybe next year when you have more money, if you get some stuff done on the ballots, you could turn around and say, you know what, if a parent -- one parent, I'm thinking -- is in the park, or wherever you're going to do the lunches -- if they are hungry, do you have a provision not to turn them away? That would be very difficult for me as, say, a volunteer to do. So, I don't want to put you in that position, and I'm suggesting that you have a staff member do some research and see if it's feasible or possible.

**Fritz:** I'll do that and get back to you next time I see you outside.

**Walsh:** Thank you very much. And again, congratulations.

**Hales:** Thank you. Anyone else like to speak? It's an emergency ordinance, let's take a roll call, please.

**Item 778 Roll.**

**Saltzman:** Aye.

**Novick:** Aye.

**Fritz:** Thanks to Commissioner Saltzman, who raised this when we were doing the initial allocations for the full summer program; and then Director Mike Abbaté, who got on it and figured out as much as we could to do this; also Commissioner Fish, who did pioneer this. And throughout the course of the recession, we've made hard choices on the council and found funding for this program. Nick Hardigg of the Portland Parks Foundation was mentioned. The day that we did the

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previous allocation, I was opening the summer program at Pier Park along with our corporate sponsors and Nick Hardigg of course was there, as he's at almost every event I go to for Parks. He had mentioned there was an anonymous donor willing to give some money, and the anonymous donor wanted to do an enrichment program so that kids wouldn't get bored. And as Nick and I discussed this funding problem, we thought, well, if kids are hungry, it's hard for them to do anything. So I believe he went back to that donor and helped engage that community. There are still some gaps, though. The ordinance mentions that for Portland Public Schools, it completely covers the gap. But Centennial and David Douglas don't start until September 4th, so there's the first week after Labor Day for those districts. I'm not sure what the situation is in Parkrose. But also, these 11 sites are only a fraction of the sites that we cover, but we couldn't figure out how to provide the services with the kitchens for the beginning of school activities. So I do encourage our backpack buddies program -- this is not just a problem during summer. During the school year, there are many faith communities that partner with Portland Public Schools and other public schools in the area -- many in association with the Palau organization -- that realize that kids were going hungry between Friday afternoon and Monday morning. And in some schools, they have to take turns with which kids get to take home food for the weekend. So I agree with Mr. Johnson's point that this is a disgrace in the country -- with the affluence that we have, that we have to draw lots for which kids are hungry over the weekend. And I'm very proud that we have our local government, which is, in some ways, the last resort or the safeguard to make sure that we can cover some of these programs. And we rely on our community of volunteers as well. So if there are those watching at home who are in PTAs or in faith communities -- should be asking their school administrators, who I believe are still on duty until they get their summer vacation. There's still more that this needs to be done. But I'm very proud that this council is doing what we can. Aye.

**Fish:** Aye.

**Hales:** This is a good piece of work. I think that we were all nodding during Mr. Johnson's testimony because once again the city is in a position of cobbling together a solution where other governments have responsibility. And it's not a new phenomenon. But it's a little more hopeful in that, once again, I think we found a common-sense solution -- a patch, if you will. And there's some other good things that are going on, but we have a huge hunger problem in Oregon and in this city. One of the good things that's going on is that the SUN schools are having more and more food pantry operations staffed by volunteers. I saw the one out at Earl Boyles, which was staffed by women from that neighborhood, distributing food to their neighbors every Friday out of the SUN school. And they found a storage room in the elementary school where the food pantry can be operated. So, there are a lot of these kind of local innovations involving usually the nonprofit sector -- a food bank, a nonprofit group, volunteers, and the city and the school district. But to try to make these things more certain and more regular and build them into budgets and programs for the long run I think is where we all want to go. But for now, this is a creative and humane patch on a system that's not perfect by any stretch, and I'm really proud that we're doing this. Aye.

**Item 779.**

**Hales:** We have Sandra Wood here to walk us through this, and we have a substitute ordinance, which is exhibit A. And this is a result of our hearing on July 2nd. We voted on several amendments to what the planning and sustainability commission had forwarded to us. This substitute ordinance encompasses those amendments that the council made during our previous hearing. It also includes one additional change, and that's because it came to my attention that the existing code requires guest bedrooms to be within a dwelling unit, which is either the house or accessory dwelling unit. That means that a guest bedroom and a detached accessory structure -- which is the case in some places, you know, a single structure in the backyard would not be allowed if it hadn't been formally approved as a dwelling unit. I think I got that right -- it's not gone through the ADU process, but it's nevertheless there, and used as bedroom. Can't be used -- that's obviously not going to be a huge

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number of these, but I asked the staff to incorporate a code change to deal with this inconsistency. So, you'll see that on pages 21 and 27 showing that additional code change for both types of accessory short-term rentals. So, before we discuss the overall package, we need to put the substitute ordinance on the table and then hear from staff. So is there a motion to substitute the substitute?

**Saltzman:** Move the substitute.

**Novick:** Second.

**Hales:** Roll call it to put it on the table.

**Roll on substitute ordinance and exhibit.**

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

**Hales:** OK. So, Sandra, I'll ask you to take it from there and review anything else that needs to be covered that I may have left out or answer any questions from the council.

**Sandra Wood, Bureau of Planning and Sustainability:** I think we've covered everything. We do need to take testimony on this piece of amendment --

**Hales:** Yes, we will.

**Wood:** But other than that, I think everything's on the table.

**Hales:** Any questions for the bureau?

**Saltzman:** I have one question. I want to make sure that -- I know that we were allowing homeowners to rent up to one or two bedrooms in their house.

**Wood:** Correct, through a type A. And then three to five bedrooms through a type B accessory short-term rental through the conditional use process.

**Saltzman:** OK. That's like a B&B, bed and breakfast.

**Wood:** Yes.

**Saltzman:** So, can somebody rent their entire house for a period of time as well under the new ordinance?

**Wood:** So, the new ordinance requires that the primary resident live at the house for at least nine months, and that's the amendment that you passed last time. So if they're there for nine months and they're going to be gone for three months, they could pull a type A permit and rent out one or two bedrooms. The idea is that they're not renting out the full house. If they have a five-bedroom house, they're not renting out all five bedrooms.

**Saltzman:** Rent out one or two of their bedrooms, and not actually be there for three months maximum?

**Wood:** That's a possibility, yes. That would be the maximum.

**Saltzman:** OK, thanks.

**Hales:** Other questions or concerns for the staff? Great. Thank you, Sandra. Do we have folks signed up to testify on the amendment?

**Parsons:** Three testifiers.

**Hales:** OK, come on up.

**Lightning:** Good morning. My name is Lightning, I represent Lightning Think Lab. One of the issues I have on the short-term rentals is that I actually think that the homeowners should have a right to participate in the short-term rentals. I don't think that they should be denied that. I know we're going to be doing a zoning code change on this to be able to do that. Now, one of the issues that I have -- and I'll be candid -- is that some of these new companies like Airbnb and Uber and Lyft -- you're talking shared economy, and that sounds great, but I have a real problem with you entering the Portland, Multnomah County market and thinking you can operate illegally. You've been doing that for the last few years, and then you think that you can all of a sudden push this through and get it approved. I have a real problem with that, because that gives you a competitive advantage over the locals who operate property management companies. Very knowledgeable at what they do, know how to do this, but they stand back because they say hey, if we do that, that

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could jeopardize my business and in the community, I have tried to follow the rules and the laws up to this point. Now yes, it would be great if it's approved and I can step in and begin, but you've already taken a market share of possibly 1500 plus or minus listings. That gives you a great competitive advantage. Now, I'm not saying not to approve this, because I want it approved. I'm saying we need to look at Airbnb and say, look, you've operated for many years in the past, we're going to fine you for every listing that you basically were able to get illegally, and/or we're going to exclude you for up to one year when we approve this and let the competitors have a fair playing field out there who have followed the rules, followed the laws. You don't come into this city thinking that you can get things approved by breaking the law. It doesn't happen. We're watching this very closely. There's locals here who want to participate in the short-term rentals, and they have every right to. When you are talking shared economies, what I want to do -- I'm from Portland, I've been living in Portland my whole life, I want to see the local property management companies have net worth companies of a billion dollars like yours is \$10 billion right now by operating illegally in this city. I want this to be looked at close. I want fines assessed against you, and I want you to understand, you don't push things through and get them approved by operating illegally, and the locals are following the rules, and you don't take over the market and create a monopoly for your company. Thank you.

**Hales:** Thank you. I don't think, Lightning, that we have -- the city attorney can advise us on this -- but I don't think that we have the ability to fine people for behavior that wasn't prohibited before. Now, I think the people in violation of the zoning code by operating short-term rentals without it being legal under our zoning is not the network company like Airbnb, but the property owner. So the people that we have the authority to go after, I believe -- I believe the people we have the authority to go after are the homeowners. And that would be theoretically possible for the city of Portland to go after those 1500 or so or however many there are in all these organizations -- to go after people for not having complied with the law before.

**Lightning:** If I can respond to that? I look at Airbnb as an enabler, number one. I'm not going to say they're operating it illegally, but they know the hosts are if they have not applied for the permit for the bed and breakfasts, which is approximately \$4200 to get that permit. They have not applied for that permit in the past. Airbnb is taking a large majority of the listings right now, 1600. When you're calculating the value of your company, when you have 1600 listings, and you're trying to add value -- and I'm saying the local property management companies have every right to be in the middle of this, but they're hesitating because they want to make sure it's approved and legal before they step in and do it. Because they're long-term, they've been here, and they have a lot to lose if they don't do that. And the reality is Airbnb is still -- it's up in the air, are they operating illegally? Now, if you do a lot of research, a lot of people think they are, because they're the enabler to the host, and they should not be setting it up to where this illegal activity is taking place. I understand that there's a lot of research to be done. I'm just saying that Airbnb, Uber, Lyft, you need to be very cautious on thinking that you can operate illegally and getting people to push it through because you're making an effort to push it through illegally. Again, I'm alleging that they may be operating illegally, but that is to be looked at, and if they are, they need to be fined and possibly excluded from operating in this city for a certain amount of time. That's my position, thank you.

**Hales:** Thank you.

**Novick:** Lightning, I just have to say, I think you've got a hell of a point. And if Airbnb itself had been violating any laws that we had, then I would certainly agree with you that we should fine them. And I think it's unfortunate that we're in a position where although they were benefiting from illegal activity, the only people we can come down on is the homeowners, as I understand it, as the mayor just said. But I think that your general point that we shouldn't be rewarding people that have been operating illegally without making them take responsibility wherever legally possible -- you're absolutely right.

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**Lightning:** Thank you.

**Hales:** Thank you. Benjamin?

**Benjamin Barber:** Any system always has people who are going to try to game the systems, and I'm sure that you're aware of that already. It's already hard enough to get individual homeowners -- for instance, my landlord -- to know all the proper regulations and code enforcement, and etc. What is more concerning is I have a neighbor -- who I will not name explicitly -- who was discussing with his roommates using Airbnb as a method of running a brothel. And I expressed how that's not good for their long-term sanity, and not good for their futures. But people will game the system or will be negligent, and it's a hard thing to sort of herd these cats into compliance a lot of the time, and I hope you guys spend good time in doing that. I see that the short-term rental market is kind of a zero sum game, so the money that will be given to the homeowners is basically money that will be going away from the hoteliers, and I'm not sure if this has been taken into consideration with the convention center hotel project -- how this is going to affect the hoteliers which do employ people -- I'm sure you guys have excellent staff to figure that out. But there's also the real fact that there's going to be another 750,000 people coming into this area in the next 20 years, and how do you accommodate those people? And one of the ideas I passed along in the hack-a-thon was -- I know gentrification is brought up a lot, and obviously, this Airbnb is going to push up the prices. I thought what might be useful is to provide the mechanism where people whose rents or property taxes are getting out of control could form a real estate investment trust with a property developer, retain their home after a new condo is built to replace one house with four or five condos, and if there's some sort of capital gains so that they would lose the house because they can't pay the capital gains tax -- have a bond capital gains exemption, so we can kind of infill a bit more effectively without pushing people out and lower those rental forces. Because as a native Oregonian, I'm even feeling the pressure. I want to stay and live here my entire life, but it's getting really expensive.

**Fish:** Can I ask you a question? We don't have a lot of good data nationally, because it's a new phenomenon on the impact on the housing market. But you said two things: you said people could be pushed out, and you said likely that rents are going to go up. Can you take one minute and tell us why you believe that is true?

**Barber:** Well, there's a finite supply of rental housing units. Basically, the hoteliers operate and they run kind of a higher-end market, and Airbnb is competing with them on price on the lower-end scale of things. But in terms of the daily sort of rental -- if I rent a house, me and my roommates probably each pay \$500 a month, whereas my same landlord could just do Airbnb for all of the individual rooms and make triple or quadruple of that, you know, \$50 a day because it's so close to PSU and such. And you would be foolish not to. It would be in his logical self-interest. And I understand that he should have the ability and right to do with his property what he wishes, but we need to address the finite amount of space that we have in the city and how best to utilize that. Otherwise, people will get pushed out who otherwise want to be productive members of this community who can't find a place to live.

**Fish:** Appreciate your comments.

**Hales:** Thanks. Mr. Walsh?

**Joe Walsh:** My name is Joe Walsh, I represent individuals for justice. On this item, we fully support everything Mr. Lightning has said -- and that's why we're at the table, to lend support to what he said. There was a question that came up -- and I don't have the answer to it, maybe one of you do. It was kind of touched on a bit ago by Commissioner Fish, that if you have short-term rentals, does that affect the hotels that normally would rent out? For instance, when I was working at long beach neighborhood shipyard, when I first went there, I went to a motel and I rented a room for a month. It was a short-term rental, and they had special prices for the month so you wouldn't have to pay \$50 a day. It was something like 400, 500 dollars a month, which is reasonable. Is there any discussion on the impact of what that will do to motels and hotels on these short-term rentals?

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Because it would seem to me it would undercut them. And I'm just curious -- and it did come up, that question. We're in full support of what Mr. Lightning is saying, and we also think that this should pass, but it seems to me there's some loose ends here, and I'm curious if anybody did any work saying to the hotels and motels, OK, will this impact you, and what percentage of short-term rentals do you have exceeding, say, 30 days? Because that's the area that you're going to impact with this. So that was a curious question. I didn't have the answer to it, so maybe someone else can simplify it and I can take it back.

**Hales:** Yeah, I don't think we have a complete answer, because nobody's done -- one, it's kind of hard to disprove a negative, even in economic analysis. But nobody's done that kind of exhaustive economic analysis -- that I know of -- on this issue. We have a little bit of anecdotal evidence on the hotel side, which is that hotel occupancy rates in Portland are at an all-time -- or at least recent -- low. They're doing great, even while this phenomenon of short-term rentals by websites is going on without benefit of permits. So we know that the hotels are doing well and there are three new hotels in the permit pipeline, I believe, in the moment -- Mr. Scarlett is nodding. And so, the hotels tend to be in the central city, the new ones. And where the Airbnb and other hosts are located is, of course, much more broadly distributed across the city, and may have more of an effect on the neighborhood-scale motel than it does on the downtown hotel. But that's anecdotal evidence, not scientific evidence. That's what we know.

**Walsh:** I'm still confused.

**Hales:** I am, too.

**Walsh:** I'm going to take back this answer, and correct me if I am wrong: you don't know.

**Hales:** We don't know, but the evidence seems to be that the hotel industry is largely unaffected by this phenomenon in Portland.

**Fritz:** And there's two further points --

**Walsh:** -- yeah, right now. But if you legalize it, it's not going to decrease.

**Hales:** Right. But the question is, how much does it increase? We don't know.

**Fritz:** And that's one of the reasons that I inserted the requirement for a report in September of 2016. So that's one of the things we'll be looking at. The other point is that the taxes that are paid on these short-term rentals will go to the same places that the other hotel and motel taxes go to, which includes the visitor development fund. And the visitor development fund is targeted more to hotel occupancy rather than to private rentals.

**Walsh:** OK. Let me ask you this question, Commissioner. If you find out by doing this research, and coming back in 2016 that this is devastating to the motels, would you take a different position, all of you?

**Fritz:** Well that's one of the reasons that I specifically put the date before the end of the term in office so that we could -- that I will be here to take action if necessary.

**Walsh:** OK. I'll take that back.

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

**Laura Rodgers:** Good morning. My name is Laura Rodgers, and I wrote each of you. And thank you for getting back to me so quickly, I was impressed. I am opposed to not the one and two bedroom -- and thank you for limiting it to one to two bedrooms, and thank you for requiring the owner occupy the house for 270 days. I am very grateful for that. We have a house in our neighborhood just up a few houses from me, they rent out a house up to 10 people, they're not there, they haven't been there. They could make over \$100,000 a year by renting this out. It can occupy up to 10 people. And we're in a nice, little family neighborhood on the east side of Mount Tabor, the Montavilla area. And there's trash, there's noise, and I'm concerned about -- and I've read your bill, I've read the whole thing all the way through. You notified people contiguous and across the street -- and my concern is, please notify all the neighbors, both blocks on either side. The garbage affects all of us. There is a quiet German couple that lives next door to this house. They will never



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complain but they are actually getting physically sick with the noise and the parties and everything. They're too shy to complain. I'm not shy to complain, so I'm down here kind of representing -- I've spoken to everybody on the block. Some can't come from work and everything, but we're concerned about not the one and two bedrooms and the occasional renting, but if they go pay the 4000 or whatever to have a house rented, you're really are losing control. And to me, it's losing the family neighborhood, it's more of a hotel rental. So my opposition is to the bigger things. Could you notify -- and if you know who to notify, it's just a notification, there's no recourse. So you tell me OK, I'm going to do this, but then there's no recourse for me to say -- to make sure that they stay in the zone. So, thank you for amending it and changing it, but I am concerned about what potentially could happen with more people being in a home.

**Hales:** Thank you. If you have a minute while you're here, I hope you can talk to Mr. Scarlett there in the front row about the code enforcement process that is available.

**Rogers:** I am aware of it and I've already made my concerns known through the code enforcement. I have the number, thank you.

**Hales:** Good, thank you. Anyone else?

**Fritz:** Can I just ask staff to come up?

**Fish:** We have one more testifier.

**Parsons:** One more testifier, Steve Entwisle, Sr.

**Steven Entwisle:** Good morning, Council. My name is Steven Entwisle, and I'm with individuals for justice. And this Airbnb, and the change of the law in order to benefit this rental -- how is this going to affect people living in the public housing? Are their rents going to go up? In San Francisco, there's been a lot of gentrification over the last 10 years or so. There's a lot of homeless in San Francisco as a result of this. Frankly, I would estimate that there would be -- within a couple of years, we're going to have another 10,000 homeless on our streets if this passes and the rents and people get gentrified out and they go on the street. Not only that. We're going to have more hungry kids, because parents are going to lose their places and going to lose their homes and their jobs. We don't have a safety net to protect these folks. And you can look at the history of San Francisco and what they have been going through. Take a real hard look at that, and look and see if this is the right thing to do for Portland. We don't know how to deal with homeless here in Portland. That's obvious. I'm out here every day seeing the results, and it's not getting any better. We are using the wrong fork for the salad when it comes to homelessness. And this is going to be a proven deal-breaker for folks that are really trying to work hard to keep afloat. And this is an anchor, it will sink them down to the ground to the bottom. There's going to be more suicides, too. We don't know how to deal with that, either. The city has a lot of issues they don't really know how to deal with, and now we're making it worse. I know it's not a very cheerful comment. But I'm just seeing what's already taken place in other cities, and it's coming here. And we're not prepared for it. What are we going to do with 10,000 homeless that we don't know what to do with the 3500 that we have now? That's all that I need to say. Thank you.

**Fish:** You asked a great question, if I can just -- I think it's worth clarifying something.

**Entwisle:** Go ahead.

**Fish:** When you say public housing, I take it you mean more broadly affordable housing?

**Entwisle:** Well --

**Fish:** Because this has no impact on public housing, meaning housing administered by HUD or the housing authority. That's regulated housing, people cannot sublet and participate. This has no impact on multi-family housing, we've deferred that issue. So apartment buildings, things like that, and subsidized housing -- it's not allowed. This is people's homes, that's not public housing, but I would agree with you that the units, the rooms in those houses are part of an inventory of affordable housing. And for some people, that's the only way that they can afford to live in our city -- is to rent a room in a house. And a concern that we do have is that in taking those units offline, it may

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actually create a problem, which is why Dan and I have an idea we're pressing in connection with this. But sometimes, language trips us up. Public housing per se -- because that's a term of art -- is not covered by this. This would not allow the public housing.

**Entwisle:** I understand.

**Fish:** But affordable housing -- to the extent that we think of those rooms in someone's house as being a first place that someone can afford to live in the city, they will be impacted, and that is a concern.

**Entwisle:** I'm just going by the results in San Francisco, with public housing down there. After all, this came to pass. I don't think that we're protected here. I think that's a false analogy.

**Fish:** Steve, I'm agreeing with you. I'm not drawing a false analogy, I'm agreeing with you.

**Entwisle:** The proof will be in the pudding. The future is in jeopardy for a lot of people. And we don't need more homeless folks on the street. We need to lift them up and not push them down and out in the street. That's all.

**Fish:** I'm just saying, I agree with you. But technically, public housing is not regulated here, so that area is protected.

**Entwisle:** I understand that, but the results are -- OK. If that's the case, what happened to San Francisco?

**Fish:** San Francisco, first of all, is not affordable to people below middle class.

**Entwisle:** Well not anymore.

**Fish:** And second, the market forces that are encouraging people to take units offline and participate in the shared economy are being fewer units for people that can afford them. And that is -- that should be a concern of the city.

**Entwisle:** A shared economy is only shared by a certain percentage of people, it's not everybody. We have a very unequal -- the gap between the rich and poor in this country is growing. This does not help. That's all I'm saying. Thank you very much.

**Hales:** Thank you. Anyone else that wants to speak on the amendment? If not, this is -- because we've acted on amendments today, this rolls over to second reading and adoption next week.

**Fritz:** I have a question of staff, please.

**Hales:** I'm sorry, you did. I forgot. Come on up.

**Fritz:** I wanted to follow up on Ms. Roger's question about notification. Does the proposed ordinance require notification at the neighborhood association?

**Wood:** Yes, it does. All recognized -- organizations, the neighborhood association, the business association, and the neighborhood coalition office.

**Fritz:** So another good reason to participate in one's neighborhood association, because even if you are a little beyond the personal notification, you would find out through the neighborhood association.

**Wood:** Correct.

**Hales:** Thank you. Good point. Other questions?

**Novick:** Yes. And this is an embarrassing question, because I should know the answer. And maybe it's for Paul or one of my colleagues rather than Sandra, but I think that we had agreement that we were going to take up Mr. Unger's suggestion that part of a permit for being a short-term rental host was going to be that you would have to agree with any advertising that you would list the permit number, and I cannot remember how exactly we memorialized that concept.

**Wood:** We memorialized it in both the ordinance and on the last page of exhibit A, page 51, an amendment to Title 6, which says that the operators of a type A or B accessory short-term rental permit must include their permit number or conditional use file number as applicable in all advertising and other listed services, etc.

**Novick:** Thank you.

**Hales:** Your suggestion was adopted. Alright. Other questions?

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**Saltzman:** I have a comment, it's not a question. I just -- the testimony today, I think, underscores how vexing the shared economy is for people like myself who are just sort of beginning to absorb all of its implications. And while I welcome Airbnb and other organizations that provide for the shared economy and I welcome this ordinance that provides a path for homeowners and Airbnb to legally operate within our zoning code and begin to pay lodging taxes, it is a double-edged sword. We've heard in testimony that Airbnb allows people to get external sources of revenue from rental incomes that help them to pay their property taxes, help them stay in their houses. But as we just heard testimony today, and I think as Commissioner Fish and I both share the concern, we also know that it's ultimately going to diminish the number of rooms for rent. And that is something, and that is why we have proposed -- and we will bring back a proposal on August 6 -- to dedicate the incremental lodging tax generated from these Airbnb and other short-term rentals to the housing investment fund so that we can increase the supply of affordable rental housing. There's a clear nexus here. And while the impact may not be large to start with, the number of units may not be large, it's going to grow over time. And as we heard in testimony, we have a crisis of affordable rental housing. We need to dedicate this incremental lodging tax to the housing investment fund, and we will bring back the proposal that was brought back earlier -- we will bring it back on August 6 for a council decision on that.

**Fish:** Mayor, if I could also add a comment. I will not be here next week, I'll be helping my daughter get ready for her senior year in college. But had I been here, I would've voted yes on this substitute. I think the work that's been done in the single family context has been very thoughtful from the planning commission, Bureau of Development Services, the hearings we've held, the council discussion -- in fact, I think that it's a model of how we do our best work in a collegial way, getting to a point where all five members of council are comfortable moving forward. And that I think should always be our goal. So I think on the single family context, we've got it right. And I really appreciate the amendments which my colleagues have offered, which I think have greatly strengthened this legislation and potentially set a framework for how other cities can address this issue as well. So I won't be here to cast my vote, but were I right here, I would probably vote yes. So thank you.

**Hales:** Thank you. Other questions or comments? Sandra, again, thank you for good work on this issue. It's been a big project for you and for the planning bureau. Of course, we're not done because we have other elements of this to talk about. And if we thought this was easy, we're going to wade into the thicket soon on the question of perhaps antiquated taxicab regulation system and the fact that the shared economy and the internet is running rings around us there, too. So ready or not, here's the future, and we have to deal with it. I think the goal of having the zoning code at least deal with this issue has been met. But we're not done with catching up to an economy that's doing things quickly and very differently in ways that our traditional regulations have not always anticipated. So, thank you, appreciate your good work.

**Wood:** Thank you.

**Hales:** OK, this passes to second reading for next week.

**Parsons:** I will announce the date and time. Passes second reading. July 30, regular agenda at 9:30.

**Hales:** Thank you. Alright, let's move to 780.

**Item 780.**

**Hales:** Good morning.

**Christine Moody, Bureau of Internal Business Services:** Good morning. Christine Moody, procurement services. You have before you a procurement report recommending a contract award to Institutorm technologies for the Middle Hillisdale RDII Pilot Project. The engineers' estimate on this project was \$1 million. On June 19, 2014, one bid was received, and Institutorm Technologies is the low bidder at \$1,118,185. The city identified four divisions of work for potential minority, women, and emerging small business subcontracting opportunities. Subcontracting participation on this

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project is at 21.3%, and they are responsive to the good faith effort's requirements. I will turn it back over to council if you have any questions about the bidding process.

**Hales:** Well yeah, I mean, obviously the situation is one on its face that might not call it a success in that we had one bid, and it was 10% over the engineer's estimate. So, what do we make of this situation? Maybe it's because it's a great construction requirement, we only got one bid. But, ouch.

**Moody:** There were six prime bidders that attended the mandatory pre-bid meeting. I think that you did make a point, though. Over the last few months, we have been seeing the number of bids we've been receiving go down.

**Fritz:** Mayor, we had a bid in Parks that did not get any respondents, and I think that this, perhaps, represents a watershed moment in that for the past five years, we've been seeing the bids come in way under the estimate because of the economy, and companies being desperate for work. And now sometimes you can't pay people to do the work because there aren't enough folks in the community able to do the job. So, perhaps we'll see if this does begin a trend. But I certainly appreciate getting the bid close to the estimate, and would assume there wouldn't be any increases to this amount paid unless something unforeseen comes up during construction.

**Fish:** If I could add one thing to what you said, Commissioner Fritz. We took a tour recently to go and look at the work that's occurring on Swan Island at Vigor, and they told us that they are having to recruit out of state certain classifications of workers to fill the back orders. They have so much work, they can't fill it with local workforce. We heard the same thing recently from Willy Myers, the head of the Columbia Pacific Building Trades, where unlike four or five years ago where they would come before us and say they're at 30% unemployment in certain trades, he's at 100% in certain trades, and again looking outside of Oregon to bring skilled people in. So it's one of the benefits of a booming economy, there's a lot of construction going on. But I, too, remember the days when -- particularly around housing -- where there was so little work that we had big firms bidding for small projects. And the problem there was they were displacing the smaller firms that often got the work. So the market acts in strange ways. I think the key here, though, is that to hear from you, Christine, that you're satisfied that we followed all of our procedures and got the best possible bid. That's what we need to know, that you're satisfied that that's the case.

**Moody:** That's correct. They were responsive to all of our requirements.

**Hales:** So this conversation may already be underway between you and the operating bureaus, but if we are seeing around the corner here a little bit, maybe folks need to start revising their engineers' estimates to deal with the fact that we're not in a buyer's market any more. So, that may already be taken into account in BES and elsewhere but --

**Fish:** Mayor, from your mouth to god's ears. Because we often get dinged -- as you know -- as a city, where someone goes back and says, well there is already a cost overrun between the engineer's estimate and the bidding. And the truth is, the estimate means nothing until you put it out in the marketplace and find out what someone will bid for that work. So it is just a guesstimate.

**Hales:** Yeah. Not only do we not have the power to change the past, but we don't have the power to change reality. So if that's reality, then we ought to take it into account and not set our bureaus or anyone else up for saying, see, see, you're over the estimate again. So, people should take that into account. Houses cost more, construction costs more. Oh well, that means our projects are going to cost more. We might have to do less of them than we would have done with the same capital budget before, but can't distort reality.

**Fish:** Christine, I completely agree with the mayor's comment. And it's hard, though, to get across to some of our engineers, because they sharpen their pencil and say, yeah, but this is what it ought to cost. And what it ought to cost doesn't necessarily take into consideration what the market says it will cost. So in light of the mayor's excellent comment, could you make sure you follow up with the three infrastructure bureaus and reinforce that message to PBOT, BES, and Water -- that we should start taking into account market dynamics in doing those engineer estimates?

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**Hales:** Let the record show we instructed all our engineers that hope is not a strategy. Got it?  
[laughs]

**Moody:** And I appreciate you bringing that up because this has been a topic of conversation, and I don't want to forget Parks and facilities to be included in that discussion.

**Fish:** I didn't mean to leave Parks out.

**Moody:** But I think it is a good point, that we need to look at where the market is right now, and look at where our estimates are coming from, and making sure that we're accurate when we're putting those bids out on the street.

**Fish:** Thank you.

**Hales:** Thank you. Appreciate being able to have that discussion based on this project. That obviously, this one -- we've got what we've got. Anyone want to speak on this item? If not I need a motion --

**Fish:** I move the report.

**Saltzman:** Second.

**Hales:** Roll call, please.

**Item 781 Roll.**

**Saltzman:** Aye.

**Novick:** Aye.

**Fritz:** Thank you for attending the hearing. Aye.

**Fish:** Aye.

**Hales:** Aye.

**Item 781.**

**Hales:** Second reading, roll call.

**Item 781 Roll.**

**Saltzman:** Aye.

**Novick:** Aye.

**Fritz:** I wasn't here for the public hearing for this or the other second readings that we're considering today. My staff have looked over the proposals and given me a thorough report, so I do feel competent to vote on each of these. And I'm happy to vote aye.

**Fish:** Aye.

**Hales:** Aye.

**Item 782.**

**Hales:** Our PDC staff is coming forward. I just want to reset the context. We had a great hearing last week with great testimony from the community that developed this plan. That's really important as a frame of reference. This is a community-built plan supported by the Portland Development Commission, not a PDC plan that someone else has sort of passively signed off on. These are their ideas, and I think that they're good ideas. I think this plan is a cause for celebration, not hand-wringing. This is a time when we can take advantage of the development market that we've just been talking about this morning and finally make something happen. Steve, you quoted one song last week, I think we need another brick in the wall here. Actually, lay one brick on another -- and in Old Town/Chinatown, because the current rate of development in about 300 years will build out this plan. So, I'd like to see more activity -- and that's what this package is intended to generate -- and the kind of balance for the neighborhood that they wanted all along. It's interesting that our next item on the council calendar is a very wonderful project, but a \$6 million affordable housing project in Old Town/Chinatown. Great. We're good at that. But we need to be good at a number of other kinds of changes in Old Town/Chinatown, and that's what this plan is about. So, I think all of us are ready to see activity, ready for us to see realization of this plan, and are not content to do nothing and hope. So I'm very excited about this plan. We have had a good discussion about the systems development charge exemption and good suggestions from council members. So hearing that

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concern, I want to put on the table a proposed amendment that would add five more years of affordability -- that is of incomes up to 120% of median -- for the five years that follow the initial 10-year window for people at 100% of MFI. So I would like to propose that amendment, and council has copies. If we can get a second to put it on the table.

**Novick:** Second.

**Hales:** So roll call to put it on the table.

**Roll to put Mayor's 7-23-14 amendment on the table.**

**Saltzman:** Aye.

**Novick:** Aye.

**Fritz:** I think this is even worse than the original proposal. No.

**Hales:** Aye. OK, the amendment is on the table.

**Parsons:** I'm sorry, I missed --

**Hales:** Did you not get to vote?

**Fish:** He's a student of the Tip O'Neill school of the gavel. No need to record my vote, but had I been asked, I would have respectfully voted no. But I do have a question, if it's now laid before us. I'm familiar, Patrick, with our 60-year affordability covenant on the affordable side -- and by the way, the project we're about to take up in Old Town/Chinatown actually has market rate units as part of the mix. So I'm familiar with locking in 60 years and why we do that, and it's partly to make sure that we get a fair return on the public investment. Why in the additional five years would we go up to 120%? And practically, what does that mean to existing tenants if we open it up to 120% in that five year window?

**Patrick Quinton:** First off, we have one perspective, and one set of kind of observations on this. I know there's a lot of conversation among the five of you over the course of the week about this, as well. So I think that there's other perspectives to add on this. I think that what we were trying to do is respond to concerns about this, like, 10 years and then it just opens up? And I don't think that any of us can really predict what will happen after that. It could be that, you know, maybe the market is at a place where rents would just jump. It could be that we're still in the same place that we are, or have incremental improvements and no restrictions are necessary. But I think we're trying to think about, what if, after 10 years, there's an opportunity to raise rents significantly? What would that do? And so this was to provide kind of an additional period of time, a buffer so that property owners could realize some benefit from rising rents, and you wouldn't have this cliff. But to still provide a time horizon by which the restrictions would be lifted, and it would make sense for developers to make use of the SDC waiver. But I don't think that we know that there's a perfect to answer to this, to what's the right time horizon. I think this was just an attempt to maybe soften the cliff if -- in fact, we are in a market 10 years out where rents could jump significantly. It also does provide protection for existing tenants so that after 10 years, if there is a rent increase, it would definitely be limited to just going from 100 to 120%, or wherever it is. But truly, like I said, there was conversations among individuals on the council about this as well.

**Fish:** I know you've been talking to developers and looking at pro formas to see what will actually create the spark that then creates the development. Has this idea of the additional five years and the income range been vetted with the development community?

**Sarah Harpole:** I had very limited conversations, and the feedback we've had is, essentially, keep it simple. And it's hard to say -- based on the limited opportunity we've had to have discussions -- of what time frame becomes a fatal flaw. But it's more of keeping the mechanisms of the program simplified, among tracking requirements over whatever time frame is identified.

**Quinton:** And the other thing we did was -- there was an idea of making it 130% or some other number, but folks at housing said, look, we track 120% MFI on some units, so let's use a metric that we already use. So we also adjusted it for that reason to make the administration more simple.

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**Fish:** Have you -- is there some model that you've used to try to calibrate public investment versus public benefit? We've made a judgment when we put lots of resources -- not lots but on the preservation side, we put a dollar in as a 60-year affordability. So in fact, we demanded 60 years of certainty for very small amounts of investment. Here, we're talking about a reasonable amount of investment, and substantially below the 60-year threshold. Commissioner Saltzman has spoken very eloquently, he wants to see entry-level workers, certain classifications of employees being able to live downtown. I'm just curious why we don't think that this model works with maybe 15 years at 100%.

**Harpole:** I think it would vary significantly going project by project of the amount of SDCs that are waived relative to the time period. So we didn't have an opportunity to run that analysis over what time -- capping rents, or keeping rents at a reduced rate -- are you negating the value of the SDCs and the present value of those dollars. So we didn't have an opportunity to do a sort of sensitivity test on multiple versions. But we were trying to find that balance of what is the public investment relative to -- when is it no longer desirable to a developer, and when it is no longer providing value.

**Quinton:** Once again, I think the context here is very unique. The public benefit -- if you will -- that we're trying to create through this is the construction of market rate housing. So we're trying to get to the point where market rate housing units will be built in this neighborhood and create the kind of income diversity that we all believe makes for healthy neighborhoods. We all cited an article last week that suggested that neighborhoods with high concentrations of poverty have poor outcomes. So we're trying to get income diversity, so we want to get to a market rate dynamic more quickly. So it's a slightly different model than having this kind of long-term income restriction. It's meant to spur a small amount of activity to get us to a market rate dynamic, knowing that 70% of the units are income-restricted. So we're kind of in this -- it's like this reverse dynamic that we're trying to deal with, which I don't think really exists almost anywhere else in the city.

**Fish:** Patrick, one other question. I was thinking about this this morning, and I am embarrassed to say I don't know the answer. Currently, we tax -- let's say a parking lot or just a vacant piece of dirt. That gets taxed as unimproved dirt, right? It's taxed at an assessed value of whatever unimproved dirt is. If this is successful and someone builds a building on that dirt, then the improvements are now going to be subject to property taxes, correct?

**Quinton:** Mm-hmm.

**Fish:** So, that new value of that investment is subject -- but it's within an urban renewal district, so, do those new property taxes flow to you or to the city and county?

**Quinton:** It flows to pay off the downtown waterfront, it flows to pay off the debt on downtown waterfront, and would hopefully accelerate the pay down of that debt. Or in the river district, it would be tax increments that would be used for a combination of both paying down existing debt and new borrowing. So the analysis that we did and presented to you as part of the urban renewal amendments, the timelines we showed you -- that's the timeline that would exist. It wouldn't change for when those dollars would free up and come back to the city, to the county, the schools.

**Fish:** So if this is successful, it will generate property tax revenues that will go to PDC to cover debt on the district. And in this case, though, we're not putting TIF into the projects.

**Quinton:** I don't think it's precluded, but the intent is to make the best use of our resources, to have TIF focused on working with existing buildings. If these projects can pencil with just a small SDC waiver, then I think that's a good outcome. So our intent is not to double up, but I just can't predict that we're not going to come across an existing building, housing project that brings market rate units on but still needs seismic work or something. So it would be that kind of situation where I think that we -- there might be TIF in some of those projects.

**Fish:** OK.

**Hales:** This isn't theoretical. And part of my context for believing this is absolutely the right thing to do is I've been to a lot of ribbon-cuttings and groundbreakings in the last few weeks, and they're

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all right outside of the boundaries of the district, but they're inside of one or more urban renewal districts. So hurray, the new hotel has opened next to Union Station -- just outside of Old Town/Chinatown. That value will go into this PDC revenue stream to pay off the river district bonds until the river district is sunsetted. We've sunsetted 30% of it, of but we still have 70% to go.

**Quinton:** Right. If we're spending money on a parcel, you can assume that that assessed value is -- [speaking simultaneously]

**Hales:** It's going on literally every day -- somebody that's broke ground on a new office building in the Pearl District. We're in discussions about other major development projects just outside of the boundaries of Old Town/Chinatown. If this was auditory, there's a roar all around this district and silence inside in terms of private market-rate activity that puts new assessed value on the tax rolls. So, this is to get maybe just a bit of sound. It's 500 units worth of sound in this district.

**Fish:** I guess the question of whether we need to prime the pump is not in dispute on this council, the question is what's the tool we use to generate it. And it's interesting. I hadn't thought about this point, but we're asking -- we're doing SDC waivers, which means those dollars will not be available for the purposes intended if we're successful and get development. But the development will then in turn generate new property tax revenues, which are not contemplated to be used to refund the SDC waivers but instead to go into the pot to cover other things. So in my mind, it's slightly out of whack. I've made my point about color of money and the use of SDCs, I'm not going to continue to dig that hole. I don't have the support of council to change that. But I did previously suggest that an approach would be to either defer SDCs or have a mechanism where they're reimbursed out of whatever is generated in the project. That's different than saying whether we want the development or not, it's saying we're going to make SDCs whole. But I don't have support for that idea, either. But I'm at least interested in this idea because this is billed as a test case and as a pilot. And if this is a pilot, I have a particular interest in making sure we've thought through all the implications, because a pilot sometimes migrates.

**Harpole:** I would also note that the SDC waivers only apply to the portion of the project that is residential, and only the residential units that meet these income requirements. So the commercial components of a project for retail or additional residential units that might be above these income limits would continue to pay SDCs.

**Hales:** Right. Other questions for staff? Great. Thank you both. Do we have folks signed up to testify on the amendment?

**Parsons:** Three signed up, would you please come on up.

**Joe Walsh:** My name is Joe Walsh, I represent individuals for justice, for the record. We would just restate our objections that we brought up last week and put it on the record. We see the threat that's in this report where it says, and I am paraphrasing here because I don't have it in front of me -- they see a threat -- social services in the community. Not homelessness. Not houselessness, but social services. That to me indicates an attitude, like I said last week. It doesn't seem that anybody is interested in taking that out. We heard testimony last week from a woman that said, we wouldn't do that. Yes, you would. Because you steal from the poor, Mayor. You take their blankets. This five-year -- now extended to 10 years in some instances -- is going to make a very clean little section of Portland. And the homeless are not going to be welcome here. They say that in their threats. If they can see the threat, why can't they come up with an alternative or a response to it? Why don't the developers, as Mr. Lightning has said -- as I said last week, also -- come up with the money to do something? If you are going to give them tax breaks, why in god's name don't you include, OK folks, you want these tax breaks, come up with a plan of what we do with the guy that is homeless, is in your hallway, you don't know what to do with him, what do we do and what are you willing to put up to do it? Nothing in here. You should be ashamed of this. How the hell can you get past that language? Social services is a threat? Salvation Army is a threat? Catholic Charities is a threat? And you're going to just ram this down. Well, let me tell you, we will watch this really closely, and we



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will bury you if you screw around with the homeless any more than you're doing now. You steal from the homeless, Charlie. How the hell do you sleep at night?

**Lightning:** That's a tough one to follow. My name is Lightning, I represent Lightning Think Lab. One of the things I want to stress is that I think that we all want to see Old Town/Chinatown developed and improved. And after some of the other speakers last week kind of said, I need to respect the historical value, I need to respect the history. I do agree with you on that. I do agree with you. And that's why I am speaking now. I have a tremendous amount of respect for the history and the people. But when I look at a building, I see a building. There may be a lot of memories, a lot of history behind that building, who the owners were, and the different things that they did throughout the city. And I respect that, I respect the history. I'm a real history buff, I love to read everything about the buildings. But I look at the people laying out on the sidewalks and the doorways, and then I look at that building, and I put at the top of the list the people. That is what I focus on, that is where I want to see the most improvement. I look at that person lying in the doorway on that sidewalk and I say, you know what? I want to see your life improved. I want to see you being provided some things to maybe do a little bit better, do as good as you can. And so I love the history, but I want to take care of the people -- and that's my first concern. Now, are we going to have some displacement of people? Do a lot of people want to, you know, "let's move the homeless and maybe go to the eastside with them"? The reality is, we need to provide them housing. When you looked out in the sidewalks and the doorways and you're in Old Town/Chinatown, that is your responsibility. You've been in the neighborhood a lot longer than I have. It's your responsibility to take that into consideration when large amounts of money are going into these buildings and you know that person on that sidewalk and in that doorway doesn't even have a chance to get into that housing unit. You know and I know it -- it's not affordable, it's not going to happen. So we need to look at that. You either clear them out of the area, or we figure out another type of housing facility to put them in. We have to -- if we displace, we have to replace. If the population is higher than the housing units out there, we need to build more. The reality is that people come first, the building is nothing to me but a bunch of brick, a bunch of concrete, and you know what, if you love that building so much, you would've taken care of that building for the last 30 years and not let it go so dilapidated and boarded up -- and look at the people sleeping in front of your buildings. Why not try to fix that building up over the years and put them into housing instead of creating homelessness by you being a slum lord? You are a slum lord in denial, and that's what creates homelessness. And if you want to think your building is so much better than that person laying on the sidewalk, I disagree with you, and I have no respect for you if that's what you believe in. Thank you.

**Hales:** Thanks. Charles.

**Charles Johnson:** Good morning, Commissioners. For the record, Charles Johnson. And I would be happy if I had been more involved in this process, but I do consider myself more familiar than most people with the Old Town/Chinatown neighborhood, the huge amount of real estate operated by Central City Concern in that area. Yesterday -- prior to opening remarks, I thought about the odd situation we have with an unknown number of people sleeping every night on Burnside sidewalks. The Portland Rescue Mission, the Union Gospel Mission, Right 2 Dream Too happened to be in this area. And no matter how many glossy 21-page PDC pie-in-the-sky documents we produce, there's going to be a homeless problem in this city for one economic development area or another until the city's elected leadership finds a solution other than spending police resources on pushing people around from one sidewalk and one development area to another. Some cities have done it without doing a public agency, but in reality, since your goal seems to be to placate developers, you need to tell them to step up to the plate and build yourselves a department of homeless services, like the city of New York has, and have emergency shelter space equal to the number of people that are sleeping in Old Town/Chinatown. Just instead of sending cops out there to push them around in and out of one economic development center, have the police count them, find out who owns the beautiful dirt

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pile on the eastside by the Hawthorne Bridge, set up a public/private partnership, a fully city-run thing, slightly more structured and better -- with more involved social work management like Right 2 Dream Too -- and don't tell these people that they have to sit and sleep on the sidewalk night after night as pawns of various developers. I know it's a difficult thing to do in the budget, but the problem with this Old Town/Chinatown plan and other plans is that you don't accept basic human dignity as the foundation where you start. You have to take the money, you have to squeeze the service agencies, you have to make a place where we have enough beds for homeless people to not sleep on the sidewalk in front of service providers. The service providers are not the problem. We, as a community, are the problem. We're not taking seriously this issue of hundreds of people sleeping in doorways. At the time, it's currently convenient for us to stick them in doorways on NW 4th, NW 3rd, but in reality, they need to be in a hygienic -- even if it's a tent city -- it needs to be some place with hygiene equipment, food service, accessible to downtown social service areas, and not impairing access to the sidewalks. And people don't want to live by that. We can't change that. Nobody wants to live in a house where they have to step over somebody that's asleep when they come and go at night. So, I wish -- as I think Commissioner Fritz did with her vote -- that we had put more into this plan to actually solve the real problem of desirability and human dignity in living in our downtown neighborhoods. Thank you.

**Hales:** Charles, you might want to stick around and testify on the next item. Because the next item is a loan of \$6,339,093 to develop 52 affordable and 10 market-rate units in this neighborhood. \$6,339,093. So to characterize the city of Portland as only focusing police on this issue is not accurate.

**Johnson:** Thank you. I do have my fingers crossed for that project, and hopefully it will be successful and we'll see more. And I know steps are being made, but we can see -- you know, I don't even do it myself. I just walk past these people and I feel sorry for them. But I'm almost scared to say one, two, three, 79 people as I walk from the Burnside Bridge to 6th Avenue. And to know that we have yet to figure out how we're going to get people and money together to get them into a better place.

**Fish:** Charles, one last thought. I'm about to go to Los Angeles to take my daughter to college. There are 50,000 unsheltered people in Los Angeles. 50,000. And the current debate in Washington goes about something like this: \$40 billion in our budget at the federal level for housing that meets the needs of people priced out of the market. \$200 billion for housing that funds middle-income and above through the consequence of the mortgage interest deduction and the property tax deduction. So, forgone revenue. We spend \$200 billion subsidizing stable housing for middle-income people, and \$40 billion to cover everyone who is priced out of the market. 50,000 people last night slept in a shelter in New York. 50,000 are on the streets in Los Angeles. I think every once in a while, it's worth keeping in perspective that in Portland in the last 10 years, we've moved 12,000 people from the streets to homes, and we put general fund money behind our deeds. It is not enough. But every time people come before this council and blast the council for not doing enough, they are fulfilling a prophecy that Newt Gingrich had when he started underfunding these programs at the federal level. Because he knew it would lead to cannibalizing at the local level, and then we would have these kinds of conversations. And we all wish to do more. I'm proud to be on a council that takes 30% of urban renewal money and puts it into housing. I'm proud to be on a council that puts general fund money into housing. But to be honest, the kind of housing that we are trying to solve is a national problem, it is not a Portland problem. And with all due respect, we could take every penny of our budget and we still can't compensate for the fact that the federal government is not investing the necessary resources to address a national crisis. And that's not -- and I don't say this because I want you to come before us and give anyone on this panel a pat on the back. You're an advocate, and you'll never be satisfied, and that's why you're effective. But we ought to put it in some context, and we also ought to recognize that the city has a lot to be proud of in terms of its record in this

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area. But if the federal government doesn't view it as a priority -- and this is not a heresy, but I'm going to say it for the record -- we cannot solve the problem. We cannot. We are Portland. We cannot solve a national problem, and we should stop kidding ourselves. Until this is viewed as a national priority, Portland, Oregon is not going to solve this problem.

**Johnson:** Thank you, Commissioner. In my earlier remarks, I mentioned federal and state involvement when we talked about the tragedy of hungry children, and I do regret that I didn't get a chance to point out the federal issue. WRAP -- the western regional advocacy project -- their documentation always features the fact that basically there was -- since Reagan -- a federal war on the poor with the unintended or intended consequence of pushing them out on the street. So I'm very glad, Commissioner Fish, that you raise this issue that we need to look at the federal funding and tax structures and make sure that more federal money, however we can -- gets channeled into places where it used to be doing what it needed to do. Thank you for that.

**Hales:** We certainly agree. Thank you.

**Benjamin Barber:** My name is Benjamin Barber. As I see it, there's three major concerns. One is whether or not you're socializing losses to privatize gains. And I think perhaps having some stipulations on who gets the money is a wise move. I would like to see more PDC money go to sustainability b corps that are forming real estate ventures. And then whether or not we need to prime the pump and how best to prime the pump. And I had this idea about basically allowing people who are in big homes -- can afford to -- bring themselves into real estate deals and that might help with some of that. And another thing is about the homeless and how to best serve the homeless and where to place them. And I'm reminded of Rawls' Theory of Justice -- which some of you may or may not know about. I see that the reason having them in the central city core is good, because it lowers the consumer price index for their entire budget and allows them to sustain their lifestyle. Their transportation costs will be extremely lower. At the same time, I do understand why they're saying having mixed income and bringing revenue into the area is also important. And it is a fine balancing act. If by promoting more business and promoting more income into the area, you're able to allocate that extra income to those needs of the homeless, that is completely fine and acceptable to me. I also had some speaking at the Zidell property lot. We talked about how to deal with the homeless. There is a large 33-acre property over there. Some ideas that were floated temporary structures, either shipping containers that were remodeled or even 3D printing concrete buildings in partnership with the university system and Ross Island sand and gravel to make wood-frame construction. I think there are innovative solutions to the problem of homelessness, but as Mr. Fish did point out, there's no way we're going to solve it -- and if we do solve it, everyone is going to send their homeless here and we'll be back to the problem of trying to solve it again. I really do appreciate all of your hard work. That's all. Thanks.

**Hales:** Thank you very much. Anyone else? Then unless there's further questions or discussion, we're going to move this to second reading.

**Fritz:** I have a question, Mayor. One of the reasons that the public hearing was last week was so that all five of us could be here at the vote. Commissioner Fish has mentioned that he's not here next week, so could we please move second reading to a vote at a time when all five of us could be here?

**Hales:** I think we can do that. What's the date that that's the case, Sue?

\*\*\*\*\*: [inaudible].

**Hales:** Does that work for everybody? OK, then this will be on the second reading calendar August 6th. [gavel pounded]

**Hales:** Thank you. Next item, please.

**Item 783.**

**Hales:** Commissioner Saltzman.

**Saltzman:** Mayor, I think you've introduced this topic well. [laughter] So I will now turn it over to housing bureau director Traci Manning and Innovative Housing's director Sarah Stevenson -- and I

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apologize, I don't know who our third person is. Keep it brief, OK, a very brief overview of this great affordable housing project.

**Traci Manning, Director, Housing Bureau:** Yes, this is a great affordable housing project with a great partner. It was selected through a competitive process as you heard during the last item. It will include units starting at those affordable to people at zero to 30% of median income, and then all of the way up to including 10 market rate units. It will leverage private investment from Raymond James, Wells Fargo, and our private but nonprofit affordable housing developers deferring some of their developer fee to make it work. They will utilize an historic tax credit and underutilized buildings in the neighborhood. They will nearly double their MWESB efforts, target goals. They're going to be at earth advantage gold and utilize the energy trust. And they're building in a neighborhood that -- as we just heard -- has a lot of great opportunities for anyone to live there. It is an amazing neighborhood that I very much appreciate. And given all of the conversation that we recently had and despite all of this and, you know, Innovative Housing truly being one of our best developers in town -- I'm very familiar with Old Town myself and the fact that the neighborhood has felt very strongly that the amount of affordable housing and social services in the neighborhood has perhaps reached a limit, and they wanted to try for some other things. So when the project came in, I called the folks I know in Old Town and said, OK, they look like they have your support. You have told me time and again you want to diversify, are you OK with this proposal? And I'm sorry they aren't here to relay to you, but I have permission to relay to you that the folks in Old Town/Chinatown have such faith and great experiences with Innovative Housing and this fits very well into their goals both of helping people off the street and having a vibrant neighborhood for everybody who lives there. So with that, and keeping it short, I just want to quickly acknowledge my team who worked on this: Javier Mena; John Marshall, who's in the audience; Michael Prothe; Mary Welch; and Kathy Romero, all at Portland Housing Bureau. And now, the director of Innovative Housing, Sarah Stevenson.

**Sarah Stevenson:** And I have with me our director of development, Julie Garver, just in case you ask me any difficult technical questions. Since I sent you the pro forma last week, I didn't know what you might come back with. I don't have a lot to add. I think everything that has been said is accurate. We are excited about this because our mission is to develop affordable housing. We are a committed member of the Old Town community, so when we heard from them that they wanted a greater income mix in residential development, we heard that, we developed the Modern Rich in 2012, which is unrestricted workforce housing. When the Bill Naito company saw what we did at the Rich building, they approached us and said, can you do that at the Erickson Fritz building? We looked at it, and yes, it's doable. And what does the neighborhood want? They want some housing at 30%, housing for people who are working and want to live where they work, and market rate units. So we put it all in there. We think this project -- it's trying to meet a lot of different needs, and we think that we've done it. And we also think it's really important to revitalize what we see as a gateway parcel into Old Town. As people are crossing Burnside, we will be fronting on both 2nd and 3rd, and those are main corridors into the community. And right now, those are vacant buildings. So revitalizing those and really bringing those historic properties back to life. We see a lot of value in that.

**Hales:** Thank you. Go ahead. Julie, anything to add?

**Julie Garver:** Very briefly, I just wanted to say that when we were doing the appraisal work for the Erickson Fritz, the market rate units were a bit of a challenge. Because, as has been pointed out, there isn't a lot of comparable properties within the neighborhood for market rate units. And so, there was a stretch on figuring out how to make those work with the appraisal. So, it will be nice when the next market rate project with market rate units comes into Old Town -- they'll have our project to use as a comparable.

**Hales:** Great. Thank you. Other questions?

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**Fritz:** I want to state for the record that there is no connection between me and this project, despite the name. [laughter]

**Hales:** It's honorary.

**Fritz:** Well, I [inaudible] my staff to look into it -- they have, however dug into report that this used to be a saloon employing 50 bartenders and one of the longest bars in the country at 684 feet. It's quite impressive.

**Fish:** Commissioner Fritz, Dan wasn't going to take any chances, he wanted five votes. [laughter] And this is after all an emergency -- he will go to any length. A couple of questions. Traci, if you back out the community space and any of the non-residential space, do you have a sense of roughly the per-unit costs of the rehab?

**Manning:** I don't have it on me. But I see people with lots of paper in front of them.

**Fish:** Just ballpark.

**Stevenson:** I have a per-unit cost but it includes the community space and all of the market rate units.

**Fish:** What do you have?

**Stevenson:** It's about \$265,000 per unit, all in. What we've requested from the city is a subsidy of about \$121,000 per affordable unit. Because we're not asking the city to fund the market rate units.

**Fish:** 120 per affordable.

**Stevenson:** Right. That's what the request breaks down to if you divide it by 52.

**Fish:** And you anticipated, I guess, where I was going. Which is, you're reminding us that even with the seismic upgrade, the preservation and rehab of an existing building can be a better deal for the city than new construction. So this is at the lower end of what we would normally spend per door.

**Stevenson:** We think it's a good investment. I mean, the overall cost of the project -- I think \$265,000 per unit -- that's a high price. But given the seismic, given the historic -- and you know, it leverages historic tax credits offset some of the costs.

**Fish:** Traci, I was struck by the mix of units. When we think about the 10-year plan, the focus is on zero to 30. We've got two units here. Those -- it's a population that generally needs services in order to be successful. So that's one part of the community you're building. 50% and 60% MFI, which is 50 of the units -- so the big chunk -- someone at 50% or 60% of MFI according to the chart, at 60, they're going to pay just under \$700 a month for a unit. That person might work where in the neighborhood? Just in rough --

**Stevenson:** Someone at 60% would earn about \$30,000 a year, pre-taxes.

**Fish:** So we hope that they have a job in the neighborhood, they're working --

**Stevenson:** They could be entry-level at one of the start-up companies. They could be at northwest education association. They could be --

**Manning:** They could be part-time. They could work for Central City Concern.

**Fish:** Could be a student with parents who were willing to cosign on something. [laughs]

**Manning:** Well, not a full-time student.

**Fish:** No.

**Stevenson:** Or any of the entry-level service positions. As you heard last week, there are about a thousand people working in the district within just the hospitality industry, so the restaurants, bars, clubs. People who work full-time in those industries probably make maybe 50% to 60% of income area median.

**Fish:** So the overwhelming majority of the units we will be funding in this beautiful building which I drive by every morning is -- we hope will support people that can also walk to work.

**Stevenson:** That's our goal. I get more calls about -- the Modern Rich is about half a block away, it's 34 studio apartments. We put that online in 2012. I get more calls from people asking about available units at that building than any of the other properties. So when people question us -- an appraiser -- are you sure you're going to be able to rent these units? I know we will be able to rent

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the units, because I know people want to live in this neighborhood. People who go to school here part-time, people who just want to be close to downtown and can't afford anything else in downtown -- this is the neighborhood they can be in and we want to provide the opportunity.

**Fish:** Yeah. And Traci, one last question and then I will enthusiastically support this. We have a big need at the very low end. That's where people are struggling. But your focus is zero to 60, and that's the range that your bureau is concerned with. Why do you believe this investment and this many units at the higher end is a good deal for the city?

**Manning:** Well, I think it's absolutely meeting a need in the city, even up to 60%. And as you alluded to, you know, we get -- with sort of standard financing that we have available to us, this is a very similar profile to what we tend to get. Innovative Housing in their last project, the Magnolia, did something similar where they set aside a certain percentage of units. They work with Northwest Pilot Project, they work with JOIN. Zero to 30, and then subsidize those units with their higher rent units in the building. But without an additional rent subsidy -- Section 8, that kind of thing -- what we find is our partners aren't able to support additional zero to 30 units. So, in terms of the standard, the buildings that we want to finance with our resources when we're not including rent subsidy, this is exactly what we want to see.

**Fish:** OK. Thank you.

**Hales:** Other questions for the team? Thank you all very much. Is there anyone signed up to speak on this item?

**Parsons:** We have Lightning.

**Hales:** Lightning, come on up.

**Lightning:** My name is Lightning, I represent Lightning Think Lab. First of all, I want to say I do commend the efforts on being quite creative on this deal. It's very impressive from start to finish. One of the things I think about is, are subsidies necessary to do a project like this? Well, you're going to say absolutely yes, and that's what is being done right now, so I'm not going to go against that. The \$6,339,093 from the Portland Housing Bureau, which is considered a cash flow share loan, meaning that this will be paid off at 50% of the cash flow produced. In my opinion, you'll be lucky to see a dollar of cash flow for the next 15 to 30 years. Now you may dispute me on that, but you also have pro formas that might even almost agree with me on that. With that in mind, my only concern is to make sure that this -- what I consider a loan and not a grant -- is paid back in the future. I don't want in the future somebody coming up and saying, hey, we can't make any cash flow. If we're going to keep our affordable units affordable, guess what, we need your assistance again, can you just write that loan off? Now, I notice if I'm incorrect on this that you don't have that loan placed against the property. Now, you can correct me on that, but it's placed against your limited liability partnership. I don't know if that is just to keep the debt off the property and I might be incorrect on that. Now, my only position is if this building is refinanced, I would like to see that loan paid off. If the building is sold, I'd like to see that loan paid off. I want it due on sale. My main focus is to make sure if we're going to use public subsidies to build these projects that, they get paid back, if it's necessary in the current agreement, which as you know this loan, this shared loan is 0%, paid off the cash flow, and we all know that by the end of the day to show a cash flow on a new building at low rents might be difficult because it's always easy to push certain expenses up higher in other areas. So, at the end of the day, you might not see cash flow. My only other concern -- like I say again, I commend you on your \$1,875,000 development fee. That is impressive. And again, what I want to understand from this SDC waiver -- is that only for new construction or properties that are being rehabbed? Because to me, this is like a rehab, although you're taking the inside of the building and doing all new, does that fit under the terms of the SDC waiver to receive that? So I'm kind of curious on that. Is that new construction or older buildings being rehabbed? And it's my understanding that this is an older building being rehabbed. Thank you.

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**Hales:** Good questions. Might want to get some response to some of those due on sale clause. Is there one?

**Manning:** There is. Yeah.

**Hales:** OK. And I believe I think I know the answer on the SDC question, which is, if you convert a building from one use to another, you pay the SDC based on the increased use. Right?

**Manning:** Yeah, it's based on the change of use. So if you're adding fixtures or --

**Hales:** Units.

**Manning:** People using the property, right. And so waivers are for the affordable portion of the building.

**Stevenson:** I just wanted to point out, we're only getting waivers on the 52 affordable units and they are -- those waivers are different in that the ones that were earlier discussed in that they require 60 years of affordability at 60% or below. So we're paying the SDCs on the 10 market rate units. And yes, this loan will be repaid if we sell it or change its use.

**Manning:** Yeah, all of loans are due on sale.

**Stevenson:** And developer fee -- we're deferring a million dollars.

**Hales:** Lightning, did I misunderstand your question? Please, go ahead.

**Lightning:** You've responded to my questions in a reasonable manner. If I might add -- and this is my last concern on this -- you have a set a \$260,000 unit price. Correct me if I'm wrong, that equates up to around maybe \$16 million overall value on this project. Now, correct me if I'm not wrong on this, but you're saying there is going to be a -- the term used is stabilization value -- of \$10 million. Are you saying that after you build this building, it's only going to be worth at stabilization point of 10 million or am I reading the information incorrect?

**Hales:** Good question.

**Stevenson:** I think you're probably reading it correctly. And that gives my board of director's heartburn quite regularly, that we spend more money than the property is valued at. But they have valuation methodologies, and the valuation is based on the income for the building. And because the income is restricted because the rents are restricted, the property valuation is skewed. So if this were on the market in unrestricted rents, the appraised value may come in quite differently.

**Hales:** Now he raised the prospect of due on sale. What's the scenario by which the building would be sold and taken out of this agreement? It's long-term affordability under the terms of the loan, right?

**Manning:** Right. So our loans 60 years of affordability, or at the time of the public subsidy ceasing, that restrictive covenant that Sarah was referencing, the thing that keeps the rents low stays on during the entire time period. Extremely rarely, we've had a case where somebody has not continued to provide the affordability, in which case the public gets repaid.

**Stevenson:** We've never sold a property.

**Lightning:** OK, just my final response. I have a little bit of difficulty on this, on developing a building at 16 million. It is only going to be worth 10 million. And you are getting almost a \$2 million developers fee. That's just a concern I have, and I will live with that. Thank you.

**Hales:** Thank you. Appreciate you raising good questions. Thank you very much, both of you.

**Fritz:** I have an additional question for staff.

**Hales:** Sorry, go ahead.

**Fritz:** It's about the Americans with disabilities accessibility. I appreciate the upgrade to the elevator. In looking at the exhibit, I wasn't -- there's some mention of it under the resident services, but I'm not clear on how many of the units will have particular accessibility upgrades.

**Garver:** So, four of the units will be fully accessible -- actually, five of the units, two in Fritz and three in Erickson -- at the beginning of the projects. All of the units are adaptable, and all of the units acceptable by the elevator. So any of the units could be adapted in the future for accessibility.

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**Fritz:** What's the minimal federal requirements for how many -- what the percentage has to be to be fully accessible in the construction?

**Garver:** This project -- it's four units that we would need to meet. So we're doing one more. And they all could be adapted.

**Manning:** A lot of our developers are going to adaptable, because of course what happens is if you don't have five people that need fully accessible the day you lease it up, then those units are gone, and the next person doesn't have -- so we pay to put extra blocking behind the walls and that sort of thing just because those five units are full doesn't mean someone couldn't move in and we could meet their needs.

**Fritz:** Terrific. In future projects, if you could pull that particular piece out, I appreciate knowing what we are doing above and beyond, and I appreciate that we are doing more than minimum requirements.

**Manning:** Thank you.

**Fish:** And Traci, I appreciate what you said earlier in a very diplomatic way that very rarely do people breach the regulatory agreement on the 60 year covenant. But I'm also pleased that in those rare instances where that comes up, the bureau takes a hard line about getting the public subsidy back. And I can imagine situations where that causes heartburn on the other side, particularly with nonprofits. But a deal is a deal. And we have to get that money back and reinvest it if we don't get the long-term benefit. So I appreciate your -- I know you've taken some heat on that. So thank you.

**Hales:** Thank you all. Any other questions? I believe we're ready to move to the roll call. Thank you.

**Item 783 Roll.**

**Saltzman:** Aye.

**Novick:** Aye.

**Fritz:** Well, this is a great project. In addition to the elevator, I'm happy to see the seismic upgrades and mix of incomes in the project. I imagine that the 10 units at market rate are going to get snapped up like hot cakes. So this is an example of using the traditional financing with the traditional SDC waivers for the lower income apartments that is moving forward, even before the Old Town/Chinatown plan is adopted. Thank you for your work. Aye.

**Fish:** In my many years working on housing issues, I've been at ribbon cuttings where we've honored Bud Clark, Gretchen Kafoury, John Gray, and others -- now, finally, Commissioner Fritz -- [laughter] -- Soon, there'll be a Novick, a Saltzman -- and I'm not lobbying -- but I just want to say, it is a wonderful recognition. We, at this city -- the reason we have strong foundations to these buildings is they reflect our shared values. And forgive me for being a broken record on this, but the values that underlie this project that this council have historically supported are one, 30% of urban renewal funds to affordable housing -- and that has not always been popular. Two, 60-year affordability, which presents challenges to even some of our best nonprofit partners. Three, public-private partnerships. The city doesn't build housing, we work with high capacity, mission-driven nonprofits primarily who deliver a great product. Four, we believe that housing -- affordable people priced out of the market should be in desirable parts of our city, not just places that are on the margins. And it costs more to do so, and we get criticized for doing that but that's what opportunity really means, putting housing where we would like to live, those of us who can afford housing and not just marginalizing housing. And then thinking about services, housing, and building a community around people in transition. This goes back to a 2012 NOFA, a competitive process -- which means this is selected based on competition with other providers, measured against rigorous standards, and this project coming to the top. Congratulations, I'm pleased to support it. Aye.

**Hales:** It's a great project. It's not an inexpensive project, but it's a great project. And I appreciate the team working effectively together and putting it before us. Everything about this is good. It is more affordable housing, it is some market rate housing, it is a seismic improvement to one more of



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our dangerous buildings that needs to be improved. So, one down, thousands to go. But two down in your case, right, thank you. We appreciate innovative housing on all of those levels, and I'm really looking forward to this next chapter for a great old building and bringing a little bit more life back to that part of our city. Thank you very much. Aye. [gavel pounded]

**Hales:** We have a couple of items left to do on second reading, and then we're done for this morning.

**Item 784.**

**Hales:** Roll call.

**Item 784 Roll.**

**Novick:** Aye.

**Fritz:** I very much appreciate the work, particularly of Commissioner Fish and Saltzman last week to amend this ordinance to something that I can enthusiastically support. Aye.

**Fish:** Aye.

**Hales:** Aye.

**Item 785.**

**Hales:** Second reading, roll call.

**Item 785 Roll.**

**Novick:** Aye.

**Fritz:** Aye.

**Fish:** I'm voting aye. And Mayor, on August 6th, I think -- or possibly August 13th, BES will come forward with a surplus property ordinance. And the difference here is that prior to it going out to a competitive process, someone at the city put a marker down. What we'll be coming to is some surplus property where no interest has been expressed to the city, and we're getting authorization to go out and seek a competitive process externally. Aye.

**Hales:** Aye.

**Item 786.**

**Hales:** Roll call, please.

**Item 786 Roll.**

**Novick:** Aye.

**Fritz:** Aye.

**Fish:** Steve, thanks to your team at PBOT. This was really hard. The PBOT team figured out a lot of the most complicated pieces, and I hear nothing but great feedback from the BES team, and we appreciate the partnership. Aye.

**Novick:** Thank you, Commissioner.

**Hales:** Complicated deal, good result. Aye.

**Fish:** Mayor, one more matter for the good of the order, if I could.

**Hales:** Please.

**Fish:** I will be gone next week. When I get back, we'll be in the heart of major league soccer all-star week. And I hope to see my colleagues --

**Hales:** You still have to show up for work, you know.

**Fritz:** It is work for those of us in the parks --

**Fish:** Mayor, we are going to check on permits at a number of the events. I did attend a remarkable meeting with all of the partners working for a year to make this happen. And at that meeting, we went over the accomplishment list and agenda for this events and other things. What I want to share with my colleagues is that Mike Olive, Merritt Paulson, and the development team at this meeting expressed tremendous praise for the collaboration with the Parks bureau, which went out of their way to accommodate a number of events downtown; with PBOT, which worked with them to create a dedicated walkway from some events to the stadium -- and that's not uncomplicated to close a street -- all of the other bureaus that had skin in the game, and then just generally there was

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some kvetching about how some of their partners were harder to work with than others. I was swollen in pride to be in a meeting where the city of Portland was singled out as being a great partner of something of this magnitude. So I wanted to share that good news and thank all of my colleagues for their participation in making this a hugely successful all-star event.

**Hales:** Great to hear. Nice to hear that we were able to pull that off and make this a success. So, one good of the order announcement from me. I will participate in tomorrow afternoon's hearing by telephone, but because of the awkwardness of that, I will ask Commissioner Saltzman as the council president to preside. And I will participate, but I don't think I can run the meeting by telephone. So I will be here in voice only.

**Fish:** Me, too. I will be participating by voice. Commissioner Fritz, how long do you think the hearing will last?

**Fritz:** I'm not sure. It seems like there's a lot of people want to come and participate. But we'll try to do some group voicing of support rather than have everybody say how much they're looking forward to referring this to the voters.

**Fish:** And I neglected to mention the Bureau of Development Services. A lot of the complex stuff around banners, signs, soccer balls on top of buildings got resolved because BDS gave concierge service. So, thank you to that as well.

**Novick:** And Commissioner Fritz, I should say that we've been looking for a variety of theme songs for the concept of maintenance in PBOT for the past few months. We would be happy to share any suggestions with you.

**Fritz:** Oh, we have one already, thank you. [laughter]

**Hales:** The battle begins. We are recessed until tomorrow at 2:00 p.m.

At 11:44 a.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.

**JULY 24, 2014      2:00 PM**

**Saltzman:** OK, let's convene our 2:00 p.m. Thursday meeting. We have Mayor Hales and Commissioner Fish that desire to participate in this meeting telephonically, and we need a couple procedural motions to allow that to happen. Pursuant to city code 3.02.025, Mayor Hales is participating by telephone because of the timing of the parks bond referral. In order to qualify for the November election, the council needs to have the resolution voted on as soon as possible. Allowing registered voters the opportunity to vote on the parks bond measure is within the public's interest as well as the health, safety, and welfare of the public. Commissioner Fish is also participating by telephone because he is currently traveling out of state. And due to the consideration of the parks bond referral, it is also in the public interest that he be able to participate by telephone. Do any city council members who are physically present object to having Mayor Hales and Commissioner Fish participate by telephone?

**Fritz:** Don't you dare -- [laughter] you were thinking about it, weren't you?

**Saltzman:** Seeing no objections, welcome, Mayor Hales and Commissioner Fish.

**Fish:** Thank you.

**Saltzman:** OK, that's Commissioner Fish. Mayor Hales? Mayor Hales, are you there?

**Fritz:** He will be.

**Saltzman:** OK, he will be. So do we need to call the roll, Sue? OK. Please call the roll.

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

**Item 787.**

**Saltzman:** Thank you. I'm going to turn it over to Commissioner Fritz for any opening remarks and the run of show.

**Fritz:** Thank you, President Saltzman and Mayor Hales and Commissioners Novick and Fish, participating by phone. Before we start, I need to move an amendment to the resolution for this item. This amendment replaces exhibits E and F in your package, and it's purely clerical errors and minor clarifications of type or scope for the work for Lynchview playground, Lynchview Park, irrigation, Mount Tabor yard, regional soccer field, and St. John's community center. So I move that amendment.

**Saltzman:** So moved. Is there a second?

**Novick:** Second.

**Saltzman:** OK, moved and seconded. If there's no discussion, Sue, please call the roll.

**Roll on motion to accept replacement exhibits E and F.**

**Novick:** Aye. **Fritz:** Aye. **Saltzman:** Aye.

**Saltzman:** OK, the amendment passes.

**Fritz:** Thank you.

**Hales:** I don't think you called me, but I vote aye.

**Fritz:** Excellent, there you are, Mayor Hales. Thank you very much.

**Hales:** Thank you.

**Fritz:** Today, we bring forward the 2014 parks replacement bond, and we're asking you to refer it to voters, colleagues, for the 2014 November election. And I start by thanking our previous Parks commissioners, Mayor Hales, Commissioners Fish and Saltzman for your partnership. It was only

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two months ago that we decided that we could go for this replacement measure, but it's actually been six or seven years that the Parks bureau has been working on this concept and considering how to fund our parks. Because historically, over the last hundred years, this is how we fund our parks -- with bonds and levies. So this is the last of a series of bond measures. In fact, the one that we are proposing to replace was passed by then-Commissioner Hales in 1994. It will be paid off in 2015, so we have the opportunity to address critical park needs without increasing tax rates. If the measure passes, would it authorize up to \$68 million in bonds. There would be no increase in property tax rates from what they are today, because the bond would replace the expiring bond. If the measure passes, the bond funding will go to parks' most urgent needs, like replacing failed playgrounds and other safety and accessibility improvements. If the bond measure does not pass, we will not have enough parks funding for critical needs, and we'll be explaining that as we go through the measure today. We would see more closures like we just recently saw in Couch Park, and also the Maple Trail in Forest Park. These are two examples of projects that are currently closed, as is the soccer field that we don't have the funding for in our current budget. So I'm particularly honored to come here today, approximately one year after being the commissioner of the Portland Parks bureau, because as a city member, a citizen here since 1986, my family and I have very much enjoyed our parks and have enthusiastically voted to support every single bond measure that has gone before, and has been very happy with the results of those bond measures. So I'm very grateful also to our Parks staff who are here today and will be giving the presentation. I'll hand it over to the director, Mike Abbaté.

**Mike Abbaté, Director, Portland Parks and Recreation:** Thank you, Commissioner, members of council. Mike Abbaté, director of Portland Parks and Recreation. And now for the first slide. From the first levy in our history in 1901 to the bond we're talking about replacing today that was passed in 1994, Portlanders have created and maintained our parks system through a series of investments. But even with these investments, park structures and equipment have finite lifespans. We need to continually invest in them so they remain safe and accessible for future generations. As you know, our Parks budget represents about 11% of the city's fiscal year 14-15 general fund discretionary budget. And while Parks has sustained budget cuts over the previous five years, this year, we're experiencing a stabilization budget. Previously, to take care of all of our assets -- that's about 11,000 acres, over 200 parks, 14 community and art centers, our many pools, hundred restrooms -- we've had about \$700,000 per year or less for major maintenance. Recently, the city council under Commissioner Fritz's leadership invested in helping pay off a parks loan, investing more in our major maintenance budget. As a result, we've doubled our allocation to \$1.5 million for major maintenance needs. This major maintenance budget helps us make capital repairs, replacements, and improvements for existing assets. While we try to leverage these dollars as much as possible, another funding source, system development charges -- we call them SDCs -- cannot pay for repairs and replacements. SDC dollars are limited to growth projects. Our asset management team has identified \$365 million in capital and major maintenance needs over the next 10 years. Break that down, that's about \$36.5 million a year to take care of our assets and maintenance backlog and invest in repairs and replacements for our system. To give you a little bit more detail on that, let me introduce Randy Webster, Parks asset management program manager.

**Randy Webster, Portland Parks and Recreation:** Good afternoon. Asset management takes a full lifecycle perspective, beginning with planning and design through operations, maintenance, renovation, and eventual replacement or retirement of assets. First of all, we recognize that all assets exist to deliver services. And second, that these assets have a finite lifespan, even with the best of maintenance. The goal of asset management is to deliver defined levels of service at the lowest total lifecycle costs over the life of the assets, while minimizing the risk of unexpected failures. So as Director Abbaté discussed, we need \$36.5 million a year for major maintenance, including both backlog and planned projects on the capital improvement list. Right now, we have a reliable general

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fund allocation of \$1.5 million per year for major maintenance. That's 4% of the 36.5 million. Now, Parks does other things to help make up this gap. We pursue grants, inter-bureau partnerships, public and private partnerships, and private donations. This year, those other resources for major maintenance account for about \$2.4 million, excluding budget carryover. These resources, however, are both unpredictable and -- they vary year to year. So for fiscal year 2014-15, \$2.4 million dollars in grants, partnerships, and donations plus the general fund allocation of 1.5 million totals about 3.9 million. That is still only 11% of the need of 36.5 million. There are very real impacts from the limitations of the current major maintenance budget. In April of this year, following independent report from an engineering firm, Parks determined that the nearly 40-year wooden play structure at Couch Park in northwest Portland had deteriorated to the point where it was no longer safe. Director Abbaté and Commissioner Fritz agreed Parks will simply not take chances which it comes to the safety of the children who play in our playgrounds. We made the decision to immediately close the structure, which was soon demolished and removed.

**Abbaté:** So funding for replacement equipment at Couch Park is one example of that \$36.5 million needed for replacement and major maintenance. The parks replacement bond we're discussing today is a strong start toward meeting these types of needs. And because it's replacing an existing bond, it won't increase tax rates from what they are today. Without funding from a parks replacement bond, additional playgrounds like Couch, plus pools, trails, restrooms, and other park facilities that are nearing the end of their useful life may need to close. So as we discussed earlier in this presentation, we've talked about \$36.5 million a year over the next 10 years, that's a total of \$365 million. The protected general fund allocation totals about 15.2 million over the next 10 years. Then add in a very generous projection of grants and partnerships over the next 10 years -- you can put in another 24 million -- and should the council refer the parks replacement bond and should it pass, bond proceeds would be about \$68 million. That brings the total up to about \$107 million of the 365 million that we need over the next 10 years. So that's up to 29%. So as you can see, the parks replacement bond is not the full answer, but it is indeed a strong start. This year, the City Budget Office made their recommendation to explore a replacement bond, and beginning in May, we began testing the idea with the community. DHM Research did a representative survey of 800 likely voters. We had conversations with a variety of stakeholder groups, including neighborhood coalition parks committees. We offered online surveys on bond criteria and bond focus areas, and thousands of Portlanders participated. We concluded our process with a town hall and a Budget Advisory Committee meeting. Overall, the community support was very positive, and the public engagement process has actually helped shape the recommendations that you have before you today. Should the measure be referred and passed, we'll have more community engagement work during the creation of a second project list in 2015-16. Your packets include more detail on specific bond projects in exhibits E and F -- and the amended versions that the commissioner referred to. The following were identified as urgent bond focus areas: playgrounds, bridges and trails, pools, protect workers, Pioneer Courthouse Square, accessibility, restrooms, and urgent repairs. So let's start at the top. **Playgrounds.** As mentioned before, safety is our number one concern, our number one priority. At least \$5 million in the parks replacement bond funding would repair, replace, or improve 10 to 20 play areas that are deficient, at risk of closure, or -- like Couch Park -- have already closed. Several of our city's most popular trails are partially or fully closed, or at a risk of closure due to needed repairs. Currently, there's no funding for these major repairs, like the bridge on the Maple Trail in Forest Park, shown here. With parks replacement bond funding of at least \$5 million, we would preserve access to natural areas and open spaces by repairing trails and bridges. Portland's swimming pools are one of our parks systems' most popular attractions, together accounting for 1.1 million visits in 2013 alone. But many of our pools and their associated mechanical systems are well beyond their expected lifespan. Investments are needed to prevent emergency closures and responsibly maintain them. The parks replacement bond funding of at least \$5 million would

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prevent emergency closures at our pools and stop water leaks. We'd also improve water conservation and energy efficiency. Portland Parks and Recreation's maintenance, central services, and urban forestry teams take care of the entire parks system. From neighborhood parks to the city's trees, to the community centers that Portlanders value. These teams work out of maintenance facilities at Delta Park and Mt. Tabor Yard, where improvement needs were identified more than 20 years ago, but have never been funded. With the parks replacement bond, we would improve worker safety by making up to \$10 million in critical upgrades, fixing leaking roofs, updating equipment, and replacing maintenance facilities. The result would be a safer work environment and much greater efficiency. You may not realize it, but Pioneer Courthouse Square is a City of Portland Parks facility. It's our most visited park, nearly 10 million visits a year. More than 300 special events. And it has a dire unseen story of its own. It just celebrated its 30th birthday, and it's been working hard for 30 years. But after those 30 years, we need to replace failing structures, including the waterproof membrane that's underneath the bricks; fix leaks and cracks and columns; repair lighting; and other improvements at this most-visited park. The parks replacement bond would fund up to \$10 million in these needed structural repairs. We have a great parks system. Unfortunately, not everyone has equal access to what Portland parks have to offer. A citywide ADA assessment has already identified more than 20,000 barriers to access in Portland parks. Missing handrails, inaccessible paths, outdated wheelchair lifts, and steep slopes are just a few of the kinds of barriers that prevent people with disabilities or mobility challenges from fully enjoying our parks. While significantly more funding is needed correct all barriers, the parks replacement bond would allocate up to \$5 million to remove many of those barriers, making our parks and playgrounds more accessible to everyone. Our restrooms and other urgent repairs -- this is particularly one area where we heard from citizens who participated in some of the public outreach. Across our park system, many of our community assets are in need of major maintenance and repair, like leaking roofs or outdated plumbing and electrical systems that need replacement. In your exhibits E and F, you'll see examples, like the roof and ventilation equipment at the St. Johns Community Center, and the roofs of several buildings in Sellwood Park. And restrooms, as I mentioned, were repeatedly brought up through members of the public -- that they wanted to see improvements to restrooms throughout the system. There are hundreds of projects to consider, and the replacement bond would address at least \$5 million of some of the most urgent to help ensure our parks and community centers stay safe and open. With regard to specific projects, there will be two lists as outlined in exhibits E and F. For project list one, exhibit E, many of these projects are examples of urgent need, where urgent is defined as a high probability of failure times a high impact of failure. We anticipate that most of these projects will be in the first bond issuance in 2015. Some, for project management reasons, will be moved into the second issuance. So we are asking you to refer a \$68 million bond. The current project list totals about \$35-40 million, leaving a balance. Final cost estimates will be presented at the time of the bond issuance ordinance, should the measure pass. The balance will pay for additional projects, and this project list two will include an additional public engagement process in 2015 and '16. Staff will use identified criteria to create a project list -- criteria includes things like urgent safety concerns or investments that help reduce larger costs later on -- and will engage in a continuation of the community discussion about the second project list, and will again involve stakeholders from all corners of the city. This process and our parks advisory committee will help refine the second project list, and Commissioner Fritz will make a recommendation to council. A second bond issuance ordinance would be brought to council likely in 2017 or '18. This approach allows us to preserve some flexibility. As you know, construction costs are escalating at a very high rate. So by having a bond list now of defined projects that we currently estimate at \$35-40 million, we'll protect ourselves against that volatility in construction costs. It also will give us added flexibility because this is about fixing emergencies, and so there's unpredictability of future emergency needs. Here's the recommended ballot caption and question we're asking you to refer

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today. The caption would be, bonds to fix playgrounds and trails, improve park facilities, safety, accessibility. The question: shall Portland fix, improve park facilities by issuing bonds estimated to maintain current tax rate, require audits, and public oversight? I want to emphasize that this proposal requires audits, and should voters approve the replacement bond, council will appoint a five-person citizen oversight committee that will complete annual reports. With that, I'll turn it over to the city's debt manager, Jonas Biery.

**Jonas Biery, Office of Management and Finance:** Great. Thanks, Mike. Mayor, Commissioners, for the record, Jonas Biery, the city's debt manager in the Office of Management and Finance. I want to take a minute to outline the replacement bond from a debt policy and practice perspective. First, let's talk about debt policy -- debt capacity. The city has different limits for different types of debt. For voter-approved general obligation bonds, the city limit in the council-approved debt management policy is .75% of citywide real market value, which translates to about \$630 million. I would note that the statutory limit is actually 3% of real market value, so our policy is well below the maximum amount allowed by state law. We currently have just under 100 million in general obligation bonds outstanding, so we have about 530 million in remaining capacity as of this moment. Certainly more than enough to accommodate the proposed \$68 million bond issuance. Secondly, I talk about how general obligation bonds are issued to invest in capital projects. Under the city's practice, that means assets that are valued at \$10,000 or more, and assets that generally have longer useful lives. I would also take a minute to note importantly that we expect these bonds will be tax-exempt, which means we'll receive a very low cost of borrowing and take full advantage of the benefits of the city's AAA general obligation bond rating. I'd also note Commissioner and Director Abbaté have talked about this as an investment in parks. I'd extend that to make a comment about investment in the bonds. While investment ultimately is coming from the property taxes that pay off the bonds, it's important to acknowledge that community members do have an opportunity, will have an opportunity to purchase the bonds if they're issued via their broker or via participation in mutual funds or pension funds that may own a portion of the city's bonds. So how will the proposed bonds fit within the current tax rate structure? The city has an existing parks bond that's expiring in 2015. The final levy collection to pay those bonds will occur in tax year 2014, with an estimated final tax rate of 8.77 cents per \$1000 of assessed value. And that translates to approximately \$13 in actual annual cost to a home with a median assessed value of approximately \$152,000. The new bonds would pick up that same levy rate of 8.77 cents beginning in the 2015 tax year. So the levy rate would remain unchanged. Using this levy replacement strategy, the 20-year bond is anticipated to produce up to \$68 million. So the bond measure would effectively set two limitations. A hard not-to-exceed cap of \$68 million, and a target maximum levy rate of 8.77 cents per thousand. With that, I'll hand it back to Director Abbaté.

**Abbaté:** Thanks, Jonas. As we mentioned before, should council refer the park replacement bond and should it pass, bond proceeds would add up to \$68 million, bringing the total to \$107 million of the 365 that we project will be needed over the next 10 years for major maintenance. So I'd like to end our presentation with a quote from Charles Jordan, our former Parks commissioner and our former Parks director. Charles passed away earlier this year, and he was an inspiration to us all. Charles said, what people don't understand, they won't value. What they don't value, they won't protect. And what they don't protect, they will lose. It's our tradition as Portlanders to invest in and protect our parks using bonds and levies. Today, we ask that you give Portlanders the opportunity to continue this legacy. Please consider referring the parks replacement bond to the November ballot. Thank you, and we'd be happy to answer any questions.

**Novick:** I'd like Jonas to clarify something. You talked about a home with a median assessed value of 152,000. I think some people might hear that and say, in what world is the median assessed value 152,000? I think that's just an artifact of our strange property tax system where there's a huge difference between the assessed value and the real market value for a lot of houses. Is that right?

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**Biery:** Commissioner, that's absolutely correct.

**Novick:** So when you hear 152,000 assessed value that really is true, even though we know the average market value is higher.

**Biery:** Correct. Property taxes are based on the assessed value, which may in some cases significantly differ from the real market value, which is often much higher.

**Saltzman:** Thank you. Did you have another invited panel?

**Fritz:** I do. Thank you to Mike and Randy and Jonas, and also to Jennifer for working the PowerPoint. Our first panel are members of the Parks board, and they are Kathy Fong Stephens, Dion Jordan, and Elizabeth Whalen with the parks foundation. Could you please come forward? Thanks to everybody for taking time out of your day to come and testify today. Kathy?

**Kathy Fong Stephens:** Thank you. Good afternoon, Mayor and Commissioners. I'm Kathy Fong Stephens, the current chair of the parks board. And I'm here today actually to represent and speak on behalf of the Budget Advisory Committee of Portland Parks and Recreation in support of Commissioner Fritz's proposal. The PP&R BAC is a group of 30-plus volunteers that have met for each of the past three years. And we've looked at PP&R expenditures, resources, work plans, and maintenance strategies. And every year, we've found that Parks staff and leadership are good stewards of our resources, thoughtfully applying available funds to keep our parks safe and open to all Portlanders. However, our other persistent finding has been that the significant backlog of maintenance needs in our parks cannot possibly be met solely with current general fund expenditures and allotments. Earlier this month, the BAC reconvened to review Commissioner Fritz's proposal and the parks replacement bond. Our vote was unanimous. And as I mentioned, we're a group of over 30 people, so that was pretty amazing -- and we voted unanimously to recommend that the Portland City Council refer this to voters. We feel that the replacement bond will allow PP&R to address our most critical maintenance needs. It's a good solid start, and it's an investment that we need to make for Portland's cherished park system. And the BAC also voted unanimously to recommend favorable considerations of both the project list, the draft, as well as the general process for involving Portlanders to determine the additional projects to be considered with future bond funds. Thank you for your thoughtful consideration, and for your strong support of parks.

**Dion Jordan:** Members of the council, Dion Jordan, parks board member and also a lifelong parks advocate. I'd like to share that over the past probably four months, I've really come to understand what legacy is really all about. One of the things that comes to mind when I used to think of leaving a legacy was perhaps something that we inherit, perhaps something that we think about when we're about to transition or retire. But I've come to find out that not only does Portland have a great legacy in parks, but legacy is created every day that we have the opportunity to make a decision that impacts the lives of others. And I think this bond is one of those decisions. Having the opportunity to put this measure on the November ballot is one of those opportunities to really build upon a legacy that means a lot to Oregonians -- and not just Oregonians, but it has a butterfly effect that really ripples throughout the communities. When I stop and think about the impact that a measure like this makes, sometimes we forget how big of an issue it is to come to a park, come to a place that's falling apart. Back in my day, the big thing was if you went to a basketball court and there was no chains on the hoop, we thought that was a bad day. But to walk to a park and find that the facility is closed down, or that it's unsafe -- that by itself means a lot to a child who has no other place to go. And it means a lot to a parent, when they know that their park is probably the biggest day care that Portland has. But more than that, I think we have more than just an opportunity here. I truly believe that we have a moral obligation. As public servants, safety is key. We need to consider that the safety of the children, the safety of the community -- and the safety of people should always be one of our number one priorities. And nobody wants to see anything -- because of failing facilities -- fall because of that. And then of course, as we all know, when the parks flourish, the city flourishes.



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And so it's definitely a worthwhile measure. Finally, I'd like to say that I noticed that you all put a quote of my father up. I'd like to share something about that quote and my father's legacy with parks, and that is his legacy -- believe it or not -- is not in Portland parks. His legacy has always been in people. Because my father was wise enough to know that if you take care of people, people will take care of your legacy. And so my charge is that we put this measure on the ballot and protect the people, and watch how the people vote to protect our legacy. Thank you.

**Elizabeth Whalen:** Good afternoon, my name is Elizabeth Whalen, and I'm currently board chair of the Portland Parks Foundation. There's no argument that Portland's parks system is one of the attributes that make this city great. I'm a native Portlander, and while there are many reasons that I love living here and I feel fortunate to live here and raise my children here, Portland's parks system has been a personal passion of mine, and I have volunteered on behalf of the Portland Parks Foundation for more than a dozen years. During these years -- in particular, my five years on the board of directors -- we've done great work improving and enhancing our parks system. But as much as we've accomplished, the maintenance backlog for many of our parks and facilities has continued to grow, and it has become abundantly clear to me and my fellow supporters at the foundation that taking care of what we have is not just the right thing to do, but it's the smart thing to do. Through outreach and informal surveys of our parks supporters over the past two years, I have no doubt that taking care of our current system is a priority for all of us. By replacing the current bond, we'll be able to address our most urgent needs and avoid additional costs that further maintenance delay will create. We'll also avoid the heartbreak that additional closures of the most at-risk facilities will bring. The replacement bond is an easy yes for Portlanders. No increase in taxes, a sound plan for addressing the greatest need, and a well-placed investment in the future of our city. And I can assure you that the Portland Parks Foundation and its many supporters and friends will be there to support this effort to the finish line, continuing to spread the word about our parks system's urgent needs, and the sound plan our city leaders have put forth to take care of what we have. Thank you for your time this afternoon, and for your consideration of this matter. Now I have one more thing. I am so passionate about this issue that I like to break into song. So, I would like to welcome some talented youth from the teen idol program, Savannah Panah and Quantrell Braynt. Plus, we have many representatives of our friends and supporters of parks here, including Portland's Raging Grannies. And Savannah and Quantrell will lead us, if that's OK with you, Commissioner Fritz.

**Fritz:** Except that council doesn't have the words. So do you have any word sheets for us?  
[laughter]

**Whalen:** Yes, absolutely. And I would love for you all to join us.

**Fritz:** We will, but I would advise our colleagues -- we're going to put our mics on mute just so we don't -- [laughter]

**Whalen:** It's a good idea.

**Fritz:** I have found in group singing that as long as we all sing lustily, those who sing flat will cancel out those who sing sharp. [laughter] So I encourage everybody to give it your best shot.

**\*\*\*\*\*:** [singing] This park is my park, this park is your park, from Lovejoy Fountain to Pittock Mansion, from Harper's Playground to the Arboretum, these parks were made for you and me. As I was walking in Springwater Corridor, I saw above me some invasive ivy, and I thought well, here is an opportunity -- this park's in need of you and me. When the sun came shining as I was strolling, and the pine trees waving, and the rain clouds rolling, as the volunteers gathered beneath the canopy -- these parks are loved by you and me. These parks are your parks, these parks are my parks, we've worked together through all types of weather. We can't imagine our city without them. These parks depend on you and me. These parks depend on you and me. [applause] [cheers]

**Saltzman:** Thank you.

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**Fritz:** Thanks especially to Savannah and Quantrell for leading us in that great song. We can now go to signed-up testimony.

**Saltzman:** OK, we're now ready to go to public testimony. Sue, how many people do we have signed up?

**Parsons:** We have 14 people signed up.

**Saltzman:** OK, great. Why don't you call the first three? Welcome. All you need to do is give us your name, and you each have three minutes. There's a clock in front of you that lets you know, and you'll hear a little bell when there's 30 seconds left. Why don't we start with you, sir, on my right.

**James McEchron:** James McEchron, retired business manager, Laborer's Local 483. And I'm here in the absence of Erica Askin, our current business manager who had to be in Chicago on some business. So when you think you're retired, you're never really retired, you can just save that for your own lives. We wanted to make sure that the council heard that the membership of 483 has voted to support this measure, and has had some of the input -- our members of our parks division -- in defining the project as the project has gone forward. And we wanted to make certain that Commissioner Fritz heard loud and strong that we appreciate her stepping up to the plate. This is an issue I know that we have good, solid financial situation on, but any time you ask the public for more money, there's always -- it can always be tough. So thank you again, Commissioner. And just wanted to point out that the projects on this are absolutely essential. One of the comments from one of the other people about deferring maintenance -- I know that from my own history of working in environmental services for years. If you keep deferring maintenance, the cost just goes up. And that is certainly the case with parks, it's the case with anything else. So taking on these issues now is better than putting it off until later. And fixing problems, places like Grant Pool -- 80,000 visitors a year. My kids grew up going to Grant Pool. They still go to Grant Pool sometimes. Pioneer Courthouse Square -- what was shown on that. I understand the issues about what happens when you allow the substructure underneath your concrete facilities to deteriorate. You talk about deferring maintenance, I mean, that's a problem that will get huge if it isn't dealt with. So, these are important things. And rebuilding Mt. Tabor Yard -- I can convey our membership is very ecstatic to hear there's going to be improvements there. I don't know if you realize, but the facilities at Mt. Tabor are referred to as the Tabor barns. There's a reason for that. The structures actually go back to when the city crew had horse-drawn equipment, and those were the barns that the horses were kept at. So thank you very much for stepping forward to improve some of these facilities. So thanks again Commissioner, for bringing it up, and we support you 100%.

**Fritz:** Thank you.

**Saltzman:** Thank you.

**Kathryn Notson:** Mayor Charlie Hales and City Commissioners, my name is Kathryn Notson. I was a resident of south Tabor when I sat on the committee for creating a plan for the Mt. Tabor Park central facilities yard and maintenance facility and nursery. I want to make that clear. I don't know if any other of the committee members are here today, but as a representative of that committee, I want to tell you that we as a committee had actually toured the barns up in Delta Park as well as the facilities in Mt. Tabor Park and we were amazed at -- frankly, why didn't OSHA shut these down years ago? I did a little history research on the area, and I found out that the first superintendent of the yard -- who had moved in to the location to be there on site -- his name was John Peter Hefty, and he was there in 1921. So that tells you, 93 years is how long that facility has been there. And yes, I can attest the conditions of the buildings are very poor. And for any citizen who doubts that, they need to tour the facilities themselves as I did with the committee. But I am fully in support of the bond measure, and I have been waiting for the last six years to see when the bond measure was going to come about so I could testify in support of it. We had sort of promised the staff at the yard that we were going to come and fulfill our promise as a committee to create a plan, which we did. Now, we have to see it is fulfilled by building it. 10 million may not actually build a whole facility

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per se, but it will be done in three or four phases -- as we understood as a committee. But I am really glad to see this, and I'm of course in full support of this measure. I also want to point out too that Mt. Tabor Park has been a park for now 100 years since this committee had started this plan, and it was annexed into the city two years after south Tabor and the Mt. Tabor reservoirs were annexed to the city. I am glad to see there will be a list -- and that it's been published -- of the facilities that will be repaired or replaced, and that there will be an additional list, and there will be public input on that additional list. I support having this ballot measure go to the voters, and I would vote yes on it.

**Saltzman:** Thank you.

**Stephen Schneider:** Good afternoon Mayor Hales, Commissioners. I'm Stephen Schneider and I serve as the current president of the Board of Trustees of Pioneer Courthouse Square. Our organization represents just one of the more than 100 volunteer partner groups committed to supporting Portland city parks. We all recognize, I think, the dire needs of park facilities across the city, that's why we appreciate and support the proposed parks bond renewal. We particularly want to thank you, Commissioner Fritz, for taking the lead on this important measure. Pioneer Courthouse Square was created 30 years ago when the people of Portland decided to transform a parking lot in the heart of our downtown into a unique community gathering place. Our nonprofit began with a public-private partnership that served Portland well over three decades and is reflected in our contractual agreements with the city. We're primarily responsible for making sure that Pioneer Courthouse Square offers community events that reflect Portland's dynamic energy, broad interests, and rich diversity. Nearly 10 million people visit Pioneer Courthouse Square each year, making it the city's most visited park. And this past year alone, Pioneer Courthouse Square hosted more than 315 community events. We manage or program the various spaces at the square, and maintain some of the busiest public restrooms in downtown. We believe we have been responsible stewards of this invaluable public treasure. The city, as the property owner, has always been responsible for major capital repairs and ensuring that Pioneer Courthouse Square is a safe, healthy place to be. Unfortunately, the Parks bureau has dealt with tight budgets during difficult economic times. This has put critical repairs needed at the Square on hold for many years. I ask you to support the bond proposal, because it will allow the Parks bureau to fulfill the obligations it set forth 30 years ago. I also ask you to think about the thousands of individuals and families from throughout our city who gather at the Square each holiday season for tree lighting and community sing-along -- like we had just a few moments ago. Or for those who arrive in the summer's day to build sand castles in the Square. Pioneer Courthouse Square is where the city comes together in Portland's living room, and we want to see it continue to serve our community for the next 30 years. Thank you. I'd like to invite Phil Kalberer, the past president of our board -- I believe he's next on the agenda -- to share some further thoughts.

**Saltzman:** OK, and why don't you call the next two people, Sue. Thank you. Welcome. All you need to do is give us your name, you each have three minutes, and there's a clock in front of you. We'll start with you, Phil.

**Phil Kalberer:** Thank you, Mayor Hales, council. I'm Phil Kalberer, I served as president of the Pioneer Courthouse Square Board of Trustees from 2010-2013, and continue on the board. Thank you for considering this parks bond resolution. I believe it's the critical first step in addressing the needs not just at Pioneer Courthouse Square, but parks throughout our community. Regarding the Square, what is important to understand is that many of the structural issues are not immediately visible. We in parks have dealt quietly to address many numerous and damaging water leaks throughout the year. We have worked with Parks to patch these leaks, replace broken bricks, repair aging mechanical systems, and repair plumbing in what I think is arguably the most used public restroom in the city. In 2006, an evaluation was produced for Parks bureau which found that the waterproof membrane -- and what's a waterproof membrane? Essentially, it's the roof over our tenants -- KGW, Travel Portland, TriMet -- and the public spaces and our public restrooms. This

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membrane, our roof, was -- as I quote from the 2006 evaluation -- generally at or approaching failure and needed to be replaced. After six years of patching and fixing, our board along with Parks wanted an update the membrane and the rest of the Square's condition. Not surprisingly, subsequent reports show that the membrane remains a critical issue built for 20-year life span. It is now 30 years old. Our forensic and our seismic studies also identified corroded rebar, flaking and cracked concrete, and a host of other issues at the square. Earlier this year, we put the various assessments together in a report entitled Bricks on the Brink, which is now posted on our website, [thesquarepdx.org](http://thesquarepdx.org). This report's pictured attached studies best explain why there's a \$10 million backlog of needs today. Pioneer Courthouse Square is a world-renowned urban park. The city had a vision when PCS was created 30 years ago. We must recommit to that vision for the next generation by making the long-overdue repairs. I urge you to pass this parks bond resolution. Thank you.

**Saltzman:** Thank you. Ma'am?

**Renee Myers:** Mayor Hales, council, my name is Renee Myers, and I'm the executive director for the Forest Park Conservancy. Our organization has had the pleasure to work hand in hand with Portland Parks and Recreation and its amazing staff to protect and restore the city's largest natural area at almost 5200 acres, which includes over 80 miles of trail and fire roads. Support of this bond measure would speak to the city's commitment to preservation and its legacy of outdoor recreation, medal-winning park system, and environmental stewardship. Our love of parks and increasing use of trails and natural areas in many ways defines Portland and characterizes its citizens. With more than 155 miles of completed regional trail loops, communities have the opportunity to connect with each other and to nature. In addition, our trails, natural areas, and parks encourage healthy lifestyles by providing affordable access to exercise, as well as recreational and educational opportunities. For many, they also provide a sense of place and a source of community pride. However, many of Portland's trails, bridges, and park structures are in great need of repair or replacement. The 2014 bond measure would fund repairs to trails and bridges, preserving access to natural areas without increasing the tax rate. One of those most popular trails is in Forest Park, the Lower Macleay Trailhead. It's one of the most visited places due to its location, easy access, and ADA accessibility sections of trail. But poor trail location and several large landslides have significantly damaged the trail and two bridges. The trail is in need of a complete rebuild if it is to provide long-term access for users. Degraded trail conditions and bridges do not only affect access, but they can impact water quality and habitat through eroding stream banks and sediment delivery to our streams. Balch Creek is one of the most pristine creeks in the Portland area, with a native run of cutthroat trout and healthy population of Pacific giant salamanders. Additionally, the Maple Trail bridge failed in 2012, creating a gap to one of the most beloved trail loops in Forest Park by runners and hikers. If the bridge was replaced and the trail reopened, full access would be restored to Forest Park. Ongoing investment is necessary to ensure our parks structures and trails remain safe and accessible to communities, and that our trail systems do not further degrade sensitive habitats. The city has the opportunity to raise up to 68 million of the 365 million needed to address the necessary replacement in major projects. It is the council's responsibility to put the matter in the hands of the voters, and the voters' responsibility to show up to cast their ballot for an issue that concerns all of us. Thank you.

**Saltzman:** Thank you.

**Bryan Burch:** Hello, I'm Bryan Burch. I'm also member of the Urban Forestry Commission and I'm really happy to be here today. I think this is really great, and I love coming to this room to hear how this process works. But sometimes I get a little bit distracted, and I usually look up there and I see those two giant trees and that city that's behind it. And I look at this room, and I see these columns in pairs, just like these trees up here. And it reminds me of how nice it is to sit in a park or sit in a wild space and just be. And while I appreciate the necessity of raising funding to repair things like gymnasiums and pools and all that, I just want to say that today, I want to remind

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everybody who's here that I support the trees. And I support the trees that start at my front door and take me all the way to a park. Because that's where the park experience begins -- at my front door, where the trees begin and lead me straight to the place where I can just sit and be in nature. Being outdoors has a positive effect on health that doesn't cost a dime. So I want to keep us in the trees. Even while we support this bond, even while we raise money, even while we spend money to make things better, it's the trees that really get me there. Thank you for your time, I appreciate it.

**Saltzman:** Thank you. OK, next three. Welcome. And all you have to do is give us your name, and you each have three minutes. There's a clock in front of you. And why don't we start with you, ma'am.

**Gerry Verhoef, Portland Parks and Recreation:** Good afternoon, Mayor and Commissioners. I am Gerry Verhoef, an engineer associate with Portland Parks and Rec, a member of the Budget Advisory Committee for Portland Parks and Rec, and the president of the COPPEA chapter of PTE Local 17, which is the city of Portland professional employees association affiliated with professional and technical employees of Local 17 out of Seattle. As an engineer associate, one role I have is to support the crews whose job it is to maintain facilities at the Portland Parks and Rec facilities through the acquisition of replacements of mechanical equipment that has reached its end of life. However, many times funds available only enough to band-aid that aged equipment, equipment crucial to keeping pools and community centers open. These crews are in constant react mode, taking away from the potential to be in the more efficient and productive proactive mode with up-to-date preventive maintenance. I also see this happening with playground equipment that is long past its life and eroding natural trails, both of which are strong public draws for our wonderful parks and nature areas. As a Budget Advisory Committee member for the last three budgets, I have participated in long discussions with other members to flesh out the best use of the dollars that we have available. Many times, even though we know it is a very important aspect to maintain the quality of our parks, extra maintenance dollars take a hit. This perpetuates the ever lengthening backlog of maintenance, a backlog that if not addressed with additional funding could decrease the number of facilities our patrons find available to them. At some point, it becomes more costly to continue the band-aid fixes to the out-of-date and inefficient equipment than it is to pay the larger amounts to do replacements. As COPPEA chapter president and an employee who is assigned to the Mt. Tabor Yard, I see daily the poor conditions employees are exposed to: leaky roofs, unstable structures, and poor air circulation. I am concerned not only for my members, but for all other represented and non-represented staff who work in these less than desirable environments. COPPEA value our collaborative relationship with the city, and looks forward to working with the city on addressing our concerns that can be remedied through the bond passing. In closing, the 2014 parks replacement bond will give our crews the opportunity to shorten our backlog list and move them to a more productive and efficient role; give our patrons safe, accessible, and efficient facilities and gathering places; and better work environments for staff -- all without placing additional tax burdens on homeowners. I know this council is very wise and gives heartfelt consideration to all matters put before them. It is my hope that council will unanimously vote to have this replacement bond put on the November ballot.

**Saltzman:** Thank you. Lightning?

**Lightning:** My name is Lightning, I represent Lightning Think Lab. I have a little bit of hesitation on this, and I'll state why I do. What I don't want to see is kind of a division between Parks and the Bureau of Transportation. I want to have an understanding. I think the Bureau of Transportation has always come up on the light side as far as on funding, our bonds, and various other forms of financing. And one of the things I want to stress is that I do support this resolution, and why I do is that Commissioner Fritz is really one of the most hard-working people I've met, actually, at City Hall. And various people may not know, but she tends to work late evenings just about most every day of the week. So I know that what she has done on this is going to be good, and it will be

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successful. But what I want to stress is that I also want to focus and make sure that on the transportation needs on the streets -- because we were talking about maintenance and taking care of the people -- that that is not going to be pushed to the side because of this and the timing of this. And I do support this on one condition: that the public also steps in on the transportation needs and tries to come to some type of an agreement on that that will be beneficial to all the people. And whether transportation ends up going to a vote on what they need to do, we need to look at that and make sure it's really at the end of the day -- and a gentleman stated -- that it's for the people. We want to have the streets safe for the people, we want to have the parks safe for the people. And like I say, I absolutely agree with this resolution, I want to see the bond pass, but I also want to make sure the transportation needs are not overlooked, are not pushed to the side. It's not a competition to vote for one and not the other, it's to bring it all together and get it done for the people. Thank you.

**Saltzman:** Thank you. Sir?

**Aaron Leeb:** Thank you. Mayor Hales and Commissioners, thank you for having us. My name is Aaron Leeb, and I'm the president of the Portland Aquatic Club. We're a 200-plus member swim team that originated out of the Parks department, it was a Parks team, and today we swim at over four pools throughout the year -- actually six -- including Mt. Hood. And I can just attest to the fact that we've experienced system failures at Grant Pool -- my other daughter is a Parks and Rec swimmer -- and at Dishman as well, the filtration systems, boilers. And our team -- as well as Parks' mission to serve a diversity of swimmers all across the city of Portland -- looks to expand our programs, but what we've found in looking at possibly covering -- say, a Grant swimming pool -- and utilizing it for the community and for the teams throughout the winter that we're unable to because of the sensitive nature of these older systems. So we are very much in favor of supporting this measure, and not only for us, but for all the communities that utilize these pools. When my children first started out swimming, there were two sessions of swim teams at Grant Pool, and now there's three with waiting lists, waiting lists for swim classes at Dishman and at Grant. So these are heavily-used facilities, and we just are in complete support of this measure and hope we can bring the systems up to measure. Thank you.

**Saltzman:** Thank you all. Next three? Welcome. Linda, can you pull that chair out of the way? Welcome, all you need to do is give us your names and you each have three minutes. We'll start with you, sir.

**David Nail:** Thank you. My name is David Nail. I volunteer as a citizen on the disability advisory committee, which is part of the Parks and Recreation permitting process. So every time there's a new plan coming for either parks or any kind of community gardens, we look at making sure that people with disabilities are able to enjoy the parks to maximum enjoyment. In fact, that's our objective. So one of the things that we look at when we look at a new park is from a person with disabilities standpoint. We look at how can a person with disabilities get there, how can they get in and enjoy the park -- and for me personally, how am I going to use the restroom. That's always important to me when I go to the park. And I like to tell people that I'm mobile and hostile, so when I get out, I like to get there and enjoy the park -- [microphone feedback]

**Saltzman:** Sue, could we get rid of the portable mic? If you could just turn that off and move it closer. There we go.

**Nail:** I just want to say that it makes a big difference that people with disabilities are able to enjoy the parks. And I realize there's some money put aside in this bond for accessibility to be improved, and I just want to let you know that it makes a difference. Thank you for considering.

**Saltzman:** Thank you. Linda?

**Linda Robinson:** I'm Linda Robinson. I live in east Portland, and as many of you know, I've been a long-time advocate of getting some parks built in east Portland. Many of you also know that I generally cringe at the phrase, take care of what we've got first. But I do want to say that east Portland parks coalition met with the commissioner. Everyone was really understanding of the fact

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that there is this large amount of overhead needs, and we are very appreciative that a large portion of the system development charges -- which can be used for new parks construction -- was allocated to east Portland. And we know that when our parks -- when they get to the point where they need major maintenance, we're hoping that there's a plan and there are funds available for that kind of work to be done. So we do support this. I wasn't sure what the reaction would be when she first came. And we do have a couple developed parks which will be getting replaced playground equipment, because they're well over 30 years old. The other thing I wanted to talk about is the Tabor Yards. I first went to Tabor Yards more than 20 years ago to pick up some plants for a project I was working on. I've been there many times, it hasn't changed -- for the better, at least. In some ways it maybe has gotten worse. So I'm really pleased to see that work is scheduled to be done. And we also realize that we'll get better service if they have better working conditions, if they have better facilities to do their work in. So we're pleased with that. And east Portland really has been concerned all along about equity, and that includes equity for accessibility and people with disabilities, as well as geographic equity and other kinds of equity. So we're really pleased to see that part in there as well.

**Saltzman:** Thank you. Sir?

**Ryan Mottau:** My name is Ryan Mottau, and I'm a third generation Portlander. I live in southeast Portland, I'm raising a fourth generation. And one of the things that struck home for me was the broken brick at Pioneer Square. I was just out with my 5-year-old hunting down the three bricks that my grandfather placed to help get that build. I would love to be a part of paying to help re-up that investment in the community. I'm also a park planning consultant. I go all over the country and work with cities and agencies around park planning, and everywhere I go I'm proud to say I'm from Portland. We're a known quantity in that field, and a recent gold medal winner, you know, the number three ranked city for park systems in the country this year. You guys all know this. But it's great to be on top of the rankings, it's great to be able to point out, to brag, but it's even better to be in a great place to live. And for that matter, to be in a great place to own property. And that's the point I wanted to add to all of the great things that have been said here overall, is that on top of all these good things that the parks do for us, they're also a good investment for this community. Not for the city, but for this community. We're the ones making this decision to invest back into the maintenance of these parks. And the research shows us that being close to a well-maintained, beautiful open space park area is good for our property value. It's good for our economy, and that's good for all of us in the grand scheme of things. But this proximate principle that they talk about in the literature -- it only works when the parks are kept up well, when they're well-maintained, when the investment is there. So I'm really hoping overall that our well-maintained park system -- that we're going to be known for that -- our well-maintained park system is really going to continue to drive property and economic value for this city and for all of us as residents. And I hope this bond can be a starting point for more resources, because ultimately this is a good investment. It's a good investment in people, it's a good investment in our place.

**Saltzman:** Thank you. OK, next?

**Parsons:** And our final two.

**Saltzman:** Is there anybody else in the audience who wishes to testify? OK, you're the final two.

**Wesley Risher:** Good morning. I'm Wesley Risher, resident of southwest Portland. I'm going to be a dark cloud on today's sunny forecast of this bond measure. I attended the town hall at Cleveland High School where Commissioner Fritz and Director Abbaté represented the bond. And where I learned about the focus areas where the bond money was going to be spent. And I fail to see the need for Pioneer Courthouse Square to be included in the bond. And the broader question I have is. what kind of business model is Portland Parks and the Pioneer Courthouse Square trustees using such as that the courthouse needs these kind of bond funds and competes with the other numerous needs in the city of Portland? Why is the most programmed City of Portland park with four major

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tenants and over 300 annual events a year not generating sufficient funds to maintain its facility? Why has the 20-year known lifespan for the membrane on the roof not been forecast many, many years ago and included in the downtown waterfront urban renewal area, for instance, as a funding source? I fail to see where in fact this very programmed park does not generate the funds necessary over the last 10 years, that it's known to have been limited in its life span, and I fail to see the need for that to be included and compete with the rest of the park bond funds. One tenth of this, as I see it, will be going to the Square. \$68 million, and less than almost 9 million is going to be going to the Square for its replacement funds. That's a lot of money for one specific park in a whole entire park system that has very significant needs. And again, I see where the square board of trustees and the Parks bureau needs to come up with a better financial plan for the repair of Pioneer Courthouse Square. Thank you.

**Saltzman:** Thank you.

**Fritz:** If you'd like to stop by my office and talk with Tim Crail, who I know you know from southwest --

**Risher:** I do.

**Fritz:** He attends the Pioneer Courthouse Square board meetings with me, and he can go through all of the finances with you and get you more information.

**Risher:** 10 years of deferred maintenance -- again, I just see the need for a better financial plan for the management of that very programmed space.

**Fritz:** It's a parks facility like our other 209 facilities, and we just don't have the money in the budget for that. But Tim can certainly go over the numbers for you and I'd be happy to get your feedback on that.

**Jane DeMarco:** Thank you, Commissioners, for doing this hearing. My name is Jane DeMarco, I am the executive director of the Lan Su Chinese Garden. On behalf of the board and the staff, we are in support of this bond to go to voters. We are a partner with Portland Parks, and we are delighted to work with Commissioner Fritz and Director Mike Abbaté and his staff in running Lan Su Chinese Garden. The Portland Parks own it, and we manage the garden, and maintain it and improve it. And we only have one, and it's very, very expensive to maintain, and it's only 14 years old. So my sympathies are with Director Abbaté in trying to address all of the maintenance issues. There is a Chinese proverb that says a small hole not mended in time will become a big hole much more difficult to mend. Which is, you pay now or you pay more later. And so those folks will say, well, that's great, then don't maintain them, let them go into disrepair. And so we look at -- and close them down. We look at what's in the plan, and swimming pools are huge money sucks. So we say, alright, we'll fix things but we're not going to fix the swimming pools, let's close them down. But I think we forget what many people have mentioned before, that public parks, like public education, is the great equalizer. Public parks started in the 1800s in major cities around the world for the simple reason that they combatted bad air, bad living environments, high density, the ability not to gather with your friends and your family. And if there was ever a time in Portland where we have a need to gather to improve our air quality -- we have the most obese people in the world. We need to be doing this, we need to be supporting it. And if we don't, then the people who have the wherewithal -- their children will learn to swim. And the people who don't have the wherewithal -- their children will not learn to swim. The people who can afford to go and take trips to Bend and Sunriver and other places will be able to exercise, and those that can't, won't. So it's really the basics of philosophy and what a government should do, and we should do this. And I think that because it's a replacement bond, your citizens will be behind it. I was at Gabriel Park yesterday, I sort of like did a little straw poll of the people I saw. I think they'll support it, I think the support is there. And it is the right thing for government to do. We are delighted to be a partner. We have 134,000 people visit the garden, and we listen to them. And a lot of them come because of our parks. They come because they've heard of our wonderful parks and they're going to look at them,



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and Lan Su is only one of them. It puts Portland on the map. It's who we are. It's in our genes, it's in our DNA. I think you'll have the votes. Please put it on the ballot in November. Thank you so much.

**Saltzman:** Thank you both. Did members want staff to come up to answer any questions, or are we ready to take a vote? Any questions from Commissioner Fish, Mayor Hales?

**Hales:** No further questions. Great presentation, and great testimony today.

**Fish:** Ready for a vote.

**Saltzman:** OK. Please call the roll, Sue.

**Item 787 Roll.**

**Novick:** After hearing that wonderful adaptation of This Land is Your Land, I was thinking of saying nothing, because how could I follow that? But it occurred to me that there's another Woody Guthrie song that is relevant, so I will say that as I look upon this room, I don't see no con men, no wheeler dealers, no hearing gone men. As I look out in this room, I don't see no gamblers, liars, thieves, or big shot rambler. I see nothing but the righteous and holy, and I'm convinced that this train is bound for glory. Aye. [cheers] [applause]

**Fritz:** [laughs] Thank you, Commissioner Novick, your support is very meaningful to all of us. And thank you to all of you who are here today, especially thanks to our wonderful Parks staff. And we do love our parks, and if there's ever a bureau -- we have many great bureaus, and many city staff who work night and day to provide services for Portland that make it such a great place. And we have citizens like you who take the time to come on a Thursday afternoon to take your three minutes to add your piece. And I greatly appreciate that, because we are all in this together. And this bond measure has been a long time coming. It's not the same as Mayor Hales' -- then-Commissioner Hales' in 1994 -- which got 194 shiny new projects, including two community centers and a bunch of new playgrounds and more goodies than I can remember -- that's not what this one is. This one is basic services. And I ran in 2008 and again in 2012 to provide basic services to Portland citizens, and to do it by spending taxpayers' money wisely. And the Parks bureau does spend the taxpayers' money wisely. We do more with less, and we have a history of doing this. This is the way we have funded parks over the past 100 years, is to pass levies and bond measures for improvements. And we now have the added benefit of system development charges, which are when new construction pays its way and new development pays its way, but those funds can't be used for basic maintenance. And so Linda Robinson is right, we have allocated many of those funds in the last year to east Portland and other areas that have been deficient, and are looking for in 20 years' time perhaps another replacement bond measure to continue providing the piece of the puzzle. This isn't going to provide all of it, and that was well-illustrated in the presentation. So we need to continue the discussion. And as Lightning said, we need to look at all of the needs within the system, with transportation, and with housing, and with the rest of what's needed in parks, because this doesn't fix the whole thing, but it's a darn good first step. So it's about providing for the now as well as the future. I want to thank many of our staff, my staff Patti Howard and Tim Crail, our amazing Parks Director Mike Abbaté and city staff almost too numerous to mention, but I'm going to mention just a few. And that's Warren Jimenez, Amy Ruiz, Randy Webster, Jonas Biery, Jeff Shaffer, Elizabeth Kennedy-Wong, Mark Ross, Cynthia Castro, Michelle Rodriguez -- one of the two of those penned the song, which was it? Thank you, Michelle. Joan Hallquist, Todd Lofgren, Kia Selley, Deb Lev, Eileen Argentina, our City Budget Office -- who actually said let's look at replacing this. Because we had looked a year ago about could we do a bigger bond measure, and as I've been talking with folks all over the city the past couple of months, I've had several comments. And one of the first is usually, why don't you ask for more? And the answer is, because people can't afford to pay for more right now. And we're questioning whether indeed they'll be able to pay what we're asking right now. Some other people say, why don't you let it go for once, and let's have taxes go down. Well yes, we could let the taxes go down by \$13 a year, but just think what we could get if we all paid \$13 a year and we get up to \$68 million without changing the tax rate? And that's the opportunity

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that we have now. We have a lot of work to do between now and November. Most bond measure campaigns start a year or more ahead of time and have much more public process to look at what should be on the list -- on the project list. We didn't need to do so much process to identify the first project list, because we know what's broken and we know what's just about to break. And so there isn't a question, the question will be actually in the second part, where we're still going to have a lot of needs we know are just about to break or have already broken, and we won't be able to have enough money to pay for all of those. And so, that's where we will need much more community engagement to look at that second list when we do the second round of issuance of the bond. The way it works is that next year, if it passes, we will bond for the first part of the money. We then have three years to complete those projects and then we bond for the second half and do those within another three years. And for the remaining 14 years of the bond measure, we pay off for the projects we've done. But it's a way of making sure we do keep pools open, that we keep playgrounds open, that we reopen trails that have closed, that we look at taking care of what we have in the way that we have always done that. I also want to thank our parks foundation, Elizabeth Whalen was here, and what they call Jessie and the two Nicks, because it is Nick Hardigg and his wonderful staff who are going to be the folks who are going to carry this forward over the summer. Let's be real clear, once the council votes to refer this to the ballot, city resources may not be used to advocate for the bond measure. So, staff on the city can answer questions, but they can't advocate for it except on their own private time, but we can't use city resources. So don't tell me what you want on the bond measure on my government computer, because what I'm going to write back is, that's very interesting, please go to the capital improvement project request list. We won't be doing any more campaigning on city time after it's referred. You can go to [parksreplacementbond.org](http://parksreplacementbond.org) which will be the campaign site. And what we know is that if people know that their taxes will not go up, and if they know it's for urgent repairs and things will close if we don't pass it, or have already closed and needs to be reopened -- if people know that information, then they're likely to support it. If they don't, they won't. So we need all of those 100 friends groups and all of you to do the kind of grassroots campaign that I experienced a couple years ago in having the yard signs, having the buttons, having the conversations in the coffee shops to explain to regular Portlanders what it is we're asking from them. Because I have always believed that when Portlanders get accurate information, we make good choices. And we are willing to invest in our community, and so that's what we're doing. Particularly thanks to Savannah Panah and Quantrell Braynt, who led us with the song, and the Portland Raging Grannies -- I'm not at that stage yet, but at some point I intend to be. And in particular, thanks to Jennifer Yocom who has worked day and night -- probably 24 hours a day, as far as I can gather -- on this proposal, and so we just -- I could go around to everyone in the room and thank you individually. I know I've missed some, but that's a start, because we have more work to do. And again, thank you all for being part of this community effort and thanks again to my colleagues for your support. Aye.

**Parsons:** Do we have you, Commissioner Fish?

**Fish:** Hi, I just passed into the state of California and pulled over so I could talk without breaking the law. Commissioner Fritz, thank you for bringing this forward. I'm confident because of our gold medal employees and our wonderful partners that together, we're going to prevail in November. When I get back, I hope you'll ask me to make a substantial contribution from my PAC to support this effort, and I am very proud today to cast my vote aye.

**Hales:** Well, Commissioner Fritz, bravo on putting together the right package for the times and for the needs of this great system. As you mentioned earlier, I'm really proud to be part of a long chain of people who have had a chance to build this system, and to take care of it. I particularly appreciated Mike Abbate's mention of Charles Jordan, who inspired me to put heart and soul into this system just like you are, Commissioner, and you are as well, Mike, and all of you as advocates who have been here in this hearing today, pledging your help and support for this. I'm really proud

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that we're moving forward with this necessary and basic work, and a great system. It is a gold medal system, and it will remain one if we keep finding ways to invest in it and to carefully expand it where it needs to be expanded with the resources that we can find like systems development charges. So this really is the right move, it's the right time, I think the community is with us. We nevertheless need to go run a good campaign and I too am ready to go help make sure that we get the message out to people that this is a smart, prudent investment and one of the greatest things about Portland. So thank you so much, Commissioner and colleagues, I think this is going to be a very successful campaign for a measure that we're all going to be proud of. Aye.

**Saltzman:** Thank you Commissioner Fritz for your leadership in bringing this measure before us today. Portlanders love their parks, and parks are not just simply the places, but it's also the name for the people who work for the Parks bureau -- people who work for the Parks bureau, people who volunteer for the Parks bureau. Portlanders have a great affinity with the people and the places, and I am confident that that will be shown at the polls this November with overwhelming support for this replacement bond measure. It's very much needed. And with that, I'm pleased to declare this measure, refer it to the voters in the November election ballot. [applause] Did I err? Oh, aye. It's now unanimous. Thank you very much for coming, and we stand adjourned.

At 3:25 p.m., Council adjourned.