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PORTLAND
City Club
BULLETIN

Crystal Room » Benson Hotel
FRIDAY . . . 12:10 P.M.

PORTLAND, OREGON — Vol. 29, No. 1 — MAY 7, 1948

Mr. C. Girard Davidson
Assisant Secretary
Dept. of Interior
Washington, D. C.

CITY CLUB REPORTS . . . ELECTION MEASURES

SCHOOL OPERATIONAL LEVY

The committee: IRVING ENNA, ARTHUR A. GOLDSMITH, JAY R. WILSON, C. E. ZOLLINGER, and ALFRED H. CORBETT, *Chairman*.

Prepared under the direction of JOHN W. McHALE, *Section Chairman*, Education and Recreation.

CITY OFFICE BUILDING LEVY

The committee: PAUL L. BOLEY, RICHARD C. CROW, J. R. DEVERS, V. W. PIERSON, and JOHN J. COUGHLIN, *Chairman*.

SULLIVAN'S GULCH EXPRESSWAY LEVY

The committee: HARRY A. HERZOG, FREDERICK HISLOP, L. L. RIGGS, JULIAN R. SMITH, and LEE A. ELLMAKER, *Chairman*.

Reports on the *City Office Building Levy* and *The Sullivan's Gulch Expressway Levy* were prepared under the direction of J. C. PLANKINTON, *Section Chairman*, Legislation and Elections.

ALSO . . . ELECTION OF CITY CLUB OFFICERS AND GOVERNORS, 1948-49

NOMINEES:

President:

BLAIR STEWART

First Vice-President:

JOHN W. McHALE

Second Vice-President:

RICHARD M. STEINER

Secretary:

ALFRED H. CORBETT

Treasurer:

LLOYD F. ECKHARDT

Governors:

RALPH THOM and CHARLES E. WRIGHT

PROPOSED FOR MEMBERSHIP AND APPROVED BY THE BOARD OF GOVERNORS:

If no objections are received by the Executive Secretary prior to May 21, 1948, the following applicants will be elected:

ALBERT T. HOPPE, *Partner*, Russell, Hoppe, Stewart and Belfour
Proposed by Elbert Bede

GRANT F. THUEMMEL, *Account Representative*, Simon and Smith
Proposed by Arthur E. Smith

MITCHELL TILLOTSON, *Vice-President*, First National Bank
Proposed by Arnold W. Groth

BILL L. ROHLFFS, *Assistant Manager*, Mutual Life of New York
Proposed by Howard E. Nealond

ELECTED TO MEMBERSHIP

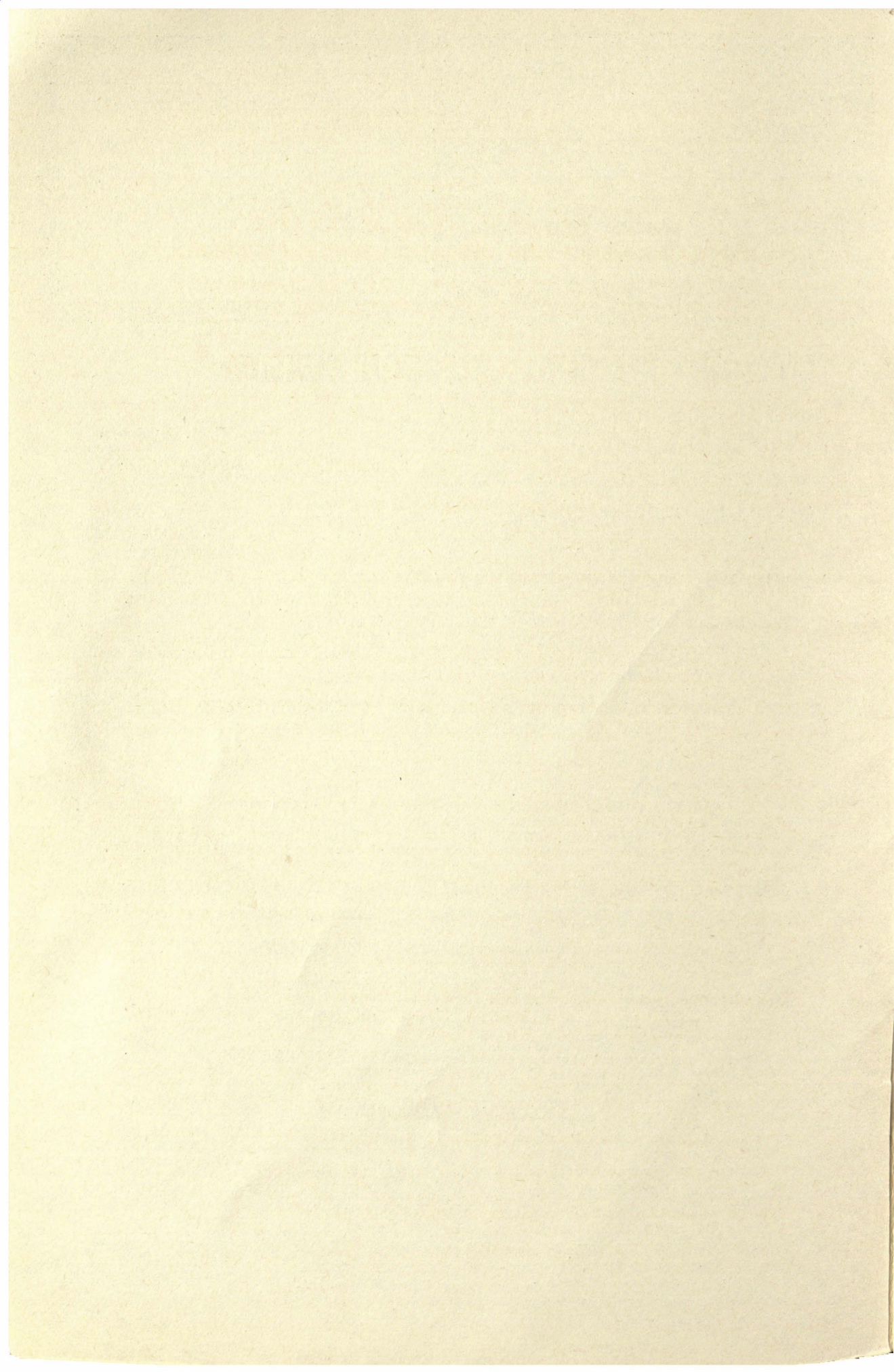
C. F. ADAMS, *Officer*, Portland Trust and Savings Bank
Proposed by Ralph Thom

JAMES E. DRUMMOND, *Agent*, Equitable Life Assurance
Proposed by Ralph Thom

WILLIAM E. HAUSER, *Manager*, Friden & Cal. Mack Co.
Proposed by L. B. MacNab

C. L. KOEPLER, *Sales Manager*, Western Union
Proposed by H. L. Brewton

FRANCIS A. STATEN, *Treasurer*, Acme Metal Works, Inc.
Proposed by Blair Stewart



SCHOOL DISTRICT No. 1 SPECIAL TAX LEVY FOR MAINTENANCE AND OPERATION FUNDS—PROPOSAL:

For the reasons that since 1941 local revenue has failed to keep pace with increased salaries and other necessary costs of maintenance and operation of a normal school program; Federal assistance, once available to meet the deficit, now has been withdrawn; all sources of revenue other than a special tax levy fail by the amount of \$1,700,000.00 to meet the minimum financial requirements of the district for a normal school program for the 1948-1949 school year; accordingly, said sum must be provided by special tax levy; shall School District No. 1, Multnomah County, Oregon, in order to provide funds for the maintenance and operation of its schools, school plants and school facilities during the fiscal year commencing July 1, 1948, and ending June 30, 1949, make a special tax levy outside the limits imposed by Article XI, Section 11, of the Oregon Constitution in said fiscal year commencing July 1, 1948, in the amount of \$1,700,000.00?

600 YES—I vote in favor of the proposed levy.

601 NO—I vote against the proposed levy.

SCHOOL OPERATION LEVY

To the Board of Governors of the City Club of Portland:

This committee has been asked to submit a special report on the above measure proposing for the approval of the voters on May 21, 1948 a levy in the amount of \$1,700,000.00 in excess of the 6% limitation.

Background:

Previous reports by this committee have explained that the loss of Lanham Act and Elementary School funds together with the increased salary schedule adopted in 1946 to meet the competition of other school systems, has demonstrated the inadequacy of the Basic School Support Fund. Money from this latter source was expected, at the time the measure was initiated, to provide approximately one-half the total state expenses of school operation and maintenance. Costs increased to such an extent that in 1947-48 this \$15,000,000.00 fund was only sufficient to provide approximately 38% of school costs throughout the state.

Forecast:

This committee's investigations have shown that unless new funds are made available to School District No. 1, the property owners of this district, as well as those in most first class districts in the state, will be faced with yearly, and increasingly larger, special levies for operational expenses. The rapid population growth in this area, the increased teacher salary schedule with its yearly increments until the maximum salary has been reached, added to increased costs for materials, labor and supplies, have produced yearly costs which far outstrip present normal sources of income.

So great have these increases become that special levies will be the expected and normal practice for many years to come. So apparent is this fact that there is no longer any question as to whether there should be a special levy for operating purposes. The only inquiry concerns the proper and justifiable amount of the levy.

Comparison Between 1948-1949 and 1947-1948 Budgets:

We find that the budget proposed for the coming year provides little more than necessary increases to meet soaring costs.

Receipts estimated for the current year, including proceeds of the proposed special levy and an estimated increase in tuitions, fees and miscellaneous income, exceed estimated receipts for 1947-1948 by the amount of \$916,595. Despite the 6% increase in basic levy in the amount of \$296,062, it is estimated that there will be no substantial net increase in the income of the district from sources other than the special levy.

The primary cause for the low net increase in receipts is found in this year's decreased allocation from the Basic School Support Fund. The amount for the coming year is based upon enrollment and teacher load figures for 1946-1947, during which time kindergartens were temporarily discontinued, and for that reason School District No. 1 will receive an estimated decrease of \$246,734. The district must therefore bear the full cost of reestablishing kindergartens, and will not receive state funds for this purpose until 1949-1950.

Estimated receipts as shown by the operating budgets for 1947-1948 and for the coming year are set out below:

ESTIMATED RECEIPTS

	1947-8	1948-9	Increase or (Decrease)
General Basic Levy	\$4,934,378	\$5,230,440	\$296,062
Less: Estimated Delinquencies	246,926	355,669	108,743
Net Estimated from Basic Levy	4,687,452	4,874,771	187,319
Delinquent Taxes	120,000	231,760	111,760
Foreclosed Property Sales	165,900	105,700	(60,200)
County School Fund	804,000	774,000	(30,000)
Basic School Fund	2,763,336	2,516,602	(246,734)
Other School Aid	101,000	139,000	38,000
Federal Aid (Vocational Education and in Lieu of Taxes)	111,500	111,500
Total from Taxes and in Lieu of Taxes, Except Special Levy	\$8,753,188	\$8,753,333	\$ 145
Tuition and Fees	257,250	298,500	41,250
Miscellaneous Other Receipts	44,200	47,500	3,300
	\$9,054,638	\$9,099,333	\$ 44,695
Special Levy Less Estimated Delinquencies	712,500	1,584,400	871,900
Total	\$9,767,138	\$10,683,733	\$916,595

The largest single cause of increased expenditures is found in the item covering instructions costs, which exceeds last year's figure by \$658,275.00. More than one-half of this amount is accounted for by the provision for 125 additional teachers, primarily to handle kindergarten and the large incoming first grade classes. Actually, more teachers are currently employed by the district than were budgeted for in the estimates available at the time of last year's special levy, so that the net increase is approximately 55. Close to \$300,000.00 of the instruction costs increase is occasioned by the \$200.00 yearly increment allowed by the district's salary schedule to teachers remaining with the system.

Maintenance accounts for the second largest increase in expenditures. Since the schools have felt the general increase in material and labor costs, and because the maintenance program is not yet on a current basis, your committee feels that the budgeted amount of \$728,500.00 is conservative. It is not sufficient to allow for the painting of more than 60 of the 1350 classrooms that have not been painted since 1936. It will not provide more than a start for acoustical treatment or adequate lighting for classrooms requiring such changes. We are now experiencing the burden of a fifteen-year failure to provide adequate maintenance.

A summary of estimated expenditures are tabulated below:

ESTIMATED EXPENDITURES

	1947-8	1948-9	Increase or (Decrease)
Salaries and Wages for School Staffs (a)	\$6,813,405	\$ 7,471,680	\$658,275
Educational Supplies	137,885	161,578	23,693
Fuel, Utilities and Insurance—School Plant	319,837	375,907	56,070
Maintenance of School Plant	603,500	728,500	125,000
Capital Outlay	91,400	116,400	25,000
Other Instructional Expense (b)	768,161	858,214	90,053
Teachers and Employees Retirement Programs	388,135	438,346	50,211
Administrative and Other Departments	364,365	412,664	48,299
Other Expenditures	280,450	120,444	(160,006)
Total	\$9,767,138	\$10,683,733	\$916,595

(a) Represents increase of 125 teachers and salary increase of \$200 per year. Total salaries and wages, including teaching staff, supervisory personnel, athletics, evening schools, vocational education, home instruction for handicapped children, attendance department, counselling and guidance, dental clinic, promotion of health, research department, visiting teachers, visual education, school clerk's office, superintendent's office, business office, delivery service, properties office, janitor service for civic use of buildings, etc., were budgeted for 1947-8 in the amount of \$7,600,627; for 1948-9 in the amount of \$8,391,740. Total salaries and wages are 78% of total budgets for both years. Total salaries and wages budgeted for 1948-9 amount to 92% of estimated income from sources other than special levy.

(b) Includes athletics, supervisors, directors, loaned textbooks, library and reference books, adult education, physically handicapped children, attendance department, Benson radio station, counselling and guidance, dental clinic, promotion of health, research department, transportation of pupils, visiting teachers, visual education.

Tax Burden:

A comparison of the tax burden of Portland School District No. 1 with other cities throughout the state shows that in 1947 Portland, with 15.9 mills, had the lowest tax rate

for school purposes of any of the forty-five first class districts in Oregon. On an equalized basis, indicating necessary millage rates if all property were assessed at full cash value, Portland would be the third lowest, with 9.2 mills, compared with a high of 40.5 and a mean of 16.9. Giving effect to the increase in basic levy and the increase in special levy and applying the same actual value, would produce an equalized millage rate in Portland of 11.15 mills. In 1947-1948, four of Oregon's forty-five first class school districts other than Portland, had equalized millage rates lower than 11.15 mills. Forty had higher rates.

The levy if passed, will account for an estimated 3.67 mill increase in the property tax levy. The total of the general and \$1,000,000 building levies is estimated at 13.5 mills.

The following chart sets forth the 1947-1948 tax burden figures in Oregon cities with a 1940 population of 10,000 or more.

LOCAL SCHOOL LEVY AND TOTAL PROPERTY TAX

Levies for 1947-1948

City	(1940 Census) Population	County Ratio to True Value	Total Property Tax True Value	School Levy in in Mills	Total Property Tax Adjusted to True Value	School Tax Adjusted to True Value
Portland.....	305,394	.58	52.4	15.9	30.39	9.2
Salem.....	30,908	.42	69.2	29.7	29.06	12.5
Eugene.....	20,838	.49	71.7	46.4	35.13	22.73
Klamath Falls.....	16,497	.45	78.7	47.9	35.41	21.5
Medford.....	11,281	.60	48.1	24.8	28.86	14.9
Astoria.....	10,389	.49	74.5	20.3	36.50	9.9
Bend.....	10,021	.40	92.4	51.1	36.96	20.4

Results From Failure of Special Levy:

The School Board this year has not made public a budget reflecting readjustments which would be necessary in the event this special levy for operating purposes fails. Based on last year's estimate, it is fair to assume that maintenance would be minimized, kindergarten and special services would be eliminated and instruction costs would be reduced by hiring fewer teachers, eliminating supervisors, increasing the classroom load and cutting salaries.

In this connection it is significant that total salaries and wages budgeted for 1948-49 amount to 92% of estimated income from sources other than the special levy. The result of salary cuts would be incalculable in loss of morale and impaired ability of this district to hire outside teachers, or to retain those already within the system.

Comment:

No organized opposition to this measure has come to the attention of the committee.

Conclusions:

1. The proposed expenditures do no more than provide for a reasonably good school program.
2. Because of increased costs and population growth, the normal sources of school income are not sufficient to meet these operating costs.
3. The proposed levy is necessary.

Recommendation:

Your committee recommends the passage of the special school levy for operating costs of \$1,700,000.00.

Respectfully submitted,

IRVING ENNA
ARTHUR A. GOLDSMITH
JAY R. WILSON
C. E. ZOLLINGER
ALFRED H. CORBETT, *Chairman*

Approved for transmittal to the Board of Governors by John W. McHale, Section Chairman, Education and Recreation, April 27, 1948.

Received by the Board of Governors April 28, 1948, and ordered printed and submitted to the membership for consideration and action.

CITY OFFICE BUILDING LEVY

AN ACT to amend the Portland city charter so as to authorize specifically a special tax levy of two mills for each year for five years, beginning with the tax year 1948-49, to provide funds for the acquisition of land, buildings, furnishings and equipment suitable for offices and other uses as found beneficial to the city, and expenses incident thereto, the surplus of revenues, if any, to be used to improve existing city buildings, and exempting each of these levies from constitutional and other restrictions.

SHALL THE CHARTER BE SO AMENDED?

504 YES—I vote for the amendment.

505 NO—I vote against the amendment.

Report to the Board of Governors of the City Club:

In its consideration of the above measure, your committee has inspected the Portland City Hall, interviewed various city commissioners, studied the measure, consulted an outstanding architect and interviewed various persons who have an intimate acquaintance with city and tax problems.

The Measure:

The measure authorizes the City Council to make a *special tax levy of two mills* on each dollar of assessed valuation within the city for a period of *five years*, beginning with the tax year 1948-49, *above the 6% tax limitation* provided by the Oregon Constitution.

The funds thus raised are proposed to be placed in a special fund to be designated as a "City Office Building Fund" to be used for acquiring land, building, furnishings and equipment for *city office use and other uses as found beneficial to the city*, and, if the fund be sufficient, for remodeling, enlarging and/or improving other city buildings.

The ordinance is so drawn that it is subject to the interpretation that the fund could be used for purposes *other than* a city office building, as found beneficial to the city. (The committee does not believe that the Council intended to make the ordinance broad enough to permit the fund to be used for other than a building or buildings.)

Effect of the Levy:

The present assessed valuation of property in the city which would be subject to the levy is approximately \$385,000,000.00.

Based upon present assessed valuation the tax would raise approximately \$770,000.00 per year, or \$3,850,000.00 for five years. If the assessed valuation increased or decreased during the five-year period, more or less than \$3,850,000.00 would be raised by the tax. (Actually with the increasing valuation of property, the tax would probably raise about \$4,500,000.00)

Assuming the *assessed* valuation of the average home to be \$1,400.00 (which is close to the average), each average homeowner would pay approximately \$2.80 *per year* in increased taxes under the proposed tax.

The Need for the City Office Building:

There is no question but that the city needs a new office building or increased facilities for its operation.

The present City Hall is a monstrosity, both artistically and functionally. It was designed in 1890 and occupied in 1894. In 1900 the population of the city was 90,426. Today Portland's population is approximately 400,000. The services demanded by the people have multiplied both in degree and kind since the City Hall was designed.

Anyone who has observed the crowded, unsanitary and unsuitable conditions of employment at the City Hall should be convinced of the need for additional quarters. Many employees are working under conditions which are condemned by the building code of the city itself. The council chamber is poorly constructed, has very poor acoustics and ventilation facilities. The quarters of the commissioners are inadequate. So also are the public health, auditor, public works, water bureau and city attorney's facilities. There are insufficient rest room facilities. Light, air, and noise conditions are bad. For instance,

thirteen women employees of the auditor's office are crowded into an inside space to work with several business machines. This space is artificially lighted, has marble flooring, and no soundproofing. Storage space for valuable original records is cramped and these are very vulnerable to fire hazards.

Attempts have been made to make additional room available by walling off corridors, enclosing light wells, etc. But such efforts are not adequate.

The city is renting outside space at the cost of \$1,642.50 a month, of which about one-third would be saved if a city office building were constructed.

The city commissioners express themselves as being about at the "end of their tether" to provide additional facilities by shifting offices, closing off corridors and using other temporary devices.

Your committee appreciates the sincere desire of the city commissioners to provide reasonable working conditions for city employees.

Objections to the Measure:

There has not developed any organized opposition to the measure. Neither is there any organized advocacy for it.

At the various hearings before the council preliminary to placing the measure on the ballot, no proponents or opponents appeared.

Your committee has considered various objections to the measure as raised by its own members. These objections are as follows:

(a) Present High Real Property Taxes:

Present real property taxes are relatively high, and there is a probability that added burdens will be placed on the taxpayer. The May 21st ballot will include proposals for: ten-year levy by Portland School District of \$25,000,000.00 for buildings and \$1,700,000.00 for operations; a two-mill levy for three years for Sullivan's Gulch freeway; \$1,707,353.71 special levy for Multnomah County.

(b) Lack of a Plan:

There apparently is no definite plan for a building, or what the proposed office building would contain. Neither is there any crystallization of opinion among the city authorities as to what would be done with the City Hall if a new building should be erected. For instance, as far as the committee could discover, it is not known:

Whether all of the levy would be used for a building and furnishings, or whether only a small building would be erected and the balance of the money be used to repair other city buildings; whether the council chamber would be retained in the City Hall or be situated in the new building.

Perhaps part of the reluctance of the commissioners to setting out a plan is due to the perennial and ridiculous controversy between east side and west side, by which civic progress has been obstructed in the past. Another reason is that securing a plan would cost money the commissioners did not desire to spend until the levy was authorized.

The committee recognizes the dilemma of the council in this matter. If a definite plan is provided, it is subject to being attacked. If no plan is provided, there is nothing to attack, but the failure to provide a plan is criticized. However, your committee feels that lack of even a rudimentary plan is a grave objection to the measure.

(c) Vague Character of Ordinance:

The ordinance sets up a "City Office Building Fund." However, the council is not required to utilize any of the fund for a city office building. It conceivably could use all of the fund for a purpose beneficial to the city other than a city office building. Your committee does not believe that the city commissioners, as presently constituted, would utilize the fund for anything besides a city office building. But in the light of the fact that there is no plan advanced so far and no adequate survey of needs of the city, the vague and indefinite character of the ordinance is an objection to it.

(d) Lack of Definite Statement as to Needs of the City:

As indicated above, the committee feels that there is no question but that the present City Hall is inadequate. However, no scientific survey has apparently been made as to the space necessary in the proposed office building. The city commissioners have supplied to your committee a general statement as to the present square footage used in the City Hall and what should be necessary for future needs. This statement shows that the present City Hall has 47,048 square feet of usable office space and that the commissioners feel that an additional 118,745 square feet of office space is necessary, making a total of 177,754 square feet of space for future needs. Conceivably this figure, 177,754 square feet of space, would be the approximate size of a proposed city office building.

Since many major decisions as to the contents of the city office building have not yet been made (such as whether or not the council chambers shall be included in the new building or left in the old City Hall), it is not possible to set forth with any accuracy the needs in square footage area for adequate office space.

(e) *That the Measure Gives a "Blank Check" to the City Commissioners:*

Another objection which may be raised to the measure is that the measure in effect gives to the city commissioners a "blank check" in approximately the sum of \$3,850,000.00 to be utilized as the city commissioners desire. Your committee does not believe that this objection is necessarily a valid one. Your committee feels that the people of the city of Portland elect the city commissioners and that they should expect the city commissioners to utilize good business judgment in the expenditure of public funds. Your committee also feels that in the past the present city commissioners have exercised fairly responsible business judgment in the expenditure of city funds, including such a case as the new fire building. At the same time your committee recognizes that in the absence of even a plan for the city office building the objection stated herein will have a great weight with the voters.

(f) *The Method of Financing is a Poor One:*

Some people have suggested that instead of a special levy to finance a city office building, financing the building should be by bond issue. Other people have suggested that the term of five years is either too long or too short.

Your committee agrees with the council that a bond issue is not the way to finance an improvement such as a city office building.

Your committee does feel, however, that spreading the levy over a five-year period is probably too long. If the measure is defeated and the matter comes up again, it would be recommended by your committee that the levy be spread over a three-year period. Such a three-year period would give enough spread for the tax burden and would not be too long to predict in general the course of conditions over the period of the levy. Your committee is apprehensive that spreading the levy over a five-year term might put it in a period when business and other conditions are such as to make the levy an insupportable burden upon the taxpayers.

Conclusion and Recommendation:

Your committee recognizes the inadequacy of the present facilities for city employees. Your committee further is impressed with the sincerity of the city commissioners in seeking to remedy the situation. However, your committee recommends that the City Club of Portland go on record as opposing the measure for the proposed city office building for the following reasons:

- (1) It would increase taxes at a time when other more important extraordinary levies become effective.
- (2) No basic plan has been advanced for the proposed building or the utilization of the existing City Hall.
- (3) The ordinance is too vague and indefinite.
- (4) No adequate survey of the needs of the city has been made.

Respectfully submitted,

PAUL L. BOLEY
RICHARD C. CROW
J. R. DEVERS
V. W. PIERSON
JOHN J. COUGHLIN, *Chairman*

Approved for transmittal to the Board of Governors by J. C. Plankinton, Section Chairman, Legislation and Elections, April 29, 1948.

Received by the Board of Governors May 3, 1948, and ordered printed and submitted to the membership of the City Club for consideration and action.

SPECIAL LEVY . . . SULLIVAN'S GULCH EXPRESSWAY

An Act to amend the Charter of the City of Portland so as to authorize the levy of a special tax in excess of constitutional or other limitations each year for three consecutive years, beginning with the tax year 1948-49, of two mills on each dollar of assessed valuation, for a special fund to be used for acquisition of property rights, and expenses incident thereto, and construction, in participation with the State Highway Commission, of a highway in Sullivan's Gulch, with special access ways; and if funds remain, for property acquisition, widening, relocation and improvement of streets serving such highway, all within the City of Portland; and remaining funds, if any, to be placed in the general fund of the City; and providing procedures for such property acquisitions.

506 YES—I vote in favor of the proposed levy.

507 NO—I vote against the proposed levy.

To The Board of Governors of the City Club of Portland:

This committee was authorized to make an investigation and report on the Portland City measure which proposes to levy a tax of two mills on each dollar of assessed valuation within the City of Portland for a period of three years, starting with the tax year 1948-49. This measure is being submitted to the voters May 21, 1948, and it is expected to raise \$1,750,000 which covers the city's cost of the Sullivan's Gulch Express Highway project.

Your committee met with the following people: City Commissioner William A. Bowes, State Highway Engineer R. H. Baldock, the assessor of Multnomah County, and with Mr. John Richardson who represents the industrial companies situated in Sullivan's Gulch. Your committee also discussed this measure with the owners of the Superbilt manufacturing company, with a representative of the General Paint Company, with the attorney for Providence Hospital and consulted with the secretary of the City Planning Commission, with representatives of the Portland Chamber of Commerce, with the president of Oregon Business and Tax Research, Inc., with C. C. Chapman, editor of the Oregon Voter, and with the city attorney, Alexander Brown.

Disadvantages and Criticisms Advanced Against the Measure:

The following disadvantages of the measure and criticisms of it were advanced to the committee by opponents:

1. That the measure will increase taxes at a time when property taxes are already going to be raised by increased valuations;
2. That the measure should not be considered until a later date;
3. That some other method should be used to raise the fund for the expressway;
4. That Sullivan's Gulch Express highway should not be built at all, and since it should not, the proposed measure should be defeated.

The committee did not consider this last objection in its findings; for the City Club is on record as approving the Sullivan's Gulch highway. The only point your present committee was assigned to study was the soundness of the proposed levy measure.

Advantages of the City Measure and Reasons Advanced For Its Support:

1. The total estimated cost of the Sullivan Gulch Expressway in its entirety to a connection with US 30 at Troutdale, inclusive of right of way construction costs, is \$10,500,000. The total cost within the city limits, inclusive of right of way and construction, is estimated at \$7,250,000. The city under this measure and under the agreement with the State Highway Commission *has only to pay 60% of the right of way costs* for that portion of the project lying within the city limits. The total right of way costs within the city limits are estimated to be approximately \$2,750,000, of which the State will pay 40% and the City 60%. The State and Federal governments are going to pay *all* construction costs.

2. The city will not be taxed any further sum in regard to this project than the taxes raised by the said two mill levy. If costs increase then such increase will be paid by the state and federal governments as fast as federal and state funds are available.

3. It will take about five years to construct this highway and construction should start as soon as possible in order to relieve the serious congestion which exists and which will increase. In this connection it should be noted that the highway commission previously planned only a four-lane highway from 37th to the river but because of the huge increase in vehicular travel it plans to have a six-lane highway from 37th to the river.

It is estimated that 38,000 cars a day would use a certain portion of this highway if it were in use now.

4. The city has withheld issuing permits for construction on the south side of the Gulch for the last two years. If this city measure doesn't pass at this time the city may be forced to issue building permits. If an industrial development occurs then, it will materially increase the expense of building this highway.

5. The State Highway Commission has agreed to build this highway and to stand 40 per cent of the right of way costs within the city and 40 per cent of construction costs. The federal government, under the 1948 Road Act will pay 60 per cent of the total construction costs. However, unless the City furnishes its share of right of way costs, the State will not proceed with this project. It then would follow that federal monies would be allocated to other projects. The Federal Road Act is set up on a 3-year basis and, if the City fails in financial co-operation and as a result there is reallocation of the monies to other projects, it would probably be some time before the Sullivan Gulch project could be reactivated. Moreover, it is probable that, if the bond issue fails, subsequent use of the property required for the proposed Sullivan's Gulch Highway may prevent for all time the building of this much needed facility.

6. The passage of this bill allowing construction of the highway will actually save the people of Portland money. In the saving of gasoline, tires and time and decrease in accidents the public saves. When the water level route from The Dalles is completed, it will lead directly into the Sullivan's Gulch Highway and this will increase business and draw trade from the state of Washington. The State Highway Engineer estimates that the monetary benefits to be derived from this highway are two and one-half times the annual upkeep.

Conclusion:

1. Considering the disadvantage "that this measure will increase taxes," it should be borne in mind that this highway will relieve serious traffic congestion and also benefit the public in many ways. Not only that, but over a long period of time the savings resulting from the construction of this highway will actually pay for the project.

2. The committee feels that this city measure should not be postponed to a later time because it might mean that the Sullivan's Gulch Highway would never be constructed.

3. The suggestion that some other method be used to raise this fund is not sound because, in our opinion, there is no other way to raise the city's share of the right of way costs. The reasons for this city measure passing *now*, outweigh the disadvantages.

Recommendation:

Your committee recommends that the City Club of Portland approve the city measure levying a two-mille tax on the assessed valuation of Portland property in order to pay for the city's share of the Right of Way Costs for the Sullivan's Gulch Highway.

Respectfully submitted,

HARRY A. HERZOG
FREDERICK HISLOP
L. L. RIGGS
JULIAN R. SMITH
LEE A. ELLMAKER, *Chairman*

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