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PORTLAND
City Club
BULLETIN

Crystal Room • Benson Hotel
Friday . . . 12:10 P. M.

PORTLAND, OREGON - Vol. 39, No. 21 - Oct. 24, 1958

*Printed in this issue for presentation, discussion and vote
by the membership on Friday, October 24th:*

**REPORT
ON
PERSONS ELIGIBLE TO SERVE IN LEGISLATURE
(INITIATIVE)
(STATE MEASURE NO. 13)**

The Committee: GERALD COGAN, D.M.D., ARNO H. DENECKE, JAMES
INGWERSEN, CHARLES R. WARD, JR., and SIDNEY COOPER, *Chairman.*

**REPORT
ON
STATE POWER DEVELOPMENT
(STATE MEASURE NO. 10)**

The Committee: THOMAS M. BAILEY, ROBERT HALL, CLARENCE A. ILLK,
PETER F. OPTON, JUSTIN N. REINHARDT, WALDO B. TAYLOR, and DON
J. CAMPBELL, *Chairman.*

**REPORT
ON
TEN-YEAR CAPITAL IMPROVEMENTS PROGRAM
(CITY MEASURE NO. 52)**

The Committee: TOM HUMPHREY, CHAS. L. CHAVIGNY, M.D., ALEX L.
PARKS, CHAS. W. BURSCH, Ed.D., *for the majority*, and JOHN R. HAY
and R. EVAN KENNEDY, *Chairman, for the majority.*

ELECTED TO MEMBERSHIP

R. N. CARRIGER, Owner, Carriger Realty. Proposed by Philip S. McAllister.
DON C. FRISBEE, Treasurer, Pacific Power & Light Co. Proposed by Paul Ousley.

**REPORT
ON
PERSONS ELIGIBLE TO SERVE IN LEGISLATURE
(INITIATIVE)
(STATE MEASURE NO. 13)**

Purpose: Amends Oregon Constitution to permit employes or members of a school board or the Board of Higher Education to serve as members of the Legislature.

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND:

THE ACT

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OREGON:

That Article XV of the Constitution of the State of Oregon be and the same hereby is amended by adding a Section 8 to read as follows:

Article XV

Section 8. Notwithstanding the provisions of section 1 article III and section 10 article II of the Constitution of the State of Oregon, a person employed by the State Board of Higher Education, a member of any school board or employee thereof, shall be eligible to a seat in the Legislative Assembly and such membership in the Legislative Assembly shall not prevent such person from being employed by the State Board of Higher Education or from being a member or employee of a school board.

SCOPE OF RESEARCH

In general session, your committee interviewed Cecil Posey, Executive Secretary of the Oregon Education Association, sponsor of the initiative. Others who were contacted and whose opinions were solicited were Mr. William Bade, Manager, Oregon Tax Research; Mr. Hugh McGilvra, Editor and Publisher, *Valley News*, Beaverton and Washington County *News-Times*, Forest Grove; Mr. Walter W. R. May, Editor and Publisher, *Oregon Voter*; Mr. Herbert M. Schwab, member, School Board, School District No. 1, Portland; State Senator Monroe Sweetland, Chairman, Senate Education Committee; Mr. William Tugman, Editor and Publisher, *Port Umpqua Courier*, Reedsport, and Phyllis Hutchinson of the Portland chapter of the Teachers Union, AFL-CIO. Your committee followed news coverage of the issue, including editorial comment.

INTRODUCTION

This proposed constitutional amendment grew out of the situation presented by the election of Mr. Tom Monaghan as a representative from Clackamas County in the 49th Legislative Assembly. Mr. Monaghan at the time of his election was employed by School District No. 1, Clackamas County, in the capacity of a sixth grade teacher. Subsequent to his election, he took leave of absence and attended the regular session of the legislature. At the beginning of the school year following the legislative session, Mr. Monaghan sought to return to his position with School District No. 1. A question was raised as to his right to resume his position as a teacher in view of the fact that he remained a member of the Legislative Assembly. To clarify the issue, the question was litigated in the Circuit Court of Clackamas County, and, on appeal to the Supreme Court of Oregon, it was held that by virtue of Article III section 1 of the Oregon Constitution (Distribution of Powers), Mr. Monaghan could not resume his teaching position while still a member of the Legislative Assembly. *Monaghan v. School District No. 1*, 211 Or 360 (1957).

During the regular session in 1957, the Legislature considered House Joint Resolution No. 23 which would have submitted to the voters a proposed constitutional amendment designed to accomplish the purpose of the amendment now being considered. This resolution was defeated in the House of Representatives by a vote of 34 to 24.

A successful initiative petition campaign, sponsored by the Oregon Education Association* has placed before the people an amendment to the Constitution, Measure No. 13 on the November ballot.

ARGUMENTS IN FAVOR OF THE AMENDMENT

Proponents of the bill advance the following arguments in favor of the amendment:

1. The state should be able to utilize in the Legislature the talents of this well-informed group of citizens.
2. It would give teachers and board members "full citizenship rights."
3. Teachers should be able to serve as legislators and return to their teaching positions without losing their second year's legislative pay and without being deprived of the privilege of serving on interim committees as is now the situation.

ARGUMENTS AGAINST THE AMENDMENT

1. In the interests of separation of powers, no person should be allowed to serve simultaneously in more than one branch of the state government.
2. This initiative is special interest legislation, in that it would grant to school employees or board members preference denied to other public servants.
3. Many bills each year concern the financing and other aspects of education. As legislators, teachers or other educational employees would be in a position to vote on measures directly affecting their own salaries and their own working conditions as public employees.
4. The cause of education is adequately presented at the Legislature at the present time.

DISCUSSION

Your committee was impressed with the argument advanced in favor of this measure to the effect that educators in this state would be well qualified and able legislators. There is no question but that this group of citizens is, in general, of better-than-average intelligence and education. Their talents would be appreciated in the legislature as in fact they have been in the past. Further, this initiative, if adopted, would give to educators affected thereby, a feeling of full equality with other citizens in matters of legislative service. Included therein are such items as the privilege of serving as members of interim committees, and the privilege of drawing their second year's legislative pay. Under the present state of the law, members of this group must forego these privileges if they are to resume their regular professional activities at the conclusion of the legislative session.

However, your committee felt that serious questions of public policy are raised by the proposed constitutional amendment. Our Constitution is founded on the principle of the separation of powers of government in the interest of preservation of liberty. Effective separation of powers requires that no person shall serve more than one branch of the government simultaneously. The Oregon Supreme Court has held that a public educator does exercise functions of the Executive branch of the government; therefore, continuing as a member of the legislature after resuming his position as an educator would be a violation of the basic principle of separation of powers. This would undoubtedly have very practical effects, in that as a legislator, a teacher, for instance, would be called upon to pass on legislation directly or indirectly affecting his livelihood and the welfare of his profession. In the words of the Oregon Supreme Court, "The Constitutional prohibition is designed to avoid the opportunities for abuse arising out of such dual service, whether it exists or not."

Your committee was also impressed with the fact that the proposed constitutional amendment appears to be preferential legislation. If the principle of service in the Legislature by state employes is a good principle, it should probably extend to cover other than those in the educational system. We note that this principle has been expressly disapproved by the Legislature, which has enacted statutes severely limiting the political activity of state employes. (ORS 240.705.) We concur in the Legislature's disapproval of this principle. Also, your committee took into consideration the fact that a

* A professional association of educators of all levels of education. The OEA's officials state they represent from 84 to 86 per cent of all the teachers in Oregon.

proposed referendum to accomplish the same purpose as the amendment under consideration was rejected by the Legislature at its last session.

Your committee does not believe it is necessary to have teachers or other representatives of the educational field in the Legislature in order that the problems of education be fully presented to the Legislature. It is our opinion and that of many witnesses contacted that the problems of education are very adequately presented to the Legislature at the present time.

CONCLUSION AND RECOMMENDATION

Therefore, it is the conclusion of your committee that the arguments against this measure outweigh the factors in favor of this initiative to amend the Constitution. We recommend to the City Club that it go on record in opposition to this measure, and urge a vote of "Measure No. 13 X No."

Respectfully submitted,

GERALD COGAN, D.M.D.

ARNO H. DENECKE

JAMES INGWERSEN

CHARLES R. WARD, JR.

SIDNEY COOPER, *Chairman.*

Approved October 15, 1958, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors October 20, 1958, and ordered printed and submitted to the membership for discussion and further action.

**REPORT
ON
STATE POWER DEVELOPMENT
(STATE MEASURE NO. 10)**

Purpose: Empowers the state to acquire and develop water, thermal and nuclear power generating facilities. State may develop energy for transmission and sale on wholesale basis or directly to industries using 10,000 kilowatts or more. Yes No

(See Appendix for text of the Amendment)

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND:

Your committee was appointed to report on Senate Joint Resolution No. 40, which would amend Article XI-D of the Oregon Constitution (Power Development) and which is presented for vote in the November, 1958, election as Measure No. 10.

Although its investigations took the committee into some related aspects of the power problem, your committee has attempted to confine its report to those areas which directly pertain to the problem at hand, its background, and the development of a recommendation for presentation to the City Club.

Interviewed by the committee were:

Shirley Field, State Representative, a sponsor of S.J.R. #40
Gus Norwood, Executive Secretary, Northwest Public Power Association
James Marr, Executive Secretary, Oregon State AFL-CIO
Roy Bessey, *Economic Consultant*
Anthony Netboy, Instructor, Portland State College and formerly with Bonneville Power Administration.
Herbert Lundy, Editorial Staff, *The Oregonian*
Thomas Delzell, Chairman, Board of Directors, Portland General Electric Co.
Ralph Millsap, Vice-President, Portland General Electric Co.

In addition, the committee monitored the television discussion of Measure #10 moderated by Tom McCall on September 21, which included State Representative Shirley Field and State Senator Walter Pearson, sponsors of the measure, John R. Churchill, editor, the *Oregon Democrat*, and Francis F. Hill, attorney for Pacific Power and Light Company. The committee studied editorial comment on the problem, the arguments presented in the *Voters Pamphlet*, "Oregon's Power Problem" (analysis of proposed legislation for a state power administration by Roy Bessey), charts and reports made available by Portland General Electric Company, and a statement on State Power Authority as a Preference Agency prepared by the Bonneville solicitor's office at the request of Herbert Lundy of *The Oregonian*.

HISTORY AND BACKGROUND

In 1932, Oregon voters approved an amendment to the Constitution, Article XI-D, authorizing the state to acquire, control and develop, construct, maintain and/or operate hydroelectric power sites, plants, transmission and distribution lines; to borrow up to 6 per cent of the total assessed valuation of all property in the state for this purpose; to sell power and to fix rates; and to join with the United States, and state or states, or political subdivisions in these matters under the authority of three elected commissioners. The amendment further provided that the legislature "shall" enact legislation enabling the state to carry out the previous provisions. Without this enabling legislation no action can be taken.

When the original power amendment was passed in 1932, the voters of the state had in mind the building of a dam at the Bonneville site. The dam was built as a Federal project, however, and no implementing legislation was enacted by the state legislature at that time or since. Legislation to implement the amendment has been attempted several times before the passage of SJR #40. Each previous measure adopted by the Legislature has failed to get ratification at the polls.

In order to understand the background of this measure, it seems well to review Oregon's position with regard to power. Oregon's problem is not to get sufficient power, which can almost certainly be obtained, but rather to keep its share of low-cost Federal

power. Over half of the electric energy currently used in Oregon is purchased from the Bonneville Power Administration. Under existing laws and regulations, with increased demand in the Northwest, Oregon may lose the right to purchase its share of this low-cost power.

THE PREFERENCE CLAUSE — PRIORITY CONTRACTS

Since the very first development of hydroelectric facilities by the Federal government in 1906, a clause has been included in all authorizing legislation which provides that public bodies shall have a preference in purchasing the power produced by these Federal projects. This so-called "preference clause" has become firmly imbedded in precedent and law.

When Bonneville and Grand Coulee dams were completed, the Bonneville Power Administration interpreted this clause to mean that public agencies had a *permanent* right to claim any of the power produced by the Federal projects. In pursuance of this theory, the Administration entered into "requirements" contracts with various public bodies, such as Public Utility Districts (PUD), municipal light and power systems, Rural Electrification Administration Cooperatives (REA).

Under these original contracts, the Bonneville Power Administration agreed to supply the total power requirements of these public bodies — *no matter how much their needs should grow in the future*. More recent contracts are subject to the availability of power from Federal projects. These recent contracts also limit the sales to new industrial customers to 10,000 kilowatts maximum.

A 10,000 kilowatt limit permits a very large load, which would generally be applicable to such major customers as aluminum or chemical plants.

The Bonneville Power Administration is currently selling about 50% of its firm power to public agencies under these "preference" contracts.

Preference agencies enjoy another advantage. There is a substantial variation from year to year in the amount of Federal power available, due to the difference in the amount of water in the Columbia River. The power which would have been available in the lowest water year on record is considered to be reliably available, and is called "firm power." The additional power, which is available in most years but not in all years, is called "secondary power." Any power shortage which has developed to date has been purely in the secondary category, and the people who contracted for this power knew in advance that it might not be available. However, when such a situation arises, preference customers are supplied first, and it then falls upon the industries and public utility companies to either reduce their usage or make up the shortage from high-cost steam generation. The occasional shutdowns of part of the aluminum operations which have been so widely publicized, resulted from this situation. The companies knew that such shutdowns would be required on occasion, and they are a part of their long-range plan and program. Standby steam plants could cover some but not all of the reduction in secondary power which may occur.

NON-PRIORITY CONTRACTS

The Bonneville Power Administration entered into firm contracts for the sale of power to certain large industrial users, especially aluminum plants. While most of these contracts expire within the next 15 years, it seems likely that they will be renewed since substantial investments in industry have been made, and jobs in these industries are dependent upon the continued availability of cheap power. The firm power now being sold to these industries amounts to slightly over 1.1 million kilowatts, or about 20% of firm Federal power now available. This is almost equal to the total electric energy used in the State of Oregon for all other purposes. Although such contracts have no priority in law, they were executed prior to contracts covering sale of power to private utilities, and the power sold under these contracts is not available for subsequent sale.

The Bonneville Administration's obligations to preference customers, plus its large industrial contracts, pre-empted its firm power supply so that private utility companies have not been granted firm long-term contracts. However, in 1953, a contract was negotiated which provided in general that any new industrial contract would only be for power available after the private utility companies had received 1½ million kilowatts. This contract specifically provided that upon 5 years' notice, any firm power covered by the contract could be withdrawn from private utilities for delivery to preference customers. Notice has been given that by 1964 the anticipated growth of preference customers will absorb all the firm Federal power available.

OREGON'S POSITION

Unless some change occurs, the low-cost Federal power now being sold to utility companies for distribution in Oregon will gradually be withdrawn to meet the growing requirements of the public agencies, largely located in Washington. The cities of Seattle and Tacoma have long had municipally-owned light and power systems, and a large part of the remaining population of Washington is served by PUD's. About 62% of the customers in Washington receive service from public bodies (which have preference), while only about 15% of the people in Oregon are served by public bodies. In the days when there was a large surplus of low-cost Federal power, this created no hardship, because customers of private utilities received Federal power also, and still do. If this Federal power should cease to be available, alternate sources of power would cost from 2 to 4 mills more per kilowatt hour.

The relative cost factors can be visualized by the following figures: Federal power currently costs the distributor (whether public or private) from 2.15 to 4.40 mills, depending on load factors. Power from new hydro projects would currently cost from 4 to 7 mills per kilowatt hour, and steam generation would cost more.* New projects cannot possibly duplicate this rate.

Federal power is cheaper because:

(1) Several of the projects developed by the Federal government were at the lowest cost sites.

(2) A substantial part of the construction was done during the 1930's when costs were low.

(3) Federal generating projects pay no taxes.

(4) The United States government charges a low rate of interest on the capital employed.

(5) Part of the cost of these projects is paid directly by the United States as chargeable to related functions, such as flood control, navigation, and recreation.

POSSIBLE SOLUTIONS AVAILABLE

If Oregon wishes to receive its fair share of Federal power, some method must be found to change the present laws, regulations and contracts. Some of the possibilities would be as follows:

(a) Implement the existing authority in the Oregon Constitution to create a State Power Authority which might then have a right to contract for preference power, but only for resale to consumers. It would appear that this would not be possible if the Constitution were amended by SJR 40.

(b) Provide by Federal law for a fair and equitable allocation of the available Federal power among the states in the Columbia River Basin, retaining the preference of public bodies in each state to the power allocated to that state. There is precedent for this procedure in recent Federal law.

(c) Provide some method of pooling the high-cost power from new projects with the low-cost Federal power.

(d) Repeal the preference clause.

(e) Contest in court the legality of the "requirements" contracts, on the theory that Congress did not intend the preference clause to provide a *permanent* right of public agencies to recapture low-rate power from established users.

(f) Create one or more public preference agencies to distribute power to consumers in Oregon. This would require voter approval. *see p. 602.*

(g) Create a Columbia River Authority or Corporation which would take over the existing Federal plants, and using these as a credit base, finance the construction of any new generating plants required, including steam or nuclear.

(h) Develop some of the low-cost projects still available in British Columbia, and exchange this power in northern Washington for Federal power to be delivered here. (So far impossible because of treaty difficulties with Canada.)

* Average retail rates for electricity in Oregon are about 11 mills a kilowatt hour. The cost of distribution, whether public or private, is about 2/3 of the retail price. The major industries such as the aluminum industry, which use large blocks of power on a round-the-clock basis, can obtain Federal power at a rate of slightly over 2 mills.

(i) Depend upon the Federal government to develop new plants fast enough to meet all the needs in the Pacific Northwest, pooling the cost of new power with the existing low-cost power. (Since no Congress can bind a future Congress, there is no way to assure this can or would be done.)

(f) on p. 60: None of the foregoing would create additional power.

ANALYSIS OF PROPOSED AMENDMENT TO ARTICLE XI-D

The proposed amendment (see appendix) would enlarge the definition of present constitutional authority in certain respects and restrict it in others. The primary provisions are as follows:

The amendment authorizes sale of power on a wholesale basis to others for resale, and permits direct sales to industries using load limits of 10,000 kilowatts or more, but it would eliminate "distribution" as an authorized function of the State.

The amendment specifically mentions the development of power from thermal and nuclear, as well as water power, sources. It explicitly authorizes cooperation with private industry as well as with governmental agencies.

The amendment would increase the general obligation debt which could be incurred from 6 per cent to 10 per cent of the assessed valuation of all property in the state; however, the proposed amendment would require the prior approval of the legislature for creation of debt, whereas the present Constitution contains no such provision.

If the proposed amendment is approved, the legislature would still need to pass an implementing Act to carry out its purposes, as the present constitutional provision requires.

ARGUMENTS

The arguments on this amendment cannot be definitely classified as "for" and "against" because some of them depend on the point of view as regards public or private power development. For instance, the elimination of "distribution" authority removes the threat of condemnation of private utility properties, a change favorable to private power advocates, but public power supporters object to this restriction as well as to the limit on direct sales to users of 10,000 kilowatts or more, which they consider much too high.

The increase in the limitation on indebtedness from 6 per cent to 10 per cent of assessed valuation of all property in the state can be used as an argument by both sides, and the provision for prior approval by the legislature is recommended by some as protection for the taxpayers and opposed by others as making power a political football at every session of the legislature.

The argument that a State Power Commission could wholesale power as a preference agency under the Bonneville Project Act is questioned on legal grounds as is discussed elsewhere in this report. If this argument fails, the major reason for the amendment's passage is lost.

The provision authorizing development of power from thermal and nuclear sources is generally regarded innocuous, but perhaps unnecessary at this time.

If the amendment passes, it may be construed by the legislature as a mandate to take action, yet the public power supporters are opposing the measure with the hope that the legislature will pass such an act under the broader terms of the existing constitutional provisions.

CONCLUSIONS

1. The proposed amendment does not increase the quantity of power which will be available to consumers in the State of Oregon.

A. The preference and priority of policy of the Federal government operates to give consumers in the State of Washington first call on the bulk of the federally generated power in this area because 62% of them are served by PUD's and other preference customers, as contrasted to 15% of the consumers served by such agencies in the State of Oregon. The proposed amendment would not of itself alter these percentages.

B. If a State power authority were created by the legislature, either under the existing constitutional provision or under the proposed amendment, it would be a preference agency but in order to qualify for preference power in the opinion of Bonne-

ville's General Counsel, it would have to be operated for the benefit of the general public and particularly domestic and rural consumers. He says a State power authority engaging as a middleman wholesaler in distribution of large amounts of federal power would "be a party to the marketing of federal power in a manner inconsistent with the (preference) criteria established by Congress * * * " He says, in part:

"If such an agency could secure supplies of energy for resale to customers, either industries or privately owned utilities, which would not otherwise be able to secure their power supplies directly from the Bonneville Power Administration either under the preference provisions of the act or under pre-existing contractual commitments, the intent and purpose of the preference clause would be circumvented."

The proposed amendment explicitly limits the State of Oregon to the sale and disposition of electric energy "on a wholesale basis to others for resale" and deprives it of the power, which it now has, to operate "* * * distribution lines." Therefore, in the opinion of Bonneville's general counsel SJR 40 expressly prevents the State of Oregon from qualifying as a preference customer for federally generated power.

Although a contrary opinion is said to have been furnished to Senator Neuberger by the Legislative Reference Service of the Library of Congress, your committee is informed that attorneys for public power agencies and attorneys for public utility companies generally concur with the opinion of the Bonneville General Counsel on this subject. An application for federal power on a preference basis by the State of Arizona was rejected by the Secretary of the Interior on this theory and no action has been taken to have his decision reviewed.

C. As a matter of administrative policy, the Bonneville Power Administration will not supply power on a preference basis to any single industrial customer whose needs exceed 10,000 kilowatts. This is the only type of industrial customer to which the State could make direct sales under SJR 40. Since it could not obtain power for such a customer under Bonneville administrative policy, the barrier to State qualification for Federal power on a preference basis would seem to be made complete if SJR 40 were passed.

So long as the Bonneville Act is administered as described herein, and consumers of electricity in the State of Oregon are served primarily by privately-owned public utility companies, no federal power will become available to consumers in the State of Oregon on a preference basis by the adoption of SJR 40 which is not now available to them.

2. The proposed amendment introduces into the Constitution factors which militate against Oregon in obtaining federal power on a parity with the State of Washington.

A. The constitution as it now stands authorizes the State of Oregon to sell and dispose of electric energy without limitation. If it started serving consumers, and especially domestic and rural consumers, the State could qualify on a preference basis for federal power under the present constitution. Adoption of SJR 40 would permanently preclude even this presently remote possibility.

The State of Oregon has not qualified on a preference basis for federal power, although capable of doing so, because this provision of the constitution has never been implemented by the State Legislature since it was adopted in 1932, presumably for the same reason that the consumers of power in Oregon are served preponderantly by privately-owned public utilities. Whether the State of Oregon is irrevocably committed to this choice is not a proper subject for speculation or forecast by this committee. Although SJR 40 does not prevent formation of preference agencies in the State of Oregon, it does prevent the State as such from distributing power except as a middleman. This is recognized on all sides and is prominently mentioned by supporters of SJR 40 as the reason why it should be adopted. They point out that if SJR 40 is not adopted, it is always possible for some future session of the legislature to enact legislation under the presently existing constitutional provision which would put the State into the power distribution business and enable it to qualify for federal power on a preference basis.

B. Some proponents of SJR 40 contend that although the Oregon legislature has failed to implement the existing constitutional provision despite the explicit direction that it "shall" do so, a future legislature might implement the constitution if it were amended to eliminate the risk of the State going into the distribution business. This argument made little impression on the witnesses your committee heard, and seems of doubtful validity.

C. Neither side in the public-private power fight would deny the desirability of developing Oregon's resources, including its power resources, to the fullest extent or the desirability of making the power resources of the entire Northwest available on a fair basis to consumers in the State of Oregon as well as elsewhere. They differ only as to the means by which that should be done. This difference involves questions of policy, not of authority. Therefore the limitations contained in SJR 40 properly should not be included in the Oregon constitution. The legislature and the people should retain their freedom to base their policy decisions upon factors prevailing at the time the decision is called for, which may or may not be the same as those prevailing at the time a constitutional provision is adopted. This freedom is destroyed by SJR 40.

3. No part of the proposed amendment accomplishes any desirable purpose.

A. The present constitutional provision authorizes the State to incur indebtedness which is a general liability of the State, to an amount not exceeding 6 per cent of the assessed valuation of all property in the State. By SJ R40 this sum is increased to 10 per cent of the assessed valuation of all property in the State. It has been estimated that 6 per cent amounts to \$130,000,000 and 10 per cent would amount to \$200,000,000. Presumably the burden of servicing this debt would fall upon property owners of the State who might thereby be put in the position of subsidizing distributors or users of electric power. This situation could be avoided if the constitution authorized the issuance of revenue bonds. It is not improved by raising the debt limit from 6 per cent to 10 per cent.

B. The bill as passed contained a subsection under Section 2 reading as follows:

(2) The State of Oregon is authorized and empowered to:

(12) "With prior approval of assembly, loan credit of State and incur indebtedness not exceeding 10 per cent of the assessed valuation of all property in the State for funds to carry out purposes of Act."

The provision for prior approval by the legislature provides some safeguard to the real property taxpayers of the State. By the same token, it illuminates your committee's previous observation that questions of policy as distinguished from questions of authority are better left to legislative discretion than to be perpetuated in the Constitution.

C. Another such policy limitation which your committee believes should not be buried in the constitution is the limitation against sale by the State to any customer of power in quantities under 10,000 kilowatts. There are at present only about twenty firms in the Northwest which get that amount of Federal power. The best interests of the State of Oregon might well require service to industrial users whose requirements for power are far below the 10,000 kilowatts minimum limitation contained in SJR 40.

This is one area in which the State might qualify on a preference basis for federal power, except for SJR 40. With the 10,000 kilowatt limitation in the bill, SJR 40 is entirely restrictive in its effect, whatever its proponents may claim. In view of this circumstance, it is noteworthy that witnesses identified with privately-owned utilities, public power organizations, labor unions and the grange, were unanimous in opposing the ratification of SJR 40. Support for the measure was limited to witnesses who are not directly concerned with the power supply.

D. Partisans of privately or of publicly owned public utility operations might differ as to the wisdom of authorizing the State to develop thermal or nuclear power. However, the present constitution provides for the control, use, transmission, distribution, sale or disposition of electric energy without limitation as to source and authorizes any and all things necessary or convenient to carry out the provisions of the article. It does not require a particularly broad or liberal interpretation of those provisions of the existing constitution to justify development of thermal and nuclear power sources by the State. Therefore, it may well be doubted whether constitutional amendment is required to permit a State power agency, if one existed, to carry out development of generation, transmission, distribution and sale of electric power from any economical and feasible sources, including thermal and nuclear. If it were, the need is not of present or immediately foreseeable significance, since the cost of nuclear power far exceeds the cost of power generated conventionally in this area and witnesses informed the committee that it will be ten years or more before the cost gap is narrowed to the point where the two types of power become competitive. By that time, conditions might have changed completely.

RECOMMENDATION

Your committee therefore recommends that the City Club go on record in opposition to this constitutional amendment, and urges a vote of "Measure No. 10 X No."

Respectfully submitted,

THOMAS M. BAILEY
ROBERT HALL
CLARENCE A. ILLK
PETER F. OPTON
JUSTIN N. REINHARDT
WALDO B. TAYLOR
DON J. CAMPBELL, *Chairman*

Approved October 16, 1958, by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors October 20, 1958, and ordered printed and submitted to the membership for discussion and action.

APPENDIX

NOTE — Matter to be deleted from the existing constitutional provisions is indicated by brackets. Matter to be added is printed in italic type.

The following is the text of the Constitutional Amendment to create state power development, as printed in the *Official Voters' Pamphlet* for the General Election, November 4, 1958:

Measure No. 10
STATE POWER DEVELOPMENT

Proposed by the Forty-ninth Legislative Assembly by Senate Joint Resolution No. 40, filed in the office of the Secretary of State June 3, 1957, and referred to the people as provided by section 1 of Article XVII of the Constitution.

CONSTITUTIONAL AMENDMENT

Be It Resolved by the Senate of the State of Oregon, the House of Representatives jointly concurring:

That section 2, Article XI-D of the Constitution of the State of Oregon be amended to read as follows:

Sec. 2. The State of Oregon is authorized and empowered to:

- [1. To] (1) Control [and/or develop] the water power within the state [;].
(2) *Develop water power and thermal and nuclear power within the state.*
- [2. To] (3) Lease water and water power sites for the development of water power [;].
- [3. To] (4) Control, use [,] and transmit, [, distribute,] *electric energy.*
(5) Sell and [/or] dispose of electric energy [;] *on a wholesale basis to others for resale and make direct sales to industries using load limits of 10,000 kilowatts or more.*
- [4. To develop, separately or in conjunction with the United States, or in conjunction with the political subdivisions of this state, any water power within the state, and to acquire, construct, maintain and/or operate hydroelectric power plants, transmission and distribution lines;]

[5. To develop, separately or in conjunction with the United States, with any state or states, or political subdivisions thereof, or with any political subdivision of this state, any water power in any interstate stream and to acquire, construct, maintain and/or operate hydroelectric power plants, transmission and distribution lines;]

(6) *Develop water power and thermal and nuclear power within the state or adjacent states, separately or in conjunction with:*

- (a) *The United States.*
- (b) *Any other state or states.*
- (c) *Political subdivisions of this state or any other state.*
- (d) *Private industry.*

(7) *Acquire, construct, maintain and operate hydroelectric plants and dams and any other facilities, works or structures necessary or appropriate for the use, operation or maintenance of such plants or dams.*

(8) *Acquire, construct, maintain and operate thermal and nuclear power plants and any other facilities, work or structures necessary or appropriate for the use, operation or maintenance of such plants.*

(9) *Acquire, construct, maintain and operate transmission lines.*

[6. To] (10) *Contract with the United States, with any state or states or political subdivisions thereof, or with any political subdivisions of this state, or with private industry, for the purchase or acquisition of:*

- (a) *Water [,] and water power.*
- (b) *[and/or] Electric energy for use, transmission, [distribution] sale and [/or] disposal [thereof;], subject to the limitation of subsection (5) of this section.*

[7. To] (11) *Fix rates and charges for the use of water in the development of water power and for the sale and [/or] disposal of water power [and/] or electric energy, or both [;].*

[8. To] (12) *[Loan] With prior approval by the Legislative Assembly, loan the credit of the state [,] and [to] incur indebtedness to an amount not exceeding [six] 10 per cent of the assessed valuation of all the property in the state, for the purpose of providing funds with which to carry out the provisions of this Article, notwithstanding any limitations elsewhere contained in this Constitution [;].*

[9. To] (13) *Do any and all things necessary or convenient to carry out the provisions of this Article.*

**REPORT
ON
TEN-YEAR CAPITAL IMPROVEMENTS PROGRAM
(CITY MEASURE NO. 52)**

Purpose: Charter amendment providing special ten-year tax levy of \$2,325,000 annually, authorizing \$16,305,000 general obligation bonds for: sewers, park and recreation facilities; street lighting; traffic control and interchanges; civil defense; equipment; repayment of advances; public buildings, other capital improvements; providing sinking and rotating fund from certain income.

TO THE BOARD OF GOVERNORS,
THE CITY CLUB OF PORTLAND:

SCOPE OF INVESTIGATION

Your committee was assigned the task of examining the background and development of this proposed ordinance, and to report on the desirability of incorporating the measure into the City Charter.

In making this study the following people were interviewed, all of whom provided much helpful information and cooperation in furnishing background to the committee:

Mayor Terry D. Schrunk

Commissioners Ormond Bean, Nathan Boody and William Bowes

Planning Director Lloyd Keefe

Planning Commission Members J. H. Sroufe, chairman, Charles McKinley, and Loren Thompson

Carl Lundell, City Utilities Engineer.

The committee also studied previous City Planning Commission reports, documents supplied by those interviewed at the City Hall, and previous City Club reports on this subject. Articles in the *Oregon Voter*, the *Oregon Journal* and the *Oregonian* were read thoroughly. Information was also received by one member from a representative of the Multnomah County Tax Supervising and Conservation Commission.

While the committee studied the proposal as a unit, individual items composing the package were investigated and will be commented on in the report. However, the package is being presented to the voters as a unit and its recommendation will be confined to the charter amendment as a package.

THE MEASURE

The proposed amendment to the City Charter would provide funds totalling \$39,555,000 for various improvements. This total would be obtained from two sources of income, a special tax levy and a special bond issue. It is proposed that these funds be used as follows:

\$16,305,000 Bond Issue

\$150,000

- \$ 5,000,000—Additions to Sewage Disposal System
- \$ 6,705,000—Traffic Separation Systems at 7 intersections
- \$ 2,250,000—New buildings and repairs and additions to buildings, including Municipal Garage, police precinct buildings, the Stanton yards (shops), the Public Auditorium, and police headquarters building.
- \$ 600,000—Addition to Police Headquarters building
- \$ 1,750,000—Recreational facilities, such as golf course, marine facilities, skating rink, etc.

\$23,250,000 Tax Levy

- \$ 5,000,000—Replacement and repair of sewers
- \$ 4,500,000—New park sites and facilities
- \$ 750,000—New street signal lights

- \$10,000,000—Continuance of street lighting program now in effect
- \$ 1,000,000—Replacement of obsolete city equipment
- \$ 1,000,000—Civil Defense
- \$ 500,000—Loan repayment
- \$ 500,000—Property acquisition.

The special tax levy would be paid by property taxes which would be increased approximately \$4.89 for each \$100 of property taxes paid for the year 1957-58.

The bonds would be retired by income from property tax amounting to approximately \$4.26 for each \$100 worth of property taxes paid in 1957-58.

DEVELOPMENT OF CURRENT MEASURE

Your committee wishes to commend the City Council for taking positive steps in what we believe to be the right direction, namely, comprehensive capital improvement planning. In this particular case, department heads submitted their needs, and from the items on that list the City Council selected projects for inclusion in its immediate program. Two of these items, the Fire Bureau and the Civic Promotion and Development Commission (Urban Renewal) measures, were submitted to the voters in the May, 1958, primaries, and passed.

Approximately eighteen months were devoted to the development of this "package" proposal, starting from two points of reference, (1) the requests of various city departments and (2) the so-called master list of projects prepared by the City Planning Commission which it deems necessary in the next twenty years.

The City Council first pared down the "ideal" program submitted by city departments from around \$300,000,000 to \$144,000,000. And, at the request of the Council, the planning commission staff telescoped its overall master list from around \$260,000,000 to \$48,000,000 worth of projects deemed necessary in the next five years.

With the close collaboration of the planning commission staff, the City Council consolidated and reduced these two project lists to a \$39,500,000 package of projects considered most essential.

In this process the city-county building and other long-range projects were eliminated and some new short-range projects were added.

From interviews with city commissioners and members of the planning commission and its director, it became apparent to your City Club committee that the decision to package, rather than to separate, these projects was made on the theory that some of the most vital items (including sewers) lacked popular appeal and would have a better chance of approval if they were submitted with such vote-catching projects as traffic interchanges and signals, and parks and recreation programs.

The councilmen stated that some maintenance and operation items such as replacement of obsolete equipment could not be financed without voter-approved special levies.

In summary, it was the unanimous conclusion of the Council (despite some open criticism) that the bitter-with-the-sweet, or package approach offered the best practical chance of obtaining a voter-approved start on a long-range plan of capital improvements.

Because of the City's imperative needs, both City Councilmen and Planning Commission officials felt that this program was a start in the right direction. They both share the general feeling that items in the package are badly needed, but they were not unanimous in their feelings as to the priority of all of the projects. It was generally agreed by all of those interviewed that the sewers are of primary importance, and that traffic interchanges would probably be next in line of importance, followed by park projects which would add to the attractiveness of the City. Many felt that traffic controls were more important than the parks program. Next in importance seemed to be construction of buildings, or perhaps replacement of obsolete equipment, both of which are considered by City officials to be very desirable, with the replacement of obsolete equipment probably the more important of the two.

The creation of an acquisition fund, although considered by some to be too small, was given a high measure of importance by many so that the City would have money available to take advantage of opportunities to obtain land for future needs. The addition to the police headquarters building, the street lighting program, and the repayment of the Water Bureau loan appear to the committee to have the least priority of all items proposed.

BASIC CONSIDERATIONS

Your committee studied this proposal with three general views in mind:

1. Is a "package" presentation to the voters, made up of many items necessary in varying degrees for carrying out of the proper operation of a City, a desirable way to present to the voters any request for funds,
2. If a "package" proposal is proper, then does this particular package show the background of study, review and careful analysis which should be applied to such a "package" in order to commend it to proper action by the voters, and
3. Does the proposed "package," combining capital and maintenance items, and combining bond and special levy financing, commend itself to a favorable vote by the voters?

THE PACKAGE APPROACH

Long range municipal planning has been endorsed before by the Portland City Club, and your committee wishes to reiterate its belief in such planning. Comprehensive planning is logically followed by presentation to the voters of periodic requests for comprehensive authority. In such an event the electorate is called upon to decide two questions. Shall a particular segment of a long-range plan be approved? Shall the financing of these projects be authorized at this time?

Proponents of the "package" proposals point out that such action on the part of the City Council means that the City Council is only doing its job. Its members are surveying the multitudinous needs for money in carrying out the work of administering the City, are assuming the role of management in analyzing these needs, are bringing them together in one program and are presenting it to the voter as that which is essential to the running of their City government.

The alternative to the "package" is to present the items individually to the voters. "Package" proponents point out that this approach could develop to such an extent that practically every action of the Council, including determination of salaries and location of loading zones, should also be referred to the voters.

It would seem, therefore, that a "package" arrangement is a method acceptable to those who are willing to delegate the authority of the people to specific representatives.

Proponents of the "package" approach point out that if individual items are submitted to the voters, only those items having popular appeal will be approved and the non-glamor items which are nevertheless vital to proper operation of the City, will be denied.

Opponents of the "package" are strong in their feeling that such overall assumption of authority by the City Council removes from the voter his right to select those items which he considers the most essential to the City government's operation, and for which he is willing to pay.

They feel that it is not the duty of the government officials to lump projects together for voter approval, but that it is more important that the voter understanding of the problem be developed to the point where decisions are made on the basis of voter prudence and wisdom.

Your committee is of the opinion that the linking of planning and authority together provides a realistic check and balance on municipal planning for capital improvements and wishes generally to endorse the "package" approach as a governmental device. However, such endorsement does not relieve us of the obligation to evaluate this particular package deal as to the procedure followed in selecting individual items, the analysis of items themselves, and the proposed method of financing in this particular case.

DISCUSSION OF THE MEASURE

There seems to be little doubt in the minds of all members of your committee that the adoption of this program would greatly alleviate many problems the City now faces. One very serious current problem is the continued use by the City of dilapidated equipment which is expensive to operate and maintain. Alleviation of this problem would be desirable, and the adoption of the whole program certainly would do a great deal to elevate the City to a first-class position.

It has also been mentioned that the spending of this amount of money within the City itself would furnish one more strong support to the overall economy.

Past City Club reports have, as a matter of interest, recommended a "Yes" (majority recommendation) on the increase of the tax base proposed in 1954, and a "No" on the capital improvements program proposed in the same year. The former would have increased the base by approximately \$1,800,000 and the capital improvements program was for \$2,000,000 a year for ten years. The measures were voted down both by the City Club membership at large and by the public at the polls.

It should also be noted that we could not find any evidence of long-range planning in conjunction with other tax levying bodies in the metropolitan area, as encouraged by the City Club report of May, 1958.

There is much that has been said against the presently proposed program. Mixing of maintenance items with capital improvements items is not considered appropriate by this committee nor is the fact that part of its financing is by tax levy and part by bond issue.

One item particularly objectionable to opponents is extension of the street lighting program for another \$1,000,000 per year for ten years. The present street lighting program* has produced a great number of lights on a good many arterials in a very short time. The committee feels that the location and distribution lacks proper attention to planning in that in the opinion of the committee, too much weight was given to present traffic loads and too little to evaluating changes that will be produced by expansion of residential areas and the freeway system. If the present proposal is passed, it will mean that the City will have two million-dollar lighting projects operating simultaneously for the next six years, since this proposal overlaps the 1954 program for six years. The fact that the levies overlap is not objectionable to the committee; it is the manner in which expenditures have been made that gives concern to your committee for the future administration of lighting funds. The total yearly lighting bill for power and maintenance when this program is completed would be approximately \$1,600,000.

Modernization of existing business district lights is contemplated, at a yearly cost of \$100,000. This could be deferred to take care of more critical needs.

The title of the ballot measure reads "Capital Improvement Program." This, the committee feels, is somewhat of a misnomer. The program contains some maintenance and operation items, and therefore the ballot measure more properly should read "Capital Improvement and Maintenance Program." This may be an exercise in semantics, but it is felt that the public is being somewhat misled. We doubt that power costs and recreation programs are "capital improvement," for instance.

MAJORITY COMMENTS AND CONCLUSIONS

Your committee does not like to see the intelligent voter placed on the horns of a dilemma in this manner. As compared with the 1954 Capital Improvements Package (reported on unfavorably by the City Club and defeated by the voters), the present proposal is a marked improvement.

The members of the City Council, and particularly Mayor Terry Schrunk, are to be complimented on their increasing use of the Planning Commission technical staff. However, we do not feel that they made proper use of the Planning Commission itself, and several of the individual items do not fit the long-range planning pattern.

The majority of your committee feels that, with the exception of the acquisition of land for future use, a Capital Improvements program should be consummated in a period of not more than six years and preferably less.

Extension of the sewer system to eliminate stream pollution will be effected in the future, if only because of external pressures, and there is a crying need for repair of the sewer system, additional traffic control lights and traffic interchange separation.

More important than any individual item, we feel that the voters, if fully informed of the vital necessity of certain projects and if convinced that the projects have been intelligently and comprehensively planned and organized, will vote in favor of unpopular but necessary improvements without the necessity of "sugar-coating" them with the more popular but non-essential items.

In conclusion, package proposals are the logical outcome of long-range planning of capital improvements. However, valid procedure and proper grouping are imperative.

* The majority recommendation of the City Club committee reporting on the 1954 street lighting program was favorable, but the membership did not approve the report.

Thus, the majority of your committee is of the opinion that this particular measure is objectionable because:

(1) It is not part of a long-range master plan for City capital improvements—one which has been coordinated with similar plans of other jurisdictions having tax-levying power within the metropolitan area, and

(2) It is not confined to capital improvement items.

Relative to Item 1 above, your committee could not discover the existence of a metropolitan master plan, nor any authority for the Planning Commission of the City of Portland to undertake such a project unilaterally or cooperatively. However, the voters of Portland have only one pocketbook into which official hands can reach for funds.

Relative to Item 2 above, this ballot measure combines maintenance items with capital improvement items. This denies to the voter the free choice of approving or disapproving the features of the program which are truly capital improvement with long-range utility, and, by the same token, denies to the voter who may disapprove the capital program the opportunity of casting a vote in favor of increasing taxes to meet recurring operating expenses and maintenance and repair costs of existing facilities which have little if any direct significance in long-range capital planning.

Program for the Future

We would be heedless of the needs of Portland to close without a ringing declaration for the future. Planning of revised proposals should be started now to be ready for the next regular election in 1960.

The Planning Commission should project, with adequate time for study, the long-range capital improvement needs of the city and those for the next 2 to 6 years, drawing on the technical assistance of the other city departments, especially in financial matters. Segments of this long-range program should then be presented to the voters in orderly and realistic steps.

Secondly, a realistic tax base (which principle has previously been approved by the City Club) should be determined to take care of recurrent yearly operating expenses of the city. In the investigative stages of these projects, particularly at first, all interested groups should be drawn into discussions and each project should be publicized by the city administration before appearing on the ballot.

MAJORITY RECOMMENDATION

The majority of your committee recommends that the City Club go on record as opposed to this measure, and urges a vote on City Measure 52 of "No."

Respectfully submitted.

F. TOM HUMPHREY
CHAS. L. CHAVIGNY, M.D.
ALEX L. PARKS
CHAS. W. BURSCH, Ed.D.
for the majority.

MINORITY COMMENTS

The minority of your committee respectfully dissents from the recommendations of the majority and urges favorable consideration of the "package" proposal.

We recognize, as does the majority, that the proposal itself and its advanced planning lack the degree of perfection which is desirable. Nevertheless, we believe that the merits of the program outweigh its demerits and that there are in the program sufficient items of unquestionable merit, the need for which is so urgent as to warrant approval of the entire program by the voters at this time.

The City Club for several years has urged the City Council to institute a planned program of long-range capital improvement and perhaps it is unfortunate that such a program has not been developed in advance of the current proposal. On the other hand, it is apparent that the Council has, during the past 18 months, displayed a wholesome attitude toward long-range planning and has for the first time to our knowledge, made a reasonable attempt to coordinate its program with those of other tax-levying bodies within the metropolitan area. Moreover, the master list of projects

from which the items in this package have been selected by the Council was either prepared or reviewed by the staff of the Planning Commission, and the selected items have the informal approval of the three members of the Planning Commission itself who were the only members interviewed by your committee.

The minority is satisfied from interviews with the persons listed in the body of the report that the Mayor and other members of the Council intend to utilize the services of the Planning Commission and its staff, not only in future planning but in the expenditure of the funds raised by the special levy in this proposal. For example, Mayor Schrunk has given your committee permission to quote him to the effect that further extensions and improvements in the street lighting program will be made only after conscientious consideration of the recommendations of the Planning Commission.

This program should not be rejected merely because it is not part of a long-range capital improvement program, nor because it mixes true capital expenditures with other items which might more properly be included in current budgets and paid from existing tax resources.

The principal items in the Bond levy of \$16,305,000 provide for a sewage disposal system and the construction of several traffic interchanges. We believe that these programs would have first priority in any capital improvement program, however far-sighted it might be. Hence, the lack of a long-range program seems to us to be an inadequate reason for rejecting this phase of the proposal.

The special ten-year levy calls for an annual tax of \$2,325,000 in excess of the established tax base. Most of this levy will be spent to replace and repair existing sewers, improve park and other recreational facilities, expand and improve street lighting, and replace obsolete equipment. We agree with the majority that some of these items are not true capital improvements and that ideal fiscal policy dictates that those which involve recurring, periodic expenditures should be financed out of current revenues collected within the tax base without special approval of the electorate.

Unfortunately, the tax base of the City of Portland has not kept pace with the ever-expanding, essential needs of the community. This problem has been recognized and its alleviation by way of an increase in the tax base has been approved in principle by the City Club and recommended by the majority in this report.

Let us remember that the City Council, charged with the primary responsibility of keeping Portland abreast of the times, has struggled with the inadequate tax base and that its proposal to increase that base in 1954 was defeated at the polls.

Had that proposed increase been adopted, the tax base for the fiscal year 1959-1960 (the first year of the currently proposed special levy) would have been \$2,273,000. Moreover, the annual increment to the addition during the ten-year period ending with 1968 would have resulted in an addition to the tax base in that year of approximately \$3,860,000, compared with the \$2,325,000 which is proposed as a special annual levy in the "package" program.

Despite the elimination of some business taxes (a corollary to the 1954 proposal which played no minor role in its defeat), the enactment of the proposed increased tax base in that year would have resulted in a net gain in unrestricted revenues of \$375,000 in 1955, and in each year thereafter, over and above the gain resulting from the automatic annual 6% increment in the tax base addition.

Consequently, the proposed increase in the tax base would have produced additional unrestricted revenues during the 10-year period of 1959 to 1968 of approximately \$15,750,000. Add to that figure some \$2,000,000 of additional revenue which would have been produced between 1955 and 1959 and the total additional revenues of that modest program would have been \$17,750,000 by the end of 1968, just \$5,550,000 short of the projected special levy in the "package" proposal!

This example illustrates a principle rarely recognized even by the informed voter, that the tax base, allowed to its maximum growth, will double its size every 12 years.

For those who are critical of the Council's contemplated allocation of the anticipated revenues from the proposed special levy, we point out that revenues resulting from an increase in the tax base are totally unrestricted, and the voter has virtually no control with respect to their expenditure.

We think it is safe to assume that the tax collections attributed to an increase in the tax base (whether it had occurred in 1954 or will occur in the future, as recommended by the majority) would have been or will be expended for items of the same general character as those now included in the proposed special levy.

We submit that the City Club and the majority of this committee, having approved

the general principle of an increase in the City's tax base, should not recommend the rejection of the substituted proposal of a special levy which will accomplish the same purpose as an increased base and which has the added merit of outlining to the voters the general but flexible, scheme of the proposed expenditures.

The minority shares the views of the majority that long-range planning in conjunction with the programs of other political subdivisions within the metropolitan area should be vigorously pursued by the City Council. However, the observation, truthful though it is, that the "package" proposal is not part of such a program, should not work its defeat. It is not a part of such a program and neither the Council nor any other persons interviewed by your committee has represented it as such.

Your committee's survey has produced no evidence that adoption of the measure will have any materially adverse affect upon the planning, adoption or implementation of a major, long-range plan of capital expenditures for Portland or the metropolitan area. These plans at the present time are only in the embryo stage.

MINORITY CONCLUSION

In the opinion of the minority of your committee, the "package" proposal embodies a reasonably well-balanced program of absolutely essential capital additions and maintenance items, with appealing additions and expenditures in the conventional areas of community, health, recreation and general welfare.

MINORITY RECOMMENDATION

The minority of your committee therefore recommends that the City Club go on record in favor of the charter amendment, and urges a vote of "Yes" on the Capital Improvements package measure which is No. 52 on the municipal ballot.

Respectfully submitted,

JOHN R. HAY
R. EVAN KENNEDY, *Chairman.*
for the minority.