7-30-1980

Jury of Award - 2

Portland (Or.). Development Commission

SCHWAB — That was eleven this morning.

YERKOVICH — We have done that mainly because it has happened that there were not enough people to put it under suspension. This way, we can bring it in if we do happen to only have three.

MC CREADY — Those present who would care to be heard? Discussion by the Council? Call the roll.

The roll being called on the above report resulted in Yeas, Commissioners Ivancie, Lindberg, Schwab and Mayor McCready, 4; whereupon the award of bid to Morgan Guaranty Trust Company of New York et al was approved.

MATTERS CONTINUED

2765 Appeals of James R. Harries and others against decision on petition of Margaret Hope Burns and others, approving with conditions a zone change from R20 to R10 for Tax Lot 1 of Lots 95-96, Edgecliff, a five acre site located on the west side of SW Lancaster Road at SW 25th AVenue. (PC 6956) (2587)

(For discussion of this item, see preceding C.C. 2764.)

By unanimous consent, consideration of the above appeal was continued to the meeting of August 13, 1980, at 2:00 P.M.

2766 Resolution No. 32720, entitled "A Resolution adopting recommendation of the Jury of Award for Pioneer Courthouse Square and requesting PDC to present implementation plan. (2676)

MC CREADY — Fine. Who is going to lead off from PDC?

MILLER — Mayor McCready and members of the Council, I am Randy Miller, representing the Portland Development Commission. Yesterday in a special meeting the Development Commission completed its management of the design competition. The Commission voted to approve the Jury of Awards selection of the winning design and is forwarding the recommendation to you for consideration in reaching a decision on this matter.

Representatives of the various agencies and bureaus reveived the Jury's recommendation over the last week and may be on hand today to respond to Council questions. My understanding is that there are no serious technical problems with the design. HCRS and State Parks requirements and approval were forwarded to each of the Council members last week.

It is recommended that, if the proposed resolution is passed by the Council, it include a third action item recommended by State Parks acknowledging that after August 1, 1980, the return of funds will not be a viable alternative.

In addition to myself, Mike Cook, the project manager, is here to respond to any further questions you may have.

SCHWAB — What do you mean by return of funds would not be a viable alternative.

MILLER — As the management decision before, we feel that the funds should remain intact with the project.

SCHWAB — You mean if something goes wrong. Let's assume, for instance, that we can't raise the money. Because, there is a million-eight plus any other contingencies if it runs over and there are certainly going to be some change orders, and if you can't raise the money to match it and you say the return of funds is not a viable alternative, are you saying that we would indeed go out and buy another block of property to return to them?

MILLER — Well, that decision has to be made in advance of that particular fund-raising effort.

SCHWAB — Well, I think that we are facing that decision today and maybe Mr. Cook is the one I should have up there.

MILLER — Yes, that's right. That's true. We are facing that today because that decision has to be made prior to August 1st.

MC CREADY — Let's let Randy finish his testimony ---

MILLER — That's it.

SCHWAB — He was through; that's why I asked the question.

MC CREADY — Oh, are you through? Fine. Mike, do you want to take that one on?

SCHWAB — Wait a minute. Frank had a question first of Mr. Miller.

MC CREADY — Commissioner Ivancie.

IVANCIE — How does your recommendation differ from your original conept of what has to be on that block?

MILLER — It really doesn't.

IVANCIE — What did you originally say as far as design for that block?

MILLER — As we recommended, the design recommended by the Jury, the Jury's decision, and we came to you last week ---

MC CREADY — Are you referring to the letter that was written some time ago?

IVANCIE — The former Mayor and Scherzer wrote letters relative to a certain type of design for that block, as far as the concept was concerned.

MILLER — Yes.

SCHWAB — He may not have the letters, Mr. Ivancie. Maybe we ought to make them available now. Whp has those letters?

IVANCIE — I just wondered if he knows about that correspondence.

MILLER — I had heard, and in fact yesterday at the meeting those were briefly discussed, that there were some letters relative to what you

have just suggested. That was, I believe, well in advance of my appointment so I can't recall exactly what occurred at this time.

IVANCIE — Are you making this recommendation in the absence of money? I mean, you are not raising the financing question?

MILLER — No.

IVANCIE — Do you have any comments on that?

MILLER — Personally, it is going to be quite a task for everybody involved to raise the money, whether or not the 1.2 million is going to be available or not through the HCRS. I just would hope that which ever way the Council decides that there is enough support in the total community to raise that money, whether it be with or without that 1.2 million.

IVANCIE — Well, let's say there isn't. Are you making this recommendation based on the conceptual acceptance of a design short of the practical financing question?

MILLER — That is a very good question, but yes, that is where we stand.

IVANCIE — Did you address that question when you made your recommendation?

MILLER — I'm sorry?

IVANCIE — Did the Commission address that question when you finally made your recommendation?

MILLER — Yes, we discussed that at length.

IVANCIE — And what did you conclude?

MILLER — Well, we did conclude that the task force and the jury selection was based upon a long process and we felt that was the mechanism set up for this process and we should abide by it. But, I think the practical issue is very important of raising the money as well.

IVANCIE — What did you conclude on that aspect of it? I understand your conceptual recommendation of the project.

MC CREADY — Which aspect, Frank?

IVANCIE — The financial aspect. Did you come to any determination of how that is going to be financed.

MILLER — No.

MC CREADY — The other half of that question, have there been any valid committments from anyone to raise either source of the funds?

MILLER — No, there really have not been any committments.

MC CREADY — Either the 1.8 or perhaps the 7 million?

MILLER — Yes, whether or not the design is changed to reflect what has been suggested. There just hasn't been any committments either way.

IVANCIE — Do you feel that when you make a recommendation such as you have that there should be some attention paid to the financial implications of that recommendation?

MILLER — Yes, but I also feel that since there is a 1.2 million grant involved here that without that 1.2 million that other issue of fund raising is going to be important as well, regardless of that, because it will probably take somewhere between 3 and 4 million dollars total funds to be raised. So whether or not this is included or not, there is still that effort that is going to have to be made.

IVANCIE — PDC usually has some pretty strong ideas on how to finance things, but you don't seem to have that today with you.

MILLER — That's right.

IVANCIE — So you are recommending conceptually we accept this.

SCHWAB — Randy, I think maybe you are facing the same problem as we are facing. You came in a little late. Unfortunately, we came in a little late, too. We didn't know at the time that committment was made in '78 that that would happen. I think what my concern is now is that we had always kind of relied on the fact that the business community would go out and raise the other million eight. I got the feeling here that they maybe they were and maybe they weren't going to do it, which gives me some concern.

Of course, I have another concern that if we give back the million two as all they have said they would raise for us the million two, not the million two plus the million eight plus the additional money that a conservatory would be, so I have got a concern equally there on each side. But I guess my major concern is if we commit-- and this is one I should not be asking you, I think it is one everybody is going to have to comment on -- but if we commit now that we are going to have to go ahead and built this and then we can't raise the million eight and then we find ourselves in a position where we can no longer return the funds, what would we have to do? How much money would we have to spend to go out and buy another block to return and end up having nothing.

Therein lies my concern, and maybe I should ask the gentleman on your ---

MILLER — Well, that is a very legitmate concern and we discussed all those issues at length, and it is a very difficult question.

SCHWAB — What is the recommendation, then, in the event we cannot raise -- and I am certain, it is not going to be a million-eight. I have never seen anything yet go through that didn't cost more than they said, and so we are looking here at maybe two and a a half million dollars is a closer figure, if not more. Like, for instance, I don't like the brick flooring and I am going to ask for a change there and someone else will have another change. I know Connie is going to agree

with me on that one. What happens, though, if we find ourselves out here on a limb? We are now said we are knocking the parking off, we are going to go ahead. we are committing, and then we find we haven't got the money and then we have to go out and buy, I assume, another block of equal value to give back to the feds. If we could give them back the money if we didn't proceed I wouldn't be so concerned. But, apparently you are saying that we can't do that. That we can no longer use as a viable alternative saying we couldn't put it together, take your money back.

I am not sure in that sense what kind of a hole we could find ourselves in later if we cannot return the funds as an alternative, and I hope the commission addressed that.

MILLER — It is really unfortunate that we have but one day to decide. That is the whole thing right there.

SCHWAB — That's what I am saying. You are in the same box as we are in today.

MILLER — You bet. And we discussed that also and we understand the position you are in and I would rather be on this side than on your side right now.

SCHWAB — That's it. You recommended it, and if we are dumb enough to do it we are going to get hung with it.

MC CREADY — To pursue Mildred's question, what would happen along that line if you pursue and at that point we cannot give back the 1.2 and it might be up to say, seven or eight million, whatever it is, the value to buy another lot. Would the Council have any alternatives of deciding of other kinds of tax increment projects that the Council has adopted that would have to maybe go by the wayside in order to save our investment? It would be a terrible thing for us to face. Say, like, what would be going, say, to a Morrison Street Development, or my pet baby, the South Waterfront area.

Are there some funds where we, say, it would be a horrible thing but her point is once we are down there can we ---

SCHWAB — If we can return the funds, Connie, I wouldn't be so nervous. If something went wrong and we could return the million two. I know your recommendation is that we give that up as an alternative, but are we being told by the Feds if at any point we change our mind now before we have done anything that we can't just return the funds?

HOLMES — Mike Cook has had extensive discussions with State Parks and also HCRS on that point, and he has indicated to myself and the commission that it is not an option after the first of August.

SCHWAB — It makes me want to return it today before I get myself hung with a bargain.

HOMES — The issue really is, I think, a directer response is that if we start on this we would be taking the step that we would be able to fund the park and build it.

SCHWAB — What happens if you can't, though? If we don't get the money raised then what happens?

MC CREADY — The private sector money.

SCHWAB — Yes. If we don't get the private sector money and you've got a million -eight and it is going to be more than that by the time we are through, I assume. What happens if we can't raise it? Where are you going to get the money, dear, not us?

HOLMES — We are all in this together.

IVANCIE — Oh, no. You made the recommendation.

MC CREADY — I don't know about that.

HOLMES — I think the reality is that you would have to alter the design, you would have to scale it back and you would have to look for alternate sources of funds and you would have to continue the private fund raising.

SCHWAB — Where would you find -- and you notice the heavy emphasis on the word you -- where would you find the million eight or the two and a half million or whatever it takes? What would you be willing to give up in PDC to go ahead and fund this if you can't raise the money, and are you willing now to commit that indeed we will not be hung with it but that PDC will. You ain't hanging me, honey.

LINDBERG — Robert, how about tax increment? We have a five year tax increment budget, which I recollect was ---

HOLMES — And it is all based on a series of assumptions and programs. Like, I think, you know we all know that there is a one percent property tax limitation on the ballot. If that were to pass, I think it is Ballot Measure No. 6, our ability to sell future urban renewal bonds would not exist. So, even programs we are talking about this next fiscal year, that is the cloud that hangs over it.

LINDBERG — How much money did you budget for the Morrison Street project in the five-year capital improvement plan?

HOLMES — I believe it was approximately 12 million dollars. We had budgeted 450,000 next year.

SCHWAB — How much next year?

HOLMES — $450,000, next year.

SCHWAB — That is assuming the 1% limit doesn't pass.

HOLMES — That's correct. When you asked what we had budgeted, I think during budget time in response to Commissioner Ivancie I indicated that this project assumed a design, it assumed a design that the private sector supported because that

is who we were looking toward for the the lion's share of the fund raising, and I think that is the assumption that we started in with the design competition. When Commissioner Ivancie talked about the change in the design program, there were letters written by Mayor Goldschmidt and Lou Scherzer. And during the process when the design program was put together there was a lot of comment by the Planning Commission and others, and that issue as you will recall at the Council meeting became a big issue about a major feature, and that was an option that we had recommended and it was an option that didn't, during the process, actually end up in it.

SCHWAB — I still have the same concern, though. In the event that the private community does not raise the funds, where do we go from here? Because we have to stop the parking,we have to tear it out.

IVANCIE — No, we don't.

SCHWAB — If we have taken the million-two Frank, we do.

LINDBERG — We have always had that issue. The difference now is that some of the people that were committed to going out and raising those funds are expressing a different view.

SCHWAB — Up until now we had the option of returning the funds. Now that option is gone. After August 1st, that option is gone.

HUNT — You have it right now.

MILLER — After tomorrow, right.

SCHWAB — So now we are really facing something tough. If we return the funds, where are we going to get it from?

IVANCIE — Mr. Holmes, we have the ability to pay off the federal people and get them out of our hair, so to speak, as far as that block is concerned. Is that correct?

HOLMES — Yes.

IVANCIE — So we do have that option, Mildred.

HOLMES — You have the option. When we make that decision I think it needs to be made in context with the other programs and that is all I want to make sure that everyone realizes.

SCHWAB — It is a much bigger decision than that, though. Because if we decide today to return the million two, then we are looking at private fund raising of a million two plus a million eight, and I assume that building a building conservatively is going to cost us probably three million over that. So now we are talking not the necessity to raise a million eight, but the necessity to raise, conservatively, six million dollars.

HOLMES — You are absolutely right.

SCHWAB — And I haven't heard anybody stand up and tell me that if you return the million two we are

prepared to assure you that we will raise the money to build another building.

IVANCIE — They haven't testified yet.

SCHWAB — I asked that last time and nobody stood up and said yes, indeed, we are ready. Now I asked that question three or four times last time. The only response I got was if you are willing to throw that design out, we will assure you that we will raise the million two.

But, we are in the same spot only worse. Because now we need the million two plus the million eight plus the additional cost, and I want to hear that answered by somebody.

MC CREADY — That offer dropped, then, fom the million eight to a million two?

SCHWAB — Well, no. They never answered us. I said last time, you know, how do we raise the money and the only answer I got was that we will assure you that we will raise the million two.

MC CREADY — The letter said we will work with the agencies, but the million two was all they committed to.

SCHWAB — Well, there was no committment made last time. There was a lot of conversation, but no commitment.

IVANCIE — Madam Mayor?

MC CREADY — Commissioner Ivancie.

IVANCIE — Could I ask one more question? Is there anything in the Interior Department regulations that makes exceptions ot this openness question relative to climatic characteristics?

HUNT — I think this would be very difficult to work out.

IVANCIE — I know, but the question I am asking you is ins't there some exceptions the Secretary can make?

HUNT — Mike, is there?

COOK — Bill Wyatt might be able to answer. If there is, I think it is going to be next to impossible to get.

MC CREADY — I was just going to suggest that Bill Wyatt has been making all the contacts there. Before you talk, Bill, have you circulated to the rest of the Council copies of the letter I received from Pat Talbott from Parks in the state, and the Hooker letter?

WYATT — Yes. Commissioner, the Land and Water Act has in it a rather strange provision which does allow for covered facilities in certain climatic areas. The statute actually draws a line around the United States and we are not within that area. It happens to be principally in the upper Midwest, Minnesota, that area. And the idea apparently, and I am not certain how or why it was done, was the idea of protecting against cold but they didn't think of such things as rain.

I should tell you that the ---

MC CREADY — Or ash.

WYATT — Or ash, yes. The Administration has introduced legislation in this session of Congress which for a variety of political reasons will not go much further, but it will likely be reintroduced, which will allow covered facilities on land and water projects. That, obviously, is nothing on which to base a decision.

SCHWAB — Three years ago they thought they were going to have it long before now. When those letters were written everybody was working on changing that law, and that is why I believe Neil sent the letters out. Because they had been working on changing the law and he kind of jumped the gun and thought it would happen.

WYATT — Well, former Mayor Goldschmidt had actually worked up an agreement with the HCRS to buy back one-half of that block on which a covered facility could be placed so that we could actually divide up the block. Part of it would be Land and Water, and part of it would be city owned. That agreement fell apart, if you may recall the big storm that was created in about February or so of 1978. Congressman Duncan was involved and was very upset about it, and shortly thereafter Mayor Goldschmidt withdrew the agreement proposal, so we are back to square one.

IVANCIE — Has anyone gone up to the higher reaches of the federal government relative to this question? Even though we have a line on the map.

WYATT — I am afraid that I have had that opportunity on several occasions. In fact, in March I was in Washington and met with the HCRS. They, I think I can most accurately and fairly describe their feeling about this project as unpleasant.

IVANCIE — What level were you talking to?

WYATT — The Director of the Heritage Conservation and Recreation Service.

IVANCIE — Did you get up to any Assistant Secretaries, or anybody like that?

WYATT — No.

MC CREADY — As a matter of fact, I could comment slightly on this, Commissioner Ivancie. That is how we are in the bind we are in with HCRS right now, is because in effect it started at the top, at the Secretary level, with the directions coming from on high down to the Bureau to stretch, bend or otherwise abuse the regulations. That's the fan that he is talking about it hitting, and when everything is ---

WYATT — I had the opportunity of talking to all those people who had been bypassed. The law is very clear. What is further a problem is that the Inspector General has amplified on that to an extent that there is very little doubt. The letter from the State, it has got to be made very clear, establishes that if we go beyond

Friday, this Friday, with the project that we intend to comply with their agreements. Repaying the funds will no longer be an option. They will require a transfer of land under Section 6F of the Land and Water Act, which requires a land swap.

IVANCIE — Has anybody looked at that transfer question? Is there land we might want to transfer?

HOLMES — You would be looking at a block in downtown Portland probably. That's just out of the question.

WYATT — It has to be equal and fair market value and equal location and all characteristics.

SCHWAB — And there is really no block around that we can offer them.

WYATT — Unless we ---

SCHWAB — Tore down City Hall.

MC CREADY — I am not sure they'd accept it.

SCHWAB — That would save a lot of money.

LINDBERG — I have one other question of Robert. I have received contacts from a lot of people who say we shouldn't let the federal government dictate our design on this project, and I agree with that comment. But it is my understanding that we actually made a decision in October of 1979 not to let the Federal government dictate the design and that we approved design criteria, or guidelines, which allowed flexibility. Meaning, in October of 1979 we made a decision that we weren't necessarily going to be tied into these federal restrictions. Is that accurate?

HOLMES — That was what I was trying to indicate in response to Frank's question, that during the development of the design program which the design concept came from, the issue of a covered facility, conservatory, was discussed a great deal and it was left much more flexible than it had started out. So, what you had was a program that could allow for a conservatory because one of the alternatives did contain a conservatory-like space, however you define what that means. And the one selected was, of course, a more open space alternative.

MC CREADY — Yes, I would just like to reinforce that. The Council was fully aware when we made that decision to permit a conservatory design. And, if we hadn't been aware on our own we were reminded by a number of people testifying that we would lose that money if we had that kind of a design. I forget how the vote went, but obviously the majority went for it -- I know I did -- to permit that in the design because as Mike was saying we made a decision that we were not going to be dictated to by the Feds on what was going to be on the block. But, we also knew that when we made our final decision it could entail giving back the money.

As a matter of fact, we almost had to give it back before we saw the outcome. I think we

pulled a pretty good bluff as far as we could go but we are now at the end of our bluffing. There is just no place. We have to make the decision by tomorrow.

SCHWAB — If we give the money back now, where are we? Zero? Or free and clear, as Frank says. Which?

IVANCIE — Free and clear. Then we can do what we want to.

HOLMES — Free and clear. We have a block of real estate in downtown Portland. But, if you were to assume that you were to proceed ahead with the alternative say you had that option and you had time, that is what it buys you, time, and you had the Will Martin alternative and you were proceeding ahead, you put it rather clearly. You would be looking at an additional fund raising effort. It does give you the option of time, regardless of what way you do go. But, it is a lot of money. There is no question about it.

SCHWAB — You could then build, though -- assuming the one percent didn't pass -- you could build something with the tax increment financing. Is that it?

HOLMES — We would have to look at that. We never assumed going into this that we would be building it totally with tax increment. The Commission is in receipt of a letter from Commissioner Ivancie directing us to look at the Morrison Street Project and to look at some other projects, and we have the South Waterfront that we have a concept approved on, we have a housing program. So, what you would be looking at is a restructuring of an already tight tax increment budget.

SCHWAB — You would be giving up one of those other items, then, is that it?

HOLMES — You might give up the entire South Waterfront.

SCHWAB — For a million two? My goodness, they are cheap projects.

HOLMES — No, I am just saying you would have to look at restructuring it and that is always possible.

SCHWAB — How much do you have to spend now? This is a million two we are talking about. How much do you have in that budget now, in your total budget, if we were to be pulling a million two out of it?

HOLMES — Our beginning fund balance as of this month is 12.6 dollars.

SCHWAB — So, ten percent.

LINDBERG — Madam Mayor, I would just like to make the point to Robert that when we started working on the Morrison Street Project we really didn't know how much money was going to be involved in terms ofpublic assistance. And only after working with Cadillac Fairview for a lengthy period of time did we arrive at 12 million. But, that doesn't mean at all that 12 million is the appropriate

amount of public assistance, because we don't have any idea of what kind of project we would have there, as I understand it.

HOLMES — I think that is true, but you can look at it for a long while and it will still come back to basics, that if you are going to acquire blocks of property in downtown there is a certain basic amount you are going to be looking at and it doesn't take you too long to come up with a sizeable amount of money, even if it is one block or a block and a half or two blocks. And, you have relocation on top of that.

And the policy that the Council is considering based on what the Planning Commission is recommending, is that we would be proceeding ahead, potentially, on the Morrison Street Project without a developer selected. So, there would be even more of a gap. I agree with you, but I would just caution I think that it may be easy conceptually to say that we may be looking at less money, but I don't think that is a foregone conclusion.

MC CREADY — Let me see if I understand what you and what Commissioner Schwab have been saying. Now, the 1.2 million is what we would have to give back if we do that by tomorrow. And the Development Commission has committed, or planning, 1.4 million towards the building of this block. And, the 1.8 million is what they have always been counting on to come from the public sector.

HOLMES — Private sector.

MC CREADY — Private sector. It has not been committed but it has been spoken to as being willing and something feasible to be raised by the business community if they concurred with the project.

HOLMES — That's where we started from, right.

MC CREADY — So, if the 1.2 is paid back that would come out of the PDC bucks of that 1.4 that would be going towards construction, leaving about 200,000, then, of PDC dollars towards building something if you paid back the 1.2 million.

SCHWAB — No, no. The business community says that they will throw in the 1.2.

HOLMES — I don't follow you.

MC CREADY — I'm not talking about the business community. The Development Commission has always planned on 1.4 million towards construction and the private community 1.8 towards construction.

HOLMES — Well, we have actually even looked, potentially, to more than that, Mayor. But I think another way to perhaps look at it is that we would be looking at the 1.2. Actually, as Commissioner Schwab mentioned, the 1.2 million we would pay back plus the 1.8 that we are talking about in terms of being raised privately and I think it is true that other alternatives ---

MC CREADY — Well, that is what I am getting at. That is what Mildred is saying. Instead of 1.8 that

would be needed and as she says, nothing has ever come in at what we have expected.

SCHWAB — Just to go a little bit further on that point, Madam Mayor, when we talked six months ago about building the conservatory, we were talking about building something like that, we talked about seven million. Now we are talking about the same amount of money for an open park. What happened? Because that was the amount we had budgeted, the 1.8 plus the 1.2 for the whole covered building and now suddenly we are talking about the sam e amount of money in open space.

HOLMES — I think it is important to note also in the financing assumptions that there have been a lot of discussions for a number of years with the Department of Transportation, but that is something that has to be firmed up as well.

SCHWAB — But isn't that correct, Bob? That when we were talking before about building the covered building that is when we were talking about the same amount of money that now we are talking about an open square. Is that not correct?

COOK — The budget was based on, the 2.9 million dollar budget for the square itself was based on the design that would allow for something like what you would have seen out there in one of the models, in the Michado-Silvetti scheme, and that came in for 2.9 million and that is what the cost estimate was for that project.

SCHWAB — So is that going to cost the same amount of money as the open block?

COOK — That's right. The estimates came in at the same. Don Stasny might want to explain the differences in materials and that sort of thing, but it has a lot to do ---

SCHWAB — Well, maybe then I am being unduly harsh on the business community. Maybe all they do is have to add the 1.2, if it is coming in at exactly the same and we can have it and we know we are going to get it.

MC CREADY — Well, not the 1.2. You mean the 1.8 plus.

SCHWAB — The 1.2 plus the 1.8. Because if the open square is costing the same as that. I was assuming it was going to cost at least two or three million more. Now, which is it?

COOK — Like I say, the one scheme would come in, the estimate for that one scheme was the same as it is for the other scheme.

MC CREADY — Well, didn't you have some kind of financial evaluations of these estimates?

COOK — That's right. They all came in. We had cost estimates and they were very carefully evaluated Don might want to respond to that.

MC CREADY — And how were they evaluated?

STASTNY — Don Stastny, Professional Advisor for the competition. For each submission we asked for an outline specification and a cost estimate.

The budget is set at 2.9 million. Each of those projects that you see out there came in with an estimate that was under 2.9 million. We evaluated those based on the unit costs that they provided us, in some cases against what we have here locally. The Michado scheme, the palm house, our estimator, Max Gerlt, felt there was a very high risk of that coming in at 2.9 and it could be as much as 25 to 40% over the 2.9 million dollar budget. We had the architects estimate in hand but there was a very high risk of seeing that within that cost estimate.

The other thing I might add on the structure, Commissioner, you are exactly right. The cost of the structure can vary greatly depending on what we do with it, what kind of materials, what kind of mechanical system we put in it. You can go to, let's say, a welded up steel structure or a package system with plastic skylights or something like that and possibly be able to realize that within the amount that we have allocated, the 2.9 million. However, if you go to more exotic kind of materials with any kind of mechanical system in it that would allow for exotic plants, things like that, you would probably be talking about a greater amount than the 2.9 million at this time.

SCHWAB — How much? Roughly. Guess. Ball park.

STASTNY — Well, I am not going to sit here and hang myself with a figure, Commissioner. However, I would say that a structure could vary anywhere from $100 a foot probably up to $200 a foot.

SCHWAB — The reason I asked is that I just picked a figure out of the air of 3 million. You think that 3 million dollar figure is basically very high, then, I assume. A million is probably closer.

STASTNY — No, I would say you are probably closer to it by the time you get done.

SCHWAB — Then let me ask PDC why, if a structure is going to cost 3 million over what they estimated six months ago. I would like to ask them that, because this is the same figure that we used three months ago, or six months ago, for the fully covered structure and now I hear it is three million dollars off.

STASTNY — The figures that were done at that time, if I may answer the question, were done a year before the project finally came to Council.

SCHWAB — Which is how long ago?

STASTNY — Probably two years ago. Late '78 or early '79, in that area.

SCHWAB — All right, in early '79 and this is '80 so it is maybe a year and a half ago, and at that point you figured how much for the structure?

STASTNY — Right, and we have had ungodly inflation this last month, or last year. I think we were 15%.

SCHWAB — And how much did you figure then? I just want to know how much you figured then for the structure

STASTNY — It was 2.9 million with the structure and the paving.

SCHWAB — And now you are figuring 5.9, so you are figuring we have had over 100% inflation in the last year or year and a half.

STASTNY — No, because the figure that we were working with, the structure that we were working with I don't think was as sophisticated a conservatory as some people are picturing. We figured that two years ago we had between 10 and 15% inflation over those two years, and we also asked designers to inflate this up to 1981 dollars, figuring a construction start next spring.

So, each one, in their inflation factor even from this point on varied from, I think one used 8%, up to 15%.

SCHWAB — But we are figuring here 100% inflation. Because it was 2.9 and now you are figuring 5.9.

MC CREADY — It is 70% in public Works.

SCHWAB — So that is better than 100% inflation in two years. That's interesting.

STASTNY — The other thing you have to consider, Commissioner, is if we threw out this scheme and went to a design process you may not be able to start this thing into construction, which would give you the added inflation on top of that. You may not be able to start construction next spring, which would mean you might have another half year going into that, plus whatever time it takes you to raise the extra money.

SCHWAB — Let me ask you just one more silly question.

STASTNY — Okay.

SCHWAB — Then, assuming we don't get the 1.8 million we may be looking five years down the road and at the rate you are figuring instead of 1.8 we will need 7.9 million then.

STASTNY — For a basic brick plaza, probably.

SCHWAB — I am figuring 100% inflation every two years.

STASTNY — For a basic brick plaza it could very well be that. If that's a facetious question, then that's a facetious answer. I am sorry, but ---

SCHWAB — It is very highly conceivable that we may not be able to start next year, without the money. So if we are going to double that figure we are talking then not 3 million but 6 million if it takes us time to raise the money. It might be the biggest bargain we ever faced to give them back their money.

STASTNY — I think as far as the estimate itself that you should figure that we have to expect at least a 12% inflation factor going into these next few years, no matter what you do.

SCHWAB — I tell you, my question is partially facetious but on the other hand it is extremely difficult for me to understand how two years ago we

figured that a completely covered structure would cost us 2.9 million, and now two years later we are figuring six million. I find that very difficult to understand. And six months ago we still talked about the same figure when we put it out for bid. Six months ago no one came to us and said you have figured inflation. Instead of talking 2.9, you should be figuring five. No one told us that.

I feel like those letters, again. Somebody must have known there was a great inflation factor. Somebody must have known all these things. Everybody but the Council, apparently. And that is not a facetious question. That is a direct one.

STASTNY — I believe the costs that were given to you at that time reflected what both the Council and the local business community felt was an appropriate budget to come across with at that point.

SCHWAB — We rely on what we're told.

STASTNY — Mr. Roberts and others within the community felt that it was possible to raise at that time about a million and a half, which we felt then with the match would raise about 3 million. We also did a cost estimate on a cheaper structure and standard brick paving, and that came out to about the three million, 2.9 figure as well. But by the time those things got put together and got to you, were brought to Council, we had almost a year lag.

SCHWAB — And it doubled.

MC CREADY — And if that would happen then with these givens if we go the other direction, slow down and start all over again, even twice as much.

SCHWAB — It was a nice parking lot when we had it.

MC CREADY — You know, Mildred, one point, I wonder if I might have some responsibility for this. He is talking about the quality of work and perhaps a cheaper type of structure for the covered conservatory type thing. I recall back when we were looking at the Requests for Proposals that they brought in to try on us, I got a little upset with some of the words that didn't make an awful lot of sense and inserted, and the Council adopted, the word elegant to be in there. I felt that whatever happened in that area it should have the look or the feel of elegance in the center of our town.

So, who knows? Perhaps I am to blame for the application of the higher costs and the kinds of things that they were thinking about in their initial plans, because I certainly couldn't imagine seeing the plastic and the poor heating and that sort of thing.

SCHWAB — Everybody things what they do is elegant.

MC CREADY — Any further questions of staff by the Council before we take testimony? Is there any particular information you want from staff persons? Thank you. Are there those present who would care to be heard? Yes, sir.

WALLACE

Mayor McCready and Members of the Council: I am Robert Wallace. I reside at 324 NW Lomita Terrace, in Portland, and I am appearing as President of the Association for Portland Progress.

Last week, as you recall, we made a complete presentation of our views for the development of Pioneer Square. Without repeating our presentation, we want to reaffirm a few points. The Association for Portland Progress firmly believes a single purpose attraction for downtown will serve the purposes of the citizens and the business community in a better manner with a yeararound facility. A concept of this nature is not inconsistent with a satisfactory degree of open space.

Downtown Portland needs an added attraction giving people a reason to come here. It should be an active place, day and night, and also in inclement weather. It should reinforce the business center by the types of activities encouraged. We feel this is one place in particular that the city should not hold back on quality.

We want to point out that we have no set design that we are endorsing but we are concerned as to the concept. We would ask you to take more time to study the concept and function of the design selection to see if it is not possible to provide a better balance between what we feel is important and what other interest groups feel is important in the development of Pioneer Square.

The Asssociation for Portland Progress is anxious to cooperate and provide the leadership necessary to raise the required funds. We have an interest not only in this project, but in future projects the city may undertake. Although we recognize you are under time pressure because of the federal grant, we would urge you not to react too quickly on a matter of such great importance to the future of Portland. We feel that further time is needed to develop a plan which will best serve the total Portland community.

As a matter of interest, Don Chapman, who is in the audience and you know is our Executive Director, polled the property owners surrounding that area to solicit their views and Don has with him a map where the colored areas, the yellow areas here, point out support in general for the position we are talking about. I think as you can see from that there is substantial concern on the part of property owners most affected by this location, with the concept that has been proposed.

MC CREADY

Thank you. Questions by the Council? Commissioner Schwab.

SCHWAB

Mr. Wallace, our failure to act today will indeed be acting, because that means we will have to return the million two. I wish we were blessed with that time opportunity. The business community at one point had said they were going to raise the million eight, I believe. I think

you are going to have to talk about this with your group before you answer it, but I would like to know that you are telling us now that you will raise the million-two if we give it back so we are not accused of just squandering a million two. That you will raise the million-eight and ---

MC CREADY — Ooops! Look at the look on his face when you said that.

SCHWAB — That's right, because originally when we did this, and like I say, don't answer it now and then if we get into a more, into a larger plan where do we get the money. I think you shouldn't answer that until you talk to your group.

WALLACE — No, I think I am prepared to answer that, Commissioner Schwab. And it is obviously the key question. The point is, I think, that either way money has to be raised and I think there is one practical situation that I hate to throw back making it sound like a question back to the Council, but somewhere you are going to have to raise money for what I at least, and I think our group perceives as a design that has less public support. And I am not sure how you go about that process.

The fact is that I don't think, I think we would clearly less than honest to come up and issue a guarantee that we can't issue. I think what we can tell you is that we have an organization of sixty-five business leaders who will commit to using the best skills they have available, to working with the appropriate agencies in raising the money for a project that we think is appropriate for that part of Portland.

SCHWAB — Knowing how much money we are talking about?

WALLACE — Yes. I think that is a lot different, I will admit, Commissioner, than giving you a guarantee that we can raise X amount of money. I don't know how anyone could do that.

SCHWAB — I see your problem. I just want you to see our problem the same way, because in effect if we vote no today, we are writing out a check to the federal government for a million two.

WALLACE — Absolutely. I understand your problem full well.

MC CREADY — No, we have to have a motion, technically.

SCHWAB — I am saying that if that happens we are writing our a check of people's money in this city for a million two, we realize that by doing that we may get your million eight but we are not sure we are going to get that either, and I guess I am in a tough position. I suppose we all are, as to know what to do.

WALLACE — I am sure you are. I think the question comes down to whether or not ---

SCHWAB — As my banker, I am asking you for advice.

WALLACE — Whether the expenditure you are looking at is the one that is in the best interest in the long run of Portland, and I submit I don't think it is.

MC CREADY — Further questions? Commissioner Lindberg,

LINDBERG — Bob, has APP discussed at all what your position would be as far as fund raising if the current proposed design is adopted by the City Council and we proceed?

WALLACE — Commissioner, I don't think we want to be in the position of saying if we can't play we're taking the football home. But, I do think that it is clear what the sense of our organization is. We are not in favor of this design, and I cannot conceive of any great enthusiasm on our part to getting fully behind that.

IVANCIE — Mr. Wallace, as I take your remarks then, it is generally your advice that we get the feds off that property and have the latitude of developing that property as we see fit, with your help and assistance and other business leaders as far as money and support.

WALLACE — That is exactly right, Commissioner Ivancie.

IVANCIE — Thank you.

MC CREADY — Further questions? Thank you.

WALLACE — Thank you.

MC CREADY — Yes, sir.

MAC COLL — My name is E. Kimbark MacColl. I reside at 2620 SW Georgian Place, Portland 97201. I did not expect to testify on this matter, but when I arrived back in town on Monday and read about last week's Council meeting and the opposition generated by the Association for Portland Progress I was frankly very surprised. Whatever one's opinion of the square's design, and I happen to like it, the plan is one that has been chosen by a traditional and rational process that I assumed was generally approved by Council last year.

The negative arguments that I have heard are the very ones that our Pioneer Square Advisory Committee discussed at length well over a year ago. Chairman Bill Roberts expressed these concerns all along. He wanted a partially covered square to house indigenous plant life as an attraction, and I and the rest of our committee went along with him generally, or at least in varying degrees. Our testimony is on record in Council minutes.

But, Bill did not want a competiton because he feared the uncertainty of the reuslts. From his point of view his fears were probably justified, but from the standpoint of sound public policy and Portland's national standing and prestige, the city has no choice but to approve the plan at least in concept. The city elected to follow a widely advertised but still limited competition and every step of the way it was rigidly followed.

We must live with the result. This plan in its own way is by no means any less desirable and feasible than the controversial design of the new public service building, which was steered through to acceptance by Mr. Roberts following an even more limited competition than what was followed with the Pioneer Courthouse Square.

I am afraid that what these gentlemen fear is the kinds of people and activities that they perceive will be attracted to the square. But this concern is not really a very solid basis for opposing the current scheme. We might as well build a fortress with a 24-hour guard. The perceived problems that might appear on the square are really societal problems which we citizens should face up to in ways other than creating a sterilized compound of limited access for desirable users.

As Neil Goldschmidt used to say, and which my own historical research would seem to confirm. Portland's history is replete with plans never followed and projects never completed or at least not completed as originally designed. The decision has been reached. We have no alternative but to move forward and to quit squabbling like a bunch of unsuccessful prospectors. This is an affordable project which should receive the support of all Portlanders, east side residents as well as downtown, westside property owners, rich and poor, powerful and powerless.

Among its more positive attributes is the incorporation of the streets and the planning for future mass transit facilities. Whether or not we like all specifics of the design is really irrelevant to the issue. The plan basically provides for a people's meeting place, albeit one that may not be fully usable during inclement weather, although attractive canvas awnings can be erected for smaller events.

The block, however, can be used as much as many central squares in many European and American cities which have annual rainfall amounts about equal to that of Portland. The square will attract visitors because it will have style. Above all else, the square will welcome people. I assume that the scheme as currently depicted is not necessarily final in exact detail, but the basic concept is generally sound. It fits Portland's historic human scale as opposed to the defunct Cadillac-Fairview scheme which did not.

It certainly blends well with the adjacent buildings, especially the Pioneer Courthouse. It does not overwhelm its surroundings; rather, it compliments them. I would like to end this statement with a quote from Open Spaces, a 20th Century Fund publication, and a brilliantly researched and written account of some recent developments within several American cities, including Portland. The author is the noted architect, a man of many accomplishments, and the former Park Commissioner of New York City. In the last chapter entitled "Meeting Place and Forum," Mr. Hexture writes: The heavy

emphasis placed by downtown boosters upon facilities to attract visitors and tourists is to be understood as part of their reaching toward the city's ultimate role as magnet and catalyst. Yet these efforts are too often naive, and if carried forward insensitively can fatally dehumanize an urban scene. The qualities of the city that make it attractive to visitors, its contrasts and its inner harmonies, have too often been destroyed before the welcome mat is laid out.

I urge the Council to move ahead with dispatch and to approve the chosen design.

MC CREADY — Thank you, sir. Questions by the Council? Thank you very much. Is there anyone else who would care to be heard? Yes, sir.

GRIFFITH — I am Dr. Larry Griffith, 4839 NE 42nd Avenue. I just wanted to add a few comments. Although I understand the concern of the downtown business community and I share some of that concern myself, as Kimbark MacColl alluded to the fact that what we are really afraid of is probably what is going to appear on the square after it is built, whatever it is made of. And that is a societal problem and I don't know how we go about to correct it unless we just give up and let them take over.

Nevertheless, there is one pertinent thing here that kind of bothers me. It seems as though that if we have to look at another concept, that concept is not before us at this moment and we cannot compare it with others, if we take the time to design one and show the public what the downtown business associates want, apparently it is going to cost us 1.2 million dollars to do that just because of the time element alone, not to say that the concept itself would be out of line with what the 1.2 million dollars represents.

I sometimes feel that, you know, you are telling us here today that if we built a simple plaza and we don't put anything on it it is going to cost as much money as if we build the plan that has been recommended.

SCHWAB — That's what we have been told by PDC. That's what I was asking.

GRIFFITH — This is something that is a little bit hard for me to really grasp, because I can't see that. I should think that we are always safe by putting a plaza down there, planting some trees, having some pleasant surroundings, fixing it appropriate for the public use and two or three years from now if somebody comes up with a better idea or where it is more achievable to do something about, perhaps then we can do it.

You want to bear in mind that political decisions are made every day and they are also unmade, and that goes for Washington, D.C. as well as Portland, Oregon. And I would be willing to go so far as to say, look it, if we have to tone down what we want and tone down what the other fellow

wants, lets get that square six. It was given to the city, it is my understanding, a half a million dollars from the Meier and Frank Company for the very purpose of putting something down there and certainly, you know, we have to accede, somewhat, to the concers of the people who gave the gift half, and as a citizen I really think we do and I think this Council is trying its darndest to do that. Thank you very much.

MC CREADY — Thank you. Commissioner Schwab?

SCHWAB — Dr. Griffith, apparently your concern and mine are exactly the same. We were told here when we put this out, that seven million -- you see, originally we were talking maybe a total of four or five million and then we were told the conservatory was going to cost, I forget if it was seven or seven and a half, and now we come back with an open plaza at seven and a half. I think you and I are trying to find out the same thing: why does an open plaza cost as much money.

And maybe my next question is to PDC. In the event that we can't raise the money, assume no one comes through with it, could we just put a lawn in there? Take out the parking and just put in a lawn and forget it if we don't get any money?

COOK — I think that is something that would have to be discussed with HCRS. If we kept the grant, if we kept the grant ---

SCHWAB — It is an open space grant.

COOK — That's right.

SCHWAB — So would not putting in a lawn and buying the property be an open space grant? Couldn't we do that?

COOK — That is the kind of thing that we would have to talk to them about. They have indicated that open space development should be actively programmed and not necessarily just a ---

SCHWAB — Oh, it can be programmed. It can be programmed with a few ---

COOK — Designed so it looks as though it is programmed.

MC CREADY — Croquet every other week.

COOK — It is something that would have to be discussed with HCRS.

SCHWAB — Are you telling me then that if we take the million two we have got to build this three million dollar project,whether we have the money or whether we haven't?

COOK — No. I am saying that the design, like Robert Holmes suggested a few minutes ago, might have to be modified in a way or toned down in a way that it could be done within the funds available and then certainly we could look for other funds to try to achieve it.

SCHWAB — What happens if HCRS says we don't have any other money except the million two and your

million four so now we are down to 2.6 or whatever it is, and assume we have no other money, you are telling me that HCRS can still say no, we don't approve that so give us back another block in its place?

COOK — We don't have a design in front of them that they have responded to that is just basic grass. Of course, we do have, you know there is the Waterfront Park, which was the acquisition of the old Journal Building, that is just basically open space now.

SCHWAB — In other words, what youare telling me is that for 1.2 million dollars in a project that is basically going to cost seven million, the federal government is dictating the design for 1/7th of the money, or 1/6th of the money. Is that what you are telling me?

COOK — I am saying that I really can't answer the question. But they would have the authority to approve the design, that's right.

SCHWAB — The whole project is seven million what, including their funds and including everything?

COOK — Seven point 8 million.

SCHWAB — Seven point eight. So for less than 1/6th of that money they are going to take absolute design approval.

COOK — They're approving only the 2.9 million dollar portion of the development.

MC CREADY — I think we should bring Bill Wyatt back up -- he has had most of those contacts -- to respond to Commissioner Schwab's comments. And while he is coming up, what I heard whoever it was talking about those cost estimates and I think they were trying to be considerably more politic but the question that Larry Griffith asked and Commissioner Schwab said she agreed and I did too, I found it extremely difficult to believe that they could be the same.

What I heard coming between the lines, and they were trying to be very polite, is that the cost estimates for the one with the conservatory on it were extremely shaky, whereas the cost estimates for the one we have before us as a recommendation are extremely solid. I don't think that they wanted to come out and question and all. I may be putting words into his mouth. Wasn't that you who was making the comments and I gather that you don't have too much confidence for the estimates for the cost of the other with the quality construction. Is that what you were saying?

STASTNY — Don Stastny, professional advisor. We have questions on all five schemes, as to whether they are within that.

MC CREADY — You're a big help.

STASTNY — Well, let me tell you why, please.

MC CREADY — I don't really think I want to hear.

STASTNY — For instance, the scheme that the Jury decided on has a number of very high quality items in it: terra cotta columns, statuary bronze, some of these items that are very difficult to cost because you don't have a competitive market for them. You may have one or two suppliers on the whole West Coast who can do that kind of work.

MC CREADY — In fact, you only have one supplier for the Portland Hotel gates. Okay,we understand what you are saying.

STASTNY — It appears that the concept could be realized within the 1.2 million. The twin pavillion scheme also looks like it could be realized. The other three look like it would be a very high risk to accept that you could realize those within the 2.9 million, anywhere from a 10% overrun to a 40% overrun on the conservatory structure.

MC CREADY — Okay, Thank you very much. Bill, where are you? Would you come up--don't tell me he snuck out--to comment on the change in rules? And Mildred, from everything I have heard from the briefings you are absolutely right. His biggest concern is that we don't duck the issue or have any misconception of what happens after tomorrow and there is no question in our minds or in what it says here in this letter from Dave Talbott, that once we reach August 1st we turn back into a pumpkin. We have to give them equivalent land in the same kind of area, which we would have to buy it and I don't know what we would get, but we would have to do that or we have to accept a design that HCRS approves; that they have a veto.

But, it doesn't mean they can dictate what the design is but they can tell us what it isn't, pretty much. We can't build something that they say does not comply, and there is no question in my mind but what we must know that those are the conditions. The only possible change from that, the only possible change, is one that the winner of the design can be instructed as the Jury recommended to work with PDC, HCRS, the State, the business community, and attempt to design some covered facility that would be appropriate with HCRS but they hold absolutely no carrot out on that.

And then the other potential is that down the pike the feds will change the rules and realize the question that Commissioner Ivancie raised about weather constraints and that they could ease up on the thing on down the pike. For now, there is absolutely no question in our minds that the legislation that is in front of them in Congress, the chances of it passing right now are like a snowball outside today. But, the potential in the next session or the next is another matter.

SCHWAB — Let me go just backward in time for a moment. How many years has it been since we had the park levy on the ballot?

MC CREADY — I don't know, but it has been about ten years since the Council made a ---

SCHWAB — It has been two or three years, and at that point in time one of the elements there was that they were going to pass this legislation so that we could get matching funds.

MC CREADY — Uh-huh, that's right.

SCHWAB — So even way back there three years ago we thought that was coming through and I am not very optimistic about it now.

MC CREADY — But you can go farther back that the Council has made committments for ten years now that there is going to be a public park facility, something on that square.

SCHWAB — What I am trying to say is that I am not going to rely on the federal government making any changes.

MC CREADY — That's right, exactly.

SCHWAB — But now let's all of a sudden assume that we can't raise -- here is just one more question. If we can't raise the 1.8 million dollars, are we committed to this expensive a design or can we start knocking that design down, and I guess PDC or somebody has to answer that. If suddenly we find that we haven't got the 1.8 can we say okay, take this three million dollar design and turn it into a 1.2 million dollar design?

MC CREADY — Do it with plastic instead of bronze? Is that what you're asking?

SCHWAB — That's right.

COOK — HCRS has only expressed concern about use and --- pardon me?

MC CREADY — The tape recorder can't see you. You have to give your name when you come up.

COOK — Okay. Mike Cook, PDC. HCRS has not expressed a concern about the particular materials in the design. They have continually expressed concern about the use that it is an outdoor recreation use, and I certainly can't stand here and speak for HCRS or for the State Parks.

SCHWAB — Isn't that just a lawn with benches and a podium for somebody like me to get up and speak?

COOK — Well, I would like to be able to answer your question Yes, but as I say, I just can't speak for them. My feeling would be that they would want to see something more than just a field, you know, a field of grass.

MC CREADY — Further questions? Council has requested a ten minute recess. Let's hold it to the ten minutes.

At this time, Council recessed for ten minutes.

At the termination of the recess, those present were: Mayor Mc Cready, presiding; and Commissioners Ivancie, Lindberg and Schwab, 4.

MC CREADY — Commissioner Schwab, we had Bill Wyatt contact

HCRS -- I just love that acronmym -- to give the response to what kind of scaling down would be permitted if any, you know, with the lawn. I haven't heard the answer either, yet.

WYATT — Okay, I talked with State Parks and in this instance it is the same thing. They are very well connected with HCRS at this point on this project, and their response was that the critical element in the project is not the quality of the material; it is the nature of the facility. And what the law says is non-outdoor recreation and they have over the years obviously defined that ---

MC CREADY — Non-outdoor?

WYATT — I mean outdoor, I'm sorry. I was thinking of the agreement. Outdoor recreation uses, and if you wanted to plant grass that is acceptable as long as their are not major features which interfere with the outdoor nature of the facility. So, the answer is yes, you could scale it back. They will be involved, if you choose to move along that line, HCRS and the state will obviously be involved in the development of those proposals.

SCHWAB — Let me ask you just two more questions. Were you brutally frank enough to tell them we might fall a million-eight plus any overruns short on this?

WYATT — They are very aware. They are right down in Salem and they have been reading the stories. In fact, they wanted to know what the decision was as soon as I got them on the phone.

SCHWAB — So if we didn't get that private money they would say just build something in the way of open space with a couple of park benches and that will do?

WYATT — Commissioner, we are the ones who have the obligation to build something there. And as far as they are concerned we have an obligation if we pursue to put an outdoor recreation on that block, and that is our obligation. They are concerned about complying with that only.

SCHWAB — Then the secondpart of that question is I just heard that this 2.9 million is only for the interior of the block, and I believe the Council had always been of the opinion that TriMet had applied for some kind of a grant to do the perimeter. I just heard they haven't done it, so that would be trees on the sidewalks and all this and that.

WYATT — You're out of my territory.

SCHWAB — Has that grant been applied for?

MC CREADY — The covered things for the light rail.

SCHWAB — That's right. Has that grant been applied for or hasn't it.

IVANCIE — The treatment on the outside, the perimeter treatment.

MC CREADY — I think it was the light rail sides, wasn't it?

SCHWAB — No, all sides.

IVANCIE — All sides.

COOK — Mike Cook, PDC. Originally it began with a request from the City and the Council budgeted HCD funds to match UMTA funds to do the transit mall improvements adjacent to the Meier and Frank side of the street along Morrison, and then what, the Pacific Building side on the other side of the Court House. And then after we went on and we got into the Pioneer Square development program, the Council again authorized another $300,000 in HCD funds to be budgeted to match UMTA funds to really do improvements all the way around the Pioneer Square area.

Primarily, at that time, it was to accomodate increased bus service up and down Morrison and Yamhill as sort of an east-west ---

SCHWAB — And the city committed the $300,000 in matching funds?

COOK — That's right, and then subsequent to that that money has been with a change in the boundary, downtown waterfront urban renewal boundary, to incorporate that area, those funds are now, they have been taken out of the HCD budget and are now in the tax increment budget, which is part of our project budget for the Pioneer Square project.

SCHWAB — And now you are going to have to have at least 300,000 in the tax increment budget for that?

COOK — That's in there. It is in there now.

SCHWAB — It is in there now, and has anybody applied for the matching grant?

COOK — It has not been applied for. TriMet has discussed with the matter over the last several years, really, with officials at UMTA and we are still discussing just how that application and what program we really ought to be applying for to get those funds.

SCHWAB — So, we may not get them?

COOK — It is possible we wouldn't get those funds.

MC CREADY — Could this be built without those funds, without that adjunct? What would be deleted? If it could be, what would be deleted? If it couldn't be, that is the answer right there.

COOK — It would be any special paving treatments on the sidewalks themselves surrounding the square. It would be any special paving treatment in the street area itself. My understanding is, and there are representatives of Tri Met here, that the light rail program as currently applied for would take care of the light rail system on Morrison and Yamhill. It would lay the tracks, hang the wires and do all the things that it would have done if there had been no Pioneer Square Project.

MC CREADY — For the light rail. But what about the covered areas for ?

COOK — My understanding is that their current budget would provide for shelters as well, because that is a major transit point.

MC CREADY — What about the treatment of the sidewalks and the sort of things you were describing on those two sides?

COOK — Well, my understanding is their budget also includes an extension of the sidewalk. I am beginning to think maybe they should be coming up here speaking for themselves.

MC CREADY — I'm beginning to think they should, too. I'm sorry.

COOK — But it would include moving the curbs out ---

MC CREADY — Let's bring them up.

SCHWAB — I just want one more from him,because when you figure 300 in HCD for matching, and then later you put that 300 in tax increment for matching, how much money were you figuring from the grant? Was it a three to one match? What was it?

COOK — No, it is a five-one, what, four-one. It is 80-20.

SCHWAB — So you were figuring a million point two in funds for that?

COOK — No, it was more than that because there were two. There was the $300,000 in HCD and then there was another 60,000, actually $360,000 in tax increment that are budgeted now.

SCHWAB — So it would be a million and a half, almost, that you were figuring on the grant.

COOK — That's right, a million four-forty.

SCHWAB — Now if something happens that we don't get that grant, now tell me how this is going to work when you don't have that around it.

MC CREADY — You mean that UMTA money?

SCHWAB — Yeah, uh-huh.

MC CREADY — That was back to my first question. This can be built without that?

COOK — That's right. There is no question that it would be much nicer to be able to, it is a small block and I think the designers could speak to that in a sense and so could the Jury.

SCHWAB — Where would you have your bus stops, then? In this park?

COOK — The bus stops would overhang between the two the way they are presently designed. It would sit, basically the supports for the shelter would sit on the property line and the shelter would come out over the sidewalk.

MC CREADY — They'll pay for that anyway in their budget, he is saying.

SCHWAB — That will be great.

LINDBERG — How about some more public testimony?

STASTNY — Don Stastny, professional advisor. Their estimate did include the shelters along Yamhill for the LRT boarding, the architect's estimates, within their 2.9 million dollar budget.

SCHWAB — Out of this 2.9 or the million point eight, whatever it is, 1.2, we are asking that we include providing shelters for TriMet in there, is that it?

STASTNY — There is money, okay, their estimate, their design shows a set of columns with shelters on both sides going down Yamhill. Their estimate included the cost for the columns on both sides of the shelter. In actuality, if you could get the UMTA grant it would take care of everything from the property line out. It would pay for the shelter half that is out on Yamhill.

SCHWAB — Which is roughly how much money?

STASTNY — I have no idea.

SCHWAB — I would like to know that before I vote on this. I mean, it has quite a bearing because this is part of the park, isn't it? There are expenses in the park for providing bus shelters for TriMet.

STASTNY — Their estimate includes the shelters along that edge, which can be done under the 2.9 million. Now when we get down to knowing what UMTA can put up, what the city puts up, then we can split out those costs as to which part goes to which grant or who pays for what portion. In talking to the TriMet people they have said that the shelters along that side could be paid for under the light rail grant as a part of their shelter system because they don't have a specified design of what each shelter along the light rail system is going to look like.

SCHWAB — Well, I would like to know how much money we are talking about there that is in the park for the shelters now, because now we may be talking about an entirely different figure. If we say let TriMet pay for those, we may not be facing any big problem. Are we talking a million? Are we talking a half a million?

STASTNY — Probably a 100,000 for those shelters.

SCHWAB — Total?

STASTNY — Uh-huh.

SCHWAB — So if we decided to knock out our part of the shelters we have cut down a 100,000, then.

STASTNY — Yes.

MC CREADY — Okay. Let's get on with some public testimony. Yes, sir.

SHARPE — My name is Sumner Sharpe. I reside at 2352 NW Marshall Street. I was a member of the Pioneer Square Jury. I am not speaking in

that respect; I am speaking as a citizen. I am surprised today and last Wednesday to hear the businessmen's answer is what is good for APP is good for the city's citizens, and two, to hell with principle and publicly approved procedures and design requirements approved by this City Council in the selection of a design for a public square in accord with that design.

I submit, number one, the public will support the Martin design and two, the public will raise the dollars with or without the businessmen's support. I have eight checks I have collected in the last twenty minutes for five hundred dollars in this audience, plus committments from six other people to comit themselves to the Martin design for the square. I think it is time to stop talking about one small group raising all this money and ask the public to participate in something that is good for the city, not just for the businessmen.

Furthermore, I would suggest the discussion today and last Wednesday is out of order. The point before you is whether or not you accept the recommendation of the Jury and the discussion of money has happened before and will happen again, and will continue. We have got to get together, all of us, and raise the money and not rely on a very small group of money to raise the money.

Even if this design were acceptable to APP, I don't see the one point eight million dollars in hand today and a check given to the city. I would suggest that the discussion about money is moot. The question is is this the right design for the square.

My final comment is: Where is Walt Disney when we need him. I am prepared to give these checks to Chairman Scherzer, at his request, after this Council decision. Thank you.

SCHWAB — You know, Mr. Sharpe, I find it extremely interesting that the architects stand here today and say if you don't follow the one that the Design Committee selected, you are all kinds of dirty names. And yet, I remember when we talked about the Graves building across the street the same group saying that is a rotten design and you shouldn't take it.

SHARPE — Excuse me. I am not an architect so I am not speaking for the design profession. I am speaking for myself.

SCHWAB — But that was what we were hearing last time.

MC CREADY — Yes, but you can't do that to him, Commissioner.

SCHWAB — No, but I am saying and letters beseeching us saying don't accept this, it is a rotten design, it is this and this and this and that and if this is the design you got you made a mistake somehow in your specifications. I was not aware, apparently, until both you and one other person spoke that when we anpoint a committee to look at something, we are bound by that design with basically no imput into it. I don't happen to agree with the ten finalists that they picked.

I believe had other people been looking for the ten finalists, Mr. Martin might well have been in there but I believe there were others, and I believe I wrote to PDC about it complaining about some who were eliminated. We didn't have ten architects picking them, and all of a sudden these people who did the selection are the only ones who know anything and this Council is not only crooks, they're idiots.

SHARPE — I just said the question before you is whether or not you accept this design. That is your right to make that choice.

SCHWAB — Fine. That is the choice we're making.

SHARPE — And I am saying that this Council should discuss and review the designs submitted, the review of the models. I assume you all have looked at the models, you have read the design specifications, you have looked at all the comments submitted by the Jury. I think the decision is based on that. If you care to dismiss that decision ---

SCHWAB — We also have a fiscal responsibility.

SHARPE — And my answer is you have been asking for an alternative. My answer is the public will raise the money with or without the businessmen's support, and I think it can be done among the 365,000 people in the city.

SCHWAB — We also have a fiscal responsibility not to get into something that we don't have the money to do.

IVANCIE — Madam Mayor?

MC CREADY — Commissioner Ivancie.

SHARPE — May I respond to that, Mayor?

MC CREADY — Yes.

SHARPE — My point is if the matter of fiscal responsibility is a question, it seems in order to make a decision today, period, you have got to have at least 1.8 million dollars in hand, written check, three million dollars. You need a check for three million dollars before you, in your hands, before you make a decision. My answer is that is impossible. Okay? Fiscal response was a question and you don't have three million dollars today in your hand you cannot make that decision.

SCHWAB — The way it was, we looked to the business community to raise the 1.8 for us. We looked to them. They came in last week and said if we didn't take the funds, they would get us the million two we were turning back, and it is nice to have talked to eight people in this audience who were here for a very specific purpose and raise an average of $75.00 a person, and that is all you have raised and I assume it is from eight people.

SHARPE — I also said that I have other committments. People who didn't have their checkbooks with them today. And that was in twenty minutes.

MC CREADY — Okay, let's discontinue this. Commissioner Ivancie?

IVANCIE — Mr. Sharpe, I appreciate your Civics lecture here on how government should be run, and when you state that money is a moot question relative to this decision I think you have to learn something.

SHARPE — I didn't say that, Commissioner. I didn't say that.

IVANCIE — Let me talk now.

MC CREADY — No, he did not, Frank. You will have to keep it accurate.

IVANCIE — Well, he said money is moot.

SHARPE — The discussion about money is moot regarding the decision. The decision today is whether or this design ---

IVANCIE — I agree with Mildred Schwab, money is not moot. And, I will tell you why. Some of us have been around the horn a couple of times. First of all, if this Council makes an irresponsible decision relative to how this project will be financed and we lack the money to finance the project, the public will come down hard on this City Council and will say we have created a wasteland down there.

Number one, if we decide to accept the federal money as far as the federal participation, we have to take parking off that block within a matter of days. Number two, we will have to tear that structure down. Number three, we will probably have to plant grass in there. Now, you may have some public reaction doing that if nothing develops as far as the public funding is concerned. So, this Council has to be concerned about the funding aspect of any of these projects. The concepts are fine.

Now, you say that the public will raise this money. I don't think any of us can say that with any assurance. I have watched fund raising drives on the Pittock Mansion. We had a very difficult way in raising that money for the Pittock Mansion. We only raised a portion of it. I have seen other public drives that have collapsed, good intentions. So, we have to be concerned about this fiscal impact of this decision.

SHARPE — I am not arguing with your point, Commissioner. What I am saying is as a matter of fiscal responsibility, and I agree that the money is important, but I am saying that the resolution before you is to accept the recommendation of the Jury. If the question of money were at hand, I would suggest you withhold the decision until such time as you have three to five million dollars with everything you need to do it. My point is that money is not here today and there is no guarantee it is going to be here tomorrow or next week, with or without APP. They have not given you a check; they have not guaranteed that money. And I am saying there are alternatives to ---

IVANCIE — So we accept the recommendation of the Jury and ---

SHARPE — May I finish, please? May I finish please. My point is there is no guarantee they can raise it any more than the public can raise it.

IVANCIE — So we accept the recommendation of the jury. What happens then?

SHARPE — I am not asking you to do that. I am saying the resolution before you is to accept or not accept the recommendation of the Jury. That is the point of discussion.

IVANCIE — All right. What happens when we expect it?

SHARPE — Then we organize a fund raising drive and get at it.

IVANCIE — Let's say that fund drive doesn't work, it collapses.

SHARPE — I am convinced it will work. There is no guarantee any fund raising drive ---

IVANCIE — Suppose this ---

SHARPE — You can't guarantee me, or nobody can guarantee this audience or this Council that the small group of businessmen can raise three to five million dollars. That's my point.

MC CREADY — That's true. You have to make that point because Portland Progress said the same thing. Frank is just teasing you.

SHARPE — In any event, I have the checks for Chairman Scherzer at such time as he may be interested. Thank you.

MC CREADY — Thank you. Questions by Commissioner Lindberg? Okay. One point that was raised in this gentleman's testimony, and I would be interested in a response, too, because I have been concerned about this discussin which involves process. The process was an elaborate one set up and hassled over a great deal in Council and adopted. There are five finalists. One of them is a conservatory which is part of what the conversation was about from the folks who wanted it covered and the limited access.

That one there is no question, judging by reading the letter from State Parks, which responds to HCR, would not meet the grant. The money would have to be given back. But, I would be curious to hear what the business community for example, says about that design. If that one of these five were chosen, would they then, would the same committment hold of putting the 1.2 for payback and helping to raise the money that is necessary for the construction of that? Youhave no knowledge of it? Because I have heard that this was not an acceptable design. That none of the five were acceptable to the business community, but I have not had that first hand. Can someone enlighten me? Mr. Chapman? Mr. Roberts? Is Bill still around? Oh, there you are.

Financially, what would that do to us? Would they be paying back the 1.2? That would still require the 3 million? We would still be in that same bind financially.

CHAPMAN — I am Don Chapman, 520 SW 6th. I think the problem here is the function that exists on this block.

MC CREADY — Well, Don, let me interrupt you right now. I am talking about the process. There were very elaborate hearings on the design process, and the whole Council remembers going through that. We amended one word and we amended another word and we knew the terrible risks we were running and all that, and then that process was created. So, I am not interested in talking now about some function outside. I am curious about how we can have any honesty to a process. So, is that particular conservatory acceptable?

CHAPMAN — Well, in the process presented to the designers they had the opportunity to develop anything that they felt would be adequate for this particular project.

MC CREADY — That met those criteria for the RFP.

CHAPMAN — Right. Okay, now as far as our group is concerned, we did not know how that would result until the designs came forward. Then, at the time the designs came forward, in our opinion none of them would be adequate to do the thing that we were interested in.

MC CREADY — None of them.

CHAPMAN — Right.

MC CREADY — Okay, that answers my question. Thank you, Don. Other questions by the Council? Thank you,sir.

Is there anyone else who would care to be heard? Yes, sir.

THOMAS — My name is Stephen Thomas. I live at 702 SE 16th. I am affiliated with no one and I am speaking only on my own behalf.

MC CREADY — Oh, we don't allow that.

THOMAS — Well, there is some evidence of that anyway. The question before us, well, it has narrowed down to this, it seems to me: whether a small slice of the business community will force Council to repudiate a selection process and a design program which it very carefully constructed. The matter of federal money has been addressed and I don't think it is an essential issue right now. It is just a matter of whether the businessmen will raise money which was expected of them.

It seems to me that the process must be maintained. It was carefully designed and I, as a citizen, am in favor of it. It is a matter of the Council having delegated authority, and I think rather well. But, if by sticking to the design program and by attempting to hold to the Jury selection the city loses the money which it might expect or might have expected from the business community, I see no great tragedy. If the

design program is maintained, something which I would enjoy having as a square in downtown Portland could be constructed for less than in proposed right now. It seems to me that simplicity and low cost are great virtues in an age when there is a lot of broad talk about recession and tight money and austerity. And if the basic requirements of a public square are that there be places to sit and places where people can watch other people, which is what people do in public squares, that can be met without a grand scheme. That a public square need not be an architectural masterpiece and if a city has any life and style its citizens will bring it to a public square. No designer or architect will be able to impose that.

With regard to the unexpressed preferences of the business community, which were referred to in one address that a fortress might be made in downtown Portland and only desirables be allowed into it, it seems to me that is an important argument but it does ignore one thing: if a closed pavillion is erected it seems to me inevitable that there be an admission charge. It turns into something like Pittock Mansion. Now, I don't see many poor people desiring to go and flagellate themselves with the sight of that much opulence, nor do I see them spending the money to get there nor the price of admission. And, I don't think we need something like that in downtown Portland. I don't think we need a place where people are excluded, not because they are undesirable or bad elements of society, but because they are poor.

If vicious people are excluded from the design that I see shaping itself milkily in the general minds of the business community, they will be excluded not because they are vicious but because they are poor. And it seems to me that an open design which stipulates nothing, which encloses nothing, which is open to a wide variety of spontaneous and planned activities is the best one that can be selected. The Jury's selection approaches that but it is not the last word in that issue. Thank you.

SCHWAB — Sir?

THOMAS — Yes.

SCHWAB — Have you been here during the whole hearing?

THOMAS — Yes, I have.

SCHWAB — You see, you were bringing up the very point that I kept asking of Mr. Wyatt. And I said if we don't raise the money can we just have open space and the answer I got was no. That is my concern.

MC CREADY — Oh, that's not what I heard.

SCHWAB — He didn't say that you could, when I said if we can't do it let's just put a lawn there, well, that won't meet the federal requirements. That's what I heard.

THOMAS — I believe what he said was, or what I heard was

this: if the federal requirements are not met they will withhold $102,000,000.

SCHWAB — No, no. It is not that. We have to -- you see, here is the dilemma. Let me give you my dilemma so you understand it better.

THOMAS — Okay, thank you.

SCHWAB — I asked could we just make this into a plain open space park, planting grass. The answer was no. You have to have something like we have here. Maybe not necessarily this, we can do it with cheaper material, but no, we cannot just have an open space lawn. If we could do that, there would be no question in my mind today to say let's keep the money, the worst that will happen is that we will just have a lawn.

Now, let's look at it when we talk about if we don't return the money because Mr. Sharpe says don't worry about it,the private citizens will raise the money, and I know that that is a good thought. But, assuming that they can't raise it and that we can't build, we don't find ourselves where we can say okay, here's your million two back. We have to go out then, because we're doomed after today, we have to go back and we have to buy another block which at this point we could be talking about twice what we have got into it.

On the other hand, if we return the money and the businessmen don't raise the money we have no strings on us and we can sell it for retail, we can sell it for housing, we can sell it for anything we want. So, our hands aren't tied. Therein is my concern.

THOMAS — Commissioner, what I understood fromthe first remarks that were made after the recess that Parks ---

MC CREADY — Could I interrupt you? He is sitting back there. Let's have him say it again, because I agree with you. One more time and very fast, Bill. We want to hear from the rest of the folks.

SCHWAB — And exactly what you said before, Bill, because I'll have the minutes read if it is different.

MC CREADY — Oh, come on.

WYATT — What do you want me to say again?

MC CREADY — Total recall.

SCHWAB — When I asked you before, Bill, if we could just build a park there, just an open space park.

WYATT — The answer to that is yes.

SCHWAB — That is not what was said before.

WYATT — No, that is what was said before.

SCHWAB — You said at the beginning that we could just build a plain park there? Just a plain, open space park? Just build a lawn?

MC CREADY — But, he came back down from talking to the State who was reflecting HCR. I heard him say yes.

SCHWAB — Was that after we recessed or in the meeting?

WYATT — Yes, that was after the recess. I didn't speak before the recess on that matter.

SCHWAB — Well, it was somebody who said that, then.

MC CREADY — Yes, somebody else. Mike Cook could not answer. He could not answer and so during the recess, Commissioner Schwab, Bill Wyatt took it upon himself to call the people to try and get the answer, and we had him report to you and to us afterwards and he said yes, you can scale it down.

SCHWAB — So now we can just have plain open space?

WYATT — That's correct, as long as it is committed to outdoor recreation use.

SCHWAB — So if we just built a park similar to Holladay Park or similar to any park block like across the street and just make a park out of it, we can keep the million two?

WYATT — That is correct.

SCHWAB — Then let me suggest this: let's take that, let's keep the million and two and let's say we are just going to make a park out of it. Let's give ourselves time to think, and just an open space park, and then if we decide we want to build something there at that time we can talk to HCR about a trade. And maybe at that time we can work a trade.

We make no committment today. We just don't return the million two and we just say all we say is we are going to make a park out of it, open, and we've got time to accept this or reject it and not be rushed into it in 20 minutes here, or two hours.

WYATT — Commissioner, I just want to make one comment so that it is absolutely clear because we can't afford to have any misunderstandings at this stage of the game.

MC CREADY — No, there would be blood all over. Ours.

WYATT — Once we pass that August 1st threshold date---

SCHWAB — Once we pass what?

WYATT — The August 1st threshold date, which is the date that HCRS has said fish or cut bait, if at some future time the city converts that property we are subject to a land swap.

SCHWAB — Fine. We say now ---

WYATT — Okay. As long as you understand that, that is all I want to make sure.

SCHWAB — What I am saying, we say now we take this block, we make an open park out of it, we don't commit

to any design today, we just make it an open park. Then we can have a year, six months, two years, to deal with HCR when they change their regulations to see if we can make a land swap with other properties.

MC CREADY — Oh, they won't let us do that.

SCHWAB — Oh, they might. Because rules change every day in the week. We've got the block; we bought the block.

MC CREADY — Commissioner Schwab, I can respond to that. I can hear what you are saying. What they have told us is we have land banking that block, which is illegal, for some time. So that we have to give them a design. They will probably buy your lawn, but if we have followed process for a design, if we have gone through the entire RFP process, how can we be ---

SCHWAB — Do we have to go back through design again? Is that what you told me?

MC CREADY — No.

SCHWAB — Or did you tell me we could just make it an open park with benches in it?

MC CREADY — May I finish? The point being, if we can't get the money which is what your point started out to be. Then you can downscale. They said yes, you can downscale. Whether they would say now that we could have this, in effect they could consider we were saying, ah, we were going to land bank it again to change the ground rules. We have done too much funny work with them. Not us, but it has gone on before. Way before.

SCHWAB — Then what happens if we say that if in 90 days we don't raise the required money, every dime of it to build this, then we will just turn it into an open park.

WYATT — I would sense that would be acceptable, but I want to make a comment. And that is that if the Council decides that they wish to proceed with an outdoor design of some sort or variety, HCRS is going to say all right, it is time now to renegotiate our grant agreement, which we are currently in abrogation of, and they will set some fairly definite time periods in there for the construction of a facility.

What they want, their sole purpose is to see that that block, as long as it has one nickel of their money in it, is committed irrevocably to outdoor recreation use. Now, they have clearly outlined a course of action for us which makes it pretty irrevocable.

SCHWAB — Then why do we have to renegotiate?

WYATT — It's their money.

SCHWAB — Why can't we just say we are going to make it a park, period? And we will make it a park in accordance with what money we can raise and give ourselves 60 days to raise the money, and if we can't we just put some grass on it.

ANDERSON — Thanks. My name is Pauline Anderson. I live at Number 11 Oregon Yacht Club, in Portland. I was a member of the Citizen's Advisory Committee, and also a member of the Jury that chose the design for Pioneer Courthouse Square. I am here to defend our choice. The design program, the design requirements, the design competition, all were approved by you, the City Council. The design program and requirements, the budget restrictions were religiously met by the Jury's design selection.

The Jury did not consider the HCRS money in its selection of a design suitable to the square. We did not let the federal government dictate our decision. We walked the square several times during the time of deliberation trying to visualize a large conservatory on that square. We found that such a conservatory would be overwhelming. We found it would be dehumanizing. We decided not to choose the one design that included a large conservatory. The large conservatory was slightly higher than the Courthouse itself in elevation.

Do we intend, then, to honor our committments to the City Council approved design process, the design program, the open competition, the budget and the citizen time invested in this project? Or, do we intend to let APP dictate even our aesthetics. If APP's committment to a conservatory is as strong as it appears to be why can't they buy, with the four to five million dollars they feel they can raise, a half block such as the block across Broadway from the Jackson Tower and build that structure which they feel is the only magnet which will attract the right people to downtown Portland.

SCHWAB — I don't think they can go out and buy a particular half block. It is private property. They don't have our brilliant powers of condemnation. Let me ask you this, Mrs. Anderson.

ANDERSON — I don't know about buying property in downtown Portland.

MC CREADY — Was that condemned?

SCHWAB — No.

MC CREADY — I don't believe so.

SCHWAB — No, but it was Meier and Frank that was doing it with us and it was all tied in with the garage and all.

MC CREADY — Okay, your question.

SCHWAB — My question is: assuming -- and I have heard a lot of people say they are going to raise the money -- how would you feel if we attached a proviso to this that said that we would proceed providing the 1.8 million dollars to be private raised and any cost overruns are donated from private sources without use of any HCD tax increment, city financing or the like. And really, when they have stood here and said that we have got all these checks, say go ahead and finish it and you're in. How would you feel about that?

ANDERSON — I guess I haven't felt the pulse of the public as far as, the support I have found for the square is not necessarily the support that is going to provide the 1.8 million. I guess I don't know how we would go about that. I personally would be willing to work very hard on seeing that it got built because I believe in it. I think the parking lot itself is an embarrassment and the design that we chose is magnicificent. It is elegant, it is civic, it is monumental, it will be something that we can be proud of for a long time and I am willing to work very hard on seeing that it gets built.

SCHWAB — It is my intention to make this motion. I just want you to know that, and I wanted you to have a chance to comment on it.

MC CREADY — Okay. Commissioner Schwab, for a point of clarification, are you saying over and ---

SCHWAB — Providing the 1 point ---

MC CREADY — No, wait, wait, wait. The part, the way it was set up there were some HCD funds originally. You just mean the 1.8 or anything more than that as the present proportions were set up.

SCHWAB — I have said providing the 1.8 million dollars to be privately raised. Because that was the figure. What was that exact figure? Was it 1.8? Was that the exact figure?

MC CREADY — That I understand. The point of information I am asking, Commissioner Schwab, is that you mentioned ---

SCHWAB — A million eight what? A million eight sixty. Yeah, go ahead. I wanted to get the figure and then I can answer your question. Yes, any cost overruns. If their estimate is wrong, yes.

MC CREADY — I am asking about the HCD Funds, the things that were already committed. You are not talking about removing existing?

SCHWAB — No, I'm not. I am saying providing the 1.86 million dollars to be privately raised and any cost overruns are donated from private sources without the use of any additional HCD ---

MC CREADY — Okay, you can work on your language when you are ready to make the motion. Is there anyone else who would care to be heard?

IVANCIE — I was going to ask Pauline a question.

MC CREADY — Commissioner Ivancie.

IVANCIE — Were you on the original committee on Pioneer Square?

ANDERSON — Yes.

IVANCIE — How did you vote then?

ANDERSON — As Sumner was saying, who is the part of the Design Advisory Committee, no, it was Kim MacColl who said it, we went along with Bill Roberts on the conservatory idea as one possible solution to the square. We did not go for half covered.

In fact, we reneged and felt that 25% was all we would even consider conscionable, and then it was placed in the design program by the Council in its wisdom, and it was a suggestion from the Citizen's Advisory Committee, which we all went along with with reservations.

IVANCIE — So, originally, then, your committee voted for the conservatory concept 4 zip. Right?

ANDERSON — As a possible solution.

IVANCIE — Yes. And then when the Council watered that criteria down, PDC and you people joined in that approach.

ANDERSON — We never went along with 50% coverage of the place.

IVANCIE — You went along with the conservatory.

ANDERSON — It was a possible solution. It was a possible solution, not the only solution. Most of us on the committee were willing to look at any other solution that was possible and we did say that.

IVANCIE — But you did take a position on it.

ANDERSON — Yes, we did.

MC CREADY — Opposed to what we did.

IVANCIE — Yes. Did you receive any correspondence or warnings about the financial aspect of this whole project at the time, as a committee? Or did you stick to the design aspects?

ANDERSON — The Committee deliberations, or the Jury?

IVANCIE — I am talking about the earlier committee, earlier on. Two or three years ago.

ANDERSON — Yes, we talked about that at that time.

IVANCIE — Because I know for the record there were repeated warnings about the financial implications of this project.

ANDERSON — Of putting a conservatory on.

IVANCIE — Well, regardless of that. There were some real financial questions that were raised early on in a series of correspondence, but noone really zeroed in on the financial aspects. This is why we have our dilemma here today.

ANDERSON — That's right. Yes, that's why we are in trouble now.

MC CREADY — Further questions? Thank you, ma'am. Anyone else who would care to be heard? Discussion by the Council? The recommendation is for the acceptance of ---

SCHWAB — I would like to move an amendment.

MC CREADY — Commissioner Schwab makes a motion.

SCHWAB — On Page 2 of the resolution, right after the now therefore, to modify paragraph number one

by inserting the words at the beginning "as hereinafter modified by Number two, the Council accepts" and go on. And then at the beginning of Number two, I would like to put the words "providing the 1.860 million dollars to be privately raised and any cost overruns are donated from private sources without use of any additional HCD tax increment city financing, or similar financing, the PDC is requested to prepare...".

MC CREADY — Is there a second?

SCHWAB — Quite frankly, it is the only way I am going to vote for it.

MC CREADY — If this were to be a motion and if it were seconded, I would request to ---

LINDBERG — Well, it hasn't been seconded, so there is no use ---

MC CREADY — That's it. I would have to ask for a day to examine the fiscal impact before I voted. This has not been seconded so the motion dies for lack of a second. Are there any other motions?

LINDBERG — Madam Mayor, I guess we are going to vote, but I will state my intention. I am going to support this resolution and I think all of us agree on one thing, and that is we ought to forget the restrictions on the federal funding and we ought to look at the best thing for Portland. There is a lot of disagreement about really what we want on that block, and I think that the options, the two that we are discussing the most, seem to be a covered facility which I anticipate somebody would have to pay, more than likely, to get into. Or, really, an open space and a square.

I think that my personal opinion is that we should be building a square that is for the people who work and shop downtown, not necessarily some single tourist attraction. As far as the funding issue, I know from having been involved in this all the way along the line that a lot of this has been based on faith. And even when we started this, we didn't know that we could get the private funding for it when ex-Mayor Goldschmidt was working on it. And, I think that faith is still a thing that we have to operate on and I personally have faith in the business community that after the decision is made, whatever it is, that they will join hands with us and help raise the money.

Another issue that was mentioned was: is this really going to be an attractor of people. I think personally this will be as much an attractor of people as an aquarium or a conservatory or something like that would be, because if you look at the squares around the world, what you find is that people attract more people. And I think that a lot of people I have talked to who work downtown, who live downtown and shop downtown say that they would like to come to this facility, which in itself would attract more people.

In terms of objections that have been raised about other problems, I think that we could

try to deal with these with modifications in the design or portable facilities in the form of tents or awnings.

So, in summary, I think it is an exciting project and I intend to vote for it.

MC CREADY — Commissioner Lindberg, are you talking about---

SCHWAB — Is he seconding this, or not?

LINDBERG — There was no second, as I understood it.

MC CREADY — Your's died for lack of a second.

IVANCIE — He said he would support it.

LINDBERG — No, I am talking about supporting the resolution. There was no second on that, and you said are there any other amendments was your question.

MC CREADY — Could I ask a point of information? You recall the advisory to the Jury was describing the suggestions made by theJury for changes in possible, from the bricks, for example, as Mildred touched on earlier, and as I recall, water trays, and the third one was to attempt to work to combine, the potential to combine the three covered areas into a larger space. I can't remember the exact words of the Jury.

LINDBERG — Consolidation of the structures.

MC CREADY — Yes. This letter that we have from the State Land, Parks and Recreations Service, indicates that is extremely unlikely. But does your talking about the activities and working with on doing various things include that as well, the consolidation?

LINDBERG — Well, the resolution that we have before us says that PDC is requested to prepare a program for implementation of recommended design concepts, taking into account the recommendations of the Jury, other review bodies and City agencies. My understanding was that it was not our intent today to get into all the details of the design and to make, in effect, the City Council dictate that. I thought that the Jury's suggestions along with other review bodies that might be involved, whether it is Design Review Committee or Planning Commission, that it would go through a process and eventually reach us. Is that correct, Mike or Don?

SCHWAB — Mike, if I could ---

MC CREADY — I am waiting for my point of information, please.

SCHWAB — I'm sorry.

MC CREADY — What did they do, nod?

LINDBERG — Yes, I guess they nodded.

MC CREADY — Will the mike please record a nod.

LINDBERG — I have some personal opinions in terms of looking at the Jury report, where they talked about more water and vegetation and the possibility

of consolidating the structures, I have some opinions myself. I personally did not understand this was the time to get into detailed design. I thought we were approving a concept and then moving into a detailed design stage.

MC CREADY — But my point of information, or question, is are we supposed to give some direction?

LINDBERG — Well, I guess individual Council members -- my understanding is that came later but let me ask Don.

STASTNY — Don Stastny, professional advisor. The report of the Jury of Award, which is what you are approving today, lists those three things that we talked about originally, consolidation of structures ---

MC CREADY — So they are all included in the resolution, in effect.

STASTNY — They are in that already, right. And what the Development Commission is asking, as I understand it, is that you would give them 30 days to come back with an implementation program that would also set a design review process to insure that these different things from the community are included within the design. I suspect that would also include specific input from APP and other downtown businesses.

SCHWAB — Commissioner Lindberg, I think we are at a complete impasse here. I have heard the community, Mr. Sharpe and a couple of others, stand up and say that we shouldn't be relying on the business community to raise this money. If they don't do it, the citizens will do it. And all I am saying now is that I am not going to find myself in a box where if we don't return the money and then tomorrow we find ourselves without the money to build and have to buy another block. So, my modification is really saying when they raise the million 860 we are going to go ahead and with this design.

With your statement that said you had every confidence that they would raise it, that the business community would come along and not be spoilsports and help them, I can't see what your objection is to the language that merely protects the city. And to read it to you once more, it says that "providing the 1.86 million to be privately raised and any cost overruns are donated from private sources without use of any additional HCD tax increment city financing or similar financing." I am saying just as I said to the business community, put your money where your mouth is, I am now saying it to the other side. And from what I have heard them say, they are not afraid of it. Why are we afraid of it?

MC CREADY — Commissioner Schwab, what I am hearing is that your option is there but if the Council makes that decision, not the people out in the community, that in effect to go ahead and adopt this, if it doesn't come up they would have to come back to the Council anyway and there wouldn't be the money.

SCHWAB — If they can't raise the money we're not going to do it. But, I am telling them raise the money now because just because we have put in, because we have kept the million two I am not going to find myself hamstrung, and without this provision I am not going to vote for it because I want protection. And it is very evident Frank isn't going to vote for it, so I think you have a choice of seconding and voting for this or throwing the whole thing out today because, unfortunately, Jordan isn't here.

MC CREADY — Commissioner Schwab, as you know, having the Chair I am not in the position. I am not able to give a second.

SCHWAB — I can hit Frank to second it.

MC CREADY — My feeling is that what I heard Mr. Wyatt recounting from his impression of the discussions involving HCR and the state, is that if the money isn't forthcoming you scale down to meet what you get, and that does not have to be a part of a resolution now because you've got that control.

SCHWAB — That's right. Once we accept this plan, we are pretty well committed, and I am saying that if we can raise the money I want to do this deal. But, if we accept his thing finally, we had better be prepared to pay for it in full. That is what I am saying. Isn't that correct, Mr. Wyatt? I am trying to protect the city so that we don't find ourselves with no money and something we have agreed to. If they can raise the money, good.

WYATT — I think that is an accurate statement. We are committed to an outdoor recreation use or the land swap.

SCHWAB — And if we can raise the money for Mr. Martin's, we are committed to that one because I have said as hereinafter modified we accept the Jury selection. If we can raise the money, we accept the selection. If we can't, we are going to build an outdoor park. That is where we are.

MC CREADY — Or, scaled down as the situation---

SCHWAB — Or, scaled down. But, we are not accepting the one he has now because we may indeed not have the money for it. We only have 1.1 million; 1.86 we are lacking, and I am not a big enough gambler to gamble with a million point 86 because a couple of gentlemen out here tell me don't worry about it, we'll raise it.

MC CREADY — But your point is a good point, but the thing is you've got that control on down, all the way down.

SCHWAB — I don't have if I don't have it modified.

MC CREADY — If they don't get the 1.8 together, nothing more will be spent unless you change your mind.

SCHWAB — Oh, no. We have agreed to this, to proceed. We are telling the Council acepts the Jury's selection and PDC is directed to prepare a

program for implementation. And all I am saying is fine, if they can get the money we will do that. If they can't get the money we may end up with an open park.

MC CREADY — Ah-hah. Thank you, Mildred. I would just like a city attorney opinion on this, because the way this is,is it this design or nothing or can it be scaled down if the bucks aren't forthcoming? That's what I thought I heard Mr. Wyatt telling us.

HURTIG — I think actually it is both ways. Youhave accepted the design and you have instructed them to make certain modifications. However, Mr. Wyatt is saying, I think, that you could scale it down but you are also at the same time asking PDC to implement this plan. So, as I understand him and as I understand this, once you have more or less accepted this, why, you are going to run with it. Is that right, Bill?

SCHWAB — That's why I want to modify it.

MC CREADY — With this specific design, if we don't have the money?

WYATT — That is a question for the City Attorney. The point I want to make is that once we move past the first of August, if we accept the idea that we are going to build a complying facility there, you are stuck with that or a land swap. Now, my question to the State Parks was can we scale down any one or all the designs that have been submitted, and they said certainly. The key question is, is it an outdoor recreation facility.

Now, in terms of whether or not you are accepting this specific design in every brick and detail, you are asking the wrong person.

SCHWAB — Then why does the resolution,Mr. Hurtig ---

MC CREADY — You didn't ask them when? They said yes, you can scale it down, but you didn't say when, after we adopt this where it says implement this design and the bucks don't come up. That's Mildred's point.

SCHWAB — The resolution. The resolution says clearly we are going to this design. "The PDC is requested to prepare a program for implementation of the the recommended design concept,taking into account the recommendations of the Jury of Award and the other review bodies and city agencies, all consistent with the requirements of the LWC, and presents their program to City Council for consideration by September 1st.

LINDBERG — Madam Mayor, a couple of questions here. One of the City Attorney. If we were to adopt Commissioner Schwab's amendment which basically says that we are going to require 1.8 million in private financing to be raised, also that we are going to require any cost overruns to be paid by private financing. Let's assume we adopted that and then six months down the line or a year down the line we were short of money and the City Council decided they wanted to use tax increment or HCD or something, couldn't the City Council then change our mind, in effect?

HURTIG — The Council can always change its mind, sure.

SCHWAB — Assuming you can get three votes, Mike. The question is can you get three votes.

MC CREADY — The Council always changes its mind.

LINDBERG — Because when we started on this project, we were talking about private fund raising three or four years ago of a million dollars. As time went on it increased, and everybody has sort of speculated as to whether it was feasible to get this much money whether we have downtown business leading the effort or some other group leading the effort. My feeling has always been that you would get the maximum private fund raising but you wouldn't want to totally tie your hands to eliminate going into tax increment or HCD.

SCHWAB — At this point we ought to say thank you to Meier and Frank's for the half a million they already gave us toward the development.

LINDBERG — That's true. Thank you. I mean, if it takes, if you would be willing to vote to go ahead with this and I knew we had flexibility in the future ---

SCHWAB — I am not giving that flexibility, because I have heard too many people, I heard somebody yesterday, the young lady sitting next to Sumner Sharpe, last week stand up and say don't worry about it, we will raise the money. Today I heard Sumner Sharpe say you have to give the whole community a chance to raise it. I have heard other people say that, and I am saying fine, if you are willing to tell us you can raise the money then I am willing --- and basically what I am doing today is going against the business community and I am getting the feeling somehow that business is a dirty word, sorry fellows --- and if the people are saying we don't need businesses, we can make Portland go without businesses, give them a chance to do it and if they can't do it, let them learn they can't do it.

LINDBERG — In your amendment would you have a certain time frame that we really wouldn't be accepting this until?

SCHWAB — No, this is absolute. They have said we will raise the million eight six.

LINDBERG — By what date?

SCHWAB — I don't care. I don't care. I don't know. How much time do you want to give them? If they can't do it, it is too late. Once they can't do it I am prepared to make an open park out of it and I will be out there mowing the lawn. Because that is open space. Put some park benches in it and that is open space, and a little platform. I am prepared to do that.

LINDBERG — Well, Commissioner Schwab, if your amendment passes you would be willing to support the entire resolution?

SCHWAB — I said these are the changes I want, and I

have no intention of being flexible. Once this passes, I am going to stand here firmly on it and say people, you promised to raise us the money, you didn't do it, I feel like you let me down. And I am not going to come along and give them HCD money because every time you put in HCD money or tax increment money, we are taking away from housing in the City of Portland.

MC CREADY — Commissioner, we understand your stance and vote.

SCHWAB — I said I would vote for it with this.

MC CREADY — The only catch being, as the City Attorney says, that can be your stance but unfortunately, legally it can be changed.

SCHWAB — Oh, I am aware of the fact. I am aware of the fact that three members ---

MC CREADY — You're just going on notice and putting everyone on record. Fine.

SCHWAB — But I am not going to change my vote.

MC CREADY — Okay, is there further discussion? You are making that motion?

SCHWAB — Do you want the motion?

LINDBERG — Can we take five minutes?

MC CREADY — Let's take a five minutes, and could you give us copies of that language? Mike, don't you want a copy of that language Commissioner Schwab moves?

At this time, by unanimous consent, Council recessed for five minutes.

At the termination of the recess, those present were: Mayor McCready, presiding; and Commissioners Lindberg and Schwab, 3.

SCHWAB — I move that the resolution be amended -- she's typing it right now. In Paragraph One on Page 2 that we insert the words at the beginning "As hereinafter modified by Number two." And then in Number 2, that we insert the words at the beginning "Provided the 1.860 million dollars to be privately raised and any cost overruns are donated from private sources without use of any additional HCD tax increment city financing or similar financing," then proceed with PDC is requested to prepare a program for implementation.

MC CREADY — Is there a second?

LINDBERG — Second. As far as discussion, I think one advantage of this amendment is that it certainly very clearly specifies from the beginning what our expectations are from the private sector and doesn't make it appear shaky like there is going to be a loophole at the end where we are going to slip back and make up a large deficit with public funds. So, I think, in visiting with the PDC staff, there are actually some advantages from a policy standpoint with starting out with this direction to make it clear what the public committment will be and the private committment.

SCHWAB — Of course, in doing this I will concede that I still have a concern, and my concern is that we're irreconcilably committed now and I don't really like it but it is better than the other. So, as far as I am concerned it is a compromise.

MC CREADY — Further discussion? Call the roll on the amendment.

The motion being put resulted in Yeas, Commissioners Lindberg, Schwab and Mayor McCready, 3; whereupon the motion carried and the resolution was so amended.

MC CREADY — Discussion on the amended resolution? Officer, have you contacted Commissioner Ivancie?

SCHWAB — Who seconded that? You did, didn't you, Mike?

LINDBERG — Yes.

SCHWAB — Mike seconded it. Frank wouldn't second it even after I hit him.

MC CREADY — Let's see, what did he ask for? Five minutes fifteen minutes ago. What's the City Council's parallel to call of the house in legislature?

SCHWAB — The Sergeant at Arms. We don't need him, we've got three votes anyhow.

MC CREADY — We could send the officer down there and get him.

LINDBERG — We can just vote without him. It is a resolution. We can vote without him. We don't need four votes.

SCHWAB — Why don't we just go ahead and vote. It is just a resolution. We don't need him.

MC CREADY — Okay. Call the roll.

The resolution was then declared adopted by the following vote: Yeas, Commissioners Lindberg, Schwab and Mayor McCready, 3.

HEARINGS

2767 Appeals of Arnold Creek Neighborhood Association and others against approval with conditions of zone change from R20 to $10 and a Conditional Use Rquest of Robert Randall Co. for a 96-7nit PUD on Tax Lot 8, Section 33, T1S, R1E, a 26-acre stie located on the west side of SW Lancaster north of SW Stephenson. (PC 6960, CU 35-80)

CROELL — Your Honor, six remonstrances have been received that are opposed to the zone change and the Planned Unit Development, and the Council has copies.

MC CREADY — Staff?

QUITMETER — I would like to begin by pointing out the maps on the wall. We have quite an array of them of here. The first one, that is behind Commissioner Schwab, represents the development proposal as approved by the Hearings Officer and includes a couple of road changes. I would like to point out in that proposal that the northern portion of the project, the town house portion of that, was approved conceptually only and would require