

<p style="text-align: center;">PORTLAND CITY COUNCIL AGENDA The Portland Building – 1120 SW Fifth Avenue</p> <p><i>Council Chambers in City Hall will be updated with new audio technology March 1-April 14. City Council meetings will be held in the Portland Building Auditorium on the 2nd floor while the changes are made.</i></p> <p style="text-align: center;"><u>WEDNESDAY, 9:30 AM, MARCH 29, 2017</u></p> <p>THE 9:30 AM SESSION IS CANCELED DUE TO LOSS OF QUORUM. Communications, previous agenda and non-emergency ordinances and second readings are rescheduled to 2:00 pm. Item 296 Time Certain may also be heard at 2:00 pm (to be confirmed).</p> <ul style="list-style-type: none"> • Consent Agenda and emergency ordinances are rescheduled to 9:30 am, Wednesday, April 5th. 	<p style="text-align: center;">Disposition:</p>
<p style="text-align: center;">TIMES CERTAIN</p> <p>296 TIME CERTAIN: 9:45 AM – Diverse and Empowered Employees of Portland 2016 Leadership Development Pilot Program report (Report introduced by Mayor Wheeler) 30 minutes requested</p>	<p>No fiscal impact to accept report.</p>
<p style="text-align: center;">CONSENT AGENDA – NO DISCUSSION</p> <p style="text-align: center;">Mayor Ted Wheeler</p> <p>297 Appoint Stephen Green, Jes Larson, Susan Emmons, Todd Struble, and Allen Lazo to the Portland Housing Bureau's Bond Oversight Committee for terms to expire March 1, 2022 (Report)</p>	<p>No financial impact.</p>
<p style="text-align: center;">Office of Management and Finance</p> <p>298 Grant a franchise to Level 3 Communications, LLC, for telecommunications services for a period of 10 years (Second Reading Agenda 173)</p>	<p>The franchise agreement with Level 3 Communications was recently renegotiated, following a \$2.75 million settlement agreement in December 2016. Under the renegotiated agreement, the City will continue to receive approximately \$600,000 per year in franchise fee payments from Level 3 Communications.</p>

<p style="text-align: center;">Portland Housing Bureau</p> <p>*299 Amend contract with Income Property Management Company for operational expenses of the Joyce Hotel not to exceed \$100,000 for a total value of \$190,000 (Ordinance; amend Contract No. 30005526)</p>	<p>Funding for this contract will come from the Housing Investment Fund and are included in the FY 2016-17 budget. While acquisition and renovation costs of the Joyce Hotel will be covered by South Parks Blocks URA funding, operational costs cannot be covered by TIF funds and will likely be covered by HIF funding until rental income materializes.</p>
<p style="text-align: center;">Commissioner Dan Saltzman Bureau of Transportation</p> <p>*300 Amend Intergovernmental Agreement with Oregon Department of Transportation for design of the Burgard/Lombard at North Time Oil Road project (Ordinance; amend Contract No. 30003916)</p>	<p>This amendment only modifies the current schedule to increase it one more year due to delay in right-of-way acquisition. No change in budget is expected due to this amendment. PBOT received funding for design, right-of-way work, and construction in a previous IGA, and funding was allocated in FY 2016-17. The bureau is just extending the schedule.</p>
<p>301 Accept a grant in the amount of \$500,000 from Oregon Department of Transportation and authorize an Intergovernmental Agreement for North Going to Swan Island Freight Project (Second Reading Agenda 273)</p>	<p>The confidence level of project estimate is high. Local match requirement is \$57,227, funded with General Transportation Revenues. All revenue and expenses are budgeted in this year's budget.</p>

<p style="text-align: center;">Portland Fire & Rescue</p> <p>302 Authorize contract with Burlington Water District for fire prevention, suppression, and emergency response services for FY 2016-17 (Second Reading Agenda 274)</p>	<p>The contract is for \$114,476 and is already included in PF&R's FY 2016-17 budget.</p>
<p>REGULAR AGENDA</p> <p>Mayor Ted Wheeler</p>	
<p style="text-align: center;">Office of Management and Finance</p> <p>*304 Authorize a competitive solicitation process to furnish fuel for City authorized vehicles and equipment for an estimated \$6,500,000 per year (Ordinance)</p>	<p>This ordinance authorizes CityFleet to identify a provider and execute a contract for the purchase of fuel. Fuel purchases are funded via interagency agreements with vehicle or equipment-owning bureaus (and included in annual base budgets) or via sales to external partners (e.g. Portland Public Schools).</p>
<p>*305 Authorize a contract with Willis of Oregon, Inc. for insurance broker/agent of record services for a total not-to-exceed amount of \$555,917 (Ordinance)</p>	<p>This ordinance authorizes a contract for insurance broker services at an annual cost of \$99,500, with the option of 3 annual renewals and additional add-on services such as property appraisal. The cost of the contract will be included in Risk Management's interagency agreements with bureaus.</p>

<p>Commissioner Amanda Fritz Portland Parks & Recreation</p>	
<p>*306 Increase contract with The Active Network, Inc. by \$1,300,000 for a not-to-exceed total of \$3,250,000 to provide software and online services to support class registrations, programs, and facility reservation payments (Ordinance; amend Contract No. 30000729) 10 minutes requested</p>	<p>Funding for the contract costs are built into the cost recovery model of recreation programming fees. Additional contract costs are driven by a larger number of transactions.</p>
<p>*307 Amend City Code to provide for towing of abandoned or derelict vessels from parks and municipal docks, subject to appeal to the Code Hearings Officer (Ordinance; amend Code Section 19.16.060) 15 minutes requested</p>	<p>Cost of towing and storage are estimated to be \$3,000 to \$5,000 per vessel and will be paid by owner. For any fees that cannot be collected, Parks will absorb costs.</p>
<p>Commissioner Nick Fish Bureau of Environmental Services</p>	
<p>308 Authorize a competitive solicitation and contract with the lowest responsible bidder and provide payment for construction of the Beaverton-Hillsdale Hwy – Phase 1 Drainage Retrofits for Water Quality Project No. E08675 for an estimated cost of \$787,000 (Ordinance) 10 minutes requested</p>	<p>This capital improvement project constructs stormwater retrofits along SW Beaverton—Hillsdale Hwy near Shattuck Road. The estimated cost for the project is \$787,000. The level of confidence in the cost estimate is high. \$1.065 million is budgeted in the FY 2017-18 requested CIP.</p>
<p>309 Authorize a contract with the lowest responsible bidder for construction of the Richmond – South Tabor Sewer Rehabilitation Project No. E10383 for \$4,260,000 (Second Reading Agenda 285)</p>	<p>This capital improvement project replaces or rehabilitates approximately 12,484 feet of deteriorated combined sewer pipe in the Richmond-South Tabor area. The estimated cost is \$4.26 million. The level of confidence in the cost estimate is high. The project is budgeted in the FY 2017-18 CIP.</p>

<p>310 Authorize a contract with the lowest responsive bidder for construction of the Slough Outfall 104b Project No. E10625 for \$2,255,000 (Second Reading Agenda 286)</p>	<p>This capital improvement project is part of a larger effort to meet a 2005 ROD and 2015 IGA with DEQ to control contamination sources of stormwater that drain into the Columbia Slough. The estimated cost is \$2.225 million. The level of confidence in the cost estimate is high. The project is budgeted in the FY 2017-18CIP.</p>
<p>311 Authorize a contract with Carollo Engineers for engineering services for the Tryon Creek Wastewater Treatment Plant Secondary Process Improvements, Project No. E10694 for \$1,137,130 (Second Reading Agenda 287)</p>	<p>This capital improvement process authorizes a contract for engineering services for secondary improvement projects at the Tryon Creek Wastewater Treatment Plant. The level of confidence in the cost estimate is high. \$5.72 million is budgeted in the FY 2017-18 requested CIP.</p>
<p style="text-align: center;"><u>WEDNESDAY, 2:00 PM, MARCH 29, 2017</u></p> <p>Communications, previous agenda, and non-emergency ordinances and second readings from the 9:30 session are rescheduled to 2:00 pm. Time Certain item 296 may also be heard at the 2:00pm session (to be confirmed).</p> <p>312 TIME CERTAIN: 2:00 PM – RESCHEDULED TO APRIL 5, 2017 AT 2:00 PM – Adopt City of Portland Investment Policy (Resolution introduced by Mayor Wheeler) 2 hours requested</p>	
<p style="text-align: center;"><u>THURSDAY, 2:00 PM, MARCH 30, 2017</u></p> <p style="text-align: center;">DUE TO LACK OF AGENDA THERE WILL BE NO THURSDAY AFTERNOON SESSION</p>	

312 TIME CERTAIN: 2:00 PM – Adopt City of Portland Investment Policy (Resolution introduced by Mayor Wheeler) 2 hours requested

CBO Analysis: Currently, City of Portland Investment Policy (in conformance with ORS 294) allows up to 35% of the City’s investment portfolio to be directly invested in corporate bonds rated Aa/AA or higher (A/A if issued by Oregon companies) or commercial paper rated A-1/P-1, with no more than 5% of the City’s corporate debt portfolio invested in a given issuer. Based on City policy, bond purchases are limited to bonds with 3 years or less to maturity. Given these restrictions and the current low-interest rate environment, there

are only 35 eligible issuers that meet the City's investment requirements.

Corporate debt provides a higher yield than investments in U.S. Treasury securities or other allowable investments, and investing less than 35% of the City's portfolio in corporate debt will lead to lower returns on investments for the City. Based on 10 years of historical data comparing average performance of U.S. Treasury securities and corporate bonds, the City Treasurer estimated that each percentage point of underinvestment in corporate debt (e.g. 34% of the portfolio invested in corporate debt rather than 35%) may result in foregone interest income of \$136,500 over a three-year investment period. While the actual financial impact of underinvestment would depend on yield spreads going forward and the availability of alternative investments, this figure provides a useful baseline for understanding the real monetary impact of underinvestment in corporate debt.

Council has indicated its support for Socially Responsible Investing (SRI), and previously established the Socially Responsible Investment Committee (SRIC) to inform decision-making around direct investment in corporate bonds. Since 2015, the City has contracted with MSCI ESG Research, Inc. (MSCI) for a subscription to proprietary research that includes a company rating, similar to credit ratings, that indicate a company's relative performance within its industry on Environmental-Social-Governance (ESG) SRI factors.

Based on the direction provided by Resolution 37262, the City Treasurer has proposed an amended City of Portland Investment Policy that includes a required minimum ESG rating for direct investment in corporate bonds. The inclusion of the required minimum ESG rating for direct investment in corporate bonds will obviate the need for the SRIC, as well as costs related to staffing the SRIC and materials and services spending for the SRIC. The cost for the MSCI subscription, currently \$37,000 annually, will be ongoing.

The City Treasurer recommends a required minimum ESG rating of BBB for all direct investments in corporate bonds (the midpoint of the MSCI ESG rating scale). Investments in companies on the Carbon Underground 200 list and Walmart remain prohibited. The primary driver for selection of the BBB minimum rating is the limited availability of eligible corporate bond issuers; approximately 24 eligible issuers currently have ESG ratings of BBB or higher, and the City Treasurer recommends that a minimum of 21 eligible issuers be available to prevent underinvestment in corporate debt and the associated reduced return on investment.