

The Oregonian

Fred Miller explains why he wanted to replace top accountant: Portland City Hall Roundup

*By Brad Schmidt
September 22, 2014*

Portland's top administrator said Monday that he hopes to fill two financial posts in coming months and dismissed allegations that he retaliated against the city's former controller, calling it a "silly concept."

Fred Miller on Monday talked for the first time publicly about his decision to force out the city's top accountant, Jane Kingston. He also said he hopes a new chief financial officer will help find Kingston's replacement.

Miller said the city received 17 applications for its chief financial officer post, and that list has been whittled down to seven. Miller said he believes Thomas Lannom, Portland's director of revenue, is among those still under consideration.

"I would not be surprised to see him on the list," Miller said.

The staffing changes are the latest in Miller's Office of Management & Finance, which is trying to move beyond the many controversies under Miller's predecessor, Jack D. Graham.

Portland is now reinstating its chief financial officer position after Mayor Charlie Hales eliminated it last year. The restored position will supervise Portland's financial controller.

Miller said he had two reasons for forcing out Kingston, neither in retaliation for her role challenging Graham over an accounting issue. Hales fired Graham last year after their fiery email exchange became public.

First, Miller said, Kingston was a good accountant but the position "is more of a management job." Second, Miller said he wasn't pleased with Kingston's concern that an annual financial report might be late.

Kingston's department complained that the overtime budget, used in previous years to help produce the report, had been cut from about \$96,000 to \$16,000.

Miller said Kingston was part of a leadership team that should have known about the budget and raised concerns before it was adopted.

"If she wasn't part of it, she should have been," he said.

Miller confirmed a reduction to Kingston's overtime budget but questioned why she would need anything more than what was allocated.

"If you're managing the effort, why do you really need more than the \$16,000?" he asked.

For Kingston to raise objections only a few weeks into the new budget cycle, he said, "it wasn't where I wanted to be."

Attorneys for Kingston, an at-will employee, demanded more than \$450,000 for her resignation. The city agreed to pay her about \$45,000.

Portland wins global award from climate group for complete neighborhoods: Portland City Hall Roundup

*By Andrew Theen
September 23, 2014*

Portland was one of 10 global cities recognized by the 2014 City Climate Leadership Awards, according to a press release from Mayor Charlie Hales' office.

The Rose City is by far the smallest city (in terms of population) presented with an award. This is the second year of the contest, which is a partnership between German global engineering giant Siemens and C40, a network of international cities that partner to address climate change.

Portland had to apply for the award. New York City is the only other U.S. metropolitan area recognized with a 2014 award.

So-called megacities such as Shenzhen, Seoul, London, Buenos Aires and Barcelona made the list as well. Melbourne and Amsterdam rounded out the top 10.

The recognition is the latest indication of Portland's close ties to C40. In February, Hales and Josh Alpert, the mayor's director of strategic initiatives, traveled to South Africa for a C40 conference.

C40 paid for the duo's airfare, hotel, and food to the biennial Mayors Summit in South Africa. Mayor Sam Adams also attended a C40 summit during his tenure.

The City Council also approved \$15,000 in the 2014-15 budget to pay for a sustainability study between Portland, Oslo, London and Copenhagen. That partnership cropped up through C40, too.

"Portland stands proudly alongside the global megacities that make up the C40," Hales said in the statement. "We're delighted to have the honor and recognition that the Portland's Healthy Connected City approach has proven to be a powerful carbon-reduction strategy."

Portland is encouraging development in existing neighborhoods by making them "lively commercial districts" and walkabout and convenient for multi-modal low-carbon transit options, according to the press release.

As of 2012, city leaders said 45 percent of Portlanders lived in a "complete neighborhood," and the goal was to increase that figure to 80 percent by 2035.

C40 paid for Alpert to travel to New York to receive the award.

Here's a sampling of why other cities were recognized (click here for the full press release for more details)

Amsterdam: Investment fund to finance in sustainable energy projects

Barcelona: An interconnected information technology architecture to connect the entire city

Buenos Aires: Solid waste reduction project

London: Assessment of green-house gas emissions

Melbourne: increasing green space to cool the city

New York: Greener greater buildings plan

Seoul: solar power plant

Shenzhen: energy efficient vehicles

Portland street tax discussion heads back to City Council: Editorial Agenda 2014

*By The Oregonian Editorial Board
September 22, 2014*

Portland's street-tax debate is about to enter a new phase. Following an abortive attempt by Commissioner Steve Novick and Mayor Charlie Hales to sell their colleagues on a hastily devised funding mechanism this spring, the city placed the matter before a pair of volunteer committees, which have since been disbanded. Fred Miller, the city's chief administrative officer, is putting the finishing touches on a committee report for city council, which is expected to make the Big Funding Decision in November.

Commissioners are not obligated to follow the advice of either of the funding committees, one of which represented city businesses and the other nonprofits and low-income residents. Given a tax alternative backed by the latter group, which met for the final time last week, that's a good thing. It's a complex and overly progressive proposal that would, at once, raise millions of dollars and generate interest among

successful Portlanders and would-be Portlanders in real estate elsewhere – like Clackamas and Washington counties.

This alternative, as The Oregonian's Andrew Then reported, would apply a different tax to each of eight income tax brackets. The street tax would be capped at \$200 per month for people in the top bracket. That means high earners would pay \$2,400 per year for roads they use no more heavily than a couple making \$74,000 per year. The latter couple, by the way, would pay only \$4 per month, or \$48 per year. Joint filers making less than \$30,000 would pay nothing at all.

To put this in perspective, a two-income couple filing jointly would pay more in city arts taxes (\$70) every year than in street taxes until their adjusted gross income reached \$75,000. If taxes are an expression of priorities, this suggests that hiring art and music teachers in local schools – which is not a city obligation in the first place – is a higher priority than maintaining the city's core road infrastructure. Then again, treating road maintenance as a low priority is how the city got into the current mess in the first place.

The impulse to protect low- and middle- income Portland residents is understandable, and you could argue that those in the highest bracket, who make at least \$500,000 per year, can afford a bigger tax hit. But there's a point at which progressive taxation simply becomes abusive, giving those targeted for enhanced extraction an added incentive to avoid Portland or leave it. Presumably, this isn't what City Council wants. Meanwhile, commissioners could lower the tax burden on middle- and lower-income Portlanders by putting the arts tax, which Novick correctly has called "beyond regressive," back on the ballot.

Commissioners, again, are free to ignore everything their advisory committees have to say, and they certainly should ignore this particular alternative. Meanwhile, as long as they're going to vote on a tax package of some sort in November, they should, as we've argued on multiple occasions, place it on the ballot and give it a sunset date. Asking voters' permission is the least the city can do given the role past councils have played in creating the road maintenance crisis. Adopting a sunset will ensure accountability.

In addition, commissioners should avoid a couple of pitfalls that seem to have trapped members of the low-income and nonprofit committee. First, they should try to make the tax paid by individuals as simple as possible. That's not something you can say about a local tax for a specific purpose that contains more than half a dozen income brackets. Good grief. Second, commissioners should beware of pushing the road tax over a progressive cliff. To deliver such a shove is also to push higher-income Portlanders and potential Portlanders yet more firmly toward Lake Oswego, Beaverton and other places beyond the city's border and its tax collector's reach.

The Mercury

The Latest Estimate for Portland's Latest Budget Surplus: \$8.9 Million

*By Denis C. Theriault
September 22, 2014*

For those of you following the money over at Portland City Hall—which could always use a little more, for top priorities including ramped-up street maintenance, parks fixes, an arts tax bailout, housing construction, investing in emergency preparedness, and police body cameras among so many more—here's an interesting update.

Andrew Scott, the city's budget director, has announced an official and nearly final total for the city's expected budget surplus: It'll be at least \$8.9 million—although it may yet climb, probably by a few hundred thousand dollars, buy maybe by a million or more.

The news was announced in an email to city commissioners and their staffers last Thursday. The Mercury obtained a copy Friday. Council staffs are gathering information and drawing up wish lists ahead of this fall's regularly scheduled "budget adjustment process."

In preparation for the Fall BMP, CBO has been working with OMF's Accounting division to determine the level of excess (i.e., unbudgeted) General Fund balance from last fiscal year. When there is an excess balance, Council determines how to allocate the balance in the Fall

BMP. City financial policy requires that at least 25% of any excess balance be spent on maintenance or replacement of existing assets and infrastructure. Any remainder can be spent on unanticipated needs or emergencies or set aside for the following fiscal year.

At this time, we are expecting the excess balance to total approximately \$8.9 million. This number may be slightly higher once we have reviewed bureau requests to carryover contract encumbrances from last year. We will provide an updated figure in October following the bureau BMP submittals.

As a reminder, CBO is working with bureau asset managers to score projects related to maintenance and replacement of existing assets against a set of common criteria. We will provide Council with those scores during the Fall BMP process.

The \$8.9 million will join the council's contingency funds, which I've heard amount to another couple of million bucks. Surplus money is supposed to be spent on one-time projects, with a large chunk of that devoted to "major maintenance." Contingency money can be spent a bit more freely.

Street money will likely dominate the fall budget discussion—thanks to promises, during public meetings of the work groups reassembling a street fee plan pushed this year by Mayor Charlie Hales and Commissioner Steve Novick, that the city would attempt to ease heartburn over new revenues by reducing its overall ask and investing more of its own funding. Surplus money could be a down payment on that promise. It'd also have the benefit of very directly following the city's budgeting rules.

It's also probably safe to expect more discussion about adding to the city's housing investment fund, something that's been a bit heated ever since Commissioners Dan Saltzman and Nick Fish backed a shelved plan to tap new tax revenues, starting next summer, from short-term rentals.

And it's not clear, in part because the mayor's spokesman has yet to return a message this morning seeking comment, whether Hales might attempt a clever budget maneuver that went over pretty well last year: using some of the surplus to pay off ongoing capital debts, thereby freeing up money in the city's ongoing budget.