

CITY OF PORTLAND

INTERIM STATE LEGISLATIVE AGENDA



2007 – 2009

CITY OF PORTLAND COUNCIL:

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CABLE AND TELECOMMUNICATIONS

RIGHT-OF-WAY MANAGEMENT AND PROTECTION, FRANCHISE FEES, IRNE, COMMUNITY PROGRAMS

Objective: Protect the City's ability to manage the public rights-of-way and to charge fair market price for private use of these public resources. Preserve the City's ability to operate its existing fiber and wireless networks and to make new investments in fiber and wireless networks to ensure that Portland residents and businesses have access to high speed and affordable broadband services.

Issue: The City of Portland, like most municipalities, owns and controls on behalf of its citizens a vast network of public rights-of-way – city streets and sidewalks. In return for obtaining special rights to use streets to place and maintain their infrastructure, utility “franchisees” agree to abide by certain contractual obligations, including the obligation to pay compensation, both monetary (franchise fees) and in-kind (e.g. conduit) compensation. Franchise fees are then collected, deposited in the City's General Fund, and used to pay for essential city services such as police, fire, water, and parks.

The City of Portland operations require extensive telecommunications infrastructure to operate its 9-1-1 call centers, public safety networks, and other city operations. The City has made and will continue to make investments in telecommunications networks, such as the Integrated Regional Network Enterprise (IRNE). As a result of their connection to the City's IRNE network, schools, libraries, transportation agencies, and first responders across the region have access to fast and reliable broadband connections at a fraction of the cost they were paying to their private providers. IRNE partners include Portland Public Schools, Portland Community College, Portland State University, Multnomah County, PDOT, TriMet, ODOT, and the City of Gresham.

America is falling behind the world in developing the fiber optic broadband connections to homes and businesses and subsequent internet speeds needed to participate in modern society and compete in the 21st century economy. In the late 1990's, the U.S. was number one in the world for internet speed and infrastructure and now is ranked in the low teens, behind Luxembourg and Iceland. In order to support and grow existing business, attract new business, and develop innovations in education, telemedicine, and telecommuting, fiber optic broadband is critical infrastructure, like roads, bridges, and sewers. The City is currently exploring the feasibility of building fiber-to-the-home (FTTH) infrastructure in Portland and is considering both private and public options.

EDUCATION

EARLY EDUCATION THROUGH POST-SECONDARY EDUCATION FUNDING

Objective: Continue to work with the education community and its partners to secure increased operations and capital/deferred maintenance funding for early education, K-12 education, and post-secondary education.

Issue: The City of Portland has had a long-term commitment to supporting quality education and believes that a superior education system is the key to a robust, diverse economy and healthy community. Portland benefits significantly from the cultural, creative, and intellectual benefits associated with its excellent education system. Portland's attractiveness to residents, visitors, and potential investors is directly related to the nature of its educational enterprises. Quality public education – from pre-kindergarten through post-secondary – is a cost-effective investment strategy that provides each community member the opportunity to become a successful adult and qualify for a living wage job. The 2007 Legislature took extraordinary steps in bolstering funding for early education, K-12 education, and post-secondary education.

GENERAL GOVERNMENT

PREEMPTIONS OF LOCAL GOVERNMENT AUTHORITY

Objective: Strongly oppose any legislation that would preempt the City's authority to develop and enforce local ordinances, manage its bureaus and functions, raise local revenues, or avoid state imposed tax expenditures on local government.

Issue: Legislative preemptions are often proposed by special interests that want to prohibit taxes or fees, overturn locally passed laws, or gain tax exemptions. Instead of working at the appropriate local level, these interests seek state intervention and use the legislative process as the option of first, rather than last, resort.

The 2007 session will undoubtedly bring many attempts to preempt City authorities. Anticipated measures include those that would:

- Preempt authority to impose local street user fees or to raise or impose local gas taxes;
- Preempt the City's recently adopted anti-graffiti ordinance regulating the sale of graffiti materials;
- Void the City's Time, Place, and Manner ordinance;
- Preempt the City's authority to regulate and manage For-Hire Transportation services;
- Preempt the City's authority to impose a tax on wireless communications;
- Modify the City's ability to impose system development charges.
- Substantially alter the City's business license tax;
- Eliminate the City's authority to require demolition review for historic buildings;
- Interfere with local government authority to manage and be compensated for the use of public rights-of-way, or pre-empt City franchise authority;
- Preempt the City's ordinance establishing a renewable fuels standard; and
- Preempt the City's ordinance regulating the payday loan industry.

The list is long and the risks posed to the City are considerable.

GLOBAL CLIMATE CHANGE

EMISSIONS REDUCTIONS

Objective: Engage with legislators, the Governor's office, environmental organizations, business groups, and other local governments to develop consensus around comprehensive climate change legislation for the 2008 and 2009 sessions.

Issue: During the 2007 legislative session, the Legislative Assembly took the first step in passing a bill that established statewide greenhouse gas emissions reduction goals for the future (10 percent below 1990 levels in 2020 and 75 percent below 1990 levels in 2050). The bill also created the Oregon Global Warming Commission and funded a climate change research institute at Oregon State University. However, many other bills addressing the issue did not pass.

In 1993, Portland became the first local government in the U.S. to adopt a plan to address global warming. In 2001, Multnomah County joined the City of Portland in adopting the Local Action Plan on Global Warming, which set a goal of reducing greenhouse gas emissions 10 percent below the 1990 levels by 2010. Despite rapid population growth (and a national increase in emissions of 17 percent), total local greenhouse gas emissions in 2006 were less than one percent above 1990 levels. On a per capita basis, emissions have fallen by 14 percent, an unparalleled achievement by a major U.S. city. Public agencies, businesses, non-profit organizations and local residents worked together to achieve the following successes:

- A 90 percent increase in public transit since 1990;
- The addition of two rail lines and Portland Streetcar;
- A recycling rate of 63 percent, among the highest in the nation
- 150 high-performance (LEED) green buildings completed or underway;
- The weatherization of 35,000 multifamily units since 1990;
- A quadrupling of bicycle commuting to 4.4 percent, more than eight times the national average; and
- The establishment of the Energy Trust of Oregon and funding for energy-efficient and renewable energy programs.

In spite of the City's successes, the Intergovernmental Panel on Climate Change estimates that emissions must decrease by 50 to 85 percent over the next 40 years to stabilize the climate.

During the legislative interim, the City will be updating its own global warming plan and will set more aggressive targets for greenhouse gas reductions. The City will also lend its expertise and support to efforts to bring forth statewide climate change legislation in 2008 and 2009.

HOUSING

FUNDING AFFORDABLE HOUSING

Objective: Support the Housing Alliance’s legislative agenda, as it focuses on securing increased monies dedicated to affordable housing. During the 2008 legislative session, the alliance will seek to secure the necessary support to pass an increase in the document recording fee and dedicate those revenues to affordable housing. If the necessary support cannot be secured, general fund dollars will be requested for quick response preservation needs and grant money to assist local efforts to end homelessness.

If successful in passing the document recording fee, efforts will be directed to pursuing additional dedicated state resources for affordable housing during upcoming legislative sessions. Possible funding sources include: dedication of lottery proceeds, a real estate transfer fee, or lifting of the preemption of a real estate transfer fee.

Issue: Affordable housing is a significant problem not only in the metropolitan area, but also throughout the state. The Bureau of Housing and Community Development estimates that tens-of-thousands of units of affordable housing are needed in the metropolitan area alone. Outside the metropolitan region, affordable housing is even scarcer, particularly in regions with economies that are heavily dependent upon tourism and have seen exponential increases in property values.

Rising home prices have made home ownership increasingly unattainable for first-time homebuyers, particularly minorities. Many individuals and families find it increasingly difficult to find affordable housing. Furthermore, between 2005 and 2006, the state has seen a 40 percent increase in foreclosures as a result of many first-time homebuyers that took advantage of non-traditional loan products and are now unable to make their mortgage payments. All of these interrelated and self-compounding factors together point to what could be termed the “perfect affordable housing storm.”

MENTAL HEALTH

FUNDING FOR TREATMENT FACILITIES

- Objective:** Working with Multnomah County, the City of Portland will work to secure increases in funding for mental health treatment facilities. Specifically, Multnomah County and the City of Portland will seek state funding for the establishment of a sub-acute care facility for seriously mentally ill individuals.
- Issue:** Multnomah County and the City of Portland will ask the Oregon State Legislature to support the establishment of a sub-acute care facility for seriously mentally ill individuals. The facility will provide short-term residential treatment as well as stabilization and transitional services to an estimated 1,000 individuals annually (16 beds with an average length of stay of four to seven days). It will serve as an alternative to hospitalization and incarceration, reducing the financial burden of unnecessary hospitalization by approximately \$220/bed (hospital beds cost approximately \$700/bed and the sub-acute beds are anticipated to cost approximately \$480/bed). The joint request is \$2.25 million in state general funds (\$550,000 in one-time startup costs and \$1.7 million for ongoing operational expenses).

PLANNING

DISCRETIONARY DESIGN REVIEW

Objective: Expand the City of Portland’s authority to review building designs for large residential housing projects and mixed-use developments in order to ensure that these developments fit within the character of the community. Streamline this authority with current land use reviews in order to minimize any impact on housing affordability. Extend this authority to other jurisdictions in the Metro region as a tool for planning for growth.

Issue: The City of Portland currently has the statutory authority to review building designs in three areas of the city: the Central City, the Gateway Regional Center, and historic districts. The City applies certain standards to developments in these three areas in order to promote the conservation, enhancement, and continued vitality of these areas with special scenic, architectural, or cultural value. Development in other areas of the City and throughout the rest of the state is regulated by a standards-based approach, which means that a developer must meet only a few basic standards that do not take into account the relationship of the building to the surrounding community.

These standards fail to capture the important role of good design in a community’s acceptance of increased density. Many newer multi-unit developments in East Portland, for example, resemble warehouses instead of apartment complexes. The expanded authority is needed because the pace and intensity of residential development over the next 20 years will increase to accommodate one million more people in the Metro area. This population boom and significant investment in infrastructure must be accompanied by the tools to preserve the quality and livability of neighborhoods.

RURAL PARTNERSHIP

SUPPORT FOR RURAL COMMUNITIES

Objective: Support and advocate for issues of importance to our rural partners that will enhance the health, safety, and vitality of the entire state.

Issue: The health and vitality of urban and rural communities in Oregon are interdependent. The Portland City Council is committed to working with rural communities and businesses to expand economic opportunities and improve the lives of all Oregonians. In 2007, the City participated in Rural Oregon Day at the State Capitol and heard the issues of great importance to other parts of the state. The Mayor and Council members also conducted outreach trips to other parts of the state and forged new economic partnerships. During the legislative interim, the City will seek out opportunities to support issues that are either of statewide concern or are unique to rural areas. Furthermore, the City will engage our rural partners, including the Rural Policy Advisory Committee, over the legislative interim to determine ways in which the City of Portland can be of assistance. While many additional issues will be identified, the following are issues that will be supported by the City:

- Continued funding for the Rural Policy Advisory Committee;
- Provide \$100 million for statewide infrastructure funding;
- Address the growing water and wastewater infrastructure funding gap;
- Address healthcare workforce challenges throughout the state, including: loan repayment and tuition reimbursement programs for health care workers in rural communities, and immigration policies that focus on retaining trained health care workers in rural areas;
- Bolster state loan programs to encourage small businesses and entrepreneurship;
- Provide stable and adequate funding for all schools in Oregon;
- Advocate for new transportation resources to address the significant backlog in maintenance, preservation, and safety challenges;
- Advocate for increased funds to address affordable housing needs statewide; and
- Work to find solutions for the loss of federal funding through the expiration of the Rural Schools and Self-Determination Act.

TAXATION AND FINANCE

SHARED REVENUES

Objective: Preserve the City's share of state liquor and tobacco revenues. Work with the Legislature and the Governor's office to ensure that any changes to the shared revenue funding formulas keep cities whole.

Issue: During the 2007 legislative session, there were many attempts to reduce cities' shares of state liquor revenues in order to fund state and county addiction and treatment programs and the state police. Moreover, several proposals to increase the beer and wine tax would have changed the current distribution formula and would have reduced the amount cities receive for services such as police and fire. While the City remains supportive of increased funding for the state police and funding for much-needed state and county human service programs, it is not supportive of funding these programs out of local public safety dollars.

A 2006 report by an Oregon Liquor Control Commission working group found that 58 percent of DUII arrests and 72 percent of liquor law arrests in Oregon are made by city police departments. However, cities only receive 20 percent of state liquor sales revenue and 14 percent of the revenue from beer and wine taxes. In 2005-2006, the City of Portland's alcohol-related service costs were close to 50 percent higher than the total revenue received through the state revenue sharing formula.

TAXATION AND FINANCE

TAX REFORM

Objective: Monitor the commission established to review the state's system of taxation and support changes to the tax system that will provide stability for state and local governments.

Issue: Oregon's heavy reliance on income taxes to pay for critical services like education, public safety, and health care tends to flood the state treasury when the economy is doing well and forces drastic cuts when the economy does poorly. Oregon could very well experience a fiscal crisis similar to that in 2001-2003 if it does not take steps to bring stability and predictability to its tax system. If such a crisis were to emerge again, local governments would likely be left holding the bill for cuts that the state is forced to make through its budget process.

During the 2007 legislative session, the Legislative Assembly took a significant bipartisan step toward stability when it established a rainy day fund through a one-time diversion of the corporate kicker. This fund will provide a fiscal buffer during the state's next recession, hopefully preventing drastic cuts to schools such as those that led to a shortening of the school year in 2003. The Legislature also created a Task Force on Comprehensive Revenue Restructuring to reconsider Oregon's tax system. The City will monitor the Task Force and provide support to the members that serve on the Task Force.

The City of Portland supports reforms to the state's tax system that produce stability at the state level, are sufficient to meet the state's future needs, and protect local governments from instability.

TRANSPORTATION

TRANSPORTATION FUNDING PACKAGE

Objective: Support, develop, and advocate for a transportation funding package in the 2009 legislative session that will enable communities throughout the state to address the significant backlog in maintenance and safety of critical transportation infrastructure. Support efforts to pass a local funding package that will address the City's maintenance and safety challenges and ensure it will withstand any preemptive attempts during the February 2008 and 2009 legislative sessions.

Issue: The state gas tax, which is one of the primary transportation funding mechanisms, has not been increased for 15 years. During this time, inflation has reduced the purchasing power of those existing resources. As a result, the gap between transportation funding needs and the level at which transportation is currently being funded in Oregon is dangerously large and growing. Additionally, the ongoing and increasing operating and capital costs associated with Portland's world-class transit system must be addressed.

Portland's street system consists of nearly 3,949 lane miles of improved streets with an estimated total transportation system asset value of approximately \$7.1 billion. The City of Portland currently has approximately a half billion dollars in unmet asset needs. This does not account for the number of new infrastructure projects that are needed to address increased use and congestion.

The Portland metropolitan region is highly dependent upon a seamless transportation system. A recent study, entitled *The Cost of Congestion to the Economy of the Portland Region*, showed that the economic impact of failing to invest in basic transportation infrastructure is staggering. Yet this issue is not isolated to the Portland metropolitan region. The smooth and efficient transport of goods and services through Portland to and from communities across the state is critical to the overall health of the statewide economy. Addressing transportation funding with a multi-jurisdictional approach is crucial for Oregon's economy to compete in the global marketplace.

URBAN RENEWAL

PROTECT URBAN RENEWAL AND PERMIT EXPANSION TO NEIGHBORING AREAS

Objective: Protect the City of Portland and the Portland Development Commission's ability to effectively and successfully utilize urban renewal through Tax Increment Financing as a tool to combat blight and promote economic revitalization. Oppose legislation that creates opt-outs or requires mandatory pass-through of urban renewal funds. Permit highly successful Urban Renewal Areas to combat blight in neighboring areas.

Issue: Urban renewal is a state-authorized method to finance the redevelopment of areas that are physically deteriorated, experiencing economic stagnation, poorly planned, or unsafe. The PDC uses this tool to focus public attention and resources in blighted or underused areas to stimulate private investment and improve neighborhood livability. In order to encourage this type of activity, Tax Increment Financing is used by issuing bonds based on property tax growth within a defined area to invest in infrastructure that incents additional private investment within the area.

Tax Increment Financing was originally conceived as a method for urban renewal during the 1950s and 1960s. The underlying theory of Tax Increment Financing is that all new property taxes are captured to pay off the bonded indebtedness that is incurred to pay for needed investments within the area. All taxing jurisdictions share in foregoing immediate property tax revenue with the expectation that those investments will lead to a larger property tax base for all jurisdictions in the future.

During the previous legislative sessions, interest groups have sought to undermine the investment model principle of urban renewal and Tax Increment Financing by proposing opt-out provisions for certain taxing jurisdictions, giving those jurisdictions veto authority, requiring pass-through for specific purposes, and reducing the rate when a renewal area is substantially changed.

Additionally, where highly successful use of urban renewal has resulted in some negative impacts on other taxing jurisdictions and communities, there is an opportunity to assist those jurisdictions and communities. Use of Tax Increment Financing in those neighboring jurisdictions that have been negatively impacted recognizes that prosperity in one area can have deleterious impacts in others. It also recognizes that in order to maintain community support for urban renewal, new approaches to urban renewal that are not necessarily bound by the rigid rules developed over 50 years ago need to be considered while still maintaining the fundamental principles.