

The Oregonian

Portland street fee: What you need to know about Thursday's public hearing

By Andrew Theen

The Portland City Council will hold a public hearing at 2 p.m. on Thursday to discuss a proposed street fee on residents and business owners.

What does that mean? The public has its first chance to weigh in on a fee that would raise money for safety and maintenance on city streets. Attendees may address the five person Portland City Council directly.

Is this the first you've heard of any of this street fee talk?

Here's some light reading (our previous coverage).

We will be reporting from the City Hall hearing and live blogging what's expected to be a lengthy hearing, in case you want to follow along.

In lieu of reading back through months of clips, here are a few answers to common questions.

What is a street fee?

Newly dubbed the "transportation utility fee," the street fee is a revenue source used by some 28 other Oregon cities. It is a fee charged to residents that is intended to raise money specifically for street improvement projects.

Why are we talking about this now?

Ever since he took office, Mayor Charlie Hales has talked about the need to address Portland's woeful road conditions. Commissioner Steve Novick, who oversees the Bureau of Transportation, also started pushing to address Portland's roads in recent months. According to the city's most recent condition report, roughly half of both neighborhood and heavily-trafficked streets are in poor or very poor condition. Starting in February, Hales and Novick started holding town hall meetings to listen to residents' priorities for transportation projects. That escalated to a poll and subsequent decision to pursue a street fee. That brings us to today.

How did it get this bad?

There are many reasons the city's roads have fallen into disrepair. A city audit released last year pointed the blame at PBOT and the City Council. "City Council chose to invest in competing transportation priorities without an overall strategy," auditors wrote last year. "The lack of an overall transportation strategy has essentially made street maintenance a low priority in the City's budget."

To get the streets up to snuff, auditors said the city would need to spend \$75 million per year for a decade.

OK, how much will this cost me?

If you're a homeowner, the fee would cost you \$11.56 per month (roughly \$139 per year). Lower-income folks would pay \$8.09 per month for a household. Apartment complexes would pay \$6.79 per unit, with a further discount for multifamily apartment units (roughly \$4.75 per unit).

I own a business. What would I pay?

Now comes the interesting part. In case you missed it, the city is expected to split the transportation fee into two separate proposals. Portland is using a national model that calculates estimated trips to various types of businesses and charges them based on their trips and their overall square footage. It's a system that, PBOT officials acknowledge, is complex and leads to many unanswered questions. Late on Wednesday, PBOT said that the city was reexamining whether to exempt parking lots from paying the fee. Food carts will also likely owe a fee. For some businesses, the annual cost could number in the thousands of dollars.

Are people upset?

In a word, yes. There's a Facebook group opposing the proposal, and Hales' office said they received 300 emails in the past few days from constituents. Hales is expected to delay the business portion of the fee in part due to increasing concern from the chamber of commerce and other powerful lobbying organizations.

Why can't voters decide this?

Hales and Novick said they're doing what they're elected to do: make a tough decision to address a longstanding issue. Novick went so far as to say last week that voters could decide to throw the pair out of office in 2016 if they're so angry. If it's enacted, voters or organizations could raise signatures to put the measure on the ballot for repeal.

Why are they moving so fast?

Novick and Hales have said the city can't afford to wait much longer, as roads continue to degrade. The quick timing is also intended so that if groups do want to bring the issue to the ballot, it would be on the November docket (which could bode well for Democrats, in terms of turnout, due to the gubernatorial and high-profile U.S. Senate race). Timing wise, in order for a prospective ballot measure to meet election timelines, city officials say the measure would need to be enacted in early June.

When would this start?

Hales and Novick said if approved, the fee wouldn't go into effect until July 2015, allowing other public agencies (such as Portland Public Schools) to incorporate any additional costs into their budget.

Will this pass?

Too soon to tell. Hales and Novick just need one additional vote to enact the fee. Commissioner Amanda Fritz is the swing vote, and she's said in recent days that she hasn't made up her mind on whether to approve a street fee

How do I watch it?

Portland City Hall is open to the public. The hearing begins at 2 p.m. at the council chambers 1221 S.W. 4th Ave. You can also watch online.

Portland street fee: Mayor Charlie Hales expected to 'slow down' vote after all-- for businesses

By Andrew Theen

UPDATE: Here's a primer of everything you need to know about the street fee ahead of Thursday's hearing. Also, we'll be live blogging at 2 p.m.

After weeks of pleas from Portland's chamber of commerce to "slow down" the rapidly moving plans to vote on a proposed street fee for safety and maintenance of city streets, the business community may have its wish, in part.

Portland Mayor Charlie Hales is expected to introduce an amendment to the proposed street fee ordinance on Thursday that would move ahead with the plan to enact an \$11.56 per month fee on homeowners with discounted rates for apartments and low-income residents while simultaneously delaying action on how the city would charge businesses.

Less than 24 hours before the city's first public discussion on the controversial fee, the news Wednesday is an acknowledgement by the mayor's office that too many questions remain about how the city would charge businesses. The amendment would effectively split the fee in two, delaying the business part for a few weeks.

But it's full-speed ahead on the residential portion.

Sandra McDonough, president and CEO of the Portland Business Alliance, said she's heartened that the mayor's office wants to engage with the chamber on the specific details.

"But we're not convinced it makes sense to separate the residential part," McDonough said, calling the proposal a package deal. McDonough said questions remain about "the whole thing." She said she relayed that information to Hales' office on Wednesday.

Commissioner Steve Novick, who oversees the transportation bureau, declined to comment for this story.

Sometime during the midst of a long City Council agenda packed that dragged on for hours, Hales' and Novick's staff decided the business fee had too many questions. McDonough said she was in touch with Hales' staff on Wednesday.

Willamette Week first reported the delay Wednesday.

Dana Haynes, Hales' spokesman said, the city is "taking our time to get things right" and taking a step back to figure out what to charge businesses under the controversial street fee. The proposed street fee is expected to bring in as much as \$50 million per year in revenue for street safety projects and paving work.

The city is charging businesses based on the number of trips generated to their business, their square footage, and the category a business falls under in a trip generation manual produced by the Institute of Transportation Engineers.

While homeowners would pay up to \$139 per year, some businesses were discovering they'd owe thousands a year. The fee also applied to other local governments, including school districts.

All the confusion led to more than 300 emails to Hales' office, which Haynes said is uncommon.

"We understand that it's going to be monumentally unpopular," Haynes said Wednesday, and a series of conversations on Wednesday led to the decision to delay the business portion to "make it palatable" for businesses.

The late change punctuates the feeling surrounding the fee that many questions are still unanswered.

Earlier in the afternoon, Portland Bureau of Transportation spokesman Dylan Rivera said the city was considering reversing course on one particularly controversial aspect of the fee, making parking lots pay. The city ordinance exempted parking lots from paying the monthly fee.

But other details remained unfinished, too. The mayor and Novick proposed tacking on the street fee to the city's utility bill to make it easier for customers and the city. But Commissioner Nick Fish, who oversees the water and sewer bureaus, said that idea was a non starter.

Willamette Week reported that churches were worried they would pay thousands a year under the proposal too, but PBOT officials said Wednesday that the trip generation model excludes traffic on the weekend. That would save churches potentially thousands of dollars a year.

A previous street fee plan, pushed by then-commissioner Sam Adams, didn't move forward after the threat of a ballot measure from lobbyists representing local businesses killed the 15-year plan. The decision to delay the business side of the proposal appears to ward off a similar effort.

Haynes said that's not the case, and the city would have to convince residents that they're not being shoved aside in favor of business groups. "We're all going to get to the finish line at the same time," Haynes said, referring to the expected July 1, 2015 starting date of the street fee. Haynes said everybody must pay to improve the street network.

Asked why the city isn't delaying discussion on the residential side of the equation, Haynes said there just weren't the same number of questions.

Haynes said the city is likely weeks away from having more certainty about the business proposal.

The City Council's public hearing is scheduled for 2 p.m. on Thursday.

Portland street fee: City looking at ways to charge parking lots, food cart pods, after all

By Andrew Theen

Portland transportation officials are examining ways to charge parking lots a monthly street fee after all, despite language in an ordinance handed out to media members just last Thursday that specifically exempted parking lots.

The parking lot policy shift underscores the still-evolving street fee proposal.

Transportation officials and staff in Commissioner Steve Novick's office said many of the details are still in flux, less than 24 hours before City Council has its first public discussion on the fee.

A council ordinance given to reporters last week and posted on the City Council's website said parking lots "are not associated with services other than parking" and don't generate traffic in and of themselves. But now, it appears city officials are bowing to public pressure.

"We are looking at ways to potentially charge parking lots," said Dylan Rivera, Portland Bureau of Transportation spokesman.

The city, Rivera said, received a lot of complaints from the public that parking lots were exempt under the current ordinance. "People feel like they are generating trips," Rivera said.

A Novick staffer said the commissioner, who oversees PBOT, hasn't spoken to businesses that run downtown parking lots.

Mayor Charlie Hales and Novick started transportation town halls in February to discuss the city's woeful road conditions and talk about the public's priorities for addressing systemic issues. That discussion morphed into a poll of potential funding options, eventually landing on the street fee idea.

Novick and Hales met with business leaders in recent weeks to answer questions about the fee, but the Portland Business Alliance is still worried about the speed at which the plan is moving.

Both politicians said they prefer the City Council approve the street fee, designed to raise as much as \$50 million annually for street safety and improvement projects, rather than send the measure to voters.

Homeowners would pay a flat \$11.56 per month fee (with discounts for multifamily units and low income households), but businesses would be charged based on the most recent trip generation manual from the Institute of Transportation Engineers. Rivera said parking lots are not categorized as businesses in the ITE manual, so the city would be deviating from that document.

Food cart pods, which typically sit on surface parking lots and are dispersed throughout Portland neighborhoods, were also a gray area.

But Rivera said now the city is looking at ways to charge the food carts, potentially on a pod by pod basis. The City Council hearing begins at 2 p.m. on Thursday.

A second reading of the ordinance, and potential vote, is expected to take place on June 4.

Novick and Hales have said they want to enact the fee as soon as possible, so that any efforts to refer the fee to voters would appear on the November ballot.

If approved, the fee wouldn't begin until July 2015.

Portland street fee: How the controversial plan landed on the fast track -- and what comes next

By Brad Schmidt

City Hall backers of Portland's street fee set a breathtaking timetable: Unveil details two days after the May 20 election; take testimony from the public a week later; hold a City Council vote one week after that.

Why the rush?

Complexities of the political calendar drove a strategic decision by Mayor Charlie Hales and Commissioner Steve Novick to push the controversial fee plan on what became a politically impossible fast track.

The schedule imploded this week, punctuated by wide-ranging concerns voiced Thursday by residents, business groups, nonprofits and government agencies during a public hearing at City Hall that stretched more than five hours.

As a result, street fees that the City Council will consider approving June 4 will hardly resemble the proposal of a week ago, which was expected to raise up to \$50 million a year to repair Portland's crumbling streets and improve transportation safety.

Among the last-minute changes, Hales and Novick now want the City Council to vote next week on residential charges but wait until as late as Nov. 14 to decide the fate of business fees.

And instead of charging homeowners a monthly fee of \$11.56 a month, the city would incrementally raise fees annually from \$6 to \$9 to \$12, under an amendment by Commissioner Amanda Fritz, while still offering proportional discounts for low-income households.

Residential fees wouldn't go into effect unless the city approves the proposed charges on business. Both sets of fees would begin July 1, 2015.

The decision by Hales and Novick to rewrite key aspects of the proposal hours before Thursday's meeting – and in some cases during the hearing itself – prompted harsh criticism from some residents who accused the city of playing political "divide and conquer" games in an effort to pass the fees without a public vote.

"This measure is literally changing by the hour, it seems," economist Eric Fruits told the City Council. "There isn't any sort of opportunity for input."

Paul Romain, who represents the Oregon Petroleum Association, urged the City Council to delay next week's vote or voluntarily refer the street fee to voters.

If the City Council refuses, Romain said, business groups and residents will collect the roughly 20,000 signatures necessary to invalidate the City Council's looming decision and force a public vote.

Twenty-eight other Oregon cities have street fees, all approved by local politicians – not voters.

"It will be on the ballot, one way or the other," Romain warned. "There are enough people here who will actually put it on the ballot."

Calendar drives decisions

Election considerations are precisely what prompted the accelerated timeline that is now causing so much trouble for Hales and Novick.

City officials made the strategic decision to release specifics of their proposed "transportation user fee" on May 22, two days after the primary election.

A proposal to strip municipal utility oversight from the City Council was on the May 20 ballot, and officials didn't want to risk an anti-government backlash from voters if details of the street fee were unveiled, according to two City Hall sources with knowledge of the timing.

But waiting until after the election left Hales and Novick with just a two-week window to push forward the street fee because of another set of dates on the election calendar.

Any ordinance approved by the City Council can be referred to voters for repeal through a referendum process.

That's exactly what happened in 2001, under then-Commissioner Hales, when the city passed a \$1.85 monthly residential street fee as part of the budget but repealed the charge after opponents collected enough signatures to force a public vote.

In 2008, then-Commissioner Sam Adams persuaded the City Council to approve a \$4.29 monthly fee only to backtrack and repeal it a week later, in the face of business opposition and the threat of a referendum.

Given that likely scenario this year, street fee backers preferred a referendum at the Nov. 4 general election when turnout generally is higher and skews more liberal.

The deadline to submit paperwork for the November ballot is July 7. The referendum process takes 30 days. Working backward, staff for Hales and Novick realized they'd have to push for a City Council vote June 4 if they wanted the November election as a contingency.

Whether those timelines turn out to be hard and fast rules, however, remains to be seen. Under city code, Auditor LaVonne Griffin-Valade can waive the timing requirements and could still place a referendum on the November ballot at any point before Labor Day. That possibility has been discussed within City Hall.

Before Thursday's hearing, Novick conceded that the timeline, particularly on the business fees, had been too aggressive.

In an interview, Novick said he came to that realization after receiving a series of emails from small business owners, although concerns raised by nonprofits and churches also tipped the balance.

Novick said he mistakenly thought businesses accepted the fee methodology last considered by the city in 2008.

"We were acting from the premise that this was all worked out with the 'business community,'" said Novick, who oversees the Bureau of Transportation.

Novick and Hales, meeting Tuesday afternoon in Novick's office, reached the decision to split the residential and business fees for separate City Council votes.

Officials say they believed the delay would give the city and business groups more time to review the proposed methodology for setting commercial fees, currently based on the type of business, square footage and projections for vehicle trips.

Opponents still fired up

But the concession by Hales and Novick to separate residential and business fees did not seem to quell public ire over the proposal Thursday.

Nearly 90 people signed up Thursday to testify in front of the City Council. Many complained that the council's decision to split the fees would pit residents and businesses against one another, and prompt more skepticism of government.

Council members heard both from business lobbyists, who said a full financial package should be considered, and from low-income residents, who called the fee regressive.

Despite those concerns, Novick warned that city's streets -- in need of \$750 million over a decade, according to the auditor -- are in jeopardy of falling into "third-world" condition.

Hales said Thursday that while the City Council will consider residential and business fees separately, fee backers still expect to collect half the annual revenues from businesses and half from residents.

"It's not my intention to move away from a 50-50 split," Hales said. "That seems fair to me."

At the conclusion of the hearing, Hales and Novick told the rest of the City Council they still plan to push for a vote on the residential portion June 4.

Joe Gilliam, president of the Northwest Grocery Association, said his group is considering whether to force a referendum if the City Council moves forward. Gilliam said separating residential and businesses fees complicates, and could delay, the trade group's decision.

"The way they've gone about this, trying to ram this down everybody's throat," he said, "is really backfiring on them."

Portland street fee: Commissioner Steve Novick says emails from small business owners prompted delay

By Andrew Theen

Commissioner Steve Novick said he spent a lot of time last weekend reading emails from Portland's small business owners.

The emails, apparently, resonated with Novick.

Late on Wednesday, news trickled out of City Hall that Novick and Mayor Charlie Hales would divide their street fee proposal into two, waiting to move forward on a proposal for businesses while forging ahead with the residential portion.

Gradually, business owners found the transportation bureau's street fee calculator, and discovered they could owe thousands a year if a street fee moves forward. The calculations take into account estimated trips generated to a given business based on what type of business it is and the overall square footage. It's a complex system based on the Institute of Transportation Engineers modeling data.

It's the same methodology used by Portland Bureau of Transportation staff in 2007 and 2008 under a similar plan out of then-Commissioner Sam Adams' office. City officials believed businesses wouldn't be surprised by the new figures because they'd seen them before.

They were mistaken.

Earlier this week, Novick said he went to Hales and suggested the split. "We were acting from the premise that this was all worked out with the 'business community,'" he said, referring to the previous efforts.

In a press release issued on Thursday ahead of a 2 p.m. public hearing, Novick said that the city would now delay a vote on the business portion for months, not weeks.

"If the Council does not pass a nonresidential fee by this November, the residential fee will be cancelled," Novick said in the release. Both fees, if approved, would begin in July 2015.

The delay effectively gives the city a 2-3 month window to get together with business groups and business owners to figure out a solution. Novick said conversations will begin now, but he said it may be difficult to get all the voices in the room as people leave for summer vacation.

The City Council needs to take action on the street fee by June 4 to make sure that if there's a referendum process, it's on the November ballot. But if there was a delay in the council vote and a referendum effort begins, the city auditor has the discretion to still put it on the November ballot. September 4 is the ultimate deadline to refer issues to the November ballot.

In an interview, Novick acknowledged there is certainly backlash against the residential fee, but, "It's a matter of people simply objecting to paying." The opposition to the residential portion doesn't have the same argument as small business owners, Novick said, who are confused about how much they'd be charged and how the fee is calculated.

A 2013 city audit said the city doesn't have an overall transportation funding strategy to make sure essentials such as maintenance and safety are a priority.

Novick said the street fee proposal does include a breakdown of spending priorities, noting that 53 percent would go to maintenance projects, with 44 percent going toward safety projects.

He also addressed criticism of spending priorities, such as Portland chipping in to pay for Multnomah County's Sellwood Bridge. "It's not like the county is rolling in money. Would you want them to spend less on poor people?" Novick asked.

"We could invade Clackamas County and force their residents to pay as tribute," Novick added.

Novick made similar comments on OPB's Think out Loud after speaking with The Oregonian.

The public hearing is scheduled to begin at 2 p.m. Thursday. Follow along on our live blog.

Here's Novick's full statement:

May 29, 2014— It is true, as some outlets reported yesterday, that the Mayor and I are proposing to do further work on the business / nonresidential side of the proposed Transportation User Fee before putting it to a vote before Council. This does not mean that we are planning to have a fee for residents but no fee for businesses; in fact, we are putting language in the residential fee ordinance that says that if the Council does not pass a nonresidential fee by this November, the residential fee will be cancelled. Both residential and nonresidential users would start paying as of July 2015. But we do think there is reason to do more work on the business/nonresidential fee.

The business / nonresidential fee is inherently more complicated than the residential fee. What we plan to do, as other cities have done, is base the nonresidential fee on the Institute of Traffic Engineers' "trip generation" model. The ITE divides up businesses and other nonresidential users into a number of categories, and then, based on a lot of research, gives a figure for each type of business for how many "trips" (e.g., traffic) each type generates, per month, for a given number of square feet. Business pay fees based on how many trips they generate.

Other cities use the ITE, but there is some variation in the way they use it; not every city's nonresidential fee is calculated the same way. Some cities, for example, combine some related ITE categories into one category.

In Portland, in 2007, PBOT worked with many representatives of the business community to create a formula for using the ITE that was broadly acceptable to most of those representatives. In this year's effort, we took that formula as a starting point, figuring that since it was broadly acceptable in 2007, it would be this year as well.

Over the past week, however, reading numerous emails from small business owners, it became clear to me that many business owners were not part of that 2007 process, and have a lot of questions. Some are not sure which of the ITE categories they fit into; some question the fairness of applying the ITE model to their particular business. And it wasn't just business owners; religious organizations and other property owners have concerns about the application of the ITE model.

We still believe that the ITE manual is an appropriate basis for computing nonresidential fees. But again, other cities have developed variations on how to use the ITE. We think it is appropriate to take a few months to give business owners and other nonresidential parties who may not have been involved in the 2007 process to ask questions about and help shape our particular formulation.

So, the Mayor's and my plan is to move forward with a vote on a residential fee, and set a deadline of November 14, 2014 for the City Council to pass a nonresidential fee. Both fees would take effect as of July 1, 2015. If Council does not pass a nonresidential fee by November 14, the residential fee would be cancelled.

I appreciate all the feedback and suggestions that this proposal has garnered, and I look forward to continued dialogue.

Thank you,

Commissioner Steve Novick

City of Portland, OR

Portland street fee: City estimates \$40 million in annual net revenue, could add 25 new positions

By Andrew Theen

The proposed street fee on Portland residents and businesses continues to evolve, with Wednesday's news that Mayor Charlie Hales is expected to split the proposals in two.

Last week, Hales and Commissioner Steve Novick briefed the media on the proposed street fee and said the fee could bring in as much as \$50 million per year.

But city documents estimated the annual net revenue from the fee, after accounting for administrative costs and other expenses, would be closer to \$40 million in an average year. That's the money that would go to maintenance and safety projects across the city.

The financial documents included in the City Council packet include a little bit more detail on potential administrative costs, including how many new employees the transportation bureau would need to both administer the program and directly implement safety and maintenance work.

Here's a breakdown:

- According to the documents, the city would create up to 23 new full-time positions started in the 2015-16 fiscal year (when the fee is expected to begin) specifically "to provide direct implementation of safety and maintenance work.
- There will also be up to 2 new positions to administer the street fee, branded as the Transportation Utility Fee (TUF) by the transportation bureau.
- Billing related expenses would cost the city roughly \$1 million annually, according to the council documents. It's unclear how the city would collect the fee. The Portland Bureau of Transportation's street fee calculator says that the specific businesses that would pay a fee is predicated on business that have water meters and therefore pay a utility bill. Commissioner Nick Fish, who oversees the water and sewer bureaus, has said tacking the street fee onto the utility bill is a bad idea.
- The city would pay \$800,000 in one-time spending to start the program. Ongoing expenses "for project costs and related support activities" will run \$1.2 million in the first year (2015-16), and \$1.4 million annually for the next 10 years, according to the financial documents. Administrative costs would be capped at 5 percent annually, the report said.

The City Council hearing begins at 2 p.m. We will live blog the meeting.

Portland street fee: Commissioner Amanda Fritz 'supportive' of considering residential, business charges separately

By Brad Schmidt

Portland Commissioner Amanda Fritz said she supports a plan to split the City Council vote on controversial street fees, deciding the fate of residential charges first but waiting on business fees to allow time for more negotiation.

"I am supportive of considering them separately," Fritz told The Oregonian in a text message.

Fritz's support is key for Mayor Charlie Hales and Commissioner Steve Novick, who have proposed a new transportation user fee to raise as much as \$50 million a year to maintain the city's crumbling street grid and improve safety.

Hales and Novick need Fritz's support to move forward without referring new fees to voters. The City Council can enact new charges with three votes, and Commissioner Dan Saltzman and Nick Fish have said they believe voters should decide.

The City Council is scheduled to hear testimony about the proposed street fee at 2 p.m. Thursday before voting June 4.

Just what that vote will entail has shifted dramatically in the past 24 hours.

On Wednesday, after consistent and loud pushback from business groups, Hales' office announced that he would recommend moving forward next week for a vote on only the residential fees, which range from \$4.75 to \$11.56 a month, depending on income.

That split appears politically possible, thanks to Fritz's willingness to consider the residential and business fees separately.

Fritz noted that she is still waiting to hear public testimony on Thursday before deciding whether to support moving forward with either. She already has expressed concern about the residential fees, suggesting they are too high.

"Written testimony to date indicates some support for residential, probably with modifications," Fritz said in her text message. "More work obviously needed on business issues."

At a press conference last week to publicly release details of the funding plan, city officials said that residents and businesses would each contribute 50 percent of the estimated \$50 million in annual funding.

But business groups, including the Portland Business Alliance and the Northwest Grocery Association, have asked the city to slow down and be more transparent about the fee structure.

As proposed, companies would pay monthly fees based on the type of business, square footage and projected traffic.

Dana Haynes, a spokesman for Hales, said potential business fees would return to the City Council for consideration within a few weeks of the residential vote.

The fees for both residents and businesses would take effect July 1, 2015.

At long last, city confirms \$20 million pledge will actually be spent for affordable housing: Portland City Hall Roundup

By Brad Schmidt

Portland's urban renewal agency has committed that the full \$20 million pledged by Mayor Charlie Hales for affordable housing in North and Northeast Portland will be spent to provide shelter for low-income residents.

The confirmation from the Portland Development Commission comes two weeks after the agency's executive director, Patrick Quinton, told the City Council that some of the money could be spent on mixed-use projects or housing open to residents with higher incomes.

Quinton's comments drew fire from city Commissioner Nick Fish, who questioned how and why the agency would side-step city spending guidelines for affordable housing projects.

Portland's celebrated policy requires that 30 percent of funds from urban renewal districts citywide are invested in housing projects serving low-income residents, the vast majority earning up to 60 percent of the region's median income (\$41,640 for a family of four).

Because Hales pledged \$20 million for affordable housing above and beyond the set-aside requirements in the Interstate urban renewal district, redevelopment officials hedged that perhaps some of the new money could be used more flexibly.

Quinton told the City Council that a community group would make recommendations.

"With all due respect, I don't think a community process trumps a City Council policy," Fish, who oversaw the Portland Housing Bureau from 2009 through early 2013, told Quinton on May 14.

But now the development commission confirms that all \$20 million will be spent according to city policy.

"Yes, the additional resources will be programmed in accordance with the Housing Set-Aside Policy," the development commission told the City Council in its budget documents, set to be approved Wednesday.

Additionally, the development commission will earmark \$6 million from Oregon Convention Center urban renewal district for affordable housing.

The development commission originally budgeted that money for commercial property redevelopment in exchange for increasing housing money in the Interstate district. Redevelopment officials worked with the Housing Bureau when crafting the proposal.

But the PDC altered its budget at the urging of Commissioner Dan Saltzman, who oversees the Housing Bureau, after he told Quinton he wasn't comfortable with the arrangement.

Portland City Council to take up short-term rental proposal

By Elliot Njus

A proposal to legalize short-term rentals in private homes, such as those facilitated by companies like Airbnb, will go before the Portland City Council next week.

The proposed changes are part of a package of rule tweaks proposed by the Bureau of Planning & Sustainability and approved by the city planning commission last month. The short-term rental proposal has attracted by far the most attention.

Under the proposed rules, a resident of a single-family house could get a permit to rent one or two bedrooms in the home by the night. To get a \$180 two-year permit, the home would have to be inspected and fitted with interconnected smoke detectors, and the resident would have to notify neighbors of their intent.

Airbnb, which facilitates the rentals by providing a platform for homeowners to advertise and collecting payment, has advocated for eliminating the home inspection and allowing rentals of apartments or condos in multifamily buildings. It says it has 1,100 listings in Portland.

The company rallied its users to testify before the planning commission, and it's reached out to users again in advance of the city council hearing. Airbnb, which opened a North American operational headquarters in Portland this year, has separately negotiated with the city to collect a 12.5 percent lodging tax on its users' behalf.

Some neighborhood groups have rallied against the proposal, arguing the vacation rentals bring traffic and unfamiliar people into residential neighborhoods.

The city council hearing will be at 2 p.m. on June 4 at Portland City Hall, 1221 S.W. Fourth Ave.

The Portland Tribune

Hales, Novick: Pass residential street fee now, rest later

By Jim Redden

Mayor Charlie Hales and Transportation Commissioner Steve Novick want the City Council to approve a new transportation user fee on residential property next Thursday, then approved revised fee for businesses, other governments and non-profit organizations that is still be developed.

Hales and Novick made the announcement before the beginning of Thursday's first public hearing on the proposed fee. Dana Haynes, Hales' spokesman, says the revised business, government and nonprofit fee will be presented to the council within several weeks, at most.

It is unclear whether any other council members supports either the residential or considering it first. When the proposal was first unveiled, it set the residential fee at \$11.56 a month. Commissioner Amanda Fritz said that was too high.

At the Thursday hearing, Hales introduced an amendment to start the fee at \$8 in the first year, increasing it to \$10 in the second year and \$12 in the third year. However, he and the rest of the council accepted an amendment from Fritz setting the fee at \$6 the first year, \$9 the next second year and \$12 the third year. She did not commit to approving it, however.

Commissioners Nick Fish and Dan Saltzman both said they believe it should be submitted to the voters for approval.

Novick explained his reason for delaying approval of the business, government and nonprofit fee Thursday morning. He said business complaints since the formal proposal was presented last week indicates confusion over the basis and development of that fee, which varies accruing to different types of business.

Novick said the was compiled in Institute of Traffic Engineers, but that there is disagreement over whether that is the best approach. For example, the Northwest Grocers Association believes the city's interpretation of the data overestimates the number of motor vehicle trips generated by grocery stores.

In his statement, Novick said, "Over the past week, however, reading numerous emails from small business owners, it became clear to me that many business owners were not part of that 2007 process, and have a lot of questions. Some are not sure which of the ITE categories they fit into; some question the fairness of applying the ITE model to their particular business. And it wasn't just business owners; religious organizations and other property owners have concerns about the application of the ITE model.

"We still believe that the ITE manual is an appropriate basis for computing nonresidential fees. But again, other cities have developed variations on how to use the ITE. We think it is appropriate to take a few months to give business owners and other nonresidential parties who may not have been involved in the 2007 process [when former Mayor Sam Adams proposed a similar fee] to ask questions about and help shape our particular formulation.

"So, the mayor's and my plan is to move forward with a vote on a residential fee, and set a deadline of Nov. 14, 2014, for the City Council to pass a nonresidential fee. Both fees would take effect as of July 1, 2015. If council does not pass a nonresidential fee by Nov. 14, the residential fee would be canceled."

In addition to business groups, Portland's churches are also concerned about the new city transportation user fee. Novick met with representatives of the Ecumenical Ministries of Oregon Wednesday to discuss the fee and its impact.

The new fee, which would come attached to city utility bills, pose two questions for churches, according to David Leslie, executive director of Ecumenical Ministries. As proposed, the fee would be calculated on a formula intended to estimate how much vehicle usage each property generates. So bigger buildings generally will get assessed more. Most businesses, according to the city, would pay less than \$100 a month.

But many Portland churches, especially historical ones, have large buildings and small congregations with operating budgets that have shrunk with the size of their memberships. Some large churches could see street fee assessments of \$3,000 a year or more, according to Leslie.

"For a lot of congregations that could be pretty spendy," Leslie says.

Leslie says church leaders are also concerned about the impact of a new assessment on low-income residents, but that his organization has taken no formal position on the street fees proposal.

"These kinds of questions might warrant some more exploration," Leslie says. "We might need to slow down the process."

Hales: Street fee to be reworked for businesses

By KOIN News 6

The day before the first scheduled public hearing on the proposed street fee, a spokesperson for Mayor Charlie Hales confirmed Wednesday evening that one aspect of it still needs work.

Dana Haynes, the mayor's spokesperson, said the timing of when and how businesses will pay the proposed street fee is still being worked on.

No second look is being given to the amount households will pay, which is \$11.56 per month.

Hales originally said the fee — officially called a Transportation user fee — is a priority, stating we have to do this and everyone has to pay for it.

But following a nine hour City Council meeting, Haynes said it was decided that the writing for how businesses will pay the fee will be slowed down. Hales still wants the fee to go into effect for both households and businesses on July 1, 2015, however.

The announcement Wednesday comes after numerous business owners have voiced their concerns about how Hales and City Commissioner Steve Novick have been fast-tracking plans for the new street fee.

Council to vote on residential street fee next week

By Jim Redden

The City Council is poised to vote on part but not all of the proposed Transportation Utility Fee next Thursday.

After listening to over five hours of occasionally heated public testimony, Mayor Charlie Hales set a vote on the fee on households for next week.

The vote on the fee on businesses, government agencies and nonprofit organizations, including churches, was postponed for at least a few weeks.

Commission Nick Fish raised questions about setting the residential street fee vote without have a chance to absorb all the testimony and offer amendments to the proposal in response to public concerns. Hales said the ordinance enacting the fee was not scheduled to take effect until July 15, and it could be amended after the vote if necessary.

Hales and commissioners Steve Novick and Amanda Fritz all appear ready to approve the residential fee next week, meaning it will pass, even if Fish votes no. He and Commissioner Dan Saltzman, who was not present at the end of the hearing, have said they believe the fee should be referred to voter for approval.

The council heard from both supporters and opponents of the fee at its first public hearing on Thursday.

Early in the hearing, the council accepted an amendment by Commission Steve Novick to separate the proposed fee on residences from the one on businesses, government agencies and nonprofit organizations, including churches.

Novick, who is in charge of the Portland Bureau of Transportation, developed the proposal to raise around \$40 million a year with Hales. He said valid questions have been raised about how the non-residential fee was developed that need to be addressed in coming weeks.

Novick's amendment would allow the residential fee to be approved first — perhaps as early as next Thursday — and the remaining fee by November. The amendment said if the other fees are not adopt by then, the residential fee would be invalidated.

The council then accepted a motion from Commissioner Amanda Fritz to reduce the residential from \$11.56 a month to \$6 a month in the first year, \$9 in the second year and \$12 in the third year. There were no estimates how much that would reduce the revenue collections.

Several witnesses testified in favor of the fee. They included TriMet General Manager Neil McFarlane, who said improved streets and additional sidewalks would benefit riders and operates, and Onstar of the transit advocacy group Jonathan Ostar with OPAL, who said he was concerned about he fee's impact on low-income Portlanders.

Other supporters included representatives of the Portland Police Bureau and the city's Pedestrian Advisory Committee.

Much of the testimony was critical, however. Numerous speakers were opposed to splitting the fees, saying the council should vote on both of them at the same time. Others simply thought they were unaffordable, including both residents, business owners and representatives of business organizations, including Venture Portland, which represents the city's neighborhood business districts.

Paul Romain, a lobbyist representing the Oregon Petroleum Dealers Association, said the fee will end up on the ballot, one way or another. He said that if the council does not place the measure on the ballot itself, there were more than enough people at the hearing who would lead petition drives to do so.

Library bridges city's digital divide

By Jim Redden

Portland's City Council is concerned that not all Portlanders will have access to Google Fiber if it comes to town.

During the first hearing on the franchise agreement with Google, Commissioners Nick Fish and Amanda Fritz both suggested that a portion of Google's franchise fee could be allocated to help low-income residents connect to the company's ultra high-speed broadband service.

The discussion will continue when the council votes on the agreement on June 11. But regardless of what the council ultimately decides, many Portlanders do not have regular Internet access now. Closing the digital divide has largely become the responsibility of other governments, including the Multnomah County Library and Portland Public Schools, and nonprofit organizations like Free Geek.

"Internet access is not a luxury. It's a necessity for everything from applying for jobs to keeping in touch with your family these days," says library director Vailey Oehlke.

Help from Free Geek

The Multnomah County Library is the largest provider of equal Internet access services in the region. Books are probably the first thing most county residents think of when they hear the word library. But, in fact, the library has been offering free Internet access and computer literacy classes to a growing number of county residents for many years.

According to library officials, those taking advantage of their Internet services include the homeless, those with homes but low incomes, immigrants, and older residents with limited computer experience. Problems that must be overcome include a lack of basic computer skills and no Internet access at home. The library has about 700 free computers with Internet access at its 19 branches. Most branches also offer staff assistance for accessing the Internet, formal classes in how to use computers and the Internet, and dedicated hours for job seekers to use the Internet.

"We offer equipment, staff, computer labs and classes in a variety of languages," Oehlke says.

During the last fiscal year, the library documented nearly 2 million Internet-related interactions. They included 856,536 personal computer sessions, 727,359 Wi-Fi sessions, and 1,305 classes attended by 8,259 people. The largest number of classes attended by the most people were held at the Central Library and the Midland and North Portland branches.

As noted during a May 7 council hearing, the school district also is providing Internet access for both its students and their parents. Fish singled out Rosa Parks elementary school in North Portland, which has a waiting area with computers for parents picking up their children.

Another access provider is Free Geek, a nonprofit organization that refurbishes and provides free computer equipment to qualifying community residents. Free Geek also offers 25 monthly classes on subjects ranging from computer basics to building and operating websites.

So far this year, 242 people have received computers through the organization's Build and Adoption programs. Free Geek disbursed 789 systems to program participants last year. In addition, more than 550 people have taken formal classes this year. Last year the number was 1,750.

"Laying cable alone will absolutely be beneficial to Portland's business community and outlook. If we are serious about conquering the digital divide, though, we need to pay attention to affordability, necessary and related technology, and education," says Darren Heiber, Free Geek's director of public services.

According to Heiber, Free Geek would be glad to partner with Portland on a project to provide more free computers, training and broadband access to underserved residents.

Personal Telco failure

City officials are aware that many Portlanders do not have Internet access. For example, a 2009 regional survey found that a large percentage of lower income and minority households did not have Internet access, primarily because of issues of affordability and perceived lack of relevance.

"In Multnomah County, nearly half of the residents whose household income is less than \$30,000 annually are without Internet access at home, compared to just 5 percent of residents earning more than \$60,000," according to the survey, which also found that one in six households with Internet access were not satisfied with its speed.

The city has made several efforts to increase Internet access, with mixed results. When Erik Sten was a commissioner, he supported a plan to provide free Wi-Fi service throughout the city. The city did not provide any funds for the project, however, and the nonprofit organization that undertook the task — Personal Telco — failed miserably.

But the city also has supported Internet access through grants approved by the Mt. Hood Cable Regulatory Commission, which it belongs to. They are financed by a 3 percent Public Education and Government fee on Comcast and Century Link bills. And the city has been donating all of its older computers to Free Geek for reuse.

"This partnership has allowed us to provide necessary computers to Portland-area students through our Plug Into Portland program. Many participants have indicated that this is the first computer in their home. It has also greatly expanded our capacity to support nonprofits, schools, religious and other community support organizations through Hardware Grants," Heiber says.

More recently, the council included greater Internet access as a goal of its Broadband Technology Plan, which was approved in 2011. "For those who lag behind in adoption, there's a real danger they will fall behind in opportunity and remain or become marginalized," according to the plan.

Among other things, the plan, which has not been fully funded, calls for the establishment of a regional task force on digital inclusion policy, which has not yet been appointed and staffed. That could change if Google Fiber comes to Portland, however. Under the plan, the council is encouraged to allocate 20 percent of new cable and broadband franchise fees to increasing Internet access. The council seemed open to making Google the first funding source for that purpose at a mid-May franchise hearing.

Willamette Week

Commissioner Steve Novick: Pass the Business Fee by November, or Lose the Whole Street Fee

By Aaron Mesh

City Commissioner Steve Novick has confirmed the plan to split his proposed Portland street fee into two parts—and pass the household fee first, while delaying the charge on businesses.

But he says City Council must pass the business fee by November 14, or lose the whole proposal. "The Mayor's and my plan is to move forward with a vote on a residential fee, and set a deadline of November 14, 2014 for the City Council to pass a nonresidential fee," Novick says in a statement. "Both fees would take effect as of July 1, 2015. If Council does not pass a nonresidential fee by November 14, the residential fee would be cancelled."

That November deadline is being written into the language of the \$138-a-household fee, which City Council will vote on June 4.

Mayor Charlie Hales' office told WW last night that city officials planned to take up the business side of the fee within a few weeks. But the November deadline means City Hall could try to delay long enough keep opponents of the fee from referring it to the November ballot. A public hearing on the divided fee starts today at 2 pm.

Here's the full text of Novick's statement:

It is true, as some outlets reported yesterday, that the Mayor and I are proposing to do further work on the business / nonresidential side of the proposed Transportation User Fee before putting it to a vote before Council. This does not mean that we are planning to

have a fee for residents but no fee for businesses; in fact, we are putting language in the residential fee ordinance that says that if the Council does not pass a nonresidential fee by this November, the residential fee will be cancelled. Both residential and nonresidential users would start paying as of July 2015. But we do think there is reason to do more work on the business/nonresidential fee.

The business / nonresidential fee is inherently more complicated than the residential fee. What we plan to do, as other cities have done, is base the nonresidential fee on the Institute of Traffic Engineers' "trip generation" model. The ITE divides up businesses and other nonresidential users into a number of categories, and then, based on a lot of research, gives a figure for each type of business for how many "trips" (e.g., traffic) each type generates, per month, for a given number of square feet. Business pay fees based on how many trips they generate.

Other cities use the ITE, but there is some variation in the way they use it; not every city's nonresidential fee is calculated the same way. Some cities, for example, combine some related ITE categories into one category.

In Portland, in 2007, PBOT worked with many representatives of the business community to create a formula for using the ITE that was broadly acceptable to most of those representatives. In this year's effort, we took that formula as a starting point, figuring that since it was broadly acceptable in 2007, it would be this year as well.

Over the past week, however, reading numerous emails from small business owners, it became clear to me that many business owners were not part of that 2007 process, and have a lot of questions. Some are not sure which of the ITE categories they fit into; some question the fairness of applying the ITE model to their particular business. And it wasn't just business owners; religious organizations and other property owners have concerns about the application of the ITE model.

We still believe that the ITE manual is an appropriate basis for computing nonresidential fees. But again, other cities have developed variations on how to use the ITE. We think it is appropriate to take a few months to give business owners and other nonresidential parties who may not have been involved in the 2007 process to ask questions about and help shape our particular formulation.

So, the Mayor's and my plan is to move forward with a vote on a residential fee, and set a deadline of November 14, 2014 for the City Council to pass a nonresidential fee. Both fees would take effect as of July 1, 2015. If Council does not pass a nonresidential fee by November 14, the residential fee would be cancelled.

I appreciate all the feedback and suggestions that this proposal has garnered, and I look forward to continued dialogue.

Thank you,

Commissioner Steve Novick

Mayor Charlie Hales and Commissioner Steve Novick Are Hitting the Brakes on Street Fee for Businesses

By Aaron Mesh

With hours left before the first public hearing on the Portland street fee, Mayor Charlie Hales and City Commissioner Steve Novick are preparing major changes to the proposal. Hales' office confirms the mayor and Novick are considering passing the street fee for households only—and removing for now the side that charges businesses and commercial property, as well as churches, government agencies and nonprofits. Business groups have objected most loudly to the plan to raise up to \$50 million a year for transportation projects.

The \$138-a-year fee on households will proceed to a June 4 vote. Hales' office says the mayor wants to reconsider how to levy fees on commercial property and add that to the plan later.

The possible reason for the move: Hales and Novick want to avoid opponents forcing the question to the November ballot, hoping that business leaders will hold off doing so if the fees on their properties are delayed.

Novick and Hales have sought ways to avoid putting the question to voters. Opponents of the fee on homeowners could still force a citywide vote with a petition drive.

"We're not locked in to what you heard one week ago," Hales spokesman Dana Haynes tells WW. "There's still conversations happening right now about how best to roll this thing out. We have to do this. We have to fix these streets. Conversations are: How should we do it?"

Novick has declined comment.

The delay comes amid growing opposition from businesses and nonprofits that would have to pay thousands of dollars a year. The first public hearing on the fee is 2 pm Thursday.

The move would allow the city to approve collecting \$20 million a year in new revenue from homeowners.

Business groups—led by associations of restaurants and convenience stores—expressed concern immediately after Novick and Hales revealed the fee plan last week. Churches began voicing alarm today, and the Portland Business Alliance has asked City Hall to slow down.

Haynes says Hales and Novick are talking about putting on the brakes for about a month. "Businesses are saying, this will hurt," Haynes says. "We hear that. How can we address those salient points?"

The Oregonian reported earlier this afternoon on one change already being mulled: Transportation officials are reconsidering fee exemptions offered to food carts and parking garages.

Haynes adds that even if City Council delays a vote on charging businesses, all of the fee would go into effect on July 1, 2015.

The New Yorker Looks at Portland's Divestment of Walmart Bonds

By Nigel Jaquiss

A couple of weeks ago, City Commissioner Steve Novick issued a press release highlighting the first phase of the city of Portland's divestment of bonds issued by Walmart.

Last year, city council passed a resolution prohibiting any future investments from the city's \$1 billion portfolio in Walmart bonds. When the resolution passed, the city held \$36 million in Walmart bonds. A quarter of those bonds matured this month and Novick wanted to call attention to that fact.

"From what I can tell, no other U.S. city has looked at socially responsible investing in quite the same way as Portland," Novick said in a May 15 statement. "I'm hopeful other cities and states take note and adopt similar investment principles to hold companies accountable and align our investment policies with our values."

Walmart has been a convenient City Hall whipping boy for years. Former Mayor Sam Adams built part of his reputation around his staunch opposition to the giant retailer expanding its local footprint.

There are plenty of reasons to dislike the company: it makes life difficult for smaller stores trying to compete and the massive profits that make the founding Walton clan America's richest family are in part a function of low compensation for Walmart employees.

There's been less examination of the flip-side of Walmart: for instance, the retailer generates a lot of taxes and offers shoppers a vast array of bargains. Those are big benefits, particularly in a state such as Oregon where per capita income lags the national average significantly and governments struggle to fund local services.

The New Yorker magazine yesterday published a nuanced look at Portland's decision to kick Walmart to the curb.

Living with Walmart is complex—sort of like living with an assertive, charismatic, and powerful family member. Research from Jerry Hausman, an economist at M.I.T., shows that, when Walmart enters a new market, it drives down grocery prices in general; to compete with Walmart's low prices, other stores lower their own prices. Low-income families benefit most, because they spend a greater proportion of their wages on food. But Walmart's presence can also hurt those same families, because it tends to reduce overall retail employment—perhaps by driving out smaller stores, which typically employ more workers per dollar of sales. On the one hand, Walmart helps the city, county, and state budgets; it pays various taxes, and its employees pay income tax. (Oregon has no sales tax.) On the other hand, as the nation's largest private employer, and one that offers mostly low-wage jobs, its workers are prime beneficiaries of food stamps and Medicaid, funded by taxpayer dollars.

Rev. Chuck Currie: Don't Put the Street Fee Burden on the Poor UPDATE: Low-income housing managers say fee would harm the vulnerable.

By Aaron Mesh

A Portland minister is warning City Hall that passing a residential street fee and delaying a vote on charging businesses threatens to offload the tax burden onto the poor.

The letter from the Rev. Chuck Currie to the City Council hints at how today's 2 pm hearing on Mayor Charlie Hales and City Commissioner Steve Novick's street fee plan could turn into a donnybrook. Opposition to the proposal—which would charge Portlanders \$138 a year to fund transportation projects, and charge businesses and nonprofits much more—has grown deafening in the week since Hales and Novick announced they would try to pass the fee without a public vote.

The backlash caused Hales and Novick to split the proposal in two, delaying the business side of the fee for at least a few weeks but perhaps as long as November.

Currie, a United Church of Christ minister, warns the City Council not to rush ahead with a fee that would charge low-income families up to \$97 a year.

"Residents, particularly those who are low-income and on fixed incomes, need to know that they are not going to shoulder the burden alone on this," Currie writes. "The council should only adopt a full package that is well thought out, debated, and that has community buy-in."

The full text of Currie's letter is [here](#).

Business opposition to the street fee began as soon as it was announced, but community organizations have begun sounding an alarm this week.

Churches began complaining Tuesday. Yesterday, the Northeast Community Center—a nonprofit fitness center and swimming pool in the Hollywood neighborhood—sent an email to its members warning it could be crippled by the fee.

"As an independent, non-profit organization, this is a significant burden for the NECC, and impacts our ability to serve our community, the email says "The proposed fee structure provides no consideration for non-profit or other public benefit entities."

Like other nonprofits, the Northeast Community Center has urged its members to protest the fee at today's 2 pm hearing.

UPDATE, 1:30 pm: Bi-monthly newspaper Street Roots reports that low-income housing managers and advocates have also sent a letter to City Hall, saying the street fee would harm the poorest of the poor.

"Based on our understanding of the current proposal, the impact on low-income residents, and on the nonprofit organizations that operate on very narrow margins to house and support those residents, would be severe, the Oregon Opportunity Network writes. "The flat fee concept, even at a discount, will affect

our tenants in a regressive way; Portland's most vulnerable residents living on fixed incomes or no incomes will be hit the hardest."

The Mercury

Novick Offers November Deadline to Firm Up Street Fee for Businesses

By Denis C. Theriault

Commissioner Steve Novick announced this morning he supports Mayor Charlie Hales' plan to split up their proposed "transportation user fee"—moving forward on an \$11.56 monthly fee for most homeowners, but pulling back on a fee for businesses—but with a pledge to scrap the whole idea if both pieces aren't in place by November 14.

The slowdown follows a swift and apoplectic backlash among business owners in the week since the road maintenance and safety fee was formally announced last Thursday. Opposition from big business lobbyists, like the Portland Business Alliance, was expected. But far more surprising was fury from small businesses and nonprofits, some of whom faced the possibility of paying thousands of dollars a year. In all, the fee could raise up to \$50 million a year.

Beyond the obvious sticker shock, many complained the city's fee calculators for helping businesses estimate monthly payment, based on how many trips generated, were imprecise and opaque—and even altogether flawed. That sustained outcry, coming in wave after wave of calls and emails, resonated with the mayor and Novick, forcing their hand just hours before a public hearing on the proposal at 2 this afternoon.

The proposed pullback was first reported last night by Willamette Week. Looming over all of this is the serious fear opponents of the fee will be seriously motivated try to refer it to the ballot. Mollifying the business community and prolonging the debate seems to be a good way to sap some of that energy.

"This does not mean that we are planning to have a fee for residents but no fee for businesses," Novick says in his announcement today. "In fact, we are putting language in the residential fee ordinance that says that if the council does not pass a nonresidential fee by this November, the residential fee will be cancelled. Both residential and nonresidential users would start paying as of July 2015. But we do think there is reason to do more work on the business/nonresidential fee."

According to the Oregonian this morning, the plan to split the street fee will pass muster with Commissioner Amanda Fritz, the swing vote Novick and Hales need to put their plan in place. Commissioners Dan Saltzman and Nick Fish have already said they'd prefer to immediately go to voters.

Novick's statement got into the weeds of the debate over the business/nonresidential fee, in an attempt to shed some light on the city's thinking. He repeated that the city is building from the Institute of Traffic Engineers' "trip generation" model. And he said the formula used this year resembled the one used by then-Commissioner Sam Adams in 2007. Adams' street fee plan wasn't targeted by small businesses—political skullduggery by then-Mayor Tom Potter and opposition from the Oregon Petroleum Association helped doom it instead.

But Novick acknowledged that Portland's calculations based on those rules are different from those used in other cities, including Oregon City, which already charges homeowners \$11.56 a month.

Over the past week, however, reading numerous emails from small business owners, it became clear to me that many business owners were not part of that 2007 process, and have a lot of questions. Some are not sure which of the ITE categories they fit into; some question the fairness of applying the ITE model to their particular business. And it wasn't just business owners; religious organizations and other property owners have concerns about the application of the ITE model.

We still believe that the ITE manual is an appropriate basis for computing nonresidential fees. But again,

other cities have developed variations on how to use the ITE. We think it is appropriate to take a few months to give business owners and other nonresidential parties who may not have been involved in the 2007 process to ask questions about and help shape our particular formulation.

So, the Mayor's and my plan is to move forward with a vote on a residential fee, and set a deadline of November 14, 2014 for the City Council to pass a nonresidential fee. Both fees would take effect as of July 1, 2015. If Council does not pass a nonresidential fee by November 14, the residential fee would be cancelled.

Stay tuned this afternoon. We'll have updates from what's looking to be a packed, raucous hearing—late changes notwithstanding.

Hall Monitor

A "Pitched Battle" After All

By Denis C. Theriault

A LITTLE MORE than a year ago, Mayor Charlie Hales agreed to sit down and talk about bicycling and street paving and other transportation basics—and the need to slay a "zero-sum" conversation that had been pitting those priorities against one another, instead of finding ways to pay for them all.

And the new mayor was surprisingly blunt when asked how. One possibility? A street maintenance fee—something Hales tried and failed to cement during his first city council incarnation 13 years ago.

"Yes, we will raise your taxes," Hales told me ["Tale of the Grip Tape," Feature, June 5, 2013]. "I don't think that will be a pitched battle."

So let it be written. So let it be done... except maybe not as easily as the mayor might prefer.

After months of polling and politicking, Hales and City Commissioner Steve Novick have finally unveiled a "transportation user fee" (TUF) meant to cure some, but not all, of the city's transportation ills. The proposed TUF—\$11.56 a month for most families, but up to thousands annually for businesses—will raise at least \$200 million over the next five years and hopefully slow the city's growing backlog of deferred maintenance.

But as for Hales' spoken hope he might get the thing passed without a serious fight? Call it hubris, call it confidence—whatever it was, it's long since vanished.

Rather than risk the fee's defeat at the polls this fall, Hales and Novick now plan to risk it in front of their colleagues. Portland City Council will take up the TUF this Thursday, May 29, with a vote as soon as June 4—provided Hales and Novick can persuade Commissioner Amanda Fritz to join their side.

Fritz actually likes the idea of a street fee. She's also remained open to a council vote, unlike Commissioners Dan Saltzman and Nick Fish. But she's got doubts over the specifics, including the amount. And she seemed greatly annoyed Hales had prematurely declared her fealty when reporters asked.

But even if Hales and Novick manage to squeak a vote through, a surprisingly strident, fluoride-style backlash—fueled by sticker shock and a simmering fury over rising rents, taxes, and utility bills—has already begun.

Smaller businesses have taken to Facebook to vent their rage. The big business lobbyists who killed the last two street fee plans (in 2001 and 2008, both also approved by the city council) are quietly plotting. And fretful voters are emailing and calling city hall—occasionally threatening to start recall petitions.

None of this is lost on Hales and Novick. Especially Novick. He's told me he'll push for a council vote even if Fritz says no. And he's been personally answering his critics.

He's willing to battle for something unpopular but necessary, as he sees it, even if it costs him his career.

"I don't want to lose my next election," Novick wrote one constituent, in an exchange shared with print reporters. "But I'd rather try to solve this problem and lose than not try and win."

Presumably, the mayor feels the same way.

Charlie Hales Says He Asked Staffer to Make Disputed Campaign Pitch as a "Volunteer"

By Dirk VanderHart

The fight over Portland's water and sewer bureaus might be over, but Oregon Secretary of State Kate Brown's office is still deciding whether not two staffers in the mayor's office broke campaign laws in the run-up to the May 20 vote.

Josh Alpert, a policy director in Mayor Charlie Hales' office, was accused last month of making a pitch against the proposed Portland Public Water District during work hours, which is illegal. And investigators are looking into whether mayor's office spokesman Dana Haynes broke the rules when he sent a press release that was partly critical of the water district in February.

No final determination has been made in either of those cases, and there's a maximum penalty of just \$250 if Brown's office finds Hales' employees violated the rules. But here's Hales response to a set of questions the investigator Alana Cox sent him weeks ago. It jibes with Alpert's explanation of events.

In response to your inquiry:

1. I asked Mr. Alpert to make an explanatory presentation to a group of environmental attorneys gathered by Janet Neuman with the Tonkon Torp firm. I had been scheduled for this meeting, but was unavailable to attend due to a scheduling error on my part. I was invited in a dual capacity – as Mayor and as a volunteer in the campaign against the measure.
2. Once I realized the schedule conflict early that morning, I called Mr. Alpert, who was also volunteering in the campaign during his personal time. Although my time in speaking on political matters is unrestricted as an elected official, Mr. Alpert was consistent in only volunteering for campaign activities on his own time and offsite of public property.
3. Yes, I called Mr. Alpert and requested his assistance on this, a campaign matter. I did not direct him to attend nor imply that his attendance was required. Mr. Alpert is an attorney and a longtime environmental activist, so he was a logical pick for such a request.
4. My relationship to the Stop the Bull Run Takeover campaign was as a volunteer. I contributed financially to the campaign, raised funds, hosted gatherings of volunteers in my home on weekends and canvassed door-to-door. I also spoke to numerous civic groups in opposition to the measure.

Please let me know if there is any additional information that you require.

As an elected official, the mayor is free to make comments on political campaigns, so long as he doesn't use public resources to do so. But Hales' staff is far more restricted in what they can say. Public employees aren't allowed to campaign during work hours. And for salaried workers like Haynes and Alpert, those hours aren't just 9 to 5 on weekdays.

Novick Makes One Last Play to Cut Cops' Drugs Unit: "I Would Rather Preserve Firefighter Jobs"

By Denis C. Theriault

In the midst of this morning's vote to approve Portland's next operating budget, due to take effect July 1, City Commissioner Steve Novick revived his controversial push to cut the Portland Police Bureau's Drugs

and Vice Division—issuing an 11th-hour amendment asking his colleagues to phase out the unit starting in summer of 2015.

Novick's motion—written in the form of a "budget note" meant to guide next spring's budget process—also looked to slice out arguably redundant command staffers in the bureau's records and personnel decisions. That last bit marked "a modest step" toward realizing the results of a city study on supervisor ratios that found the police particularly top heavy. All told, Novick's plan would have reduced the cops' ongoing budget by \$783,456, converting that sum to one-time funding instead.

This amendment changes the funding source for 5.0 Officers and 1.0 Sergeant in the Police Bureau Drug and Vice Division, 1.0 Captain from the Records Division and 1.0 Lieutenant from Personnel Division. The funding source changes from General Fund ongoing to one-time funds. All positions will be converted from regular full-time to limited-term full-time positions. The Portland Police Bureau's General Fund Current Appropriation Level for FY 2015-16 is reduced by \$783,456.

But almost as quickly as it arose, the motion was put down. Mayor Charlie Hales, who actually oversees the police bureau, swiftly indicated he'd vote no—followed by City Commissioners Dan Saltzman and Nick Fish. The whole discussion was a brief burst of drama in an otherwise scripted process that rarely sees commissioners so boldly and forcefully veer from their prescribed policy lanes.

"Forty years of experience and research related to the war on drugs indicates arresting dealers simply because they're drug dealers is not an effective strategy. As long as there is demand there will be a supply," Novick explained before his colleagues took their shots.

But it wasn't just a question of funding a failed policy, as he sees it, he said. He also touched on another live wire that was largely punted during this year's budget discussion: What to do when a temporary fire bureau grant expires in January 2016, leaving 26 firefighters potentially without jobs? (Police and fire, along with parks, continue to account for the lion's share of the city's operating budget.)

"The work those firefighters perform is more valuable than chasing drug dealers," Novick said. "I'd prefer to put the bureaus to some extent on a level playing field going into next year. I would rather preserve some of the firefighter jobs than preserve all of the drugs and vice division."

Novick's general argument—rethinking police policy and command staffing—was given praise and lip service by all of his colleagues. But it particularly resonated with Commissioner Amanda Fritz. To make her point, she pointed to the end of a two-year deal, next summer, that's kept alive the cops' mounted patrol.

"We should put the police bureau on notice we're hoping to see some efficiencies," she said.

Of course, by the time Fritz voted, it was clear no one else was going to follow. Hales, who normally votes last on amendments and ordinances, used his role as the council's presiding officer to explain his "no" vote immediately after Novick presented his plan.

"It's okay for us to raise uncomfortable questions about how we do business," Hales took pains to clarify before hitting the specifics of Novick's idea, saying he truly didn't mind Novick working like a member of the city's "board of directors," raising issues "regardless of turf."

Then came the cold steel. He said he'd rather wait for a police bureau staffing study this fall before cutting any command staff and making other resource reallocations within the bureau. He also reiterated, when pressed by Fish, that he wants to talk about saving firefighter jobs and remains committed to not having any layoffs.

"We don't have to drop Peter to pay Paul now," Hales said. "We've got a year to figure it out."

Fish largely echoed the mayor, thanking Novick for the conversation even as he declined to support it. But it was Fish, as noted, who made sure to get Hales on record supporting some further public discussions about both the fire bureau and the command staff questions lingering in the police bureau. That was also reasonable.

Saltzman's vote against Novick's measure was less reasonable. He focused on his lens of "children," worried that losing the drugs and vice unit would leave children stranded in drug houses with marijuana, which he implied was dangerous and involved with guns, equating it with meth.

It fell to Novick to point out, after Saltzman voted, that the city's drugs unit doesn't actually focus on drug houses. It leaves that work to neighborhood response units to focus on higher-level organized crime dealers. Which means the kids would still be just as well off, or not, whether Novick got his way or not.

"It is appropriate to reduce the amount of resources were dedicating to an ineffective strategy," Novick said.

Maybe next year.

LIVE BLOG: The Very Controversial Street Fee Comes to City Council

By Denis C. Theriault

For the third time in 13 years, Portland City Council—this afternoon—is debating some form of a street fee—a way to raise millions meant to ease the city's nearly billion-dollar, 10-year backlog of road maintenance.

And for the third time in 13 years, Portlanders from all kinds of backgrounds and political stripes—business owners, lobbyists, social services advocates, etc.—seem to be decidedly angry about the prospect of having to cough up that money. Angry enough that this attempt could be doomed to the same fate as the other two, in 2001 and 2008.

Already, the plan put forward by Mayor Charlie Hales and Commissioner Steve Novick just a week ago—\$11.56 a month for most families, potentially thousands of dollars a year for businesses, city agencies, nonprofits, churches, and schools—has been cleaved into two. As announced earlier this morning, the residential fee will go forward next month to a council vote. The nonresidential fee will wait until at least November to be further refined.

But that news doesn't seem to have immediately cooled hot feelings. The hearing started at 2, and the council chambers are packed.

"The hard truth is we've got to pay for our own stuff," Hales said in forceful remarks that kicked things off. "We've got to start now. And we've got to do that for a long time."

The mayor gave us a look back to 1993, the last time Congress raised the gas tax (without indexing to inflation)—the main mechanism, without a street fee, for funding the city's transportation needs. He listed the 28 other Oregon cities who've raised their own revenues. And he said he regrets the reason Portland is even having this conversation, and offered his sympathies.

"We all wish we weren't here today having this discussion," he said. "We don't like the idea of one more fee. We don't like the idea of raising the cost of living for families who've gotten through tis recession or who are in many cases still hurting."

Novick, the city's transportation commissioner, followed him, talking about the \$91 million a year the city needs to spend just to catch up on its deferred maintenance. (That's up from \$75 million, a number supplied n in a stinging city audit last year.) He said he worried none of the possible alternatives proposed would be any more popular.

"This is the kind of issue where politicians lose elections," Novick says. "I'd rather solve these problems and lose the next election than not solve them."

Then came Dan Saltzman, who supports the interest in solving the problem—just not the method. He wants to go to voters directly. He won applause.

"I do want to state unequivocally I can't support enactment of the street fee," he said. "I can only support a public vote for a street fee."

Stay tuned and hit the jump. PBOT director Leah Treat is up now.

Update 2:40: Treat started by recounting PBOT's starting point: the 2007-2008 effort for a street fee. Then she went into the work done this time to promote the fee: polls, town halls, more polls, more town halls. Neighborhood meetings. Sitdowns with lobbyists and special interest groups.

She acknowledged that the regressive nature of the fee—most homeowners will pay the same amount—was the gripe officials heard the most. But she said we can't afford to wait to start paying our way into better road health. The fee will raise up to \$50 million a year. Ditching the streetcar, as Novick said some people have suggested, would only save \$4 million a year, by way of example.

"Even though we will not be able to address all of our needs with the proposed fee," Treat says, "we must start chipping away at it."

Update 2:47: PBOT says only half of its revenue is "flexible"—most of it's tied to specific projects the bureau's committed to build. We've also been shown a pie chart showing where property tax revenue citywide goes: More than half goes to the cops and firefighters. Some 2.2 percent goes to PBOT, much of that for street lighting.

PBOT's also brought up something spearheaded by fired PBOT Director Tom Miller: The bureau's business-leader-filled Financial Task Force. As the Mercury first reported in 2012, that task force highlighted the shortfall and recommended very prominently not only a street fee, but also a local gas tax. That report was shelved in the waning days of Mayor Sam Adams' administration. This is the first time, interestingly, it's substantively come up in the Hales administration.

As we explored the inadequacy and structural deficiency of transportation funding, we reviewed a wide range of potential revenue streams (see Attachment A) and advanced those we think are most functional and plausible.

- Street maintenance fee
- City gas tax
- Inflation-indexed parking meter and Smart Park garage rates
- Performance pricing parking
- Commercial Parking Tax
- General Obligation Bonds

The 2012 Financial Task Force report recommendations.

Update 2:55: We're hearing a lot, lot, lot about how the twinned message of safety and maintenance seemed to increase support for revenue in polling. Same with a sense that businesses would also pay, so this new revenue wouldn't unfairly come on the backs of the poor and homeowners.

Also reassuring for poll respondents? Some sense that the money would be dedicated. Hales has proposed a ballot measure in the fall that would bind the city's use of the fee—after the fee itself was approved by the council.

Some other sweeteners included after public clamor: an oversight committee, a delay in collection until 2015, a exemption for residential fees if a business owner runs a business in the cit and lives in the city, a discount for low-income Portlanders.

And then there's a slide showing how much people spend on their cars every month: hundreds of dollars, including \$112 a month alone on vehicle maintenance. Novick chimed in to note that gas taxes paid now already amount to \$49 a month, on average. So the new fee, if approved, would bring that up to \$61 a month.

Without good roads, he says, "Your car isn't worth much."

Update 3:03: How's this thing going to work? It's based on trips using the road system. It's also built on the following mantra—unlike past efforts that took walking and transit and bicycling into account when calculating trips—"Everybody pays, everybody benefits."

While this is being explained, signs calling the fee "unfair" are being held up.

But so far, no one knows where the line will be for low-income residential discounts. There's also been some sense that apartments generate fewer trips.

As for businesses? How developed is your site? How big is it? What do you do—and how does that influence the number of trips you generate? For example: fast-food eateries generate more than sit down joints. This stuff is the weeds that Novick and Hales need the next few months to figure out, lest this whole effort capsizes in a wave of small-business-owner opprobrium.

We've also learned that the fee will be phased in over three years. That's not been mentioned. There's also talk of sample bills and the ability to appeal the number of trips your business is estimated to generate, something a traffic engineer will vet. And for universities, campus buildings that are mostly walked to and from would be treated differently.

Commissioner Amanda Fritz is making sure that a family with two houses, say they're selling one while living in the other, won't be charged twice. That's not been clarified yet.

Update 3:09: The things the transportation fee would buy are now being explained.

We've been told the school districts are bracing for big hits, in the six figures, because of this fee. But that they're also stoked about the improvements that would wash up on their doorsteps.

Update 3:21: Commissioner Nick Fish is asking about parking lots and an administrative cap for the fee. Novick says it won't be hard and fast like, say, 5 percent, like with the arts tax. (Novick says there's talk of going back to voters to raise the arts tax's percentage, oddly enough.) Up to 20 percent of revenues could go to other things besides maintenance and safety.

Lots initially weren't part of the fee calculations. Now they will be, to reflect their employees and the presence of things like food carts.

Fish also asked about whether money would be spent in less fortunate parts of the city by fiat. Novick says that's a practical reality instead of something that needs to be directed. Most bad intersections and roads are in East Portland.

Saltzman is not happy about the 20 percent option—which could, he worries, let regular employees start billing against the street fee. And PBOT employees are grumbling a bit as he presses this point with Treat and Hales and Novick.

PBOT assures him the fees oversight committee will be looking administrative functions in an annual report. "It's an extra layer," Hales says.

Saltzman's also pressing about whether there's a cap on overtime expenses that can be billed to the fee. He's worried about overtime eating up the fee, and he says he and Hales talked about that before the meeting. There isn't a cap. But OT is rare in PBOT compared to the police and fire bureaus. It comes up during snowstorms or landslides and other emergencies that wouldn't be funded through this fee.

Saltzman mentioned his children's levy for the third and fourth time today, talking about its 5 percent cap on admin costs and its annual outside audit.

Update 3:26: The phasing-in, which we mentioned above, is contained in an amendment just put forward by Novick. The first year would raise \$8, then \$10, then \$12. But Fritz has come back with her own amendment, and it's going to trump Novick's. She'll start with \$6, then \$9, then \$12.

Novick's also formally put forward the street fee's great cleaving—residential now, nonresidential later—and the November 14, 2014, deadline for passing both halves. If that doesn't happen, Novick's made clear, the whole thing will go away.

Update 3:33: Jonathan Ostar of transit riders organizing group OPAL is offering his support for the fee. It's a hit, he acknowledges. And he wants more details on how to blunt the pain for low-income families. But he says the benefits will flow in large part to Portlanders living in distressed and often-neglected areas. "For all to long, low-income people and people of color have been fighting for scraps."

Ostar also says he wished there was a "sunset clause." Maybe in 10 years, we'll have a "more creative solution." "I'd like to force us back to the table." Novick says he understands that need. But that he doesn't want to send a signal that problems with our roads will all be magically fixed in 10 years.

Ostar and his fellow panelists are among a handful of advocates invited up by Novick. It's been interesting over the past few days to note how relatively quiet transportation advocates have been compared with very vocal business critics.

Update 3:43: Steph Routh, formerly the executive director of Oregon Walks, is recounting the pain of "cutting into the marrow of the bureau" as a member of PBOT's budget advisory committee during the past few painful budget years.

She's also telling the room about her struggles to cross SE 82nd as a resident of Lents and how, in her work as an advocate, she's had to spend a dispiriting amount of time at vigils for people who've died while attempting to navigate roads lacking safety improvements.

Routh, however, makes a good point about the planned discounts for low-income payees. She says the city doesn't always do a good job advertising those opportunities in its housing programs and in its sewer and water bureaus. Maybe, she says, this will lead to a broader, citywide discussion about how to help low income Portlanders.

Her support also seems to be tempered with concerns over the plan to split the two types of fees—she doesn't want more of the money to come from residents than businesses.

"It's certainly not my intention to move away from a 50-50 split," Hales assured her. "It's part of the deal."

Another invited panelist owns a business with 11 employees on SE Foster, and he's bucking the loud current of complaints from his fellow entrepreneurs. He says he could easily shoulder the fee he's estimated to pay under the current calculator.

"It's a completely reasonable fee," he says. "It's a utility that's more important to me than my phone bill... Anything we do to address these issues is good for my business."

Novick followed by attempting to nod to some other groups. And all hell broke loose with accusations about running the clock out.

"This is a big deal," Hales said. "This is a deliberative body and we won't have shouting."

Update 3:48: Those other folks invited to come up? They're not there to toe the party line.

Among them was David Leslie of Ecumenical Ministries of Oregon, someone who told Willamette Week that churches and nonprofits were concerned about the prospect of paying thousands of dollars.

He's neither in favor or opposed—just full of concern about both the problems the city's roads face and also the fees many poor Portlanders will face. He called them "egregious," seeing a lot of low-income residents already struggling to make it month to month.

Churches can't make up much of the new money paid out for a fee, he said. And they might have to charge more for the nonprofits and other groups who use their spaces. Leslie suggests another few dozen town hall meetings to work these details out.

"Let's take a little bit more time on this," he says.

Hales says he wants to find out if the other cities with a fee treat nonprofits differently. He notes, however, that churches still have to pay for their tap water and toilet flushes like everyone else.

Update 4:01: The head of Home Forward's board, David Widmark, also is fretting about the fee, over the potential harm to the agency's mission of providing public housing, particularly the impact on Section 8 residents. The dollar amount could be \$700,000 to \$1 million.

Home Forward's Section 8 manager joined him and said 4,300 residents on the program are living in buildings "not eligible" for the proposed discounted rate. Veterans and others who live in Home Forward properties and hold vouchers and don't have much income may not be able to afford the \$96 to \$138 a year extra for the fee.

"We urge you to slow this process," she said.

The overall hit could cost money that would instead be going to rent assistance meant to keep struggling people in their homes.

Meanwhile, Neil MacFarlane, executive director of TriMet, offered some pretty laudatory remarks—even though TriMet will have to pay out some significant money. He called it "well-considered" and "fair and equitable."

It's unsurprising: He's clearly interested in having better roads for buses and better sidewalks for transit riders. There's also a promise that if fixes come to roads like 122nd, they'll make it their 13th rapid transit corridor—something that can't happen without better access to the road for riders.

Novick got guffaws a little while later when he said exemptions for income raised a quandary with the city's lawyers. Because exemptions could mean the thing was actually a tax and not a fee. This is something that the next few months could be used to figure out.

Update 4:11: Novick's further annoyed the room by asking more people to speak. First among this new panel is Tom Chamberlain, head of the local AFL/CIO chapter, and someone who advocates for many of the workers who'd be doing the work the new fee would pay for.

He's talking, instead, about East Portland.

"Do not kick this down the road," he says.

Following him is Heather Hoell, who works with Venture Portland, the umbrella group that represents the city's local business districts. She's not a fan. And neither is her group.

She's complained the trip calculator doesn't reflect the local economy, because it's built on national data. She's also highlighted some flaws in the calculator: it's not user friendly, or clear, and treats small shops like Broadway Books the same as Powell's. She's got a point, and I hear knowing chuckles in the room. (Hales said he was very interested in refining the calculator to make it sensible.)

She says costs should ratchet up per trip, not down—essentially making it more progressive. That would mean a bigger hit for the businesses most responsible for generating trips, at the expense of easing the burden on smaller businesses. (Novick clarified that square footage matters—keeping those costs down in real terms.)

"I urge you to slow down," she said to applause, and "enable Portlanders to vote on issues" of great importance.

Another critic followed Hoell: Andy Frazier of the Portland Business Alliance's small business committee. "This should be one package," he says—urging the city not to move so fast.

"We still have more answers than we have questions," he says.

One such question: The exemption for business owners isn't as clear, he contends, as Novick has made it. It may only apply to businesses of a certain size or with a certain arrangement.

And maybe these other cities with fees didn't go to the public, he says. But how many of those, he asked, also have their residents pay arts taxes and their businesses providing paid sick leave?

Two hours and eight minutes in, the signup sheet is being tapped.

Update 4:20: Paul Romain, the lobbyist for the Oregon Petroleum Association, is first. He talked of the "unfortunate privilege" of enduring the 2007 and 2008 fee—and the games both sides played over whether to keep that fee from a public vote.

This time, he says, "you've been talking about the issues, which is a policy discussion." But it's one where he and Novick and Hales clearly lack agreement. A threat has emerged, of sorts.

"It will be on the ballot one way or the other," he's warned. "Either you delay it and work with us, or put it on the ballot yourselves and don't let us do it."

Romain claims he hates city politics, but that he hates the street fee bit even more. He's lecturing the city on the spending choices that helped put them in this hole: streetcar lines, studies for light rail lines to Tigard, police and fire and public safety.

"We had the money dedicated to a bigger purpose, and then it got moved," Romain says.

Hales asked him about what the city should do if a street fee fails. Gas tax? Income tax? Massive and impossible-seeming cuts to the fire and police bureaus?

"Maybe if the public understood that they'd vote for it," Romain says. "I'm not saying I wouldn't vote for it."

Update 4:27: Eric Fruits, an economist and Laurelhurst Neighborhood Association board member, said his neighbors feel shut out and won't support this. Outreach, he says, was lacking—and he railed against what's felt like some whipsaw changes in the fundamentals of the proposal within the past few days.

Novick asked him if he'd attended any of the town hall meetings where a potential \$12 fee was discussed. Fruits acknowledged he hadn't. But then he pivoted to something more popular with the room: Why this is being split?

"The residential fee might not be popular but its simple," Hales answered.

Fruits called it a "divide and conquer" strategy and won huge applause. "Don't play games with us. We know how the world works."

Update 4:23: Paul Cone, representing City of Portland Professional Employees Association (COPPEA) Local 17, a union with many PBOT employees—engineers and technicians and others—says his organization is throwing its support behind the general proposal.

"We, your professional staff, have seen firsthand the impact that deferred maintenance has had," Cone says. Waiting won't make those costs any cheaper, he reminds the room.

A Parkrose resident following Cone says his neighborhood desperately needs the kinds of projects this fee would bring—even if he'd prefer a public vote instead of a council vote. He also asked why the city would be willing to split the fee revenue between safety projects and maintenance or why money would be spent on adequate to slightly bad streets.

Novick says sometimes it's more cost-effective to fix roads that aren't that bad, before they get bad. Sealing can cost several thousand dollars per lane mile. Digging up and rebuilding can cost \$1 million per lane mile.

Update 4:38: Captain Kelli Sheffer of the police bureau's traffic division was called up out of order so she could head over to NE Alberta for Last Thursday. She's urging the council to back the fee because it will cut down on traffic fatalities.

It's a nice display of cross-bureau support.

Update 4:54: "The idea we should not put it to a vote because people don't want it seems anti-democratic to me," one speaker just said, to smatterings of "yeah!" from the crowd. He says PBOT and Novick should make the fee proposal more palatable—sounding like Paul Romain when he added that he's usually been willing to pass whatever kind of bond or levy or fee commissioners have put before voters in past years.

Joe Walsh, a frequent council gadfly and provocateur (earlier today, he dressed like Julius Caesar and kept shouting about Brutus), got up afterward and called the idea "stupid." He also noted that Novick had left the dais during his remarks. "Where is Steve Novick?" he bellowed. The crowd, mob like, jeered their approval of his question.

Walsh, though, did make one utterly unassailable point. Afternoon hearings where it takes a couple of hours for invited speakers to give remarks are easy for people like the head of the AFL/CIO to attend, Walsh points out. They're not easy for regular people—never mind how many still made it.

Walsh is right. It's been years—the downtown alcohol impact area vote in late 2010—since an important public meeting started at night, when people are off work.

Two speakers later, someone called the mayor a "dictator" and Saltzman a hero for democracy for insisting on a council vote.

And then came the Oregon Taxpayers Association. They don't know the word "fee." They know the word "tax." So this is a tax. But they might support it, if the amount was lowered and if it went to the voters. Fish asked and got that last answer.

Update 5:05: "Why can't a future council discontinue the tax?" Fish asks Hales—in part to answer critics who keep demanding a sunset.

That's an interesting question. Hales says a sunset isn't written in, but that a council shift is technically possible. He cites an incredibly wishful scenario. Say the federal government "came back to life" and increased the gas tax significantly? Or what if the feds and the state went for a vehicles traveled tax.

"If that actually happened," Hales said, "we wouldn't need this anymore."

Update 5:14: That exchange came before testimony from three seeming supporters: A representative from the Metro Council, Rob Sadowsky from the Bicycle Transportation Alliance, and Aaron Brown, board president of Oregon Walks.

"We think it's appropriate for everyone to make contributions" to paying for roads, Sadowsky said before giving concerns that need solving before a "final" position on the issue. One is a real, robust discount for low-income residents. The second is an investment in changes that reduce car trips—meaning make sure to invest in things that help increase, among other things, bicycling.

"It's refreshing to see the city of Portland step up with a proactive solution," Sadowsky said.

Brown led off by talking about his work with SUN students in the David Douglas School District in East Portland. He's been a big advocate for "Vision Zero," a multiyear promise to end traffic fatalities. That effort was born and fueled by a spate of deaths in East Portland and the vigils he's had to attend.

"I know this is a difficult vote," Brown says. "But it's even more difficult to cross 135th and Stark. And it's even more difficult to know what to say at these vigils."

Soon after he wrapped up, Hales' spokesman, Dana Haynes, walked over to tell me that 80 more people were still signed up to speak.

Update 5:24: Craig Beebe, chair of City Club of Portland's bicycling committee, says the club isn't endorsing the fee—because the club hasn't had time to fully study the proposal. But he harked back to the club's bike report last year and said some of its goals would be helped by the proposed fee.

"We would however like to see greater specificity," Beebe says.

City planning commissioner Chris Smith, a veteran of the 2007-2008 fight, has applauded Novick and Hales for their "courage."

But "this is only going to get us partway," Smith says, citing the \$91 million a year PBOT says it will take to catch up on the paving backlog. "We're going to continue to have this conversation even if we succeed."

Novick took the opportunity to paint a "bleaker picture": That \$91 million is only for paving maintenance. It doesn't account for maintaining streetlights and bridges and other crucial infrastructure under PBOT's aegis.

Update 5:31: "Portland's plan is not like Oregon City's," another woman says, sharing numbers I've seen on Facebook (or maybe online in the Oregonian: Businesses there pay much less, even though Oregon City's residential fee is the \$11.56 a month initially proposed by Novick and Hales.

Citing a 90-minute conversation with some unspecified Oregon City bureaucrat, she said overall revenue from their street fee comes from residents mostly, some 70 percent.

She's also noting that Portland's transportation revenues, from the gas tax and parking, are both going up—citing an audit last year rapping PBOT and the city council's spending decisions. That's become a talking point to some degree. But that's not the issue. The issue is that the city's transportation revenues haven't increased as much as officials once predicted—meaning spending decisions have been made on flawed projections.

Update 5:39: Andre Baugh, chair of the city's Planning and Sustainability Commission, says the proposed fee is an essential part of realizing the Portland Plan—that thing that only the planning commission seems to talk much about.

"It advances our investment in equity and inclusion," Baugh says, noting the projects that would come to East Portland. He's the last before a five minute break. My ass needs one. Desperately.

Update 6:04 The first speaker after the break keeps intentionally saying "tax, I mean fee" in her remarks. Her best point addresses the plan to temporarily cleave the residential and nonresidential fees: It may pit people against one another. But it doesn't jibe with the reality of what's happening. \

Novick, as he's announced earlier today, has put forward a November 14 deadline for getting both halves of the fee passed. [GRANTED. THE COUNCIL COULD ALWAYS CHANGE THAT.] But if that deadline comes and goes without a nonresidential fee in place, both would go away.

Craig Miller of the grocers lobby came up after, and the Northwest Grocers Association will be a heavy hitter in the effort to fight this thing. He plainly said the current proposal "is not in the ballpark of being reasonable and affordable."

His beefs? The trips model treats grocery stores as destinations unto themselves. He claims stores are "ancillary" destinations between home and work—which might be true sometimes, but isn't always. Yes, there's an appeals process, but he worries that it will be "expensive." He also wants more details on which projects will be funded with the fee.

He cites Tigard's street fee, which his group helped shape, as a model. Novick pointed out that Tigard's fee is built on parking spaces owned by businesses, something far more sensible in a suburb than in a dense place like Portland.

Novick answered the concern about safety projects: "There wasn't much passion about maintenance" at town halls. And yet the city's still spending most of the new money, if it passes, on paving.

Fritz followed with questions about profits and margin. She said hearing from small businesses about how much they clear right now, and how much their estimated fee payment would eat into that profit, has been "helpful" for her.

Miller said the big stores still have just a 1 or 2 percent margin. In Tigard, the average payment is \$250 a month. It's believed to be a bit higher for a large store here.

"Hopefully we can have a deep breath," Miller said.

Update 6:09: A neighborhood leader from Northwest, and a member of the city's pedestrian advisory council, offered an impassioned defense of the fee—and urged the council to pass the thing without asking voters first. She seemed on the verge of sobbing at one point.

If commissioners pass this "unpopular but deeply necessary measure," she says, "I believe you won't hear from heartbroken family and friends of a mother who lost a child crossing a city street."

Update 6:19 We're at the point in the hours-long public meeting where all the people who've signed up have gone home and we hear a lot of names being called, but not a lot of testimony.

But one of those people speaking is the president of 82nd Avenue's business association—and he says his board voted unanimously to slow the fee down, even though their area would benefit from much of the work the fee would fund. (Except not on 82nd Avenue itself, which is ODOT controlled...)

He says there's no sunset date for the fee, no limit on what someone can pay, and too much pain for businesses already in Portland, after things like sick leave.

"Only in the past few days have the true cost to the business community been disclosed," he says. "Many may not be able to survive this increase."

Update 6:32: A few other big names are still in the pile. Marion Haynes, the new top Portland lobbyist for the Portland Business Alliance, repeated the PBA's by now well-known calls to slow the fee down. Both pieces of it. (Bernie Bottomly has gone back to work for his old employer, TriMet.)

"The Alliance absolutely supports the goal of maintaining streets and improving safety," she said, reminding everyone that the PBA backed Sam Adams' attempt at a fee (about half the size of the current proposal) seven years ago.

But? "It feels like it's time to start that conversation instead of ending it," Haynes said.

Interestingly, she was thanked by Fritz for her "very constructive comments."

Update 6:42: A representative from the Pearl District Business Association asks a version of something that's usually come up in the context of drivers from Clackamas and other in-state-locales: How will the street fee account for Washington drivers? (Another speaker suggested a car-user fee, in which people who drive and operate their cars in Portland—commuters from Gresham and elsewhere, say—pay for stickers that would be affixed to each of their cars' windshields.)

In any case, the Pearl business district is opposed and thinks this public process is even worse than what they thought was a flawed process over paid sick leave.

Then, in a delightful display of ironic juxtaposition, a business owner from St. Johns—Olya Karkoshkina, proprietor of N Fessenden's Six Point Inn—came next. She mentioned the seething rage in St. Johns over the street fee as proposed (I live up there, and she's not far off). She also said she and others would probably say yes if it was refined and put on the ballot.

"Slow down," she said. And if it's better written, "I will gladly vote for this myself."

Update 7:07: Wonkiness alert! Fish, picking up from a speaker who raised something similar, asked why PBOT couldn't do what the sewer and water bureaus do: Charge a base fee for everyone—but come up with a mechanism for charging heavy road users more. Novick said that's not possible, not without affixing sensors to people.

Fish said finding some path to that kind of nuance might offer incentives to change behavior. That's when Hales spoke up. Unlike the Adams fee, which attempted to account for different transportation modes, this fee was structured simply on purpose.

"We're not trying to change behavior," the mayor said. "We're just trying to pay for our streets."

This debate broke out just before the final three speakers sat down. One was the head of the NE Broadway business district—complaining that the business fee makes up a larger part of net taxable income than the residential fee does for homeowners. (Novick took slight issue, saying businesses can deduct much of their expenses and bills, unlike a homeowner.)

The district rep also questioned the rumblings that the fee would be added to the water bill. "That's one way to do it," Hales made sure to point out—stressing that it wasn't a decided point, even if language in the ordinance pushing the fee seems to hint at it.

The penultimate speaker is another business owner who said she's worried about losing her living, the money that's left after supplies and payroll. (It's not much, she said.) She said she was trying to hire someone before news of the fee emerged. She's not sure if she can keep that employee.

"I don't believe the city owes me a living," she said. "But I don't understand why I get this fee that's so much disproportionate for me than you do living in your house and having the job you have."

And the last speaker? A retiree who doesn't want the fee to be paid by people on welfare—but does want the fee paid by people who live outside Portland but still drive and work here. He had trouble paying the arts tax already, just \$35 a year. "It's tough."

Update 7:08: Scratch that. More people raised their hands and came forward.

Update 7:16: "I am the face of Portlanders stretched to the limit," one of those speakers says, making the point that \$12 a month hurts the person making \$25,000 a month way more than it hurts the person making \$100,000.

She was joined by a founder of the Stop Portland Street Fee Facebook page, who's also a member of Woodstock's business district. She took umbrage with Novick's claim that the street fee was the most popular of several unpopular options for addressing our transportation funding issues.

"You've successfully made this the least popular option," she said, decrying especially the regressive nature of a flat street fee.

Last—for real this time—was a woman who saw the meeting on the news this afternoon and hustled over, happy to see this thing was still going, some five hours after it started. She confessed not paying her arts tax because she just didn't have the money.

"Where is there to stretch?" she asked. "It's unfair when taxes or fees, whichever, are placed upon people who worked all their lives."

But this isn't over. Fish has "500 questions" on procedural issues.

Update 7:30: THIS IS GETTING SUDDENLY HOT.

"Where are we going with it?" Fish asks.

Novick says there's a resolution on the cleaving: If there aren't two fees by November 14, both are dead. He says the residential fee will come to a vote next week. And there will be a separate vote on the mayor's charter amendment that binds the city's hands in spending the money.

Fish also asked about amendment procedure—and was told today was maybe the time to do that.

"I'm not even remotely prepared to offer amendments because I haven't had a chance to digest them," Fish says.

Fish is angry that there's no real chance, as he sees it, to improve this ordinance before a second reading next week. Second readings of ordinances don't get testimony. Hales and Novick are telling him there can be changes after next week's vote.

"There's an easy solution" to this, Fish says. "Bundle the two measures" and take them up "in November."

Novick pushed back, and so did Hales, reminding Fish that the idea was to avoid a low turnout ballot measure next spring.

"Why did we have a five and a half hour hearing?" Fish asked, implying minds were made up without listening to the testimony the council heard.

"Because it's an ordinance," Hales replied

"I have five pages of questions and followup that I'd like to have answers on," Fish said.

That's when Fritz interjected and said there's still a chance to get information before next week's formal vote. She said emails she received, by the hundreds, were instrumental in shaping her thoughts. (Splitting the business side, she said, was "elegant.")

But she also said she couldn't escape the reality that we need to spend \$91 million a year to catch up. Nor could she escape the impact that even the residential fee would have on Portlanders.

Fish admitted he couldn't stop a vote next week. And yet he gave a plea for resolving concerns from agencies like Home Forward.

"When do we resolve them?" Fish asked, frowning his brow that "this isn't how we usually do things."

"Between now and next July," Hales said. "No one will pay anything until next July."

"If this is going to be referred to voters," Hales followed, "then the time this should be done is in a November general election."

Novick said he expects a referral, by critics, of the residential fee this fall. And he's content that the message will be sent—discounts, a phase-in, no business issues yet, etc.—will wind up being favorable.

Novick then reminded Fish that he didn't wait for testimony before announcing his stance on a public vote. (SALTZMAN, MEANWHILE, IS NOTABLY ABSENT FROM ALL OF THIS.)

Fish came back and said he's not even sure if he's ready to back the fee—no matter whether he decides to send the fee to the voters.

Update 7:35: "We have been talking about this for 14 years," Hales said.

"There is a problem, you have put a solution on the table," Fish said. "What is the value of that public process if we can't absorb" what the council has heard here.

Hales says, again, that more changes can come before the ordinance's effective date next year.

"I'm not at 7:30 trying to pick a fight on a minor procedural point," Fish says.

He relents after a fashion, saying he'll forward his questions and discuss it with PBOT, Hales, and Novick if some rise to the level of a major modification.

With that all done, Novick thanks his staff, and it's all over. Go look at your TV now.

The Portland Business Journal

Hales, Novick may be reconsidering Portland businesses' street fees

By Andy Giegerich

Concerns lodged this week about Portland's proposed street fees may have snagged the attention of City Hall.

Willamette Week reports that Mayor Charlie Hales and City Commissioner Steve Novick are “preparing major changes for the proposal.”

Hales and Novick are the architects of the proposal that would cost the average business about \$75 a month. The money would go toward street repairs and other road infrastructure work.

The city is holding a public hearing on the matter today at 2 p.m. The Portland Business Alliance put out a call Tuesday for businesses to testify at the hearing. The Alliance said the fee could be “burdensome” for some businesses.

Transportation advocates, including bicycle groups, are lining up to support the measure.