

The Oregonian

Portland street-fee plan is full of holes: Editorial Agenda 2014

By The Oregonian Editorial Board

Portland Commissioner Steve Novick insists that the city can't wait another moment to pass a street fee. Children are walking to school in ditches for lack of proper sidewalks, he says. The city's streets are approaching third-world status, he says, and it would be irresponsible not to pass a fee immediately.

The most impressive part of this argument is Novick's ability to make it with a straight face. Novick and his colleagues on the Portland City Council are in danger of seriously bungling the street fee by landing on a rushed, arbitrary and emotionally manipulative approach that seems driven by political polling instead of actual transportation priorities.

Novick, who oversees the city's Transportation Bureau, joined with Mayor Charlie Hales this month in recommending that Portland residents and businesses pay a monthly fee for street maintenance. The idea has merit as a stand-alone policy proposal, and more than two dozen Oregon cities have supplemented their transportation budgets with street fees.

Yet Portland isn't like other cities, as it reminds us on a regular basis.

Read more about the editorial board's priorities for Oregon.

Hales and Novick waited until two days after the May 20 election to unveil their plan, presumably to avoid irritating Portlanders right before the high-stakes vote on an initiative to wrest control of the city's water and sewer services from the City Council. Now they're racing to approve a fee so that if voters do refer the decision, the referral would qualify for the November election, when the electorate skews more liberal than at other points on the political calendar.

They also worked out some of the details away from the public eye, using a 26-member transportation advisory committee: The city cited a loophole in the state's public meetings law to meet behind closed doors rather than in public, a paternalistic decision that suggests a lack of faith in Portlanders' ability to face facts without getting the vapors.

Meanwhile, they're trying to create the illusion of public involvement by giving people something to vote on -- other than the street fee itself, of course. Mayor Charlie Hales suggested a proposed amendment to the city charter that would ensure that the "majority of funds" generated by a street fee would go toward transportation maintenance and safety improvements. This amendment allows no way to voice opposition, and it is surely puzzling to anyone who had assumed, naively, that the entirety of the fee would go toward the purported need.

Finally, there is the proposal itself. Under the original plan, most Portland homeowners would pay about \$140 a year, with discounts for low-income families and multifamily units. Businesses, nonprofits and other entities would be charged based on a nonsensical formula estimating the number of trips their businesses might generate.

This plan didn't stand up well to scrutiny. By mid-week, Hales and Novick decided to go ahead with the planned vote on the residential fee but delay the vote on the business fee. (The residential fee is less complicated, Novick told The Oregonian's Andrew Theen, and the opposition to it is "a matter of people simply objecting to paying.") By the Thursday public hearing, another wheel came off: Commissioner Amanda Fritz suggested an entirely different fee for households -- one that would lessen the financial burden but raise less money.

Overall, the council appears to be winging it, which is not the impression you want to give when attempting to impose a significant new fee.

Novick and Mayor Charlie Hales should suspend next week's planned vote and spend more time working out the basic policy details and mechanics: who pays, how is "income" measured (hello, arts tax), what is funded and how the city would collect the money. They are free to fund critical child-safety projects at any time by reprioritizing existing resources.

If they delay the business-fee vote while ramming through the fee for residents, under the mistaken notion that the residential fee is not a big deal, they risk making policy choices that are careless and unfair to Portlanders. This would detract from solving the real problem of street maintenance while costing the city a fortune in time, credibility and political capital.

The Portland Tribune

Residential street fee vote set for Wednesday

By Jim Redden

The City Council is scheduled to vote on three measures related to the controversial street fee on Wednesday.

One measure would impose the fee — officially called the Transportation User Fee — on households. Another would require the council to approve a similar fee for businesses, governments and nonprofit organizations by Nov. 13. The third would place a measure on the Nov. 4 General Election ballot requiring that the funds raised through the fee be spent on transportation-related project.

The fee proposal was developed by Mayor Charlie Hales and Commissioner Steve Novick, who is in charge of the Portland Bureau of Transportation. The council held the first public hearing on it last Thursday. At that time, Commissioner Amanda Fritz indicating she was willing to join with Hales and Novick to pass it. Commissioners Nick Fish and Dan Saltzman said it should be referred to the ballot for voter approval.

Most of the people who testified at the hearing testified against the fee. They included residents and small business owners who said they could not afford it. Some business organization said they could support the fee, however, if they thought it was fair and the money would be wisely spent.

A number of supporters also testified. They mostly represented government agencies, including TriMet and the Portland Police Bureau, and advocacy organizations, including the Portland Pedestrian Advisory Committee and OPAL, which favors increasing mass transit opportunities for low-income residents, among other things.

Many of those who testified said the public should vote on the fee. Hales and Novick are opposed to referring the fee to voters, however. They say the money is needed to better maintain Portland streets and fund safety projects, such as more sidewalks in outer East Portland.

The residential fee is proposed to start at \$6 a month in the first year, increase to \$9 a month in the second year, and increase to \$12 a month in the third and following years. It includes discounts for low-income households.

That fee schedule replaces the original proposal of \$11.56 per month, which also included low-income discounts. The new schedule was proposed by Fritz.

The council split the residential fee from the other fees at last Thursday's hearing. Novick said he supported the split after hearing concerns from small businesses. He introduced the ordinance to give the council until Nov. 14 to negotiate a new fee for businesses, governments and nonprofit organizations, including schools and churches. According to the ordinance, the residential fee will be repealed if the other fees are not approved by the deadline.

Hales says the measure proposed for the General Election is intended to assume that future councils continue to spend the money raised by the fee on transportation projects. It says a majority of the funds must be spent on maintenance and safety projects. Other potential uses include bicycle and mass transit projects.

It is unclear how much the residential fee will raise. All of the fee were originally estimated to raise between \$40 million and \$50 million a year.

Deliberations on the three items are scheduled to begin at 11 a.m. on June 4.

Fish: Questions about residential street fee

By Jim Redden

Although a majority of the City Council appears ready to approve a residential street fee next Wednesday, a commissioner who believes it should be submitted to the voters has not given up.

The day after the first public hearing on the fee, Commissioner Nick Fish emailed a list of 11 questions about the fee to the rest of the council and the Bureau of Transportation on Friday.

Fish also asked about the decision the council made at the May 29 hearing to separate the residential fee from the fee on businesses, government agencies and nonprofit organizations, which is still being crafted.

And Fish had a question about a November ballot measure Hales has proposed to restrict the funds raised by the fee to street maintenance, safety, bicycle, mass transit and other transportation-related projects.

The fee — officially called the Transportation User Fee — was developed by Mayor Charlie Hales and Commissioner Steve Novick. Commissioner Amanda Fritz indicated she was willing to vote for the residential fee next Thursday after Novick assured her it would be repealed if the other fee was not approved by Nov. 13.

Commissioner Dan Saltzman also believes the fee should be referred to the voters.

Novick says he and Fish have subsequently "agreed to work together to alleviate the impact of utility fees on low-income Portlanders." Hales' office says PBOT and the Revenue Bureau are working on answers.

The text of Fish's e-mail follows:

Dear Colleagues,

Based on the testimony and emails I have reviewed, I have a number of questions and concerns about the proposed street fee. They are, in no particular order, as follows:

1. The impact of the proposed fee on low-income renters, particularly those with federal vouchers.
2. The adequacy of discounts generally, and the availability of waivers, for low-income individuals and families.
3. The decision to bifurcate the ordinances on a residential and non-residential fee.
4. The text and purpose of the Mayor's proposed ballot referral.
5. An analysis of whether it should include a sunset clause or any other triggers.
6. The proposed composition of the oversight committee and the selection process.
7. The financial impact of the fee on the faith community and nonprofits.
8. The cost to City bureaus.
9. Whether and how parking lots should be included.
10. The value of either an administrative cap or annual audits (modeled after the Children's Levy).
11. Impacts on small business.

I would be pleased to get written comments—or to schedule a follow-up meeting with the PBOT team—whichever makes the most sense.

Thanks in advance.

Willamette Week

Here Are Nick Fish's 11 Unanswered Questions on the Portland Street Fee

UPDATE: Steve Novick suggests Fish should lower water and sewer bills for the poor.

By Aaron Mesh

City Commissioner Nick Fish has a lot of questions about the Portland street fee. He tried to raise those questions at last night's public hearing, but was rebuffed by Mayor Charlie Hales and Commissioner Steve Novick. Today, he sent them by email to all City Council offices.

The fee, which would eventually charge most households \$144 a year, is being pushed to rapid approval by Hales and Novick, who want to make sure a potential voter referral is on the November ballot—when a more liberal electorate turns out.

Those two officials grew openly irritated Thursday night when Fish—who has said for weeks he would vote against any proposal that wasn't sent to the ballot—tried to slow the fee's approval.

"I have five pages of unanswered questions," said Fish. He wondered when the council would talk about them, since the last chance to offer amendments to the residential fee was yesterday.

"We've been talking about this for 14 years," replied Hales.

Novick added that Fish could have attended the Transportation Bureau's eight town halls discussing the fee. "This might be the first hearing in this room, but it's not the first hearing," Novick said. (WW examined the case being made for the fee at those hearings in a May 7 story.)

Fish argued that, after nearly six hours of public testimony, it was insulting to not consider changes to address people's objections.

"I want to honor the fact," Fish said, "that for 5 1/2 hours we've listened to people offer concerns on this." He didn't get his wish—the council moved the proposal to a second reading without hearing his questions.

Today, Fish sent an email to his four colleagues in City Hall. It's not five pages—it's not even close—but he offers 11 unresolved questions he says were raised by public testimony. Here they are.

From: Commissioner Fish
Sent: Friday, May 30, 2014 12:43 PM
To: Hales, Charlie; Novick, Steve; Fritz, Amanda; Saltzman, Dan
Cc: Kuhn, Hannah; Blackwood, Jim; Shibley, Gail; Warner, Chris; Bizeau, Tom; Finn, Brendan
Subject: Street Fee: Follow-Up

Dear Colleagues,

Based on the testimony and emails I have reviewed, I have a number of questions and concerns about the proposed street fee. They are, in no particular order, as follows:

1. The impact of the proposed fee on low-income renters, particularly those with federal vouchers.
2. The adequacy of discounts generally, and the availability of waivers, for low-income individuals and families.
3. The decision to bifurcate the ordinances on a residential and non-residential fee.
4. The text and purpose of the Mayor's proposed ballot referral.
5. An analysis of whether it should include a sunset clause or any other triggers.
6. The proposed composition of the oversight committee and the selection process.
7. The financial impact of the fee on the faith community and nonprofits.

8. The cost to City bureaus.
9. Whether and how parking lots should be included.
10. The value of either an administrative cap or annual audits (modeled after the Children's Levy).
11. Impacts on small business.

I would be pleased to get written comments—or to schedule a follow-up meeting with the PBOT team—whichever makes the most sense.
Thanks in advance.

Nick

UPDATE, 5 pm: Novick responded to Fish's email this afternoon. He didn't answer any of the questions, but instead challenged Fish to hold the Water and Environmental Services' bills to the same standard as the new fee.

Commissioner - Last week I learned that fewer than 10,000 Portlanders receive a low-income discount on their water and sewer bills. My understanding is that there is no mechanism for that discount to be applied to multifamily structures, where I presume most section 8 voucher holders reside. If all low income Portlanders received a 30% discount on their sewer bills. It would more than make up for the cost of paying the much smaller transportation fee. I suggest that we assemble a task force to address the question of how to limit the burden of both water and sewer bills and the transportation fee on low income Portlanders. I also suggest that if we are to have a sunset clause for this fee, we should impose the same sunset on water and sewer fees. And if we are to have an administrative cap, the same cap should apply to BES and Water. Thank you.

Novick tells WW he and Fish then had "a constructive conversation" about how to lower utility bills and the street fee for Portland's poorest citizens.

"It's not exactly a detailed work plan," Novick says, "it's just that we agreed that we should work together on the broad question of how to alleviate the burden of utility fees (generally) on low income Portlanders."

The Mercury

Street Fee: Novick Willing to Weigh Low-Income Discount for Businesses, Too

By Denis C. Theriault

With flashbacks from yesterday's tense, six-hour hearing on a citywide road safety and maintenance fee still dancing through his head (he was reading our live blog when I phoned him), Commissioner Steve Novick this afternoon still managed to speak candidly on the state of his proposal—after a busy 24 hours of amendments, overhauls, and major pushback from his colleagues.

Novick unsurprisingly confirmed his commitment to a city council vote on one part of that plan next week—a fee for residences—even if it turns out he and Mayor Charlie Hales somehow don't have the votes to push it through. He mentioned a return to peace between himself and Commissioner Nick Fish after Fish raised serious questions about procedure and substance late last night, a conflict that briefly spilled into an email exchange this morning.

But, perhaps most importantly, Novick said his office is interested in exploring deeper changes to the nonresidential fee he's promised to put forward by mid-November. If his staff can make it work, they'll consider a discount for struggling businesses—based on revenues—similar to the discount he's already suggested for low-income families. Current estimates would see some businesses on the hook for thousands of dollars a year.

Novick stressed that the idea is extremely tentative and may not be feasible without being worked out further (among the issues? how the discount would affect overall revenues). But he nonetheless sketched out one possibility: Businesses whose revenues fall under a certain threshold would pay a flat fee instead of a fee based on their type and size.

"Can we get away with it, and still have it be a fee, having a small business version of a low-income discount," he asks.

That kind of change could go a long way toward easing the ire of business owners, many of whom showed up at last night's hearing and have been flooding city hall inboxes with emails warning about having to hang up their shingles for good. Business outcry was strong enough that Novick and Hales announced, hours before the hearing yesterday, that they'd take a few more months to work out kinks in the fees facing businesses and other nonresidential outlets.

Novick, however, also said he's still slightly skeptical.

"The way to charge businesses based on sales is to have a sales tax," he says. "If you really want the revenues generated by businesses to be based on sales, you should have a sales tax."

The détente with Fish, meanwhile, came after last night's issues briefly carried over into an email back-and-forth this morning.

Willamette Week and the Tribune posted a list of 11 questions that Fish had emailed out to his colleagues and their chiefs of staff this morning. Atop that list was a question about how to provide relief for low-income Portlanders. The council last night adopted an amendment that would phase in the residential fee over three years, starting at \$6, and then \$9, before rising to \$12—with proportional two-thirds discounts for low-income residents. But that didn't assuage concerns from Fish or advocates at yesterday's meetings.

Novick fired back a pithy reply to Fish's questions:

Commissioner - Last week I learned that fewer than 10,000 Portlanders receive a low-income discount on their water and sewer bills. My understanding is that there is no mechanism for that discount to be applied to multifamily structures, where I presume most section 8 voucher holders reside. If all low income Portlanders received a 30% discount on their sewer bills. It would more than make up for the cost of paying the much smaller transportation fee. I suggest that we assemble a task force to address the question of how to limit the burden of both water and sewer bills and the transportation fee on low income Portlanders. I also suggest that if we are to have a sunset clause for this fee, we should impose the same sunset on water and sewer fees. And if we are to have an administrative cap, the same cap should apply to BES and Water. Thank you.

But then the two commissioners actually sat down and spoke—and reached something of an agreement. It won't be a "task force" as Novick initially suggested in his email, but Novick says the two commissioners "have an agreement that we will start figuring out how to collectively alleviate the impact of utility fees on low income Portlanders." Fish is commissioner of the water and environmental services bureaus.

Novick said only 10,000 residents take advantage of a sewer and water discounts worth \$120 every three months. He said some residents might be better off each month, even if they started paying the street fee, simply by applying for and receiving the other discount.

Fish says he was already starting that conversation in his bureaus, along with a shift to monthly billing.

"Over the next year," he says, "that's a positive thing he and I can work on."

Novick also acknowledged the compressed timeline looming over the fee proposal—something driven largely by political concerns. Paul Romain, the lobbyist for the Oregon Petroleum Association, promised last night that his group would refer a fee to the ballot if the council doesn't do it first. By voting on the residential fee next week, Novick and Hales can guarantee that the issue heads before voters in November, which means higher turnout.

"If somebody refers the residential side," Novick says, "then the biggest possible electorate gets to vote on it."

That election also would see a separate measure backed by Hales that would bind the city, through its charter, on how it can spend the fee revenue. And while higher turnout might help, other circumstances might hurt.

Splitting off the nonresidential fee, even with a promise to pass both fees by November 14 or scrap the whole idea, undercuts a selling point uncovered in polling: People felt better about things when they knew businesses also would pay something. That message isn't as easy to sell under the new arrangement.

And then there's the November 14 deadline and why that was chosen. Novick said it might sound he and his staff had purposely looked for something after Election Day. That wasn't the case. He wanted to set the deadline for a nonresidential fee earlier, until he was reminded about his honeymoon that fall.

"We didn't even think about that," he said.