

The Portland Tribune

City circles the block on street fee plan

By Jim Redden

Mayor Charlie Hales and Commissioner Steve Novick have rejected a simple street maintenance fee in favor of a yet-to-be-finalized funding source that appears to be growing more complicated every day.

Hales says he has spent years talking about the need for a new transportation fund source, including a proposal developed by Novick for a transportation user fee. But it was recently delayed for a wider discussion of ideas, including a gas tax, a motor vehicle registration fees, a sales tax, a tax on business profits or a combination of all of them. The council is scheduled to decide all of that a week after the election.

The simple fee is the one adopted by the Tigard City Council in 2003. Called the street maintenance fee, it charges each household \$5.83 a month. Businesses are charged \$1.31 for each of their parking spaces, up to a maximum of 250 spaces. Businesses without parking lots are charged for five spaces a month. Religious institutions are charged half the business fee, up to a maximum of 125 spaces.

The fee generates about \$2 million a year from Tigard's much smaller residential population, business community and religious institutions. The money raised by the fee can only be spent on street services and such right of way improvements as medians and planters.

Projects are prioritized by the Public Works Department and listed in advance. Residential fees pay for projects on residential streets. Fees on businesses and religious institutions pay for projects on commercial streets. The department submits regular reports on the projects and the condition of Tigard's streets to the council. The fee is evaluated and recalibrated every five years.

Parking spaces

Tigard's schedule was developed by city officials and the Northwest Grocery Association. Association President Joe Gilliam says his organization was concerned the original Tigard proposal would have charged grocery stores more than their fair share. The fees were based on estimates of motor vehicle trips generated by different types of businesses, based on a manual prepared by the Institute of Transportation Engineers.

Gilliam says the estimates for grocery stores were unrealistically high.

"We were able to compromise with Tigard and it approved the fee that is still in place today with no opposition," he says.

Two business association leaders say their organizations are willing to work with Portland city officials on the transportation funding proposal. Both Sandra McDonough, president and chief operating officer of the Portland Business Alliance, and Brian Alfano, president of the Venture Portland board, say all ideas should be considered, including elements of Tigard's program.

Gilliam has told Hales and Novick that grocers would support such a fee in Portland. Hales and Novick rejected it, however, saying it was not appropriate and would be controversial.

"Portland has a lot of businesses without parking spaces," says Novick. "So you'd have to have a system where you're looking at actual parking spaces for some businesses but 'attributed' parking spaces for other. I can't imagine that you could convince people that was fair — either the 'actual' group or the 'attributed' group would be sure that they are being ripped off."

Novick also questions whether such a fee would raise enough money to meet Portland's needs. He and Hales want their funding mechanism to raise at least \$50 million a year. They have not said how much of that money will be spent on maintenance projects, however. They have only proposed that most of the funds will be spent on maintenance and safety projects.

Sorting through proposals

The original proposal developed by Hales and Novick is controversial, too. Called the transportation user fee, it was based in part on polling, feedback from a citizens advisory committee, and comments generated at series of public forums and business meetings. Unlike Tigard's fee, the Portland fee was designed to help fund a wide range of transportation projects, including street maintenance, safety improvements like new sidewalks and crossing signals, bike and pedestrian paths, and mass transit projects.

Despite serving a broad range of constituencies, the original proposal generated so much opposition at the first hearing that Hales and Novick pulled it back for further work. They also agreed to explore a wider range of potential funding sources. Low income and small business discounts are also being proposed. Two more advisory committees are being appointed to help sort them out. And Hales and Novick still have not said how the money will be collected.

The original proposal called for households to be charged a fee of \$11.56 a month, with low-income discounts for homeowners. That was reduced at the first hearing. Nevertheless, a number of residents and low-income advocates complained the fee was still too high and the discounts did not apply to renters in multifamily buildings.

The business, government and nonprofit fee was originally proposed to be based on the Institute of Transportation Engineers trip-generation data. Novick says it is more accurate than parking spaces. But at the first hearing, several small business owners said the estimates were unrealistically high for their businesses. And a representative of the grocers association says the estimates overstate the number of trips generated by grocery stores.

The council has set Nov. 12 as the deadline for considering the revised proposals.

In the meantime, the Tigard fee keeps collecting money every month for street maintenance projects.

Water lawsuit appeal comes with a cost

By Jim Redden

The city attorney's office must document how much water and environmental money was spent on Portland Loos and the former Voter Owned Election program to appeal a judge's ruling that ratepayer spending must be "reasonably related" to the missions of the water and environmental bureaus.

Even then, Multnomah County Circuit Judge Stephen Bushong has not promised he will allow the appeal in the long-running ratepayer lawsuit against some water and environmental spending decisions that is still far from finished. But, during a June 5 hearing on the city's request, Bushong said he would make the decision after the city shows how much ratepayer money it spent on the public toilets and the public campaign financing program that voters repealed a few years ago.

The lawsuit, filed on behalf of several Portland ratepayers, claims the City Council has repeated misspent money collected by the Water Bureau and Bureau of Environmental Services, which operates the city's sewer system and stormwater management programs. Ratepayer lawyers claimed the spending must be directly related to the missions of the two bureaus. City lawyers countered that the council has broad discretion in determining how the funds are spent.

After during the parties to select and argue four test cases, Bushong essentially split the difference, finding the spending must be reasonably related to the mission of the bureaus. He ruled that the \$618,000 spent on the toilets and the \$550,000 spent on the election program did not meet that standard. At the same time, Bushong ruled the \$6 million spent to preserve an undeveloped portion of River View Cemetery and the \$4.4 million spent to pay TriMet to relocate water lines for a MAX project were justified.

The city attorney's office subsequently asked Bushong to finalize his rulings in those four cases so they could be appealed to the Oregon Court of Appeals. At the June 4 hearing, Deputy City Attorney Terry Thatcher said the city did not object to the reasonably related standard. However, Thatcher said, because the case is likely to be appealed after it is over, the city wants to learn whether the appeals county will apply a different standard to the spending before the case proceeds.

Bushing agreed that there were no clear precedents, but indicated he was willing to consider the city's request once the four test cases are finalized. Bushong said the two cases the city won are basically finished, but directed Thatcher to finish documenting all spending on the toilets and former election program. Thatcher agreed and said it should not take too long to comply with the request.

In the meantime, lawyers for the ratepayers still expect to begin receiving city documents and conducting deposition in the next program in the suit, the BES spending on the Portland Harbor Superfund cleanup, estimated at more than \$52 million.

Report: Property tax losses continue to grow

By Peter Wong

Local governments will be unable to collect \$212 million this year in property taxes, including almost \$100 million specifically approved by voters, because of statewide tax limits.

That is the conclusion of a new report by the League of Oregon Cities, which has been tracking such losses since 2008.

The overall loss this year is 14.6 percent greater than last year, and is almost five times what it was back in 2007-08.

Among the most dramatic losses noted in the report:

— Portland's levy for children's programs, which voters renewed May 20 for another five years, is limited to \$9.8 million of the \$20 million authorized for 2013-14.

— West Linn-Wilsonville schools' levy is limited to \$2.8 million of the \$9.8 million authorized for 2013-14. The levy has one more year to run.

Voters approved or renewed 16 of 21 local-option levies in the May 20 primary election.

"But many Oregonians will be surprised to find they won't get what they voted for," said Mike McCauley, the league's executive director. "It's not because of anything the city or school has done. It's because statewide tax caps take power out of the hands of local voters."

The caps cause what is known as "compression."

According to the report, about half of Oregon's 242 cities, 34 of 36 counties, and 90 percent of 197 school districts are affected by the caps.

In 1990, voters passed limits on property tax rates under Measure 5. One rate of \$5 per \$1,000 of taxable value covered education; the other rate of \$10 was for all other local governments. Bond issues were exempt.

But the 1.5 percent overall limit did not affect the taxable values of property.

In 1996, after population growth pushed up housing prices and property values, voters approved Measure 47. It rolled back taxable values to 1995 levels, reduced them by 10 percent, and capped annual increases at 3 percent. Lawmakers rewrote it and voters approved Measure 50 in 1997.

Over the years, school operating costs were shifted from local property taxes to state aid drawn from the income-tax-supported general fund.

But local governments, including schools, bumped up against the limits. When that occurs, the amount each government can collect in taxes is reduced proportionately to fit under the limit, a process known as "compression."

School districts, education service districts and community colleges share one pot for education. All other governments are in the second pot.

Up until 2008, tax losses from compression were relatively small, mainly because housing prices and property values continued to increase. But all that changed with the downturn in housing prices starting in 2008.

"We are continuing to see a pretty stagnant housing market across the state, other than some rebounds in the metropolitan area," said Chris Fick, policy analyst for the league.

"Yet voters continue to approve additional levies. They want more money for services, but the housing market has not rebounded as much as people expected."

The league offered proposals in the 2013 legislative session. One would have allowed voters to approve local-option levies that exceed the statewide limits, but only for five years, and would not be retroactive. The other would reset taxable value — known as assessed value — to the sales price when a home or other property is sold.

Because the limits are in the Oregon Constitution, lawmakers would have to refer changes to voters in a statewide election.

The House and Senate revenue committees heard the proposals but did not advance them.

Tax-limit supporters argued that the proposals would undo the limits.

Despite what local voters may want, "we have a state Constitution which controls that," said Greg Howe, a spokesman for the Taxpayer Association of Oregon, which sponsored the 1990 tax limit. "The people of this state say there should be some limit on property taxes."

Advocates of broader changes said that focusing on these proposals might thwart public support for a comprehensive overhaul.

But a 2010 report by the Legislative Revenue Office and a recent report by the Northwest Economic Research Center at Portland State University, supported by the league, suggest links between property tax inequities and the values of homeowners in gentrifying neighborhoods. The first study looked at four areas, including Portland; the latest study focused on Portland.

"The property tax system creates a hidden subsidy for these property owners," the PSU report said. "Some of the burden of funding government and school services is transferred away from these properties. This results in revenue shortfalls, or creates the need for property owners in areas with a smaller increase in real market value to fill the gap."

The Mercury

PBOT Has Pulled Its Questionable Application for More Bike Share Funding

By Dirk VanderHart

Remember in November, when the Portland Bureau of Transportation applied for \$2 million in state lottery funds to help pay for a theoretical expansion of the city's theoretical bike share system? The application [PDF] included a bold claim, which has since proven objectively false: That Portland had already found roughly \$5.5 million in sponsorships to purchase a system and run it for five years.

As we reported last week, no sponsorships have been announced for bike share, and there's no indication any agreements have been reached. Kaiser Permanente, the health care provider rumored to have been on the verge of signing a sponsorship, now says that isn't even on its radar.

Earlier this year, we raised questions over the truthfulness of the PBOT application with the Oregon Department of Transportation, which administers the ConnectOregon grant funds PBOT was applying for. Others have complained to ODOT in recent months, too. ConnectOregon officials repeatedly acknowledged public concerns, but allowed the application to carry on, unimpeded. In fact, Portland's bid for more bike share money was ranked fourth among all applications for bike/pedestrian projects this year, following only projects that earned a highest-possible "Tier 1" designation. (It still faced steep odds of being chosen. ConnectOregon has only \$42 million to dish out this year, and \$126 million in requests.)

Not anymore. On Friday, PBOT sent word it was formally pulling the application, blaming the shifting sands that have plagued Portland's quest for a bike share program. The Mercury's obtained a copy of an email Gabe Graff, operations and safety manager for PBOT's Active Transportation division, sent to ODOT officials.

"I wanted to ask you to withdraw our ConnectOregon bike share application from further consideration," Graff wrote. "Portland Bike Share has not proceeded as we expected when we originally submitted the application and in the unlikely event that we would have been awarded funds, we wouldn't be able to utilize them as initially described."

Reached today, Graff confirmed the cancellation, but wouldn't talk further about the situation without speaking with PBOT's communications staff.

The ConnectOregon application isn't the only instance of officials acting as though sponsorships were a done deal. Around the same time, PBOT cut a \$40,000 check to Alta Bicycle Share, the company tasked with bringing bike share to Portland. The money was tied to a "system finance report" that, according to the city's contract with Alta, was to be submitted "with 100% of funds secured to acquire, install and operate a 75 station, 750 bike System for five years."

But the difficulty in inking sponsorship agreements has been the single-largest challenge in getting bike share up and running. The program was supposed to launch in spring 2013, but has been delayed twice. It's now scheduled to launch next year.

The Portland Business Journal

Column: Portland's transportation fee debate offers lessons in leadership

By Portland Business Journal Staff

It would be easy to write off the recent debate about a proposed City of Portland transportation user fee as a textbook bureaucratic bungle.

But if you look a bit closer, the outcome of this debate is a civics lesson that merits praise.

It started with the idea of imposing a new fee on Portland residents and businesses to pay for repairing our streets, signs, signals and sidewalks.

But the proposal's timing was a little awkward. It came at a time of growing angst about increasing city fees, taxes, regulations, water and sewer rates, and the sizable system development charges Portland applies to new commercial and residential projects.

A diverse mix of Portlanders quickly rallied. They expressed concerns about having City Council call for a quick vote to raise another \$40 million to \$50 million in annual revenue from Portland residents and businesses.

These concerns weren't just emanating from representatives of big business. The new fee's proposed structure could add hundreds of dollars a month in costs to many small businesses. That sounded alarms about this fee's potential to disproportionately burden Portland's low-income citizens.

"Such a large city-wide fee merits a lengthy and thoughtful discussion," cautioned the Portland Business Alliance. "We urge you to pause and slow down the process so that you can engage in a productive dialogue with Portlanders to ensure the long-term success of the program."

To its credit, City Council respected those concerns. On June 3 Mayor Charlie Hales and Commissioner Steve Novick announced that Council would delay final action on the transportation user fee until November to allow more time for public discussion.

A few days later during a June 6 City Club Friday Forum appearance, Commissioner Novick's candid discussion with the Oregonian's Brad Schmidt shed some needed light on the contortions elected officials go through to juggle a city's resources.

Commissioner Novick shared the frustration of deciding how to allocate transportation dollars among such competing interests as the streetcar, the Sellwood Bridge repair, the new light rail link to Milwaukie, fixing potholes, replacing road signs and pouring new sidewalks.

He shared the frustration of whether to raise new transportation revenue through "progressive" sales or income taxes calibrated to income levels, or through "regressive" flat fees for homes and businesses that are proportionately more painful to those of lower income.

Brad Schmidt posed a question from an Oregonian reader asking why the city had chosen not to appropriate any of its \$10 million surplus this year to repairing Portland's most dangerous streets.

Commissioner Novick explained that, right or wrong, the council had decided to direct that money elsewhere — to parks, police, fire, and homeless housing and services — instead of transportation. With the surplus spent, we now need a new transportation user fee to deal with our streets.

Many of those questioning this new fee weren't condemning it out of hand. They were simply asking for more time and more specifics about how the revenue raised will be spent. Asking how we can be assured that new revenue raised for transportation won't be diverted to some other purpose. Asking what kind of oversight will be put in place to assure that the revenue is being spent as intended. And asking what limits will be placed on the new fee's increases over time.

All of these are the kinds of reasonable questions that every business and every family have to ask when managing their own budgets every month.

The good news is that our City Council listened to the community's concerns and is setting up a process to listen even more before making any decisions about the new fee.

City Council has agreed to schedule public forums to hear from residents and the business community. They will also form two work groups with the intent of bringing more fairness to management of Portland's fees.

One work group will analyze city policy regarding how low-income residents are affected by such fees. A second group will be responsible for engaging with small business, nonprofit and government entities on the design and implementation of any transportation user fee.

Coincidentally, this debate about a new transportation user fee took place around the time of the 70th anniversary of the Allies' D-Day invasion of Normandy on June 6, 1944.

On a sleepless June 5 night, General Dwight Eisenhower wrote his legendary "In Case of Failure Letter," to be used in case the invasion backfired, and now considered a timeless model of personal accountability.

"If any blame or fault attaches to the attempt," the letter read, "it is mine alone."

Asking our citizens for \$40 million to \$50 million a year in new revenue isn't as monumental as saving the world from tyranny. But it's a significant enough request to warrant some added accountability for Portland citizens from their leadership — the kind of accountability our City Council is stepping up to provide.

Portland Housing Bureau gives first-time and elderly home buyers 4M rays of hope

By Andy Giegerich

Portland's Housing Bureau is making money available to an array of home buyers and owners who might need assistance either obtain or remain in their domain.

The Bureau has issued nearly \$4 million of grants to local nonprofits that help low-income households obtain and maintain homes. Of that money, \$2.4 million goes to for rookie homebuyers while \$1.45 million will help homeowners, primarily elderly, retain their homes.

"As housing prices increase in Portland these programs become even more important, combatting gentrification, keeping families in their homes, helping seniors age-in-place, and providing opportunities for more low and moderate income families to become homeowners," said Portland City Commissioner Dan Saltzman in a release.

The money will start landing in participating nonprofits' coffers starting July 1.

The Bureau expects \$2.4 million portion of the grants to help provide education and counseling to 1,400 low income households, help 190 households purchase homes, subsidize an additional 25 home purchases, and help 440 homeowners avoid foreclosure.

With the \$1.45 million, the nonprofits will provide 1,330 households with home repair, weatherization, and accessibility services to help seniors, people with disabilities and low-income families.