

The Oregonian

Portland Street Fund: Opponents, supporters turn out to discuss \$46 million plan

*By Andrew Theen
November 20, 2014*

Six months after the Portland City Council held a marathon public hearing on a controversial street fee, residents and business owners returned to City Hall for round two.

It didn't disappoint.

Mayor Charlie Hales and Commissioner Steve Novick presented their new plan last week to raise \$46 million a year for street paving and safety projects through an income tax on residents and a fee on business owners.

The bones of the overall plan have changed considerably since the contentious May meeting, but some key concerns for the opposition haven't.

Of the 80 people who signed up to address the City Council, many pushed the council to send the funding plan to voters and add a "sunset clause" to ensure that it doesn't run indefinitely.

The sunset provision seemed to gain the support of Commissioner Amanda Fritz, the potentially critical third vote needed to approve the plan. Fritz said the provision is a "very reasonable request" that would ensure future elected officials have to revisit whether the tax-and-fee plan is doing its job.

At the outset of Thursday's hearing, Hales challenged attendees to offer concrete alternatives rather than advocate a do-nothing approach. "This is a proposal that will do real good in our community," Hales said of the revised plan.

Many speakers followed Hales' directive -- offering ideas such as an increased gas tax, new vehicle registration fee for all drivers who use Portland roads, or a combination of plans that would also raise millions of dollars for paving and safety projects.

Hales and Novick's proposal caps yearly costs for the wealthiest Portlanders at \$900 and exempts low-income singles and couples from paying anything. Roughly 45 percent of tax filers wouldn't pay a dime.

Businesses, nonprofits and other organizations could owe \$36 to \$1,728 per year based on gross revenue, square footage and number of employees.

As with anything related to the street funding discussion, there were complete contradictions in some of the testimony Thursday: Some argued that the income tax proposal is too progressive, others that it doesn't go far enough.

The focus of much of the opposition, however, was on the income tax, not the revised business fee.

"I think this has been one of the most inclusive processes that I've witnessed," said Jonathan Ostar, executive director of Portland environmental group Organizing People, Activating Leaders. Ostar participated in summer work groups on the transportation plan.

"This proposal needs to slow down," said Don Gardner, a self-identified former Portland transportation staffer. Gardner took issue with the "unwarranted nonprofit discounts" to large hospitals, as well as a lack of neighborhood involvement.

"You need to have a better process. You need to involve some other people in it, and then we can move forward," he said.

Still, the tone of Thursday's meeting was more conciliatory than at the hearing in May.

People lined up outside the City Council chambers more than an hour before the 2 p.m. start to sign up to testify. Citizen advocates, business leaders and representatives from stakeholder groups dominated the proceedings.

But there were also everyday residents such as Inga Fisher Williams, who expressed frustration with Hales and Novick.

Fisher Williams said the city doesn't have enough support for the plan, saying Portlanders will vote for a tax measure if they believe it's equitable. "The process has not been a good one," she said, describing the decision to switch from a user-based fee to a progressive income tax as a "bait and switch."

Hales and Novick did win over some opponents.

A spokeswoman for the NW Grocers Association, which opposed the May proposal, called the reworked plan a "reasonable and fair compromise."

During the middle of the nearly five-hour hearing, several members of nonprofit advocacy groups such as OPAL, Oregon Walks and the Bicycle Transportation Alliance testified in support of Hales and Novick's plan.

Some, including Ostar, pushed the city to shoot for a more progressive tax that charges higher income-earners even more.

In one of the more poignant moments of the day, Fritz said she would not support any plan that reduced funding for safety projects, citing the memory of her husband, Steve, who was killed in a car crash on Interstate 5 this fall in an area long known as a problem spot in need of safety barriers.

"I have a very personal interest in being sure that that does not happen to another father, son, husband," she said.

The Portland Business Alliance, which has said it couldn't support a plan with an income tax, wants more of the money spent on pavement maintenance. The current funding split calls for 56 percent of the money to go to maintenance with the rest going to safety projects.

Portland transportation officials have said the city needs to spend \$91 million a year for a decade to get the roads up to fair condition.

Earlier this year, Commissioners Dan Saltzman and Nick Fish said they want voters to have a say on any tax or fee proposal. The City Council didn't discuss details of the plan Thursday, but Fish praised public participants for their turnout and disposition.

"It's days like this that I'm especially proud to be on this council and be a Portlander," Fish said.

The council plans a final vote on the \$46 million plan Dec. 3.

Amanda Fritz on the proposed Portland street tax

*By Michelle Brence
November 20, 2014*

Portland Commissioner Amanda Fritz was considered the swing vote on the failed street fee proposed last spring, The Oregonian's Andrew Theen has reported, so we were interested in what she had to say about the latest proposal.

The new plan, the Portland Street Fund, would raise \$46 million a year through a tax on residents and a fee on businesses and other organizations.

Mayor Charlie Hales and Commissioner Steve Novick unveiled the plan Nov. 10. The council held the first public hearing on it Thursday and plans to vote Dec. 3.

Last week, Fritz said she wouldn't support the proposal if she finds "structural flaws," Theen reported. She said she also had questions about the percentage of money that would be allocated to safety projects and whether an annual cap of \$900 for Portland's wealthiest residents is progressive enough.

"If we're going to do something local that truly does help the middle class," she told Theen, "have we done it to the maximum extent that is reasonable?"

Before Thursday's hearing, she told The Oregonian's Brad Schmidt that she won't support a plan without enough money for safety projects, citing the death of her husband, Steve Fritz, in a traffic accident on Interstate 5 in September.

Let us know what you think about her latest thoughts in the comments below.

Portland Street Fund: Activist coalition will campaign for a tax that's 'fairer for the middle class'

*By Andrew Theen
November 20, 2014*

A coalition of eight activist organizations said it would campaign and support a proposed Portland income tax for street and safety projects if the plan is amended and the tax is made "fairer for the middle class."

The leaders of 1000 Friends of Oregon, OPAL, Bicycle Transportation Alliance, 1000 Friends of Oregon and other groups sent the letter to all City Council offices on Thursday.

Many of the groups were involved in the summer of work group meetings to help tweak the controversial street fee proposal brought to City Council in May by Mayor Charlie Hales and Commissioner Steve Novick.

According to the organizations, the city's current plan to tax residents and charge a fee to business owners is too much of a compromise — and doesn't go far enough in protecting Portland's middle class.

"We believe the city has made substantial concessions to the business community in order to bring this policy framework forward. We are disappointed that the business community continues to publicly oppose this proposal despite these concessions, and as the public conversation continues, we anticipate further complaints from wealthy residents and business interests, including threats of referral," the letter states.

The Portland Business Alliance and a prominent lobbyist representing gas stations and convenience stores have already said they plan to refer the \$46 million proposal to voters. Hales and Novick have steadfastly said they would not refer the new funding plan. A final vote is expected to take place Dec. 3.

"Should a proposal eventually be referred to voters, our willingness to join the "Yes" campaign and invest resources in upholding this proposal will likely depend on whether the City Council passes a truly progressive package, one that is fairer for the middle class and places a stronger emphasis on safety,"

The coalition recommends the current plan be amended to "ensure that working families and middle-class households are not burdened at the expense of the wealthiest among us, who can clearly afford to pay more."

Read more of the letter here, and check out The Oregonian's coverage of the progressiveness of the tax.

Follow @cityhallwatch on Twitter for live updates on Thursday afternoon from the first public hearing on the new proposal.

Portland Street Fund: The winners and losers of Portland's transportation tax

*By Brad Schmidt
November 20, 2014*

Are you a winner or a loser under Portland's new street tax plan?

Depends on how much money you make – with the dividing lines essentially set at \$71,000 for an individual or \$100,000 for married couples.

While today's street tax proposal differs dramatically from the version that surfaced in May, it's possible to draw a few conclusions, with several caveats.

As a quick refresher, the fees pitched by Mayor Charlie Hales and Commissioner Steve Novick in May would have been \$144 a year for most homeowners. Low-income homeowners, who earn up to 60 percent of the region's median, would have paid \$101 a year.

Now?

Of 264,714 projected tax filers, 226,941 – or about 86 percent – would pay no more than \$120 a year.

Put another way, 86 percent of filers would pay less under the new proposal than the standard \$144 that would have applied to most homeowners.

How is that possible? Portland's progressive-natured tax plan increases the amount of money owed based on escalating income. Wealthier Portlanders would pay more into the system so the less-well-off wouldn't have to.

Some other interesting items:

- About 45 percent of filers would pay nothing because of their low incomes.
- About 41 percent of filers would pay \$24 to \$120 a year. Their contributions would be \$8.5 million – or about 37 percent of the projected \$23.1 million the city would seek to collect.
- That means the rest of Portland's filers, 37,772 individuals or married couples representing about 14 percent of the pool, would contribute about \$14.6 million, or 63 percent of the gross revenue. The adjusted gross income cutoff? The \$71,000 for singles or \$100,000 for married couples mentioned above.

Portland's wealthiest residents would pay \$900 a year under the street tax. Representing just 1.4 percent of the population, that group would contribute \$3.4 million, or 14.6 percent of gross revenues.

Portland Street Fund: Rich contribute big share, others nothing

Married income	Single income	Annual tax	Revenue	Percent of revenue	Filers	Percent of all filers	Percent of adjusted gross income for all filers
\$0-\$35K	\$0-\$25K	\$0	\$0	0%	118,370	44.7%	8.7%
\$35K-\$40K	\$25K-\$29K	\$24	\$0.3M	1.4%	13,710	5.2%	2.8%
\$40K-60K	\$29K-\$43K	\$60	\$2.5M	10.8%	41,525	15.7%	10.8%
\$60K-\$75K	\$43K-\$54K	\$90	\$2.1M	9.1%	23,386	8.8%	8.4%
\$75K-\$100K	\$54K-\$71K	\$120	\$3.6M	15.6%	29,950	11.3%	12.4%
\$100K-\$137K	\$71K-\$98K	\$192	\$2.6M	11.2%	13,431	5.1%	9.8%
\$137K-\$175K	\$98K-\$125K	\$288	\$1.7M	7.5%	6,052	2.3%	6.5%
\$175K-\$212K	\$125K-\$182K	\$384	\$2.5M	10.6%	6,400	2.4%	7.3%
\$212K-\$250K	\$182K-\$238K	\$480	\$3.1M	13.2%	6,356	2.4%	7.2%
\$250K-\$350K	\$238K-\$333K	\$768	\$1.4M	5.9%	1,782	0.7%	4.0%
\$350K and up	\$333K and up	\$900	\$3.4M	14.6%	3,752	1.4%	22.1%

Now the caveats.

May's \$144 figure would have been the third-year payment, once the program was fully phased in. Homeowners would have paid \$72 in the first year and \$108 in the second year.

Portland's new street tax would have no phase-in period.

It's also important to point out that the old system would have offered discounts to multi-family properties. By the third year of collections, apartments would have been charged about \$85 a year and low-income apartments would have been charged about \$59.

Figuring all of the apartment and low-income discounts into the equation makes an apples-to-apples comparison exceedingly difficult.

The City Council will discuss the street tax at 2 p.m. Thursday at City Hall.

The Portland Tribune

City may go after Airbnb hosts not paying lodging taxes

*By Steve Law
November 20, 2014*

The city of Portland is going easy on Airbnb hosts who don't obtain city permits before renting rooms to short-term visitors, but it may be a different story when it comes to not paying their taxes.

Thomas Lannom, director of the city Revenue Bureau, told city commissioners Wednesday that the city should be looking at requiring Airbnb and other short-term-rental programs to provide addresses of the hosts, to make sure they're paying lodging taxes to the city. "I intend to recommend exactly that step to council in the next few weeks," Lannom said.

As of August 30, Airbnb hosts and others doing short-term rentals must get permits from the Bureau of Development Services, under a city ordinance passed in July. But as of Thursday, just 81 Airbnb and other hosts had applied for licenses, according to bureau spokesman Ross Caron. The bureau has issued 43 permits to those applicants, and most of the other applications are still pending.

Consistent with longstanding city policy, the bureau doesn't go after those who aren't seeking permits, unless someone files a complaint about a specific host.

But Lannom said the Revenue Bureau will be more proactive about going after those not paying their lodging taxes.

Lannom expects to issue his proposal to city commissioners on Dec. 10.

Public split over proposed street fee

*By Jim Redden
November 20, 2014*

The highly anticipated City Council hearing on the proposed street fee ended without Commissioner Amanda Fritz taking a formal stand on it. But Fritz — who could be the crucial third vote for passing the fee without putting it on the ballot — suggested she could support it at the beginning of the hearing.

Although Fritz said the fee was not a "done deal," she said the city needs more money for maintenance and safety project. Fritz then noted her husband had been killed in an automobile accident on I-5 where a safety project had been postponed.

"I have a very personal interest in being sure that that does not happen to another father, son, husband," Fritz said.

The council could vote on the fee as soon as Dec. 3.

During the four-plus hour hearing, witnesses split over practically every part of the fee, now dubbed the Portland Street Fund.

Advocates for low-income people supported the progressive personal income tax that makes up the residential portion. Economist Eric Fruits, a representative of the the Portland Business Alliance and others questioned it. Neighborhood activists challenged the fairness of the business portion, saying some major road users would not pay much. And many witnesses demanded the council refer the proposal to the voters for approval.

And petroleum industry lobbyist Paul Romain promised to help refer it to the ballot, prompting a tense exchange with Mayor Charlie Hales and Commissioner Steve Novick, who are sponsoring it. Romain said

the entire city budget should be examined for savings that could be spent on the streets before the council approves more taxes and fees.

Hales opened the City Council's highly anticipated hearing on the proposed street fee Thursday by limiting public testimony to two minutes instead of the customary three.

Hales made the announcement at the beginning of the 2 p.m. public hearing because so many people had signed up to testify on the two ordinances that would create the fee, now dubbed the Portland Street Fund.

One ordinance would create the income tax. The other would create a non-residential sliding scale for businesses, governments and nonprofit organizations, based on such factors as their gross revenues and the number of their employees.

Together, the two ordinances are intended to raise \$46 million a year for maintenance and safety projects.

Witnesses split on the proposal from the very beginning of the hearing, with a representative from AARP supporting it and a representative of the PBA saying it should be referred to the ballot unless it is amended to remove the income tax, dedicate most of the revenue to maintenance, and ensure the funds can't be diverted to other programs.

Willamette Week

Portland Will Pay \$65,800 a Year to Hire a Legal Weed Regulator

*By Aaron Mesh
November 20, 2014*

What does \$65,800 buy in the legal-weed market?

Right now, a little more than 7 pounds of pot in Washington state. Legal-marijuana prices haven't yet been set in Oregon, but the same money will pay the annual salary of Portland's first government weed regulator.

As first reported in Wednesday's Murmurs, Portland City Council on Nov. 12 approved a recreational-marijuana staff position, reporting to city liquor licensing specialist Theresa Marchetti. The manager will represent City Hall as the state sets rules about where and when pot shops can operate.

The city is preparing to fight the measure's backers in the Legislature to allow Portland to levy a 10-percent sales tax on weed. Meanwhile, the city will pay the new employee with existing funds.

"We know there will be a significant role for the city in both ensuring a smooth implementation and reasonable enforcement," says Josh Alpert, who has led Mayor Charlie Hales' marijuana policy. "We are hiring a staff person now to help the city get ready for both."

Activist Groups: We'll Campaign for Street Fee, if It's Progressive Enough

*By Aaron Mesh
November 20, 2014*

In a Wednesday appearance on Oregon Public Broadcasting, Mayor Charlie Hales robustly maintained his stance that he won't send his \$46 million street fee to voters—and argued that's partly because he didn't have the backers to fight the Portland Business Alliance.

"Let's get real about the campaign issue," Hales said on Think Out Loud. "Look, I don't know if you've volunteered on a campaign, but I have on lots of 'em. And they are work. So the question is: What's the

street funding proposal that you will put on your walking shoes and your rain gear for, and go door-to-door for, for the next six months?"

Eight left-wing activist groups have given Hales an answer: Tax the rich a little more, and we'll knock on doors.

In a letter sent this morning to all five members of City Council, the coalition—which includes environmental group 1000 Friends of Oregon, the Bicycle Transportation Alliance and pedestrian advocates Oregon Walks—say they will campaign for the street fee, on the condition it places a larger tax burden on the wealthy and dedicates more money to safety projects like sidewalks.

"Should a proposal eventually be referred to voters," the groups write, "our willingness to join the 'Yes' campaign and invest resources in upholding this proposal will likely depend on whether the City Council passes a truly progressive package, one that is fairer for the middle class and places a stronger emphasis on safety."

The Portland Mercury first reported Wednesday night that OPAL Environmental Justice Oregon had sent the same letter. In less than 24 hours, seven more activist groups have signed on.

The Portland Business Alliance has indicated it will help refer the street fee to voters if it includes an income tax. (Petroleum lobbyist Paul Romain has said his clients will probably refer the proposal regardless of its structure.) The income tax Hales is proposing starts at \$60 a year and rises to \$900 a year—although the largest tax burden falls on the upper middle class.

The groups signed on to this morning's letter don't have the business lobby's deep pocketbooks, but they could mobilize large contingents of volunteers to campaign for the fee.

City Commissioner Steve Novick, the architect of the income tax, says he's buoyed by the support. "It's really encouraging to see groups you don't normally associate with transportation taking transportation on as a cause," he tells WW, "and groups you don't normally associate with tax policy taking on tax fairness as a cause. An exciting coalition!"

A City Council hearing on the street fee proposal is scheduled for 2 pm today. The council is expected to vote Dec. 3.

Here's the full letter:

November 20, 2014

*Dear Commissioner Novick and Members of City Council,
We, the undersigned, thank you again for your leadership to address longstanding maintenance and safety needs for our city's streets by advancing a proposal to bring new resources to the Bureau of Transportation.*

We support the current proposal because it is good public policy. It addresses existing regressive transportation fees and taxes and the inequitable distribution of public resources by exempting our lowest income households, dividing the revenue burden equally between residents and businesses, and steering a majority of the revenue to the areas of the city that have for too long been neglected and are unsafe. We also strongly support the exclusion of a sunset clause, so that this endeavor can continue into the future as we work to improve our transportation system. It bears mentioning that this proposal is a product of substantial efforts by your office, PBOT staff and a broad range of stakeholders. As with most collaborative efforts, compromise is often required, and we believe the city has made substantial concessions to the business community in order to bring this policy framework forward. We are disappointed that the business community continues to publicly oppose this proposal despite these concessions, and as the public conversation continues, we anticipate further complaints from wealthy residents and business interests, including threats of referral.

Should a proposal eventually be referred to voters, our willingness to join the "Yes" campaign and invest resources in upholding this proposal will likely depend on whether the City Council passes a truly progressive

package, one that is fairer for the middle class and places a stronger emphasis on safety.

Given our support, and given that the concessions afforded to the business community have not secured the level of support intended, we recommend that City Council amend the proposal to ensure that working families and middle-class households are not burdened at the expense of the wealthiest among us, who can clearly afford to pay more. We remain convinced that safe streets should be our top priority, and a majority of Portlanders want to see more money dedicated to making our streets safer, especially where conditions are the worst.

We look forward to continuing to work with you and PBOT to ensure the city can make the promise of safe and well-maintained streets a reality for everyone.

Sincerely,

*Jason Miner
Executive Director
1000 Friends of Oregon*

*Rob Sadowsky
Executive Director
Bicycle Transportation Alliance*

*Mara Gross
Executive Director
Coalition for a Livable Future*

*Jonathan Ostar
Executive Director
OPAL Environmental Justice Oregon*

*Noel Mickelberry
Executive Director
Oregon Walks*

*Chris Hagerbaumer
Deputy Director
Oregon Environmental Council*

*Karianne Schlosshauer
Pacific Northwest Regional Policy Manager
Safe Routes to Schools National Partnership*

*Heidi Guenin
Policy Manager, Transportation & Land Use
Upstream Public Health*

The Mercury

The Street Fee Live Blog! The Street Fee Live Blog! EEEEEEEEEEEEEE!

*By Denis C. Theriault
November 20, 2014*

It's been a brisk 175 days—just under half a year—since Portland City Council last gathered for a public hearing on Commissioner Steve Novick and Mayor Charlie Hales' intensely controversial push to raise millions in new revenue for street maintenance and safety projects.

It was a five-hour-plus ordeal. It started out with a now-familiar recitation of the city's transportation-funding woes (namely, that no matter why and how we've wound up here, we need at least \$91 million a year to erase a billion-dollar maintenance backlog—never mind what else we need to grow a transportation system that works even better). It was then filled with confusion, outrage, and, notably, tepid support from advocates who should have been allies. At the end of it all, bitterness and questions from city commissioners who wanted a public vote, not something passed by the council, hovered like a dismal coda.

The next weekend, Hales and Novick decided to pull the plug and pull the thing back for more work. Much has changed in the months that have elapsed—changes finally unveiled anew on November 10.

What was called the "Transportation User Fee" is now called the "Portland Street Fund." It will raise just \$46 million, not \$50 million. It will tilt more toward paving than toward projects in places like East Portland. And instead of flat fees for residents and large fees for businesses, Hales and Novick now want an income tax and a modest business fee.

The threat of a ballot referral still looms. Many in the business community still can't support the new idea, even after working to shape it. And advocates have lined up, given that entrenched opposition, to urge city hall to make whatever emerges even more progressive. Essentially: Why play ball if the naysayers won't play fair?

Hales started today's hearing, a little after 2, by talking about his original attempt to raise this cash, back in 2001, a familiar dirge. Then he mentioned Sam Adams' attempt in 2008. And business opposition—and continued struggles in Washington DC and Salem to do their part to raise cash.

"Here we area gain," Hales said, not mentioning his formerly brown hair like he sometimes does when launching into those remarks. "The same three options are before us today. Those are: to do this, to do nothing, or to do something else."

Leah Treat, the city's transportation director is starting to speak. Hit the jump for updates!

2:15 Treat's acknowledging that many people may not like what's on the table. But she says it's vital. Because it will double the city's paving budget—getting two-thirds of ours streets in fair or better condition in 10 years. Not fixing streets is "extremely costly," she says—true. Which is why we're where we are now.

Treat points to \$650 million in savings on paving. She also says bridges, traffic signals, and street signs all would be funded—to a degree they aren't right now. And then there's the crossing and sidewalk improvements, the work around schools. The message, in talking about things like rumble strips on dangerous Marine Drive and improved crossings, is that saying yes to funding will save lives. And saying no... well... yeah.

[Much of this stuff is over on the Bureau of Transportation's website.](#)

"For many of us this work is deeply personal," Treat says.

2:23 Novick has conspicuously name-checked the Portland Business Alliance, which has emerged alongside Paul Romain as a foe of the revised plan, in thanking all of the advocacy organizations who worked on making all those changes over the summer and fall.

He's touting those changes. Nonprofits have a discount now. Businesses won't pay more than \$144 a month, per location. Many will pay just \$3 a month. He says the business fee satisfied the "comfort level" of the PBA and small business supporters Venture Portland.

On the residential side, he's recounting the distaste for the \$11.56 flat fee. So now it's based, slightly more, on what people will pay. Low income people, singles making less than \$25,000 and couples earning less than \$35,000, would be exempt. He gets that exempting 40 percent of tax filers is an awful lot.

Novick says he's "personally more worried" that so many Portlanders make so little money. He also says he wants to ask Salem to undo a rule that exempts government pensions from paying taxes, unlike others.

"This is a compromise proposal," Novick says. "This does not meet the individual requests of any group I'm aware of."

He's also highlighting his favorite project on a new list of projects: work on SE 122nd that will give Trimet impetus to add frequent north-south bus service. Also? The residential tax is DEDUCTIBLE. So super-wealthy people paying \$75 a month (down from a proposed \$200; that money has been made up for by hiking what middle income folks pay) will pay a bit less.

2:31 Commissioner Amanda Fritz, the likely third vote in May and June, hasn't reaffirmed her status. She's saying her emails show many of the folks upset in May are still upset. And that some folks upset in May are less upset now.

She's going to key in on the details—not the philosophy or process that leads to passage. Previously, she was okay with not going to the public.

"It's very clear to me having been in six budget sessions with the city council... that we do need more funding for transportation," she says. "For me, doing nothing is not an option."

She's also heard a call to let the public vote on "it." So, she says, let's define "it." The proposal. What do people like? What do they hate? She says that kind of testimony will be most valuable.

Further, she says she's heard from Novick that he's working up a guarantee that the new money won't be a means for the council, in future budgets, to back money currently being spent on transportation into other spending needs—leaving the city precisely where it is now.

A sunset, she says, is a "reasonable" request. Fritz mentioned six years and wants a future council to have a conversation again. "We'll have that accountability." Hales and Novick have been adamantly opposed—but they might have to budge if that's the price of obtaining Fritz's swing vote.

2:34 She closed with an intensely personal point. Her husband's death on Interstate 5 happened because ODOT didn't fund a median barrier. She's determined that the city must do "something" and she won't support amendments that further soften the amount of funding in this, 44 percent, that will be spent on safety projects.

"I don't want to be the person talking to a family member who's bereft because we didn't do those safety projects."

I don't know how the PBA, which wants just 25 percent spent on safety, can argue with that or follow that.

2:42 Invited speakers are now taking the microphone, led by an AARP representative. AARP has emerged as a staunch supporter, in light of the changes, after expressing reservations in May about the flatness of the original.

"Implement this plan that will literally save lives," she says.

The AARP rep mentioned the death of a child. Again... hard for the PBA to argue.

Which they're now doing.

Marion Haynes, the top lobbyist for the PBA, says the group gets that there's a need for new revenue—except that details matter. They want a sunset. And promises that backsliding won't happen. They don't hate the business fee.

They think "repaving of streets will need to be a priority."

Mostly, they hate the income tax. "The voters should have the opportunity" to pass one, she says.

Hales encouraged the PBA to float a competing proposal, genially.

Novick then asked two questions. One was about the PBA's stance on the tax and asked what numbers they might cook up for tax brackets. "We don't have a proposal," Haynes told her.

Then he asked about chambers of commerce in other cities fighting income taxes—and then invoked Columbus, Ohio, which supported an income tax increase so long as the new money went to transportation. He suggested she call her counterparts in Columbus to ask why.

2:49 Eighty people have asked to talk. Hales is limiting testimony to two minutes per speaker.

Frequent council visitor Joe Walsh won applause when he told the room how amazing it was that he's been forced onto the same side of an issue as the petroleum industry and the PBA. All of the TV stations are mugging him, happy they've got fireworks for their afternoon broadcasts.

"Three people are making a decision for 600,000 people," he said. "You're afraid to fail. That's democracy."

He put some words into the commissioners' mouths: "I can't sell this piece of crap."

Then he made a beautiful point. These meetings shouldn't be at 2 in the afternoon. Walsh says they should be held at 6 at night, "so working people can attend."

2:59 Woody Broadnax, saying he represents the African American community, worries the new tax would accelerate gentrification that's pushed African Americans out of inner neighborhoods and into East Portland. Why not add a sunset—vs. a "blank check"?

"We're not fools in this community," he said. "We need to vote on this."

Craig Rogers, who's been to every work group meeting this summer, follows by noting that this would be the first income tax in Portland approved without a vote—unlike the arts tax, which was embraced in 2012 by a large majority of voters.

"It's made to look okay," he says. "But it's all subject to change.... How do we really know that this money's going to go to what it's allocated for.... I think we can do better."

Hales addressed Rogers, asking him to look at oversight provisions in the proposal and to float specific improvements. He also asked him something more pointed

"If this goes to a vote and it fails, which is I think what you would want," Hales says, "what's the measure we could send to the voters that you would campaign for, that you would come out with me in the rain for and go door to door?"

Hales said he'd go door to door for a one-cent sales tax, for example, even though he thinks it would fail. "But would you?"

3:07 Robert McCullough, the accomplished president of SE Uplift, the super influential umbrella group representing Southeast Portland neighborhood benefits, complains that PBOT didn't obtain the best data and analysis when crafting their proposal.

He also says his members are uncomfortable with the allocations as devised right now, even though some of those neighborhoods would benefit. And he complains that Trimet and railroads and other big road users have been left out. "It's a problem of not thinking it through."

What's to be done? A nine-cent gas tax across gasoline and diesel. "It is a real proposal. It's not perfect... but we are bringing real numbers and real proposals to the table."

Hales told him to meet with Paul Romain, who reps the petroleum industry in Salem, and might have some thoughts about a proposal like that.

3:13 Tom Chamberlain, boss of the AFL-CIO, was invited up. He arrived late. He says labor's silence on the fee isn't because they oppose it. It's because they haven't gotten to figuring that out yet. "Election hangover," he joked.

They do know one thing: They support a progressive income tax—unlike the PBA—that targets the wealthy.

He correctly notes that much of the income gained in Oregon and the United States over the past several years gone to the top 10 percent of earners. and really actually the top 1 percent.

Regular Oregonians "are willing to pay their fair share," Chamberlain says, to applause. "As long as wealthy Oregonians are willing to pay their fair share."

Don Gardner, vice chair of SE Uplift, comes up next and cops to being a retired PBOT employee (he's the retired head of engineering, in fact). Yes, he says, transportation's long been underfunded. But he still sees "fatal flaws"—the tax won't be collected equitably he says, the money won't be divvied equitably...

and the process hasn't been ideal. He laments that neighborhood associations weren't solicited for feedback or invited to the summertime working groups that shaped the revised proposal.

He turned Hales' request for ideas back on him: "When exactly were we supposed to do that?"

Hales mentioned a community forum in Sunnyside six months ago, but made sure to add that "now would be fine, too."

Novick hammers back that "There's been nothing preventing anyone from contacting us" since the summer.

And finally, we've heard a shout from the peanut gallery: "We're not in Russia."

3:25 Fritz asks for the current maintenance budget. Novick says "it's in the neighborhood of \$14 million" for paving, plus what we spend on signals and bridges. She suggests the full number would be helpful. And Hales agrees that's a "good idea."

Novick's left the dais to check in with the coterie of PBOT staffers filling one side of the room.

While he's doing that, someone suggests a Chicagoland-style parking permit "cling" sticker that Portlanders put in their windshields. You'd have to have one, even if you lived far away to park here, without getting a ticket. Mostly, I remember buying those and never thinking about them—they weren't expensive, partly because Chicago and its suburbs rely heavily on property and sales taxes to pay their bills in a way we decidedly don't.

(He's a Portland native who lived in Chicago who "didn't like the way they ran that city, that's for sure." "Except for this," Hales joked.)

3:31 Finally, a business person commenting—although the point was made on Twitter that they're all at work right now. A member of the Hollywood business district says his group officially opposes the street fee, but really that they want to see a public vote if the council continues.

A sunset would be nice, but the structure is lacking. "It's not there yet." He's not sure what else to do. Not a lot of people are. He says he'd help campaign for Hales and Novick if they come up with an alternative, like maybe on bicycle registration fees and an increased gas tax. "But before that happens," he wants more transparency and a "reduction in waste." No one ever says what that waste is, or what's deserving of the ax.

Fritz asks what's the hitch in the current plan. He says his group hasn't actually discussed the current iteration. But they still want a vote.

Hales gets groans and boos when he says someone emailed and mentioned that he would be "outsourcing" his job if he referred this. "How should I respond?" he asks the room. "Delete," the room answers back.

3:40 A very vocal critic says "You ought to tighten your belt before asking us to tighten ours."

Dan Kaufman, a cyclist and ally of the Bicycle Transportation Alliance, says he'll put on his campaign raincoat if the city embraces "Vision Zero" safety standards (design things for no fatalities for any users—including lowering speed limits), more work toward meeting the 25 percent "mode-share" goals the city's undoubtedly going to miss when 2025 comes around, at this rate.

The petroleum lobby's going to "oppose everything apparently," so why not go for things that he and others like him are hungering to see.

He's followed by Rob Sadowsky, the director of the BTA. Sadowsky mentioned an 11 year old girl from St. Johns who took a bike safety class but still can't bike to school because there's not a greenway near her home (she must attend Sitton). Greenways near St. Johns' Pier Park are part of the plan.

Sadowsky also echoes what his and other groups told the council in a letter first reported by the Mercury yesterday. He wants the wealthy to pay more, the rest of us to pay less, and more money spent on safety.

"Every penny spent now on safety improvements has the potential to save lives," he said before telling the council to do things for the girl he mentioned in his opening remarks.

3:57 Ruth Adkins, a Portland Public Schools board member who led the low-income impact work group, praised the new proposals as much improved. She said Hales and Novick were correct to shift to a more progressive income tax—and also in their attempt to site safety projects in underserved neighborhoods. Adkins and her husband would pay only \$16 a month.

"My husband and I can afford this amount, and in return we know there would be improvements in every corner of the city," Adkins says.

Home Forward came up and cheered the fact that many low-income workers won't pay the tax—but really she was thrilled that the street tax won't saddle her agency with the big bills it faced previously. In May, Home Forward wouldn't have said yes to it. That's not the case right now.

PPS, for the record, also has just pledged its full-fledged support for the proposal on the table. That's not a surprise, given how many of the safety projects are meant to complement safe access to schools.

Jonathan Ostar of OPAL, who's been an outspoken critic of the PBA's intransigence on the income tax in light of the the months of work, had kind things to say about the public process in play and the scope of what's been proposed. "It's progressive in the way it raises revenue," he says.

But he points to a "bellwether moment" in public perception around affordability in Portland. Making this even more progressive "is a fight that we can have and a fight that we can win."

He says the concessions to the PBA "feel very hollow" right now and that Hales and Novick should yank them back.

4:05 A mom complains about property tax inequities, demanding the city annex more unincorporated residents (never mind that providing services might offset any potential gains in assessed value). She also said Novick and Hales were "beyond disrespectful" in their comments during yesterday's appearance on OPB when talking to Anne Sanderson of Stop the Street Fee. People clapped like mad for that.

By the way, [here's how much Portland gets from your property tax bill.](#)

Oregon Walks is reminding the room that 70 percent of pedestrian deaths in 2013 came in East Portland, where much of the proposed safety work would be aimed. Oregon Walks is part of the coalition of groups demanding a more progressive version of the proposal.

A campaign theme is definitely emerging. "SAYING NO MIGHT KILL PEOPLE."

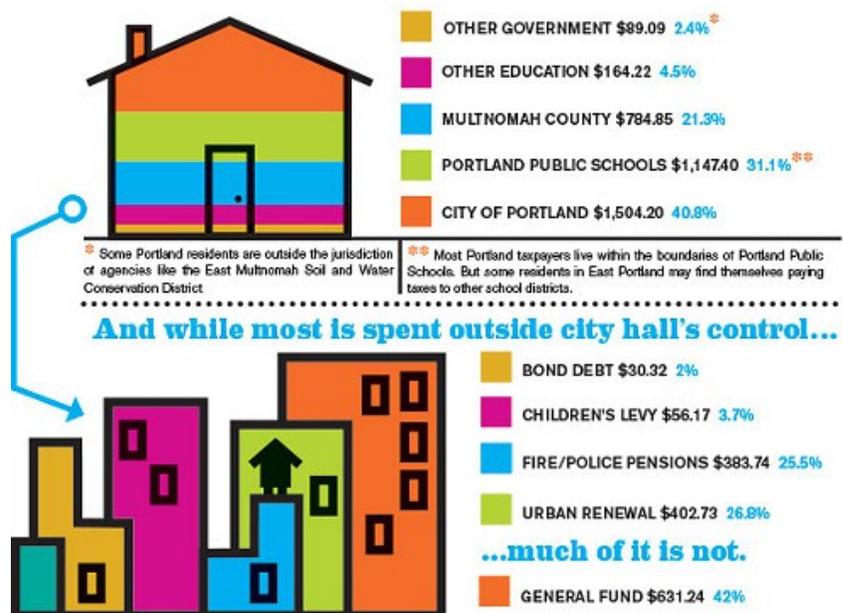
Oh! And BREAKING NEWS: The Taxpayers Association of Oregon really doesn't like either the income tax or the business fee.

Bob Clark's saying there might be hope for a statewide gas tax increase—and that six-cent hike might add a few million bucks for PBOT. He and Nick Fish are talking about the likelihood of that happening, with Fish saying gas tax revenue would be a source of income that could used as collateral in the bond market. Fish asked him if he'd support a local gas tax at the ballot box—he demurred and said he doesn't get his gas in Portland.

He wouldn't campaign for one, though. (Also... he did vote for Hales in 2012 but says he might not again. The room loved that to pieces.)

4:21 Andy Frazier of the Small Business Advisory Council says splitting the residential and business fees is "cynical" and political—and that he doesn't support what's going forward. He's offended that his retirement income will be taxed and that the commissioners' incomes won't be. He also called out the tense city hall dynamics that have seen Hales and Novick court Fritz but not work much with Saltzman and Fish on the proposal.

Hales reminded him that he's done work with the Portland Business Alliance and that the PBA doesn't hate the business fee. Hales also asked him what he would do instead of the income tax?



He asked, in reply, whether Hales and Novick would consider something else. Hales said he would. Novick hesitated before also saying he would. But Frazier said it would be a waste of his time to suggest something they wouldn't do.

Fish parlayed with him a bit and got him to admit that the "bones are there" on the business side—and that a lack of a sunset, if remedied, would make him feel better. Frazier also said, when pressed by Novick, that he'd "put on his raincoat" and campaign for a gas tax. That was deemed "helpful."

4:35 Another group reminds the council that the compromise proposal in place here was rejected by some of the business lobby groups it was meant to appease—freeing the council to consider something that more dramatically taxes the wealthy and spends more on safety projects.

Cameron Whitten, a former mayoral candidate and a member of PBOT's budget advisory committee, has called out, like some other speakers, the "equity lens" that the street fund's project list was filtered through. He also admitted that one of the loudest critics of the street fee, economist and consultant Eric Fruits, was one of his professors at PSU.

"I hope I'm still getting an A."

Fruits, who runs the No Street Fee web site, said he'd be getting a C. And then he had his turn at the microphone—just like he did on OPB yesterday.

Fruits is well-armed with specifics, noting that the Port will pay as much as the (discriminatory) Salvation Army under the proposal. He notes that the ranges in taxes for couples and residents might have middle income couples, in some cases, paying a higher rate than wealthy people.

"It's nothing more than a money grab, and an unfair money grab, at that."

Novick asked him how the proposal can be worse if it's more progressive. Fruits said the more tied to the roads the mechanism is, like a fee, the more fair it is. "Then you can use those tools to adjust people's behavior. ... This income tax does nothing."

Fruits says the trip generation models used in the previous iteration, for the business fee, could have been tweaked to work for Portland instead of tossed out. He complained about the large percentage of overhead costs built into the current plan. He also said a gas tax or congestion charge would work better, despite the infeasibility of passing either.

Fish pointed out that gas taxes are by definition regressive—and asked if there was some way to mitigate that for low income Portlanders.

Fruits said "food prices are regressive" but admitted a refund program or credit could be funded from the tax itself and that it would be, in fact, "a great idea." Fish asked him to submit some ideas.

"I'd love to. I've never had a call," Fruits bubbled. "I'm one of the easiest people to Google."

4:36 Someone just called out Hales for his campaign rhetoric, essentially the implication that we could cut our way back to a healthy paving budget. When, in fact, as a former commissioner for 10 years who tried passing a street revenue plan in 2001, Hales ought to have understood the dynamics at play.

"That was naive," the man told Hales. "You should have known better."

4:52 Paul Romain himself, the oil lobbyist who wants to refer this to the ballot, takes the mic. He explains why he backed out of the business work group—because their look at finances was limited to PBOT's budget, not the city's. It would be about justifying new money without looking for other money.

[Let's note that the city mostly spends cash on cops, firefighters, and parks.](#)

Also?

"This progressive income tax is a joke," Romain says. Because it's not based on profits earned in Portland.

He also says he needs a guarantee, a "basic discussion" on how the city spends money, that the city won't hike the business fee at will. He'd rather have a statewide gas tax increase (which arguably we'd need no matter what.)

He says some emails between the council and staff on the income tax and how it might be more progressive are "sickening," and accuses Novick of being a socialist, practically.

Hales has mentioned a text message exchange with Romain today in which he was attempting set a meeting to brief Romain's clients on the city budget. Romain complained Hales waited so long.

Hales asked about a local gas tax, if in fact the city really does need more money, and it can't come from the general fund. Romain says his clients would never support it locally, because of the patchwork it would create.

Romain says the council made this mess, so he'd also be reticent to see a super large gas tax increase.

"All this money is dedicated to roads, and it disappears," Romain gripes.

He questioned the city's decision to spend surplus money on projects that weren't related to paving. Hales worked out some kind of accord with Romain in which Hales and budget director Andrew Scott would presumably meet soon with Roman's clients to show them how the city spends its cash.

Novick tells Romain "I realize you haven't combed through the budget." Which of those budgets would you want to cut?

Romain says it's like "when did you stop beating your wife. That is an absolute BS question."

Novick says he accused Romain of being a socialist in an email, reminding him that fighting this might convince the council to go with a more popular more progressive income tax targeting the wealthy. "We're trying to avoid that fight," Novick said.

Romain says he'd love that tax—if it targeted earnings in Portland.

5:01 A man who invoked the costs of both lattes and designer jeans just held up a posterboard depicting a stool missing its third leg: a sales tax.

Then he mentioned the overspending years ago on the Tram. And then he mentioned the whole Washington State thing to Hales.

Paul Cone, repping more than 800 city employees for COPPEA (100 in PBOT), followed by noting that the price of inaction on funding means projects will only grow more expensive as road conditions deteriorate.

COPPEA thinks the new plan is fair and nods to the history of the transportation revenue movement.

"We believe the time has come," Cone says. "We urge the council to show strong leadership on this matter."

5:05 Anne Sanderson, who runs the Stop the Portland Street Fee Facebook page, and one Hales' and Novick's sparring partners on OPB yesterday, chronicled the tortured history leading to this moment in the debate. (If the previous version, with expensive fees for businesses, had taken effect, businesses would be "bankrupt," she says, including her hair salon. Now she'll just pay \$3 a month for her salon, in addition to her personal income tax.)

She unfurled a long list of other ideas and said it's "intellectually disingenuous" to say they weren't provided. "There just weren't any you liked."

Fritz asked for an email copy of her list, and Sanderson says she's grown it during testimony today.

5:16 Chris Kopca, a VP for the Downtown Development Group LLC, was a member of the business fee working group convened this summer. He said he supports the PBA's opposition and raises some quibbles.

He complained that a promise from Leah Treat that the current maintenance cash would be kept around with new cash wasn't repeated in the new ordinance. Novick said he couldn't promise a precise number or the same number because other revenue sources, like the gas tax, could dip in future years. He could only promise that the revenue stream itself would remain in that pool of cash. (Novick also reminded him that a lousy economy might also send the business fee lower, if businesses lost money or shed employees, two of the factors that determine the fee.)

There was some discussion around the general fund taking on the Streetcar, which is interesting. Kopca then mentioned the disconnect between the extra \$15 million that would be spent on paving vs. the \$91 million it would take to catch up on the city's backlog over 10 years. Meaning the city wouldn't be doing much to catch up.

"I just want you to know how far we're falling short of repairing the roads," Kopca says. "Road maintenance is a safety issue."

Kopca suggests pulling more money in for paving, saying the division now is rhetorically harmful. He also suggests hiking the lower end of the tax, \$2, so that everyone who's paying at least is paying their own collection costs. Novick says that cost is actually smaller than that.

Hales cuts him off after giving him some extra time.

5:22 BOMA Oregon has recycled its talking points, in opposition, from the PBA:

Yes, the city needs money for transportation. But...

The proposal has no sunset date. It's a new tax. More money should be spent on paving. Etc.

What's BOMA Oregon? "The industry's leading commercial real estate organization, representing over 40 million square feet of commercial real estate in Oregon."

There's a bunch of people who still want to talk—maybe more than a dozen. And timing is getting interesting. One of the commissioners might have to leave if this keeps going along.

Fish just called this "an extraordinary hearing" but urged people to "raise issues they don't feel have gotten enough ventilation." He correctly notes that the council tends not to factor in how many people speak on one side of an issue or another.

5:38 A member of PBOT's budget committee says she knows intimately that PBOT's struggled because it's forecasted revenue from the gas tax has fallen short in light of people driving less and using alternative fuel vehicles.

She says she keeps hearing this is "the last straw" after the Children's Levy, the arts tax, police and fire pensions, the library, etc. "These things do add up," she said.

That said, we need the money, she says. She also lamented the demise of Mayor Sam Adams' "budget mapping," which showed where city money was being spent. She also encouraged robust use of Hales' newfangled "budget performance dashboards" as a means of giving Romain something he wants: "transparency."

Members of the East Portland Action Plan also, unsurprisingly, support the plan—and it's focus on their neighborhood. The representative from EPAP did put in a pitch for a sunset clause after three years.

And another fellow comes up and notes a truism at a long, long hearing: Someone's said what you wanted to say, and probably better. His big point? The Oregonian has been successful in "demonizing" government retirees, whose income would be exempt from this tax under state law. He argues that amounts to a negligible sum of foregone revenue.

"I'm not in my Imperial stormtrooper armor," he said, "nor do I wear a Darth Vader helmet."

5:42 "I either read or heard somewhere," but he didn't remember where, the same man said later, that the city or PBOT or the council made a "proactive" decision to stop spending on maintenance.

Novick said utility license fees used to be spent on PBOT—but that in the mid to late 1980s, the city started spending that revenue on other things like police, fire, and parks. "It wasn't like the council announced it didn't care about streets anymore."

Fritz wondered if he meant Adams' decision to focus maintenance on arterial streets, in light of funding challenges, instead of residential streets. That's been altered more recently, under Hales.

5:46 Testimony from the Northwest Grocers Association veered from the PBA's testimony. They came out hard against the business fee in May. But they're grateful for the new business fee—and they actually support it. They didn't mention the income tax. (But it's not so far-fetched to posit they probably also don't support it.)

5:58 Another frequent council visitor, Barry Joe Stull, actually drew mirth from Amanda Fritz when he joked that the PBA uses "the ground up bones of the homeless to fill potholes." But then he talked about where else the council could pull out some other money: by cutting the police budget.

Worth noting? Novick's been a vocal proponent of doing just that.

Another man says he spent his lunch watching a crew doing work, invoking Chicago's waste and bloat: Two of them were working out of the six, and four others were just moving stuff back and forth around their trucks. He claims he talked to a pal in PBOT who blamed the union contract.

Hales said "I'm not sure whose crew you saw that day," but that the crews he visited worked very efficiently. It gave him an opportunity to tout his fulfilled pledge in 2013: Getting PBOT to pave 100 miles, instead of 35, using its existing budget.

6:13 The East Portland Chamber of Commerce is disappointed in the wholesale distaste for the proposal by the PBA—saying the city needs money and that the business fee is much improved.

Caveat, though: They think the income tax is flawed because too many people who use the roads don't have to pay. They also want a sunset clause. And, if they can, they'd like to do something about a business owner paying a fee off the top of their business's revenues, and then paying again, with the income tax, on whatever money they're lucky enough to take home.

The speaker did support a parking tax, which Hales noted might perturb some his colleagues back on the chamber.

Someone else has a bike helmet on and is holding up Trimet's number, but mostly missing the TV cameras. He says our buses all have one-pound plates on them that serve no purpose besides wearing on the roads. He also dug out a banana peel and a coffee cup from the garbage, and says garbage writ large is stressing our roads because it's heavy.

"I'm a socialist, so I do like being perspective," says a man named Herschel. He's troubled by the income tax brackets, which are internally regressive given their size.

6:22 I think we've about reached the end of public testimony... the final few tireless souls... led off by another former PBOT worker who says the income tax is bad. He worked under Hales, when he was PBOT commissioner long ago, as an environmental engineer guiding the city's paving work.

He begs for a vote, if the council insists on this, warning that not doing so would "permanently harm" "this body's integrity." He demands a sunset. Adding one, annually or semi annually, would bring "respect" from voters.

There's a call for returning to the city's old model for running PBOT and the city's utilities: the historic Public Works Bureau, which, he says, oversaw the Office of Transportation and the water and sewers offices. Back in the old days, he says, they all had to pool money.

Doing that kind of heavy charter lift now? I'd guess it's politically toxic, because you'd essentially be arguing that sewer and water money, already heavily scrutinized, to subsidize transportation spending, which is also heavily scrutinized.

6:33 Citizen testimony has concluded. A crowded room has dwindled—and now staffers, soon to be inquisitioned by the council, arguably outnumber the public.

6:36 Novick clearly worked up a spiel thanking his staffers and PBOT worker as band members. Hales suggested questions might wait. And they do. Because this week, everyone has to leave early for other engagements.

No cards tipped. No hands slyly shown. And the sausage stays in its opaque casing.

Good night. Sleep tight.

The PBA's Dislike of a Progressive Street Fee Might Result in a More Progressive Street Fee

*By Dirk VanderHart
November 20, 2014*

Obstinacy is a treacherous tactic. The Portland Business Alliance might soon find that out.

Since Mayor Charlie Hales and Commissioner Steve Novick unveiled a new proposal to raise millions for the city's roads, the PBA has been unwavering in its opposition. Sure, the organization was at the table as the plan was hashed out—and even played a central role in softening it a bit, so that wealthier Portlanders aren't shouldering as much of a burden as they might—but Portland's business community now has put its foot down. It's vowing to put the proposal before voters, should Portland City Council pass it next month.

Now, a mounting throng of transportation and environmental organizations are pushing back.

As we reported yesterday, the group OPAL Environmental Justice Oregon penned a letter suggesting that, if the so-called Portland Street Fund is going to voters, it should go in a different form—one that's going to be far-less palatable for the PBA.

OPAL's not making that suggestion alone. Today, seven more organizations have signed on, pledging their support for a more progressive version of the tax in the long slog of a campaign, if needed. Those groups: 1000 Friends of Oregon, the Bicycle Transportation Alliance, Coalition for a Livable Future, Oregon Walks, Oregon Environmental Council, Safe Routes to Schools National Partnership, and Upstream Public Health.

The letter, as Denis pointed out, doesn't list a specific alternative to the current proposal. But it's certainly possible these folks are thinking of a popular plan to tax Portlanders making more than \$125,000.

Once again, the salient parts of the letter:

Should a proposal eventually be referred to voters, our willingness to join the "Yes" campaign and invest resources in upholding this proposal will likely depend on whether the City Council passes a truly progressive package, one that is fairer for the middle class and places a stronger emphasis on safety.

Given our support, and given that the concessions afforded to the business community have not secured the level of support intended, we recommend that City Council amend the proposal to ensure that working families and middle-class households are not burdened at the expense of the wealthiest among us, who can clearly afford to pay more.

By the way, public comment on the proposal is scheduled for 2 pm at Portland City Hall. Denis is going to slog through it so you don't have to, so check back for our liveblog.