

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Janet Storm		2. Telephone No. 503.823.6952	3. Bureau/Office/Dept. OMF/Business Operations
4a. To be filed (hearing date): August 6, 2014	4b. Calendar (Check One) <div style="display: flex; justify-content: space-around;"> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/> </div>		5. Date Submitted to Commissioner's office and CBO Budget Analyst: July 30, 2014
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Accept the Report of the Socially Responsible Investing Committee (Report)

2) Purpose of the Proposed Legislation:

Accept the Report.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

This legislation asks that Council accept the report from the Socially Responsible Investing Committee. Accepting the report does not increase or decrease revenue to the City. However, the City's investments in corporate securities do generate revenue that is distributed to all City funds, and should Council decide to implement the Committee's recommendation, there may be revenue implications for the City.

5) Expense: What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. If the action is related to a grant or contract please include the local contribution or

match required. If there is a project estimate, please identify the **level of confidence**.)

This legislation action does not have any costs to the City.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

This action does not impact staffing levels.

- **Will positions be created or eliminated in future years as a result of this legislation?**

This action does not impact staffing levels.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☒ **YES:** Please proceed to Question #9.

☐ **NO:** Please, explain why below; and proceed to Question #10.

9) If “YES,” please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

This Report is to inform City Council about the recommendations of the Socially Responsible Investing Committee. The community will benefit from the opportunity to participate in a dialogue with the City about the nature of the City’s investments.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

The committee is made up of public members appointed by Mayor Hales in consultation with Commissioner Novick. The committee includes representatives from the environmental community, labor community, and Business community and individuals with expertise in economics and corporate ethics. The representative from the business community resigned from the committee for personal reasons midway through the process; however the Portland Business Alliance was provided with opportunities for input.

c) How did public involvement shape the outcome of this Council item?

The committee is comprised of community members who gathered information and developed recommendations. Additional public feedback was requested and considered at meetings and through written comment.

d) Who designed and implemented the public involvement related to this Council item?

Public involvement was designed by committee staff support from the Office of Management and Finance’s Business Operations Division and Commissioner Novick’s office. Committee members adopted public input guidelines as part of the committee’s bylaws, which include public comment during regular meetings and written feedback.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Kelly Ball, Principal Management Analyst, OMF Business Operations, 503.823.6806,
kelly.Ball@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

Not on this particular Council action of accepting the Committee's report; however it is expected that there will be further public involvement as Council considers the Committee's recommendations and determines next steps. The Socially Responsible Investing Committee is a temporary committee that has completed its charge.

Fred Miller, Chief Administrative Officer



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

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Fred Miller, Chief Administrative Officer
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DATE: July 30, 2014

TO: Mayor Charlie Hales

FROM: Fred Miller, Chief Administrative Officer, Office of Management and Finance
Fred Miller

TITLE: Accept the Report of the Socially Responsible Investing Committee (Report)

**FOR MAYOR'S OFFICE
USE ONLY**

Reviewed by Bureau Liaison _____

1. **INTENDED THURSDAY FILING DATE:** July 31, 2014
2. **REQUESTED COUNCIL AGENDA DATE:** August 6, 2014
3. **CONTACT NAME & NUMBER:** Janet Storm, 503.823.6952
4. **PLACE ON:** ☐ **CONSENT** ☐ **REGULAR** ☒ **TIME CERTAIN @ 10:45 a.m.**
5. **BUDGET IMPACT STATEMENT ATTACHED:** ☒ **X** ☐ **Y** ☐ **N**
6. **(2) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** ☐ **Yes** ☐ **No** ☒ **X** **N/A**

7. BACKGROUND/ANALYSIS

On October 9, 2013, Portland City Council passed a resolution (#37036) creating a temporary Socially Responsible Investments Advisory Committee of five public members. The Mayor appointed committee members representing the environmental, labor, and business communities and individuals with expertise in economics and corporate ethics. The Office of Management and Finance and the Office of Commissioner Novick provided staff support and technical advice to the committee.

Council charged this committee with studying the City's current investment policy and processes and making recommendations to Council for how the City could change its investment policy to incorporate social and ethical concerns, including:

- Environmental concerns
- Health concerns, including weapons production
- Abusive labor practices
- Corrupt corporate ethics and governance
- Extreme tax avoidance
- Exercise of such a level of market dominance so as to disrupt normal competitive market forces

In addition to other strategies it may identify, the committee was also charged with considering the cost, effectiveness, and practicality of:

- A standing advisory committee of public members that periodically makes recommendations to Council about a list of companies and/or industries in which the City shall not invest its cash assets.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

- Hiring a firm with expertise in social and environmental investing to advise the Council on managing its corporate investments.

The temporary Socially Responsible Investments Advisory Committee met to gather information and develop recommendations. Meetings began and ended with an opportunity for public comment; written comments were also accepted. Information presented included: the constraints on and laws concerning municipal investing, the City's investment practices and policies, and whether and how other local governments have implemented socially responsible investment policies. The second meeting included presentations by representatives of two firms that specialize in Environmental, Social, and Governance investing. An in depth discussion about the numerous legal constraints on municipal investing was held, where it was learned that investments in corporate securities represent a substantial portion of the City's income.

After thoughtful consideration of public comments and the comments of the City's Investment Advisory Committee (IAC), the benefits and drawbacks to various options were discussed, and, through a consensus process, the following recommendations were developed:

- Council should establish a standing permanent committee of public members with various areas of expertise to take public input and recommend eligible issuers for inclusion on, or removal from, a do-not-buy list. The City should contract with an outside data research vendor to provide reports about eligible issuers. These reports should evaluate each eligible issuer based on principles established by the Council. The committee should use these reports to develop its recommendations to Council.

8. FINANCIAL IMPACT

None

9. RECOMMENDATION/ACTION REQUESTED

Accept report.