



CITY OF  
**PORTLAND, OREGON**

OFFICIAL  
 MINUTES

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS **19<sup>TH</sup> DAY OF NOVEMBER, 2014** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Fish arrived at 9:32 a.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ellen Osoinach, Deputy City Attorney; and Jim Wood, Sergeant at Arms.

Item No. 1198 was pulled for discussion and on a Y-5 roll call, the balance of the Consent Agenda was adopted.

<b>COMMUNICATIONS</b>		<b>Disposition:</b>
<b>1189</b>	Request of Shedrick Wilkins to address Council regarding Intel, corporate, tax, school follow up (Communication)	<b>PLACED ON FILE</b>
<b>1190</b>	Request of Steve Wiley to address Council regarding Five Keys to Success for Small Business Owners (Communication)	<b>PLACED ON FILE</b>
<b>1191</b>	Request of Stan Nowack to address Council regarding nuisance houses (Communication)	<b>PLACED ON FILE</b>
<b>1192</b>	Request of Marian Cathedral-King to address Council regarding 2014 Fuel Your School Program of Chevron (Communication)	<b>PLACED ON FILE</b>
<b>1193</b>	Request of Pat Wagner to address Council regarding impact of Chevron and oil companies on Linnton (Communication)	<b>PLACED ON FILE</b>
<b>TIMES CERTAIN</b>		
<b>1194</b>	<b>TIME CERTAIN: 9:45 AM</b> – Proclaim November 29, 2014 as Portland Celebrates Small Business Saturday (Proclamation introduced by Mayor Hales and Commissioner Fish) 15 minutes requested	<b>PLACED ON FILE</b>

November 19, 2014

<b>*1195</b>	<b>TIME CERTAIN: 10:00 AM</b> – Ratify a Letter of Agreement between the City on behalf of Portland Parks & Recreation and Laborers’ Local 483 that adds seasonal and full-time employees in the Park Ranger classification to the collective bargaining agreement between the City and the District Council of Trade Unions in effect for July 1, 2013 to June 30, 2017 (Ordinance introduced by Mayor Hales) 15 minutes requested (Y-5)	<b>186891</b>
<b>1196</b>	<b>TIME CERTAIN: 10:15 AM</b> – Amend regulations in the Public Improvements and Building Regulations Code that were adopted through the Citywide Tree Policy and Regulatory Improvement Project, to conform to subsequent changes to City Code (Ordinance introduced by Commissioner Fritz; amend ordinance No. 184522; amend Code Titles 17 and 24) 30 minutes requested for items 1196 and 1197	<b>PASSED TO SECOND READING NOVEMBER 26, 2014 AT 9:30 AM</b>
<b>1197</b>	Create a fee schedule for tree review, tree inspections, tree permits and tree related enforcement (Ordinance introduced by Commissioner Fritz)	<b>PASSED TO SECOND READING NOVEMBER 26, 2014 AT 9:30 AM</b>
<b>CONSENT AGENDA – NO DISCUSSION</b>		
<b>Mayor Charlie Hales</b> <b>Office of Equity and Human Rights</b>		
<b>*1198</b>	Delegate rulemaking authority to the Director of the Office of Equity and Human Rights and add administrative rulemaking procedures (Ordinance; amend Code Section 3.128.030 and add Code Section 3.128.040) (Y-5)	<b>186898</b>
<b>Office of Management and Finance</b>		
<b>1199</b>	Authorize a contract with Pierce Manufacturing, Inc. for the purchase of two light air rehab units for a total not to exceed value of \$1,400,000 (Procurement Report - Bid No. 116109) (Y-5)	<b>ACCEPTED PREPARE CONTRACT</b>
<b>Commissioner Steve Novick</b> <b>Position No. 4</b> <b>Bureau of Transportation</b>		
<b>*1200</b>	Authorize grant agreement with South Waterfront Community Relations for data collection, analysis and research of best parking practices (Ordinance) (Y-5)	<b>186889</b>
<b>Commissioner Nick Fish</b> <b>Position No. 2</b> <b>Bureau of Environmental Services</b>		

November 19, 2014

<p><b>*1201</b> Amend Feasibility Cost Sharing Agreement with the US. Army Corps of Engineers by \$67,000 in-kind match to finalize a feasibility study of ecosystem restoration options in the Lower Willamette River under the Water Resources Development Act (Ordinance; amend Contract No. 52070) (Y-5)</p>	<p><b>186890</b></p>
<p style="text-align: center;"><b>REGULAR AGENDA</b></p>	
<p style="text-align: center;"><b>Mayor Charlie Hales</b></p>	
<p style="text-align: center;"><b>Bureau of Police</b></p>	
<p><b>*1202</b> Authorize application to Oregon Impact for a grant in the amount of \$100,000 for overtime reimbursement for participation in DUII High Visibility Enforcement events during Federal FY 2014-2015 (Ordinance) (Y-5)</p>	<p><b>186892</b></p>
<p style="text-align: center;"><b>Office of Management and Finance</b></p>	
<p><b>1203</b> Authorize a price agreement with JCI Jones Chemicals, Inc. for sodium hypochlorite for a 5-year contractual total not to exceed amount of \$3,295,500 (Procurement Report - Bid No. 117009) <b>Motion to accept the report:</b> Moved by Fish and seconded by Novick. (Y-5)</p>	<p><b>ACCEPTED PREPARE CONTRACT</b></p>
<p><b>1204</b> Authorize revenue bonds in an amount sufficient to provide up to \$3 million for Habitat Restoration Costs (Second Reading Agenda 1186) (Y-5)</p>	<p><b>186893</b></p>
<p style="text-align: center;"><b>Commissioner Steve Novick</b></p>	
<p style="text-align: center;"><b>Position No. 4</b></p>	
<p style="text-align: center;"><b>Bureau of Emergency Management</b></p>	
<p><b>*1205</b> Authorize Intergovernmental Agreement with Regional Disaster Preparedness Organization to strengthen and coordinate the Region's disaster management (Ordinance) (Y-5)</p>	<p><b>186894</b></p>
<p style="text-align: center;"><b>Bureau of Transportation</b></p>	
<p><b>1206</b> Vacate a portion of E Burnside St west of NE Martin Luther King, Jr Blvd subject to certain conditions and reservations (Second Reading Agenda 1187; VAC-10095) (Y-5)</p>	<p><b>186895</b></p>
<p style="text-align: center;"><b>Commissioner Nick Fish</b></p>	
<p style="text-align: center;"><b>Position No. 2</b></p>	
<p style="text-align: center;"><b>Bureau of Environmental Services</b></p>	
<p><b>1207</b> Amend various sections of the Public Works Improvement Code for consistency and clarity of general language and organization cleanup (Ordinance; amend Code Chapters 3.13, 17.04, 17.32 through 17.36, 17.38 and 17.39)</p>	<p><b>PASSED TO SECOND READING NOVEMBER 26, 2014 AT 9:30 AM</b></p>

November 19, 2014

<b>Water Bureau</b>		
<b>1208</b>	Amend contract with Michael Willis Architects to increase compensation, time and scope of work for the Interstate Maintenance Facility Rehabilitation Project in the amount of \$280,000 (Ordinance; amend Contract No. 30001654) 10 minutes requested	<b>PASSED TO SECOND READING NOVEMBER 26, 2014 AT 9:30 AM</b>
<b>1209</b>	Authorize a contract and provide payment for the construction phase of the Union Pacific Railroad East Portland Connection Water System Adjustment Project at an estimated cost of \$660,000 (Second Reading Agenda 1188) (Y-5)	<b>186896</b>
<b>Commissioner Dan Saltzman Position No. 3 Portland Housing Bureau</b>		
<b>*1210</b>	Amend subrecipient contract with Proud Ground to add an amount up to \$883,735 in Neighborhood Stabilization Program 3 funds (Ordinance; amend Contract No. 32000848) (Y-5)	<b>186897</b>

At 11:53 a.m., Council recessed.

November 19, 2014

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 19<sup>TH</sup> DAY OF NOVEMBER, 2014 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Saltzman left at 3:50 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Linly Rees, Deputy City Attorney; and Jim Wood, Sergeant at Arms.

	<b>Disposition:</b>
<p><b>1211</b>      <b>TIME CERTAIN: 2:00 PM</b> – Amend accessory short-term rentals regulations to allow multi-dwelling structures, multi-dwelling development, triplexes, attached duplexes, manufactured dwellings and houseboats; establish fee for accessory short-term rental permits in multi-dwelling structures (Ordinance introduced by Mayor Hales; amend Title 33) 1.5 hours requested</p> <p>#1 [Fritz memo Amendment #1; 33.207.040.A.4] <b>Motion to put on table to increase cap on maximum number of ASTRs in multi-dwelling structures from 10% to 25%:</b> Moved by Fritz and seconded by Novick. (Y-4; N-1 Fish)</p> <p>#2 [Fish memo Amendment #1; commentary p. 8] <b>Motion to put on table to require that the property owner or property manager, rather than the renter, self-certify that the bedrooms to be rented have the required smoke detectors and carbon monoxide alarms:</b> Moved by Fish and seconded by Fritz. (Y-5)</p> <p>#3 [Fritz memo Amendment #2; 33.207.040.B.4.b] <b>Motion to put on table to clarify smoke detector language as to location of interconnected system with an adjacent hallway that is within the dwelling unit:</b> Moved by Fritz and seconded by Novick. (Y-5)</p> <p>#4 [Fritz memo Amendment #3; 33.207.040.C.2.a.3] <b>Motion to put on table to allow the property owner or the property manager to sign the permit application:</b> Moved by Fritz and seconded by Novick. (Y-5)</p> <p>#5 [Fritz memo Amendment #4; 33.207.040.C.2.a] <b>Motion to put on the table to delete requirement for Homeowners Association to sign permit application:</b> Moved by Fritz and seconded by Hales. (Y-5)</p> <p>#6 <b>Motion to amend previous motion #4 and #5 to “delete property manager” and replace with “authorized agent”:</b> Moved by Fritz and seconded by Novick. (Y-4; Saltzman absent)</p> <p>#7 <b>Motion to amend previous motion #2 to replace “property manager” with “authorized agent”:</b> Moved by Fish and seconded by Fritz. (Y-4; Saltzman absent)</p> <p>#8 <b>Motion to enroll all previous motions in the “Mayor’s Recommended Draft” and that it come back for a second reading on December 3rd:</b> Moved by Fish and seconded by Novick. (Y-4; Saltzman absent)</p>	<p style="text-align: center;"><b>PASSED TO SECOND READING AS AMENDED DECEMBER 3, 2014 AT 9:30 AM</b></p>

At 5:00 p.m., Council recessed.

November 20, 2014

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 20<sup>TH</sup> DAY OF NOVEMBER, 2014 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5. Commissioner Saltzman arrived at 2:04 p.m. and left at 6:16 p.m.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ian Leitheiser, Deputy City Attorney; and Jim Wood, Sergeant at Arms.

		Disposition
1212	<b>TIME CERTAIN: 2:00 PM</b> – Amend City Code to create a Transportation User Fee paid to fund Portland’s transportation needs, primarily transportation maintenance and safety (Previous Agenda S-546; Ordinance introduced by Commissioner Novick; add Code Chapter 17.21)	<b>REFERRED TO COMMISSIONER OF PUBLIC SAFETY</b>
1213	Create the Portland Street Fund and establish a non-residential transportation fee to fund Portland's street maintenance and transportation safety needs (Ordinance introduced by Mayor Hales and Commissioner Novick; amend Code Chapter 7.02 and add Code Chapter 17.21) 2 hours requested for items 1213 and 1214 <b>Motion to make technical corrections submitted in Bureau memo 11-18-2014: replace Exhibits A and C; add exhibit D and Ordinance directive d. Motion puts these changes on the table only:</b> Moved by Novick and seconded by Fritz. (Y-5)	<b>PASSED TO SECOND READING AS AMENDED DECEMBER 3, 2014 AT 10:00 AM TIME CERTAIN</b>
1214	Establish a residential transportation income tax to fund Portland's street maintenance and transportation safety needs through the Portland Street Fund (Ordinance introduced by Mayor Hales and Commissioner Novick; add Code Chapter 5.76) <b>Motion to make technical corrections submitted in Bureau memo 11-18-2014: replace Exhibits A and B. Motion puts these changes on the table only:</b> Moved by Novick and seconded by Fritz. (Y-5)	<b>PASSED TO SECOND READING AS AMENDED DECEMBER 3, 2014 AT 10:00 AM TIME CERTAIN</b>

At 6:34 p.m., Council adjourned.

**LAVONNE GRIFFIN-VALADE**  
Auditor of the City of Portland



By Karla Moore-Love  
Clerk of the Council

For a discussion of agenda items, please consult the following Closed Caption File.

November 19, 2014  
**Closed Caption File of Portland City Council Meeting**

This file was produced through the closed captioning process for the televised City Council broadcast and should not be considered a verbatim transcript.

Key: \*\*\*\*\* means unidentified speaker.

**NOVEMBER 19, 2014      9:30 AM**

**Hales:** Good morning, and welcome to the November 19th meeting of the Portland City Council. Would you please call the roll, Karla?

**Novick:** Here. **Fritz:** Here. **Saltzman:** Here. **Hales:** Here.

**Hales:** Good morning. Welcome, everyone. We have some communications items up front, which we'll get to momentarily. Then, some time certain items, and a relatively small number of regular agenda items this morning. If you're here to speak on a Council calendar item, we ask that you give us your name. You don't have to give us your address. If you're a lobbyist representing an organization, please disclose that. We have a tradition in this chamber of respecting each other's point of view. So, if you agree with someone and want to demonstrate that, feel free to wave or give them a thumbs up. But we ask you to not indulge in vocal demonstrations in favor or in opposition to your fellow citizens so that everybody gets their say. That's how it works. Again, we have some communications items up front, and then we'll take up the consent calendar and the time certain items. With that, Karla, would you please start with 1189?

**Item 1189.**

**Hales:** Good morning, Mr. Wilkins.

**Shedrick Wilkins:** I'm Shedrick Wilkins, and the whole thing that I'm worried about is in January of 2010, I helped measure 66, 67, which was Oregon's first corporate tax. And Nike was all over it and said no, we should not have this thing, and it passed. Well, I go, where's Intel and why is Intel not saying anything against the corporate tax? Because they were exempt from the corporate tax. Now, I understand that Nike is exempt from the corporate tax. Why don't we just exempt all the corporations from the corporate tax? What's even more interesting about this thing is I have a grudge against Intel, who claims they will come into this state and spend \$100 billion. Well, in the '90s, they didn't hire me, I had a degree from PSU. They didn't invest \$50,000 in me. Why do I think they want to invest a lot of money in this state? Also, I was involved with an apprenticeship program with Intel, and they suspended it in 1998. This is the kind of character this company has. They want to come in here and say everything will be rosy. Intel is not an eminent science company. They are a computer chip manufacturer. And they claim, too, that they need to have an educated workforce here in Oregon in K through 12, yet they're exempt from the corporate tax. Now, my plan is, I've just decided -- I've been a Democrat for 22 years, I am now a registered Republican. I'm going to run it by that we stop the corporate tax. If there's cuts, they should be made in the high school sports. President Obama, who I think is a great president, had a forum on sports injuries at the White House in which he said that he does not have a son, but if he did, he would not want his son to play high school football. A lot of injuries are done. And I'm going to study that -- how many people get their necks snapped from playing football? How many high school cheerleaders are thrown up in the air and not caught? Also, football is played outdoors at night where it's cold. How many students in high school get sick? Let's cut that -- and this is a statement that our president made -- to augment the cuts that would be made. Here's another thing, too. I emailed the state of Oregon. Under law, I cannot find out how much corporate tax anybody pays. It's top secret. It's like a big brother conspiracy. I thought I would get a list of well, Coca-

November 19, 2014

Cola in Oregon pays this much money. I can't find out what any of the corporations pay. This is angers me enough to come a Republican. See you in about six months.

**Hales:** Thank you. Good morning. So, 1190, please.

**Item 1190.**

**Hales:** Is Mr. Wiley here? Apparently not. OK, let's move on.

**Item 1191.**

**Hales:** Come on up, Mr. Nowack. Good morning.

**Stan Nowack:** My name is Stan Nowack. Nearly 40 years ago when Tom McCall was governor, I moved to Oregon from Colorado. I was immediately taken with the raw beauty and abundance of natural resources that make Oregon and Portland so wonderfully livable. Growth is inevitable to northwestern Portland, in particular. It is a destination of choice for future relocation on the west coast. It is an if, but how we grow as a state and a city. Several weeks ago, Mayor Hales spoke of people who had given him a vision of what was around the corner pertaining to expected growth and how thankful he was for those resources. Call on those same resources and ask them how we will fund, recruit, and train a police force that mirrors and respects the cultural and gender diversity we need to embrace as we grow. I'm aware that all of the things cost money, and that these are not our only problems. I speak to you today because of firsthand experience living on the bluff and having to deal with high crime rate and grossly inadequate police power in the north and northeast precinct to handle the massive workload in our city. We also have to prioritize a clean and healthy environment. Portland is faced with unique problems and areas where industry and neighborhood co-exist. Growth must be accompanied by exemplary air and water standards that exceed federal EPA standards, many of which are outdated and fail to incorporate newly available technologies. We can't allow job creation to be our sole focus at the expense of the quality of life that our existing population deserves and our future inhabitants desire. In particular, Swan Island needs to be scrutinized as more than just an employment opportunity. Do we really want to sacrifice quality of life for thousands of people in the northwest and north Peninsula neighborhoods for the sake of dozens of jobs for Daimler Benz and millions of dollars in tax breaks? Vigor industries, on the other hand, should be singled out for making a voluntary effort to exceed environmental pollution standards and establishing a good neighborhood agreement with north Portland neighbors. They realize we all live and work in the same city and must respect the desire for a shared, clean, livable environment. If you drive north on Greeley Avenue, you will see a sign that says, Welcome to the Peninsula, Gateway to Nature. That sign should be replaced with the warning, Proceed with Caution, Poor Air and Water Quality Ahead. I breathe the air and hesitate to enter the waters that are paramount to a healthy environment. The city of Portland must take steps to improve our basic rights for clean air and water. You have many challenges ahead. As we grow, please promote the safe and healthy environmental values Portlanders hold dear. Without them, our future is not bright. Thank you very much.

**Hales:** Thank you. Thanks very much.

**Item 1192.**

**Hales:** Good morning.

**Marian Catedra-King:** Good morning, ma'am, and gentlemen. I'm here to present the Fuel Your School program. We all know that education and public school teachers were pressed with budget cuts. Teachers pay \$500 from their own pockets to come up with school projects. So, what Chevron has done is partnered with DonorsChoose. Since 2012, we have made \$350,000 available every year for Washington and Multnomah Counties, and you will see that in your handout. For Portland Public Schools alone as of November 14, 2014, we have given 387,774 school projects directly to teachers in public schools here in Portland. And over 30,000 students were impacted. But the Fuel Your School is just part of our 102-year story in Portland. There have been many numerous



November 19, 2014

partnerships, especially with SOLV, with the World Forestry Center, OMSI, and of course with Linnton Community Center. And it really drives the partnership between big business, the local government, and the nonprofits, and we would like to reiterate our support for Portland and for Oregon. Thank you.

**Hales:** Thank you, and thanks for your philanthropy.

**Fritz:** And Marian, I would like to take this opportunity to thank you and Chevron for becoming sponsors of our Summer Free For All program next year. We are excited to have your partnership on that.

**Catedra-King:** You're welcome.

**Hales:** Thanks very much.

**Item 1193.**

**Hales:** Good morning.

**Pat Wagner:** My name is Pat Wagner. I live at 12941 NW Newberry Road in Portland. I just want to say that Chevron has played a major role in the success of the community center. A lot of times, there's companies and they're there and you don't know the people, you don't see them, there's barbed wire and all of that. With Chevron, there is security, but the people that work there make an effort to get out and meet community members. They come to the center, they volunteer their time, and they donate from their own pockets to the community center in Linnton. We do -- at some point during a person's life, we have done childcare for some of their children, so, maybe that explains some of it. But now, I don't think we have any children from Chevron in our childcare center. During Linnton Community Center's -- actually, Linnton's darkest hours, I had literally given up. It was like the last day, the Oregon Department of Transportation had said that if you don't come up with someone to take responsibility for these medians you're putting in the middle of the highway to slow the traffic down, we're giving the money to another community. And they were going to do it the next day. And I went begging. I put up signs. I did everything. I gave up. I went home, I laid down on my bed. It was like 3 o'clock in the afternoon. And I got a call. It was Dale at the Chevron. He said, hey, I saw a sign at the store, you guys need some help? And I said, yes. He came up, they committed to maintaining the medians for X number of years, which saved it. Otherwise, the money would have gone out of the community. Had we not gotten those medians, Linnton would be a different place, because none of the other improvements would have happened. The next thing is I don't believe that it's often that you see a national company that's everywhere, like Chevron, have an impact on the actual community where their company is. And Chevron really does have an impact on Linnton and Portland. And if you talk to just about a lot of people, they have relatives like, oh, my great grandfather worked there many years ago. But the biggest, most important thing that I think that they do for me and for the community center is that they act as kind of a mentorship role in business expertise. The idea of coming up with the STEM programs actually came from Marian from Chevron probably 10 years ago-- maybe not that many years, but many, many years ago -- and it started the movement that direction. And throughout, we've had them for support. Thank you.

**Hales:** And thanks for your leadership as a neighborhood activist and for finding a way to be a good partner with the business. That's great. It's a real positive story. Thank you.

**Wagner:** Well, thank you, and thank you for coming to our opening, our ground-breaking.

**Hales:** Thank you. Did Mr. Wiley arrive? No? OK. So, let's move on to the consent calendar, please. I think that we've had one item pulled from the consent calendar, which is number 1198. So, unless there are other requests to remove the items from the consent calendar, let's vote on the balance of the consent calendar.

**Roll on consent calendar.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

November 19, 2014

**Hales:** We're a couple of minutes early, Commissioner Fish. I see a bunch of people are here. Do we have everyone here? Do you want to proceed?

**Fish:** Yes, 1194, and it's a full house.

**Hales:** Then let's take the time certain 1194, please.

**Item 1194.**

**Hales:** Commissioner Fish.

**Fish:** Thank you, Mayor Hales. Mayor Hales is issuing a proclamation for Small Business Saturday and he's giving me the honor of reading the proclamation. And we have an all-star lineup. I'd like to invite the guests to come forward. I'll read it and we'll turn it over to them. First up is Camron Doss, who is the district director of the United States Small Business Administration. Please come forward, sir. And then our friend, Will Cervarich, the founder of Little Boxes. Matthew Micetic of the Foster Area Business Association; and Nicole Whitesell, owner of the shop Adorn. Come on forward. And also, Heather Hoell and Brian Alfano are here in the audience to join us for this celebration. I have the honor of reading the proclamation. Whereas, small businesses are the backbone of our local economy; and whereas, 98% of businesses in our neighborhood business districts employ five or fewer employees; and whereas, half of Portland's workforce is employed by small business; and whereas, Portland ranks in the top 20 of large American cities for small business vitality; whereas, Portland's small businesses create family wage jobs, boost our local economy, and strengthen our neighborhoods; whereas, for every dollar spent at a local business, 70 cents remains in the local economy; whereas, Portland ranks third nationally in the number of college-educated young adults running their business; whereas, the city of Portland, Oregon celebrates the leadership of our champions for local small businesses, including Venture Portland, our business district associations, the United States Small Business Administration, Voice for Oregon Innovation and Sustainability, and our local Chamber of Commerce, the Portland Development Commission, Little Boxes, the Portland Business Alliance, and the Main Street Alliance of Oregon; and whereas, the holiday retail season is a critical period for Portland businesses and local business districts will host more than 50 public holiday events in the next six weeks; whereas, President Barack Obama has encouraged all Americans to celebrate Small Business Saturday as a local alternative to Black Friday or Cyber Monday; now, therefore, I, Charlie Hales, the mayor of Portland, Oregon, the city of roses, do hereby proclaim November 29, 2014 as Portland Celebrates Small Business Saturday, and urge the residents of our community to support small business merchants on that day, during the holidays, and throughout the year. Welcome, all. And who am I turning it to?

**Camron Doss:** Good morning. Thank you very much for having me here. I'm Camron Doss, I'm the district director for the U.S. Small Business Administration here in Portland, Oregon. It is our mission at the SBA to start, grow, and succeed. In return, we believe small businesses will create jobs and grow the economy. The SBA Portland district office covers the greater portion of Oregon and four counties in southwest Washington. We help businesses in three distinct ways, and those are getting access to counseling and technical services through many of our resource partners, getting access to capital throughout traditional and non-traditional lending partners, and getting access to contracting through the federal marketplace. In the area of counseling, we help match businesses to the educational, resources, and mentorships that they need. Whether it's help with developing a business plan, marketing strategies or other assistance, our network of resource partners throughout Oregon and southwest Washington always are ready to help. During the fiscal year 2014, the SBA resource partners spent more than 30,000 hours training and mentoring small businesses. In the area of contracting, we help small businesses to navigate the federal procurement marketplace. Congress has mandated that 23% of all federal procurement dollars must go to small businesses. I'm happy to say that in our district, we exceeded that by having 40% of that number

November 19, 2014

going towards small businesses. In the area of access to capital, the SBA is best known for our lending products. We've had record years set over the past four years in our areas of lending. In fiscal year 2014, SBA lenders delivered 449 million in supported loans, recognizing a fourth year of record lending in district 7A long program. The nearly 1000 loans in FY 14 were through a variety of SBA programs that provide access to capital through traditional banking partners and non-traditional sources like our SBA micro-lenders. At the SBA, we know small businesses are vital to the prosperity of America and its economy. Since the recession, small businesses have created two out of three new private sector jobs. These firms are largely responsible for America's 10.3 million new jobs that have led to 56 straight months of job growth. Accelerating our recovery means creating the right environment and implementing the best policies for the small businesses to strive. The entrepreneurs we work with face many challenges, but among the greatest is getting new customers in their door. That's one reason why SBA is proud to be part of Small Business Saturday. It's a perfect time for us to help celebrate small businesses, and also to help them to get new customers into the door. So, on November 29, millions of consumers across the country will participate in Small Business Saturday. More than 70% of Americans now are aware that the two days following Thanksgiving is devoted to shopping small. Last year, half of all consumers who knew about Small Business Saturday acted on it and spent an estimated \$5.7 billion at local merchants across the nation. So, we want to continue this momentum, and we're asking everyone to help. One way you can help is to promote small businesses on Facebook and on Twitter. We ask you to do that, definitely. We want to make sure that we are supporting small businesses. One thing that we want to make sure that we want to highlight this particular year, on this November 29th, is that we want small business owners to extend their hours by promoting small business Saturday night. We know many of our small businesses, particularly here in Portland, are local restaurants and are owned by individuals that like to serve food. So, after a busy day of shopping, we want to encourage consumers to patronize their local small businesses restaurants and favorite watering holes. The SBA is partnering with the national restaurant association to encourage people who are shopping small to not only just shop small but to dine small. So, I hope to create some synergy around there and keeps everybody focused not only on the daytime but also on the nighttime. So, while you're out shopping small, also remember to dine small. Thank you.

**Hales:** Thank you. Thanks for your support. Good morning, who's next?

**Matthew Micetic:** I'm next. My name is Matthew Micetic, I own Red Castle Games in southeast Portland, and I'm also here as part of the Foster Area Business Association, of which I'm the treasurer. I want to take a moment to thank you, Dan Saltzman, for coming to our street fair earlier this year. We really appreciate that support. Red Castle Games -- this is our fifth Christmas season, and as always, it continues to grow, and it's hectic and a little scary at times, but we make do. We brought on seasonal help, we're up to 10 employees, and I think we will meet it and really excel at it. What we specialize in is board games for families, for kids, and for adults. There's a game for everyone. There is even a game called City Council -- [laughter] -- that you guys probably wouldn't enjoy it because you live it. But for anyone in the audience who wants to feel that way, we have that game.

**Hales:** It's a scary game.

**Fritz:** Does it involve lots of evening meetings?

**Micetic:** It could, but you could do it at the Lucky Lab or something. [laughter] So, Foster area -- we've got about 33 member businesses right now, and that's up from about six at the beginning of the year. So, we're really working to grow the district, and we're eclectic in that we've got some retail like my store, but we've got great food, we've got bakeries, we've got artists, we've got everything you would want there -- it's sort of the unknown in east Portland. So, I would really encourage people to look beyond the great inner eastside and the downtown districts that we have.

November 19, 2014

We chose to go with Little Boxes this year because it's great to have a local program that is encouraging shop local, but it's also not a national program like American Express. It started here and it's from here and it's doing it the Portland way. We really appreciate that, because it sets it apart and makes it more engaging for Portlanders. Just to give you an idea of why shopping local is so important to our business is in five years, we've gone from two employees to 10, and that's allowed me to start stepping away a little from the business and participate in the business association, to participate in Venture Portland, to participate in a transportation work group -- among other things. And this year alone, I've been able to give 214 volunteer hours essentially that I wouldn't have been able to give otherwise of people that weren't shopping local or engaging in our local economy. So, it's really a virtuous cycle to keep the money local and then to allow people like myself that want to become civically engaged to have the time to engage. That's really important to us. I want to go quickly and give each of you a board game recommendation, so hopefully we can get you to come down to the shop and get one. Commissioner Novick, we've got a great train game called Ticket to Ride, where you're trying to get from city to city, and it's fantastic. Commissioner Fritz, there's a game called Agricola, where you have to build the family farm -- and it sounds sort of boring, but it's the most strategic game and devious that there is, and it's amazing. It's really good. [laughter]

**Fritz:** I'm going to go for City Council. [laughter]

**Micetic:** Mayor Hales, there's a game, Suburbia. And don't let the name fool you, it's about taking your small town and making this thriving metropolis. And you're doing it with Portland, you know, if you want to do it in your off time, you can do that. Commissioner Saltzman, there's a game called Forbidden Island, where you and a team are trying to get these treasures and escape the island before it sinks. It's a unique game because either everyone works together and they win, or everyone loses. So, it's really fun for getting teamwork going.

**Saltzman:** I wrote it down. [laughter]

**Micetic:** And Commissioner Fish, there's one of my favorite games, Click Clack Lumberjack -- very Portland theme. And it's essentially a dexterity game where you get to whack a tree and try to get bark off, but you don't want to tip the tree over -- if you do, you lose points. What better Portland game than that? [laughter] Thank you for your time today.

**Hales:** Thank you.

**Saltzman:** Tell us where your store is located again?

**Micetic:** We're on SE Foster Road on the corner of 64th.

**Saltzman:** The name is --

**Micetic:** Red Castle Games.

**Hales:** Thanks very much. Good morning. Who's next?

**Micetic:** Thank you.

**Nicole Whitesell:** Hi, my name is Nicole Whitesell, and I own a boutique called Adorn. We are located on 42nd and Fremont, and we just opened our second location on 33rd and Division just a few months ago, actually. Thank you to Commissioner Fish and Commissioner Novick for supporting us as part of Open Fest last month. We are really excited to see everybody starting to get their businesses open over on Division. We've been in business for six years. We offer a personal styling approach. We focus on long-term relationships and building wardrobes over time with customers on a repeat basis. I am also the president of the Belmont Business Association. We have three main events each year. We have Fremont Fest, which brings over 20,000 people to our street. Hip-hop into the Shop, which we just started two years ago, and it draws people from the community in for a week long bunny hunt, and it really helps to keep people coming into all of the stores and exploring new businesses that they may not have gone into during the week that's typically slow on that street. We also have a holiday fest every year, and last year, we added the

November 19, 2014

Golden Ticket program, which has been done so well by the Multnomah Village, and that took off great. We've already -- we just launched last week, and we've had new customers in from that already. We service over 60 businesses on Fremont each year, and that's continuing to grow. I'm participating in Little Boxes again this year, because it's awesome. I remember the first year that we did Little Boxes, and it went from being a really quiet day to a happening, cash register ringing, fast-paced, try to keep your head up kind of day, and that's really exciting for us. I think that it takes a village to get shoppers out on Black Friday into our little shops, and it's even harder to create a fun event that you can get a lot of people excited about, and Little Boxes has done this. We can't compete with the big boxes' price slashing and special promotions that they have, but we can provide exceptional service and create a fun, community-centered event that gives people a reason to shop small. Portlanders should shop small this season, because shopping local not only provides for my family, but also for my 19 employees. We started out with my husband and I, and over the last six years, we've grown 600% to 19 employees. This year, we're trying to teach our children about what it means to shop small. They have already gone on Amazon and created their own lists, and I didn't teach them that. So, we actually are taking a weekend and spending it downtown, and we're dedicating two days this year to explore our neighborhoods and businesses that we've never been to, and I'm excited. It's a really busy season for us, but I feel like it's important to get out there and support other businesses and also teach our children what that means, as well. Lastly, I think it's really important to note that many of our small businesses are online as well. So, when there is a snow storm or an ice storm or you're doing last-minute shopping, I really encourage everyone to look at which local businesses are online as well, because that's another great way in that you can support us. Last year, I know the snow really affected a lot of our businesses. I wanted to say we really appreciated Commissioner Fish and Venture Portland's effort with PDX loves small businesses. So, thank you.

**Hales:** Thank you.

**Fish:** Nicole, can I just say that during the winter storm, we made a mistake and we learned a valuable lesson. We were so concerned about the impact of the icy roads on public safety, that instead of just telling people to stay off the roads, we encouraged them to stay home. And I think that a more nuanced message would have been stay off the roads, don't travel unless you have to, but cautiously walk to your neighborhood business district and have dinner and shop. Because it did have a big impact. We didn't get that message right, and I think we learned from that, and we just need to be a little more nuanced about stay off the roads, but support our neighborhood small businesses who otherwise get hammered when the city shuts down for a few days. So, I think we learned a valuable lesson, and thank you for flagging that.

**Fritz:** I have to note, Commissioner Fish, that some of us figured that out going stir crazy at home -- [laughter] -- and did walk to our neighborhood businesses that had actually braved the elements to have their staff working so we could have a meal out. Thank you.

**Whitesell:** We're in the heart of Belmont, and I will say that it actually was -- a couple days were a little quiet. But by the second day, with people being iced in, they figured out how to walk a couple blocks down to the shop.

**Fish:** Thank you. Will, when you give us your testimony, tell us about how Little Boxes works. How does the consumer take advantage of this great program?

**Will Cervarich:** Sure, thank you. Thanks for giving me a chance to speak today, Commissioners. I'm Will Cervarich, and I'm the co-owner of a local jewelry business called Betsy and Iya. We make and design jewelry right here in Portland. We ship around the world to individual consumers in over 140 wholesale partners, one of which is shop Adorn. We also run a brick and mortar shop here in Portland where we sell our product alongside of many other gifts, accessories, and home goods. We currently employ 16 people, and we offer a paid vacation, and 401(k) and health

November 19, 2014

insurance and other benefits. Four years ago, my business partner -- who I'm lucky enough to be married to -- and myself started Little Boxes. The mission of Little Boxes is to amplify the profile of Portland's independently-owned specialty retailers during the kick-off to the holiday shopping season. As Nicole and Matthew have mentioned, it can be difficult to compete with the resources big box stores have that go into holiday marketing, so Little Boxes pools the resources of over 200 locally-owned shops to create one message and one place to be if you're shopping after Thanksgiving, and that's in a Portland little box shop. To speak to your question, Commissioner Fish, Little Boxes is a city-wide raffle and shopping event the two days after Thanksgiving. It's free to enter simply by going into any participating Little Box shop, and if you make a purchase, you'll increase your chances of winning some of our great prizes. They include things like a trip to Hawaii, an iPad and speaker set from the Mac Store, shopping sprees, and tons of other prizes. We're now in our fourth year, and Little Boxes, I'm proud to report, is becoming a Portland tradition. Thanks to partnerships with organizations like New Seasons Market and Venture Portland, we're able to provide shopping maps, an iPhone app, a website, and all of that helps to drive foot traffic and business to Portland's Little Box shops. Last year, there were 29,000 raffle entries in the two days of the promotion. There were 4700 purchases made in those 16 shopping hours. We hear from shop owners that they have seen increases as high as 62% over previous years of sales and anecdotes like the best two days of sales in the shop's history. Last year, we estimated that Little Boxes was responsible for an additional \$283,500 in revenue to small Portland businesses. And this year, we predict even more. There's 215 shops participating. We've upgraded our iPhone app to make it easier for folks to find businesses, enter the raffle, and to make supporting the local economy even easier. But to me, the biggest success of Little Boxes and Portland as a whole is that we hear from shoppers now things like, oh, I always do Little Boxes, it's part of my tradition. We hear this from people who had sworn off shopping after Thanksgiving to shoppers who were first in line at door buster sales earlier that morning. So, I'm proud to report it's a really inclusive promotion. It's a great way to spend time with your friends and family, get some shopping done early, and to explore and support the rich and vibrant Portland retail scene. Members of Council, if you haven't shopped Little Boxes, I encourage you to join the thousands of Portlanders who have made it a tradition. Thank you so much for the chance to speak.

**Hales:** Thank you. The app is easy to download. I just did. So, thank you.

**Fish:** If the mayor can do it, then I can do it.

**Hales:** I will try to keep my wife from doing it, but it probably will get downloaded there, too.

**Fish:** Your retail stores are at 25th and Thurmond?

**Cervarich:** 24th, sir.

**Fish:** Excuse me, 24th and Thurmond. Mayor, Liam and I visited the store the other day. We were having lunch at Saint Honoré, we walked up the street, and what changed since our last visit is he had blown out into the adjacent property. He had taken over another space in the back. And there were actually craftspeople fabricating the products that they sell, so making the bracelets and rings and things on-site. And it was thrilling to watch.

**Cervarich:** Thanks for stopping by, we appreciate it.

**Fish:** We were hoping to get a photograph --

**Fritz:** Woah, wait, some of us still --

**Fish:** Excuse me.

**Novick:** You first, Commissioner Fritz.

**Fritz:** First of all, I have signed the pledge, thank you for passing it out. I am proud to display the small business sign in my office window. I'm particularly glad to hear you give the story of Little Boxes, Will, and to know it is connected with a jewelry store. Because we've had this presentation

November 19, 2014

at Council before, and I always thought it meant the little ones that meant it might have jewelry inside. I two days ago realized that it's in comparison to big boxes, right?

**Cervarich:** Yes, ma'am.

**Fritz:** Sorry I didn't get that before. [laughter] I am very grateful to you for giving the nudge that jewelry is an excellent gift to give at any time of the year.

**Novick:** Thank you very much for your presentations. And yes, I will be by to buy the train game. I just wanted to make the particular pitch for people to shop at our local, independent book sellers and to remind people that even if you have an order a book, you don't have to order it through the evil and rapacious Amazon. You can go down to Broadway Books or Annie Bloom's or Powell's and order a book through them if they don't happen to have it themselves.

**Fritz:** As you were just noting, you can also order from small businesses via Amazon, right?

**Whitesell:** You can, yeah.

**Fritz:** So, you have to be careful about where you select from if that's your go-to site. I mean, it's about being intentional. We had the previous discussion about Chevron gas stations. I learned this summer that many of those are independently-owned. It's a franchise like Subway is a franchise. Although sometimes you think of the chains as not being a small business -- and indeed, in the context of small restaurants, they are not necessarily, but they are Portland-owned family businesses, many of them, and I think that's important for people to note, too. Thank you very much for coming in today.

**Hales:** I really want to -- I appreciate this presentation very much, and I think the synergies that you talk about here between what happens in these small businesses and the transactions with Portlanders goes beyond the financial transaction -- and the financial transaction is very important. I think that really helps to make it clear today about how this supports community. I was thinking about Broadway Books. Commissioner Novick, based on your example, I've been to three events there that were local authors reading their books. That tends to happen more at a locally-owned business that has that connection with community. The effect you just described, Matt, was impressive, where people go from running their business and not having time for anything else to maybe getting engaged in the civic life because the business has grown. Well said. So, I think your presentation has not only highlighting the importance of this as commerce, but also this as community. We really appreciate it.

**Fish:** And Mayor, what Matthew said I think just illustrates that points so beautifully. When we go on Amazon and buy something, they're not paying local taxes. There's no one there that's contributing to a little league team. There's no one volunteering to work out the street fee. There's no one chairing a local business district. And while sometimes they are helpful to locate a book, there's nothing like going into Powell's and Broadway Books and buying a book, and knowing that 70 cents of that transaction stays locally and supports good works actually going beyond the local business. And that's what Small Business Saturday celebrates, that's what Little Boxes celebrates. And I have to mention that Director Doss actually gave Will and his partner a Small Business Association award for Little Boxes, so this is getting national attention. We're so thrilled you're here that the mayor would like to get a picture with everybody.

**Hales:** Let's do it.

**Fish:** We'll hold our pledges while we're up there. [photo taken] [applause]

**Hales:** Thank you very much. We hope it's a very prosperous season for all our local Little Boxes. Thanks, Heather. Let's move on to 1195, I think that our team is in place to present that item.

**Item 1195.**

**Hales:** Good morning.

**Anna Kanwit, Director, Bureau of Human Resources:** Good morning, Mayor, Council. Anna Kanwit, Director of Bureau of Human Resources. I'm here to present the ordinance. Jon Uto is

November 19, 2014

sitting with me, who's the spokesperson for these negotiations. I very much appreciate his work on this. And Sam Sachs is here representing the park rangers. Sam is actually going to be saying a few words on the letter of agreement. Erica Askin, the business agent for Laborers Local 483, is in the audience, as are representatives Mike Abbaté and Warren Jimenez from Portland Parks and Recreation. The ordinance, as noted, is to ratify a letter of agreement with the Laborers Local 483, adding the regular and seasonal park rangers to the existing District Council Trade Union's contract. It is a letter of agreement as opposed to a separate contract because the negotiations centered around how to fold in this group of employees that were previously non-represented into the existing contract. We worked together to address several of the concerns that the park rangers had around wages, insurance, training, and safety. Opportunities for permanent positions as park rangers, as well. The wages that are going into effect if this letter of agreement is ratified by Council represent an 8% increase of the minimum of the range for regular park rangers, and a 32% increase at the minimum of the ranger for seasonal park rangers. That was based on my staff's assessment of the duties and the market, and we feel that that's a very fair increase. The insurance piece. Regular park rangers already had health insurance through the city's plan, but this adds the seasonal rangers to our seasonal healthcare plan, which has a 90/10 premium share, just as our other seasonal employees do. It will go into effect on January 1 of 2015. In part, this contract does have obviously a cost to it that I'll address at the end, but the rangers did agree to a couple of items that helped mitigate some of the ongoing costs to the bureau. One is that the second shift, night shift will begin at midnight, and the second is that the park rangers will not accrue compensatory time off when they work overtime but instead will be actually paid overtime rather than accruing time. Training and safety was a major issue. The agreement creates a seat for a park rangers' park safety committee under article 22 of the DCTU contract. Safety will also be specifically addressed in annual meetings with the park rangers and also a regular agenda item on staff meetings. The bureau also agreed to establish a training committee to review the curriculum for the ranger academy and to make recommendations year-round on training. Recruitment was also a significant issue. Many of the seasonal rangers have an interest in filling budgeted regular ranger positions. To facilitate that, the city agreed to every other recruitment we do will be limited to current city employees so that does obviously increase their chances of obtaining permanent employment. We felt that was a really good compromise, because we do still want to go out and recruit within the city as well in our efforts to increase the diversity of the workforce. But by every other recruitment being limited, this does meet some of the needs the park rangers had in obtaining regular employment. The overall cost of the agreement, increasing the wages, represents \$116,000 this current fiscal year. The bulk of that is for the seasonal rangers' increase. Health insurance for the current year is \$82,000 which is, of course, just for the seasonal employees. The three-year impact is approximately \$920,000. For the current fiscal year, it is my understanding that the Parks Bureau will fund that within their budget, likely to seek the comp set-aside in order to do so. But we are explicitly asking for additional appropriation for Parks in the next fiscal year to cover these costs. Thank you. I don't have anything further. Sam?

**Sam Sachs, Portland Parks and Recreation:** Good morning, Mayor Hales, Commissioner Fritz, members of the city council. My name is Sam Sachs, I'm a park ranger with the city of Portland, Oregon. It is an honor to be here today representing my fellow park rangers at the conclusion of this long journey to a union recognition and ratifying our first contract. We as a ranger unit stand united in support of this contract and are pleased to see seasonal rangers will now have health insurance and a better pay. We feel we have come a long way in moving the ranger program forward, and we thank the city for the participation and support in this effort. As we celebrate this moment, I also want to encourage the city to continue the dialogue around ranger safety and training, and budgeting for more full-time rangers. Just this year, here were two serious incidents in



November 19, 2014

our country in which park rangers in Boston and Philadelphia were attacked in broad daylight. Two of those rangers were stabbed. The old saying, there is safety in numbers, is true. There is also more productivity in numbers. Rangers deal with numerous humanitarian issues every day, from assisting the homeless and the mentally ill, to providing a safe and enjoyable environment for many activities that include summer concerts and movies in the park. Park rangers take pride in the work that we do representing the Parks department, but more importantly, the city of Portland as goodwill ambassadors. In closing, I would like to give a special thank you to our current Commissioner, Amanda Fritz, for your support; our former Commissioner, Nick Fish; and the director of Parks, Mike Abbaté, for your continued support and belief in the ranger program. We look forward to serving our community as ambassadors and building on this relationship with the city. Thank you.

**Hales:** Thank you, Sam. Jon, good work. Thank you. Questions for the bargaining team?

**Fritz:** Can you tell us how many full-time and seasonal rangers that we have?

**Sachs:** Currently, we have seven full-time rangers, and I think approximately 10 seasonal rangers at this time in the winter.

**Fritz:** Thank you.

**Hales:** Great, thank you all. Appreciate your presentation. We'll see if there is anyone else signed up.

**Moore-Love:** I didn't have sign-up sheet but Mr. Johnson would like to speak.

**Hales:** Come on up. Thank you very much. We'll let the testimony happen and see if we have any questions for you.

**Hales:** Mr. Johnson, why don't you go ahead?

**Charles Johnson:** How about I bat cleanup.

**Hales:** Alright, if you'd prefer.

**Johnson:** Thank you.

**Hales:** Mr. Walsh, would you like to be first?

**Joe Walsh:** My name is Joe Walsh, I represent the individuals for justice. Just a disclaimer here, I used to be a chief union steward for the IBEW and I also was vice president of a local union for the IBEW. I love unions. I know their history, I know how they came about. And this is exciting times for me. I don't know a great deal about the rangers, but I would hope as an activist that the rangers assist and not fall into the trap of being the police officers. Because they're not. They're not police officers, they are rangers. They're there to take care of the parts, they're there to make sure that everybody that goes into the parks comes out well and smiling. So, they have a difficult job, and they do come into the contact with the homeless, and they do come into the contact with people that have the medical and also physical problems. They do a good job. I've had contact with the rangers over at Chapman Park on a number of occasions, and they run the gambit. But the majority of them seem to be sincere, and they try to resolve whatever problem they're faced with. Which is kind of cool. So, congratulations on making them full employees that have good jobs, that have good benefits. We union people like that kind of stuff. I can tell the people that are forming this union, you are at the most exciting time in your history. Because when the unions are new, whether it's a local or an international union, they are at their best. They care about their people. They will work hard. And Mayor, we just would suggest to you to listen to them and pay attention because they're going to need your help. They're new. And they're going to need your help. So, we're excited about it. We congratulate you -- which is unusual for me to say -- but for me personally, it's an exciting time, and it's apparently a long time coming. And congratulations to Amanda for sitting on top of this.

**Hales:** Thanks very much. Morning.

November 19, 2014

**Benjamin Pickering:** I have a friend back home. The rangers are really cool to keep in contact with. Sometimes, there is like -- an animal gets hit on the side of the road, and they will called the fish and game warden to come out and remove the animal. But I worked for a soup kitchen, and I keep in contact with them. And a buddy of mine, they wanted to dispose of the animal, they will take it to the soup kitchen and feed it to the people, which is cool because it saves on the animal in a country town. But we need more rangers, definitely. I've heard good stuff about them. They're very generous and nice and kind to the people -- that's what little I have heard of them. Giving that respect for them and gratitude, and I like what I've heard. It's helping the community. That's awesome. That's all that I have to say. Thank you.

**Hales:** Thank you. Good morning.

**Johnson:** Good morning, Commissioners. For the record, my name is Charles Johnson, and I am pleased to hear Mr. Walsh also congratulating you. I want to talk to the broader scope of safety work in the park. I didn't have a chance to fully review the 22 pages that came publicly attached with this. I was pleased to see Anna Kanwit's work from the Human Resources team in there. Perhaps we can get some feedback from the rangers or something. Is there still a designated level of park coverage from Pacific Patrol? I'm still not enthused with the city using private security forces, whether they are G4S. I would like to see this work with the District Council Trade Union grow so we don't really need to rely on stop gap and fill-in measures from places like Pacific Patrol where a few years ago they -- a security person whacked someone in the head with a skateboard in Portland's living room. Pacific Patrol is at least local, so it might be nice to move away from G4S with their Israeli connections oppressing Palestinians, towards more local workers, but preferably local workers getting a living wage covered by unions. I hope that this agreement you have come to with DCTU will lead to a clear floor for everybody working in any capacity with the city to get \$15 an hour minimum wage plus health benefits. It's not really such a burden on the taxpayers when we consider the amount of money that we'll be sending to Chicago for the Department of Justice agreement, and whatever we'll be paying former Chief Justice De Muniz. So, thank you for the step forward. We know that the rent is a very challenging issue for many of our neighbors here in Portland, and although there is a tension between the Portland Business Alliance and small businesses, which are concerned about how they can afford to pay their employees that much, we know that some of our employers in this area are in a pressured situation where the big box -- Wal-Mart, Best Buy, Target -- puts excessive pressure on small business and kind of inhibits our neighbors getting a living wage. I know that perhaps I'll see Commissioner Novick at his annual pilgrimage to Wal-Mart on Thursday or Friday next week, and we can work towards more localization and better living wages, such as this wise agreement you've made to improve wages and benefits for people helping to serve our communities in the parks. Thank you.

**Hales:** Thanks very much. Anyone else? Great. So, this is an emergency ordinance. We'll take a roll call, unless there are any questions. Roll call, please.

**Item 1195 Roll.**

**Novick:** Aye.

**Fritz:** Thank you to Commissioner Fish for taking the ranger program from its inception, which I learned yesterday was under Commissioner Jim Francesconi. We had a lone ranger in Forest Park and now we have seven full-time rangers, and I think over the course of the year, we have 17 seasonal rangers. And so, Commissioner Fish is to be commended for envisioning what this program could be as truly ambassadors in our parks, and we very much appreciate the work that's been done. Thanks to Anna Kanwit and her team for negotiating this, and to Erica Askin, who's here, and Ranger Sachs and everyone else that was involved in this. So, in addition to the 20 plus positions that we added in the budget last year which will be full-time union positions, we are now authorizing 34 new union positions in the city of Portland, converting them from their previous

November 19, 2014

status without union representation to union representation. As someone who is a member of the Oregon Nurses Association, that absolutely brings joy to my heart what this and better will do. It does, however, add significant cost to the citizens of Portland. It does bring the seasonal workers above \$15 an hour with associated health benefits, which is a good thing. At \$900,000 over three years, it's a significant investment by the taxpayers of Portland, and I appreciate that. It's the right thing to do. It illustrates, however, that bringing 24 positions up to what we would like to see is expensive. And as we have those ongoing discussions about \$15 an hour, my preference is to create good union or other positions that provide proper benefits as well. It's unconscionable that we have part-time seasonal employees who work for many years -- and in some cases, decades -- and retire without retirement benefits and have only protected sick leave for their other benefit. So, this is a great step. I want to thank Tim Crail in my office who has been my dedicated labor liaison since day one in January 2009, and very much appreciate this good work. Aye.

**Fish:** Commissioner Fritz, thank you for your leadership in fighting for an enhancement of standards for our hard working rangers, and I'm proud to support this contract today. Ranger Sachs, who testified earlier, is a perfect example of why we fought for this program and why we're proud to continue to support it. He calls himself a goodwill ambassador. I consider him the eyes and ears of the bureau in the community. And the best evidence of the success of the ranger program is the emails and letters and phone calls we get from citizens who have built personal relationships with rangers and appreciate the fact that they are going upstream and addressing problems before they occur. Mayor Hales is a great proponent of upstream preventative measures, and the best evidence of that is a superb report card we got yesterday on the success of the community policing program that he has put in place in downtown, where 70% of the interactions did not result in an arrest or a citation, but involved instead addressing the problem at a lower level, and that is precisely what we wanted with the ranger program. It was controversial at the time, because people thought moving away from a law enforcement model would somehow degrade safety. What happened is moving away from a law enforcement model to a community kind of policing model with the emphasis on prevention actually strengthens the trust and connection to the community. And it's because of rangers like Ranger Sachs that this program has been a success. So, I'm very pleased to support this contract and thank our team. Aye.

**Saltzman:** I want to thank Bureau of Human Resources, our negotiating team, and Local 483 and the rangers for reaching a good deal that treats our rangers well and I think will set a model for how we deal with some of our other employees who are not making \$15 an hour, and some of our contractors, also, who are not playing \$15 an hour. These are issues that I hope in a couple of weeks we'll make part of our legislative agenda to ask Salem to either increase the minimum wage at the state level or to lift the local preemption on minimum wages. I hope that will be part of our legislative package in two weeks, and I do hope that we will look at our upcoming budget process at ways that we can better treat employees earning less than \$15 an hour. Good work. Aye.

**Hales:** I want to second all of my colleagues' comments. I do think this is part of a larger agenda that we share in terms of the fair wages for not only our own workers, but for others in the community that deserve that public policy support for being able to live here. I'm really happy about the outcome of this negotiation, and I want to congratulate Local 483 and our team for getting to yes. Yes, I agree with the comments about Ranger Sachs. He seems to be everywhere, by the way. I'm out in the community a lot. This guy is like Forrest Gump in the movie showing up in every scene, because he and the other rangers are not only energetic about their work, but they're very conscious of the landscape and the people they serve, and they do seem to be out there all the time. And there are not that many of them, as we just pointed out. This does come with a cost, as you pointed out, Commissioner Fritz, but it's the right thing to do and it's a reasonable cost. We get a lot of value. These positions, they range from a little over \$15 an hour to \$25. We get a lot of

November 19, 2014

value for modestly paid positions that serve the community very well. Although I'm proud of this contract and I'm proud of the fact that we're walking our talk with fair wages, we need to make sure the public understands that there's nothing overly generous about this contract. It's fair and it's reasonable and it's a good use of the taxpayers' dollars. But we want to acknowledge that we get a lot of service for a modest compensation that we give these folks. This is a great program, and I'm really glad that we've got it on a firm footing and I appreciate the work that they do. So, Commissioner Fritz, thanks for your consistent advocacy about this all along. We got to the right result. Well done. Aye. Thanks very much. OK, let's move to 1196.

**Moore-Love:** Do you want to read both items together?

**Hales:** Yes, please.

**Item 1196.**

**Item 1197.**

**Hales:** Commissioner Fritz.

**Fritz:** Thank you, Mayor Hales. This continues the theme that Portland Parks and Recreation is literally everywhere in the city, because this tree code that is going to be implemented on January 2, which the council funded the past budget, will apply to both public and private properties all over the city. The purpose of the hearing is to seek Council approval of two ordinances. 1196 is to adopt conforming amendments to Titles 17 and 24, and item 1197 is to adopt the fee schedule for Urban Forestry tree review, inspections, permits, and enforcement under Title 11. Those two city Titles, 17 and 24, have changed since the tree code adoption, and they are purely housekeeping amendments. I challenge any of my colleagues to find one that does not meet that definition. It formalizes the existing Urban Forestry fees that are currently in place. It then proposes new fees, which are necessary to support the permit requirements under Titles 11. I'm going to turn it over to my wonderful staff to review these ordinances but ask you hold your questions until the end of the presentation, and then of course, we'll have plenty of time for discussion. Turning it over to Director Mike Abbaté.

**Mike Abbaté, Director, Portland Parks and Recreation:** Thank you, Commissioner Fritz and members of Council. Mike Abbaté, Director of Portland Parks and Recreation, which includes Urban Forestry, and I'm joined today by two bureaus. Jenn Cairo, our Urban Forester in our bureau, and Mieke Keenan as well, the program coordinator for tree code implementation jointly funded by Parks and BDS. Also here is Mike Hayakawa, the section manager for planning and zoning. BDS and Parks have been working in lock step together to bring to you today a couple of items, two ordinances for your consideration. One is for conforming amendments that the commissioner mentioned, and one is for the Urban Forestry fee schedule. First, I will review the ordinance regarding conforming amendments to Title 17 and 24, and then I'll talk about the fee schedule. When the tree code was adopted in 2011, it included amendments to other city codes, including Title 17 and Title 24. These amendments created consistency in the new code. In the over three years since, the code adoption, Title 17 and 24 have been updated throughout other city projects, leaving some of the tree project amendments out of date. So, to rectify these discrepancies, some minor changes to the tree project proposed code language is necessary. These amendments are administrative housekeeping in nature, and will bring the tree amendments up to date with current city codes. It will eliminate confusion and prepare us for the rollout of the new tree code in January of 2015 coming up. So, here's a few of the proposed amendments that affect Title 17, Public Improvements. It adds the word "trees" to the regulations pertaining to moving buildings on public streets, so that when street trees are removed to accommodate the moving of a building, they must be replaced. It also leaves the regulations pertaining to placing tree planters in the right-of-way. The tree project has moved these requirements to another chapter of Title 17, which has since been repealed, so we need to bring that section back in. And additionally, tree

November 19, 2014

project's proposed changes to Chapter 24.95 of Title 24 Building Regulations are no longer necessary, as the special design standards for five-story apartment buildings were repealed through a separate code project. Again, these amendments are administrative and propose to create consistency. Now, let's talk about the fee schedule. Title 11 Trees was adopted by Council in 2011 and will go into effect on January 2nd, 2015. It includes new permit types and review requirements that improve and streamline tree regulations between Bureau of Development Services and Urban Forestry. Council approved funds in the 2014-2015 -- our current budget year for implementation of these new regulations -- and associated customer service improvements including a tree-only website, new customer service staff, a co-location of Urban Forestry staff at the city's permit center, a tree preservation inspections for development permits, and programmatic permits. As I mentioned, BDS and Urban Forestry staff are working diligently on setting up the processes and procedures for successful implementation of the tree code, and that includes training opportunities for both city staff and our partners in the community about the new code. The proposed fee schedule is one of the elements necessary for successful implementation. Fees will now be collected in the city's permit center, which is consistent with other bureaus' permitting processes, and the fee schedule will be available on the new tree website, creating predictability and transparency. And that's also consistent with other permitting bureau practices. I would now like to turn your attention to the fee schedule Exhibit A and the handouts in front of you. This is agenda item 1196. This ordinance adopts a fee schedule to formalize the implementation of existing fees and proposes new fees associated with Title 11. It's been reviewed by the Bureau of Development Services Development Review Advisory Committee, also known as DRAC, and it's been reviewed by the Urban Forestry Commission. The fee schedule is organized into four parts. Part one is development review fees, which are charged for tree reviews associated with development permits. The second is tree permit fees, which are charged applications when no development is being proposed. Programmatic permits is the third, which apply to utilities and public agencies that have routine and large-scale needs for tree maintenance, tree pruning, and removal. And the fourth is enforcement fees and penalties, which are assessed when violations to the regulations occur. Many of these fees are already in effect, while others are new and necessary for tree code administration. And you'll see in the spreadsheet, the lighter shading indicates existing fees where there's no change, and the darker, new fees are changes in existing fees. Page one of the handout is also what is on the screen in front of you. It includes development review permits that support Chapter 11.50 of the tree code. It covers street trees, city, and private property trees. All of the street tree fees are existing. Again, we're not proposing to increase those in any way. For city and private property trees, there are three new inspection fees for \$97, indicated with an asterisk. These will go into effect July 2015. And the reason for that is in this year's budget, Council approved adequate funding to allow for a gradual roll in of the application fees. These are fees that are being collected to help fund the implementation of the tree code. Since you already provided that funding, there is no need for the fees until July. There are two new fees for fees in lieu of preservation and planting. These were set at the time of the tree code adoption. Page two, non-development permit fees that implement Chapter 11.40 of the tree code, are next. The first four fees are existing costs for non-development permits. One of the things to note is that staff is proposing to decrease the fee for existing tree removal from \$35 to \$25. There is a new code requirement for street tree appeals, so that is a new fee in the schedule. There's also a new code review standard for attaching permanent objects to a tree. So, that's also a new fee. The city and private property fees are existing Urban Forestry fees. Page three, programmatic permits, is next. Programmatic permits are for utilities and public agencies that have routine and large-scale needs for routine tree maintenance, pruning, removal on an ongoing basis. If PGE is clearing some power lines, rather than getting some individual permits for every action, this is overseen as a programmatic permit that can be issued for

November 19, 2014

multiple years. As you know, PGE prunes hundreds of trees in the city. So, this will streamline that process to one programmatic permit. Although, there are several upfront permit review requirements, it will ultimately result in efficiencies for both staff and for our customers, as well as improve the city's oversight of street tree work. In addition to public utilities, just some other organizations you might think of that would be eligible or interested in the permit -- the Port of Portland, TriMet, and Portland Parks and Recreation properties that are managed by partner organizations as gardens, such as the Leach Botanical Garden, the Japanese Garden, Lan Su Chinese Garden, and Hoyt Arboretum are just some that come to mind. They're managing that landscape as a garden for particular purposes. So, a programmatic permit would be available if they wanted to proceed with that. And other city agencies which conduct large scale and routine tree activity, such as our own city nature in Portland Parks and Recreation, the Bureau of Environmental Services' tree program which plants trees in the right-of-way. And last, the enforcement fees. The enforcement fees are a new set of enforcement tools available to Urban Forestry. However, Urban Forestry will emphasize education and outreach, particularly during the first six months of implementation and will seek action for violations rather than punitive measures. However, this fee schedule does allow Urban Forestry to penalize egregious and or willful tree violations. In summary, the two ordinances proposed today will create consistency for tree regulations across the city through conforming amendments to Title 17 and 24, and formalize existing fees and establish new fees that are consistent with the tree code that goes into effect January 2nd. This concludes our presentation. We will be available for any questions if you have them.

**Hales:** OK. Questions for staff?

**Saltzman:** I've noticed in my neighborhood a lot of trees coming down, and it could be because those lots are going to be developed, but it also could be because these new rules are taking effect soon. I'm just curious if you could -- or Mieke or Jenn -- could walk us through what it will look like for a property owner after January 2nd if he or she wishes to remove a tree for development purposes or --

**Abbaté:** That's different from today, Commissioner?

**Saltzman:** Yeah, that's different from today.

**Mieke Keenan, Bureau of Development Services:** There are current permit requirements for some trees on private properties, so those that are affected by the current regulations, those won't change. The code really seeks to create a quality. So, what it's doing is expanding those requirements onto more private properties. That requirement is if there is a tree in your backyard in a base zone, which means no environmental protection overlay zone, trees 12-inches in diameter or greater will need a permit to be removed. For most situations, it's going to be a simple over the counter permit, and people can get that permit in the Development Services center starting on January 2nd. For trees that are dead, dying, or dangerous, if they're a nuisance species tree, or if the tree is within 10 feet of your house or a garage, that's an over the counter permit, and the replacement for that tree is one to one. So, you'd have to plant a one and half inch tree on the property.

**Saltzman:** You lost me on the last part, sorry --

**Abbaté:** It's a tree for tree mitigation requirement. So if you remove a 12-inch tree, for example, you'll be required to replant.

**Keenan:** With one tree. Currently, it's an inch per inch mitigation under the current regulations. It's changed under the new regulations where it's a tree for tree replaces in most situations, rather than the inch per inch requirement.

**Saltzman:** And what is the permit fee for the removal of that 12-inch or greater tree?

November 19, 2014

**Keenan:** \$25. The existing fee is \$35, and we've actually lowered that to \$25 because we're seeking compliance with the regulations. So, we wanted to keep it low.

**Saltzman:** Thank you.

**Novick:** Commissioner Fritz, I have a question -- which I know you have an answer -- which is, when I was looking at the fee schedule, I noticed that the current fee in lieu of planting on private property in the non-development context is up to \$300 per inch, whereas the fee in lieu for developers is \$1200 per tree, which raises the prospect -- although I'm sure it wouldn't happen very often -- that Helen Homeowner might want to remove a 22-inch oak on her property and might have to pay a \$6600 fee in lieu, whereas Dastardly Developer might remove a 30-inch oak and pay a fee in lieu of only \$1200. So, I understand you have a proposal to correct this potential injustice, and please tell us what it is.

**Fritz:** Thank you, Commissioner. And I commend you for noticing this, personally. The code already says that the city forester has the authority to set the fees, and our practice has been to be very reasonable. We intend to address this through the administrative rules, because not only does it apply to Helen Homeowner but it also applies to Dastardly Developer, for instance, on commercial and industrial zones and very large sites. So, we intend to set administrative rules to specify what the maximum would be. And in the case of Helen Homeowner, it will be no greater than \$1200.

**Novick:** Thank you, Commissioner.

**Saltzman:** Which one were you referring to in the handout?

**Novick:** Under city and private property trees, there's fee in lieu of planting. So, if you want to remove a tree and you don't want to replace it, you can pay up to \$300 per inch. Whereas under the development schedule, the preservation fee in lieu is \$1200 per tree.

**Saltzman:** OK, thanks.

**Fritz:** And I will mention that we are establishing an oversight committee for implementation of the tree project, so as things come up during implementation, we'll probably be bringing a package of amendments back to Council and or creating administrative rules as we go along to make sure that we catch instances like that. That despite the diligence of the three of us who were here for the tree code hearings, which I seem to remember went on for months and months and had multiple iterations, including like 50 different amendment requests. We tried to get it right, but we expect that there will be some adjustments needed, and we're ready and willing to do that.

**Fish:** Mike, I have a couple of questions. Let me just use a hypothetical. Let's say there's a homeowner named Nick from northeast Portland who has a tree that's a street tree in the median strip that's probably been damaged by the two times we've replaced -- that he has replaced the sewer pipe that connects to his house. Hasn't grown in 15 years and probably is diseased and maybe dying, it's about the size of a small Christmas tree. If Nick the homeowner wants to replace that under this system, that would be an online tree removal application of \$25 and the requirement to replace the tree?

**Abbaté:** That's correct, Commissioner. I'm going to defer to Urban Forestry as well, because they're the ones that actually issue the permits and would send out the inspector to take a look at that situation.

**Jenn Cairo, Portland Parks and Recreation:** That's a great comment, Mike. We do need to look at the situation. Although you can get the application online, it is not an online application. We have an online application process for pruning of certain sized limbs, but in that case, you would be applying for a removal permit. The fee would be \$25 for that application, you'd submit that, our tree inspector would look at your situation, and if it your tree is dead, dying, dangerous, or diseased, that's a straightforward easy one where we want it to come out. So, we would issue that and ask you to replace it with a new tree.

November 19, 2014

**Fish:** OK. The second question I have for you has to do with the occasional instances in our community where people are doing pruning of street trees without an application. I think we had an example a couple of months ago in the river district. So, just so that the property management companies are clear about their legal obligation, could you just walk us through that? Because I'm not sure the message has gotten out to anybody.

**Cairo:** Thank you, Commissioner Fish. I will agree with you on that, and part of what we're doing as implementation of the new code -- but also because we need to do it -- is a lot of education and outreach to all sorts of audiences on what the regulations are and how to be compliant. And in that situation, the obligation is on the adjacent property owner, as per code, to maintain the street trees. So, in the situation where it's a hotel or something like that in northeast Portland, then they would typically hire a contractor to do their tree pruning, and then it's the obligation of the hotel to make sure that the appropriate permits are obtained by their contractor. And if they aren't, some of the fees you saw today do include ways for us financially to address violations. So, if needed, we could pursue folks that did not follow the regulation. Our intention, however, is that we want corrective action. As long as they haven't done extreme damage, we would be speaking with the property owner and the contractor about the regulations are, how to comply with them, and if there are any ways that they did something incorrectly, that can be mitigated.

**Fish:** Thank you. I think one area where this is likely to come up a lot is with building management companies that have rental apartments, condominiums, co-ops and other things. And as I learned in the example you just mentioned, sometimes they use -- for reasons unclear to me -- out of state contractors, even though if you go to the yellow pages in Portland, there's page after page of bonded reputable companies that do this work. But they use out of state, and those out of state companies are not always conversant on our tree code or our rules. So, the obligation rests with the management company, and your preference is to educate and make sure going forward people follow the rules, but you have a stick here if someone is a chronic offender, which is to hit them with a civil penalty.

**Cairo:** Precisely.

**Fish:** And I would encourage you as you're rolling this new schedule out to use as many trade associations as possible to get the word to these management companies. My guess is sometimes, they're looking for the lowest-cost provider, which may not be a local provider, in which case they may not be familiar with our rules. I think they need to know that they're on the hook for whatever these companies do or don't do in their name.

**Abbaté:** It's a good point. And I should also mention that tree pruning of our street trees, is a really -- we want very skilled people to do that work. There's a no-charge permit, and all that does is help us understand and evaluate the work that's being done to ensure it meets professional arborist standards.

**Fish:** And Mayor, the reason this hits home with me is we came across a company from California who did not know that we had a tree code, and was trimming trees. I was actually walking on the sidewalk when one of the limbs landed on me. So, they apparently did not know about basic safety provisions. They also took the entire street and closed it off for their equipment and put up cones, and I was thinking that was something that Commissioner Novick -- on a Saturday -- was probably not thrilled to have the meters knocked off. And they did not seem to have any understanding of what the laws were. Apparently, this is a case where good education will prevent these things from happening again.

**Cairo:** Yes, it is a challenge that we face, thank you for bringing it up. And we have on the order of 20, 25 trainings that have been going on and will continue into January and February. And we will make sure that we have the trade organizations that you mentioned on the lists. We already have commercial arborists companies in the city and the region, but we'll add those. Thank you.



November 19, 2014

**Fish:** Since we're celebrating Small Business Saturday today, it would be great if people would just use local arborists. Again, the yellow pages are filled with companies that know our laws. So, to bring in a California company, for example, with an operator that's got 10 stops a day going all the way up to Seattle who is unaware that we have a street code or any regulations seems unfortunate. I mean, it's their right to hire that company, but we'd like to see that these companies are trained in our laws.

**Hales:** Maybe if I could -- go ahead.

**Cairo:** A little kudos to our local companies. We rarely have any issues with them. The certified companies do great work, and we're in good communication with them. Actually, many of their staff volunteer on our programs, too, because they want to do good tree stewardship.

**Saltzman:** What do you mean by certified?

**Cairo:** International Society of Arboriculture is the trade organization internationally for arborists. So, what we recommend -- of course, we can't require this -- but we recommend that if someone is having tree work done -- pruning, health assessment, planting -- they try to get a certified ISA arborist involved, because they have those credentials and education and experience to make sure it's done with quality.

**Saltzman:** We can presume they would be familiar with the new code requirements?

**Cairo:** We can't necessarily presume that. ISA is international, they're not out there publishing our regulations. But what we have done in the trainings is to maintain an ISA arborist certification, one needs to have continuing education units. So, as we've been advertising to all the commercial arborists companies that we know of in the area, we've made it possible for them to get the CEUs if they come to the trainings as kind of an incentive to bring them in. And we found that we get a good response on that. Also, most of the commercial arborists in the area who are certified -- they're people who like trees and want to do the right thing, so they try to educate themselves on what the regulations are and uphold them.

**Saltzman:** If I'm looking to hire an arborist to do some work on my yard, what questions do I need to ask that they know I'm aware of something different? What's the smart question I need to ask?

**Cairo:** The question is, are you a certified arborist? And I will also say that for years now, Urban Forestry has had a training program, we call it the local tree care provider's workshop. It has the CEUs attached to it now. We invite the commercial companies to come in and we keep them up to speed on what we're looking for in terms of the regulations and best management practices. On our website, we actually have a list of the companies that have gone through that training. If somebody's looking -- it doesn't mean that they're necessarily certified, but it does mean they have gone through the training. So, that's another resource to look at. Ask if there's ISA-certified arborists who's going to do the work, and you could just use our website as kind of the yellow pages.

**Hales:** So, I'd like to follow up on Commissioner Fish's first question, which is if the hypothetical Nick guy in northeast decided that he wanted to replace the embarrassingly stunted street tree with a tree that was big enough to hug, and he wanted to work with one of the nonprofit groups that do this on a neighborhood basis, like Friends of Trees or the Fruit Tree Project, does this regulatory change materially affect either the paperwork or the cost for those neighborhood-scale plantings, where a whole bunch of people are either replacing a tree that died or did not grow or adding one where there wasn't? Does it change the cost of doing business or the paperwork burden for these very successful, volunteer-based, you know, bulk purchases -- if you will -- of new trees?

**Cairo:** Great question, Mayor. It does. Instead of the property owner themselves needing to do the application and pay the \$25 with us, if they're doing that through an organization we work with -- so, Friends of Trees is a great example, they're contracted by the Bureau of Environmental Services to do those plantings -- we currently give them a version of the broad permit, which will become a

November 19, 2014

programmatic permit in the future. So, it's all regulatory covered when you go online and sign up with them. We also have our neighborhood tree teams that do those plantings, and we take care of the permit aspects of that for them.

**Hales:** So, those nonprofits weren't necessarily paying this programmatic fee before but now they will be?

**Cairo:** No, the programmatic permit as per the code is designed to apply to public entities or what I would call para-publics, like PGE. So, it's BES, the Bureau of Environmental Services who would be the permit applicant on that. It would not be a nonprofit with whom they work or with whom we work.

**Hales:** OK, great. Thank you, appreciate that clarification.

**Saltzman:** I had one last question. Tell me more about the co-location of Urban Forestry with the Bureau of Development Services. Does that mean that there will be Urban Forestry people at BDS during counter hours and all that?

**Abbaté:** Yes, Commissioner.

**Cairo:** Thank you, Mike. There are currently staff co-located there. We started moving folks down there now. There are some tree inspectors there, and also our tree techs. Part of the budget that you approved for the tree code included two positions to be the single points of contact for all things tree in the city. One of those folks is on board with us already, and the other one is coming on later this week. They will be housed at Bureau of Development Services, as are all other customer services related to permits. In order to get a permit, people will no longer need to come to East Delta Park to deal with us at all. They'll be down here.

**Kennan:** Just to add to that -- they are going to keep the same hours as the DSC is open. So, it's going to be consistent with all other permit review types.

**Saltzman:** Great.

**Hales:** Other questions?

**Novick:** I have one final question as well. Has the Lorax at least been given an opportunity to comment on these provisions? [laughter]

**Fritz:** I'm the Lorax, I speak for the trees. [laughter]

**Hales:** Costume is optional. [laughter] Any other questions?

**Fish:** Since we have the Urban Forester here -- we've had a couple of nasty storms recently with high winds, and I've seen a lot of tree damage in my neighborhood. Just a quick assessment of what you saw?

**Cairo:** Yeah, we're off to an exciting winter storm season, at least in forestry terms. We had two storms back-to-back, and our staff -- kudos to them, because many of them worked long hours. We did 89 emergency callouts over a period of three days for the first storm, and 65 in the second storm, which was the one that went over the holiday. For those of you who might not be familiar with it, any tree emergencies that are blocking a public right-of-way -- it's our staff that responds to that. And that's primarily our tree inspectors under the supervision of Casey Jogerst, and our arborist crews who have the big equipment, including crane and bucket trucks under the supervision of Larry Maginnis, our operations supervisor. So, we handled that. It was a lot of work. We're hoping that the weather calms down a bit.

**Fish:** Congratulations.

**Cairo:** Thank you.

**Fritz:** On that note, I'll mention that you all notice this is not an emergency ordinance. It is on the schedule today so that it can go into effect before January 2nd, and it did take a lot of extra effort by Jenn and her crew, as well as Mieke and the team, to get it to you today in the midst of that storm. So, I really appreciate all that extra work.

November 19, 2014

**Fish:** Commissioner Fritz, can I ask you a question about what Jenn just said and 311? Is it the intent at some point that the 311 system would field the downed tree calls.

**Fritz:** That's an excellent -- yes.

**Novick:** I would hope so.

**Fish:** Just curious.

**Abbaté:** And I believe as 311 is rolling out, Parks has many connections to the community. So, each one of those connections, whether it's our customer service center for reserving or tree code, they'll all be looked at individual as 311 rolls out to figure out how to integrate.

**Fish:** But potentially, that could be an example where one number -- because you're driving down some street and there's a tree, call 311 to get to Jenn's team. Potentially.

**Novick:** I mean, I think that's a classic example of you know there must be somebody in the city to call, but you might not know the specific number. And if there's an all-purpose number, you would call it.

**Cairo:** Until 311 is in place, that would be the trees number, 823-TREE.

**Fritz:** Starting January 2nd, 823-TREE will be our all-purpose tree questions number.

**Hales:** Thanks very much. Is there anyone signed up to speak on this item?

**Moore-Love:** Yes, we have two people, Ben Pickering and Joe Walsh.

**Hales:** Come on up.

**Benjamin Pickering:** Forestry, I love forestry. My dad was a logger. I have some things to ask about some of these things. Tree services, do you have people go out? Because of the dry summer we had and the dry winter we're going to be having, and we have some storms coming up, that's also -- we've got leaner trees, people that go out and expect the soil -- so when the soil -- what happens is when it gets dry, the ground -- you want to check the trees. If they're up elevated above the ground and the soil gets wet, it'll make a tree fall over. But also, there's a lot of leaners where it's over power lines. And thank the crews that go out there and cut them off and rebuild the power lines. But you've got leaners. And then you got to get the equipment out and trim it and call the chipper in and then say you want to get rid of the stump, you call the stump grinder to go out there after falling the trees. You've got people that go out and actually look at certain trees -- some trees, like one at City Hall, and one had fallen. It almost hit me. And I was like, timber, and the tree had fell over. I've noticed that if they put a sidewalk around it, it sucks the life out of those trees and they topple. Or architects or landscaping -- they sometimes don't have a perspective of how trees grow -- the roots in time are going to get weaker. It's going to cause more of a mess if it takes down a power line or clips someone's house. You guys got people that go around and check that out? Oh, you do. Who would you call to check that out? I've been out in the weather -- when disasters happen. If a tree hits a car, it's going to smash it like a pancake. But like, I mean, there's a lot of stuff about trees that some people might know everything, people can build houses with the wood and all that. If you had people who go around they can call these trees before they fall over, leaners, and cause less of a disaster before it happens, that would be cool.

**Fritz:** Whenever you don't know how to call, just call 824-4000. Those folks will find you the right person.

**Pickering:** Right on. And what is that? Lead tree service or I&R?

**Fritz:** Information and referral service. They'll get you to the right people.

**Pickering:** OK. Wow. She said like 90-something people calling. Could you take a big break from that? What if people never called because there is a group that went around and inspected trees on the soil and stuff before they all fall and cause less of a disaster? Like for me, someone has a -- I can drive around the city and I can see trees that are going to come down for sure, like -- I work with trees tons of times. But I mean, I see it going through the city tons of times. I can just see old growth, ivy, moss and different things that sucks the life out of trees or stuff that -- trees that are

November 19, 2014

ready to go. And some of these powerful storms we have coming -- I've seen disasters like this come out of nowhere, 70 miles per hour winds are pretty fast and knock over a lot of trees in the city, and it's, you know, people can be in a house. Just a lot of damage. If someone has an eye for that kind of stuff, going around the city. Thank you.

**Hales:** Thank you. OK. Mr. Walsh, go ahead.

**Joe Walsh:** My name is Joe Walsh, I represent individuals for justice. One of the things I noticed in the presentation was that if I cut some trees on my property and I don't have a permit, and then I get fined for that, then I want to appeal that fine -- which is reasonable to me -- that costs me \$1300 to go to a hearing officer. Why would you do that? You're saying to the citizens, if we fine you or the forest department fine you, and you appeal that, we're going to charge you \$1300 to do that. Most courts have fees. You can go to the 9th Circuit Court of Appeals for about \$300. And you guys are going to charge \$1300? This has a feeling of big government. You know, I really get upset when conservatives criticize this Council because it's the liberals of big government -- this is big government. And I don't think anybody on this Council is a liberal or a progressive. One of the issues that we need to talk about here. This is the second time I spoke today, and there will be another item that I pulled off of the consent agenda that I will speak. That is my right by the charter. The charter says that I can do that. Not you, Mayor, nobody on this Council. The charter says it. Hey, you give Mr. Walsh three minutes. Last week, there was an issue here with Ben. Ben is covered by ADA, Americans with Disabilities Act. That means, Mayor, you have to have patience with him. That means, Mayor, that you don't embarrass him in front of people. That means, Mayor, you act as a human being. You don't do what you did last week -- ever -- to a human being. And especially somebody covered by ADA. Because the law says you can't do it. You have to have reasonable accommodation for us. And we will insist on it. You owe that man an apology. I had a judge apologize to me in court because he violated ADA, and you will apologize sooner or later, so you might as well do it today. And don't ever do that again. Thank you.

**Hales:** Charles?

**Charles Johnson:** Good morning, Commissioners. For the record, my name is Charles Johnson. And, you know, when all of us speak, sometimes we're more closely adhered to direct topicality on the agenda item, and other times we feel it is important to give you a broader background. I think our understanding on that changes depending on whether it's this time of day or whether it is 12:34 in the afternoon. I will speak to this agenda item now in the broader context. Because when we talk about monetary aspect of trees and issues that Ben Pickering raised, they are important. And I hope there's been some conversation between all of your offices and the city auditor to know if we have that magical legal phrase, act of god to save us when we can't save our neighbors. Last week, just north of the Morrison Bridge, a tree fell on a cyclist and injured her. And I don't know if she has attorneys or if they're going to think there was any negligence on the part of city. But in addition to making sure that our neighbors practice responsible tree management, whether or not a \$1300 appeal fee applies, I hope the city is giving due diligent attention to the risk when areas where the department of transportation and the sidewalk and time impact trees and pose both a health hazard to citizens and a legal liability issue. When we talk about this overall picture of that fact that I believe trees are more important than money, even if they gave us paper money. They are connected in our economy and we need to be mindful of all aspects of tree health. Both having great abundant canopies like we hope Commissioner Fish has in his yard, and an assessment of tree safety along public thoroughfares. Thank you.

**Hales:** Thank you. Anyone else? Commissioner Fritz, do you have some closing comments?

**Fritz:** I do, because maybe not all of the staff will be able to be here next week when we vote on this. The Lorax is my favorite Dr. Seuss book and I do have the honor of speaking for the trees, which everyone, everyone, everyone needs. And I'm grateful both to the Directors Mike Abbate

November 19, 2014

and Paul Scarlett, to Mieke Keenan and Mike Hayakawa in the Development Services bureau, and Jenn Cairo, Casey Jogerst, Danielle Bohannon, and Angie DiSalvo in Urban Forestry. It's been a challenge to coordinate all of the moving parts of the new tree code, and I'm very happy to see how well it's coming together and we will be ready for January 2nd. As folks gather for holiday parties, weddings, bat mitzvahs and other things over December, if you would like to have a presentation on the tree code, let us know and we'll show up with bells on -- or festive garments, at least. I also want to thank Patti Howard in my staff, who's the project coordinator for this between the two bureaus and is doing a great job. Thank you very much, colleagues, for your indulgence. We don't claim to have gotten absolutely everything right with the new code. That would be astonishing if we did. So, we will be engaging the oversight committee and making adjustments as we go. And so, folks are welcome to bring these to our attention that we will try our best to address.

**Fish:** Since you mentioned staff, Amanda, and both colocation and tree code have been such heavy lifts, I want to acknowledge Hannah Kuhn in my office, who has shared your passion and others to get this right and has been working on it for a long time. Congratulations to all.

**Hales:** Thank you all. Good work. These two items are set over for second reading next week.

**Fritz:** One more note on that -- it was mentioned where there is not a fee for attaching permanent lighting. One of the good things we did that brings joy to my heart is that it's no longer illegal to put temporary festive things on your trees during the holiday season. [laughter]

**Hales:** You would have to wear a Grinch outfit instead of a Lorax outfit.

**Fritz:** It was an oversight [inaudible] but it's fixed.

**Hales:** Thank you. Let's move on to regular agenda item.

#### **Item 1202.**

**Hales:** Good morning, welcome. Tell us about this grant.

**\*\*\*\*\*:** Good morning, Mayor and Commissioners. The Portland Police Bureau has been involved in this DUII grant for over the past 10 years. Last year's grant -- we were awarded just under \$90,000. That \$90,000 allowed us to arrest over 360 impaired drivers under that grant and it also allowed for a savings to the city of over \$35,000 on late time report writing related to these DUII arrests. Additionally, with this grant, it allows us to work seven additional holidays --

**Hales:** Ben, I'll call you later when we do testimony after these guys make their presentation.

**Benjamin Pickering:** Oh, alright -- I apologize.

**\*\*\*\*\*:** It allows us to work seven major holidays, giving us the opportunity for additional service to the city with no financial impact to the city on that. The funds have continued to increase over the last five years, mainly because of the extraordinary performance from the Portland Police Bureau while working this grant. This year's grant would allow us to work over 1650 hours to be worked towards DUII enforcement through the end of September 30th, 2015. The grant fund has directly impacted in saving lives and enhancing community livability in the city, and it just allows us through the traffic division to continue meeting our goals and to exceed our mission statement at the division.

**Hales:** Questions? Appreciate the traffic division, especially at the holiday season when there's opportunity for people to forget what the law is. Thank you. Anyone else want to speak on this item?

**Moore-Love:** I didn't have a sign-up sheet.

**Hales:** Did you want to speak on this, Ben? On this specific grant?

**Benjamin Pickering:** How much is that grant anyway?

**Hales:** \$100,000 even.

**Pickering:** And they were talking about the grant to help with --

**Fritz:** Drunk driving enforcement.

November 19, 2014

**Pickering:** Drunk driving enforcement. That's pretty cool. I like that. I noticed too about the drunk driving, not only the drunk driving, but elderly people get on the road and I have seen it many times, and they have gotten tons of arrest. I want to talk about the drunk driving, too. But they will drive like, you will see a big old bus go by and it is an older guy and he is swerving a little bit. It is not that he is not a bad driver, his glasses need to be adjusted or just a little bit -- go a little bit slower, and, you know, people will be driving, and I've seen them cause a few accidents. That is not just -- that is just wanting them to be in safety. But drunk drivers, man, it's a scary thing out there when you have drunk drivers on the road. You could kill an innocent person. Go to -- flying around corners. I mean, I've seen it. Someone leaving the bar, belligerent. There should be a thing where there should be a thing in the bar, can I keep your keys and your license if you drink, if you're a driver, I mean, because until you sober up, you shouldn't be allowed to drive away from a bar. You know, sometimes they might put them on a high-speed chase or it can cause a disaster. So, yeah, that's cool. If it is helping the city I love it. I love what I hear. And drunk drivers, you know, different when you are walking home, a little drunk with some friends and helping you out and you have a designated driver. Drunk driving is definitely, yeah, that doesn't settle in my stomach very good, a drunk driver out there. Anything that helps the city. That's awesome. Thank you.

**Hales:** OK. Roll call, please.

**Item 1202 Roll.**

**Novick:** Appreciate the work the bureau does on trying to keep our streets safe from drunk drivers, and appreciate the grant. Aye.

**Fritz:** Let's just all be sensible and don't drink and drive. Don't drive after you've drunk. It is very clear. And that way, you don't have to wake up in the morning and wish you had made different choices, and perhaps this grant would not be necessary in that case. Aye.

**Fish:** Let me just amplify that as someone who recently gave up his car. Take public transportation, take the bus, walk. Do not put someone else's life at risk by getting in a car impaired. And if you do, you should be prepared to suffer the consequences. Aye.

**Saltzman:** Aye.

**Hales:** Thanks for all of your support for this, this is good work. Aye. We have a few more regular agenda item and we have one item that was pulled from consent. Both Commissioner Novick and I have a hard and fast appointment at 11:50, so I will limit testimony to one minute on any remaining items on this morning's agenda.

**Item 1203.**

**Hales:** Ms. Moody.

**Christine Moody, Chief Procurement Officer, Office of Management and Finance:** Good morning. Christine Moody, procurement services. The Bureau of Environmental Services wastewater treatment plant is part of a sewage collection and treatment system that serves about 600,000 customers. As part of the water treatment process, BES uses approximately one million gallons of sodium hypochlorite per year. The city issued an invitation to bid via reverse auction for sodium hypochlorite, and three contractors were qualified to participate in the reverse auction to determine final pricing. The reverse auction process resulted in the city obtaining over a \$300,000 savings over the last requested increase by the current incumbent contractor. Today, you have before you a procurement report recommending awarding a price agreement to JCI Jones Chemicals for a five-year contract term with a not to exceed amount of \$3,295,500. I will turn it back over to Council if you have any questions.

**Hales:** Is this the first time we have used a reverse auction?

**Saltzman:** Yeah, what is a reverse auction?

**Hales:** I think I understand what it is.

**Fritz:** Let me explain, let me explain, because I found out all about it. [laughter]

November 19, 2014

**Hales:** Please, Commissioner Fritz.

**Moody:** Commissioner Fritz, you're on.

**Fish:** We'll closely monitor this answer, though.

**Fritz:** Let me see if I got it right. You put out an invitation to bid with the qualification requirement that bidders have to meet to participate. They have to be able to deliver whatever it is within a certain amount of time. And then the bidders bid against each other. Instead of putting in a bid and we find out who's the lowest, they all know who's bidding what and they see how low they're willing to go, is that right?

**Moody:** Correct. It's a live online auction. We qualified them and there were three bidders that qualified and actually their prices started at a dollar and by the time we were done, it wound up at 72 cents.

**Fish:** In a normal auction, you try to outbid the person. In a reverse auction, you try to underbid someone.

**Hales:** Price per unit basis.

**Fritz:** We should do that more often.

**Hales:** It's a good idea.

**Moody:** It's new. We've tried it a couple of times on some smaller dollar things. So, this is the first one that has been a large dollar and it was successful.

**Fish:** Wouldn't that be great if eBay embraced reverse auctions? [laughter]

**Moody:** I think their competitors wouldn't like that.

**Fritz:** I would like to watch that. That would be fascinating.

**Hales:** Interesting.

**Moody:** OK, next time we'll invite you.

**Fritz:** Thank you.

**Hales:** Any other questions for Christine? We have to take public testimony, if there is any. Anyone to speak on this item? OK.

**Fish:** Move the report.

**Fish:** Second.

**Hales:** Roll call.

**Item 1203 Roll.**

**Novick:** Thank you, Christine. Aye.

**Fritz:** Thank you for explaining to my staff ahead of time. Aye.

**Fish:** Aye.

**Saltzman:** Aye.

**Hales:** Thank you. Aye.

**Item 1204.**

**Hales:** Roll call, second reading.

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Item 1205.**

**Hales:** Commissioner Novick.

**Novick:** Colleagues, the RDPO is a multidisciplinary, multi-jurisdictional, and collaborative partnership of public, private, and nonprofit organizations that develops and advances all hazardous and disaster preparedness efforts in the Portland metro region. Now in its second year, RDPO consolidates multiple disaster preparedness agencies and programs into a streamlined model which shares a common policy framework, strategy work plan, and associated funding plan. The RDPO replaced the Regional Emergency Management Group, affectionately known as REMG, which was established in 1993 and [inaudible] in 2003. This agreement does not create a separate intergovernmental or legal entity. It does establish an organizational structure and process used to

November 19, 2014

coordinating disaster preparedness efforts across the region. Funding for the RDPO's core operating administrative costs are funded by the city, the region's five counties, Metro, TriMet, the Port of Portland. And I think that Metro, TriMet, and the Port of Portland just this year first time advancing funds, which we appreciate. Council allocated \$38,000 for the RDPO and the FY 14-15 budget for ongoing funding. This ordinance would not authorize additional funds. Denise Barrett, who is the RDPO in the same way that Commissioner Fritz is the Lorax, is here to answer any questions.

**Denise Barrett, Bureau of Emergency Management:** Good morning, Commissioners.

**Fritz:** So, what's the difference between this management group and the new organization -- the previous management group and the new organization?

**Barrett:** The previous management organization that you're talking about is the Regional Emergency Management Group, and that particular group only had two levels on its structure, including a policy committee of elected leaders and a technical group which really only encompassed emergency managers. Several years ago, the region -- meaning partners in disaster preparedness around the region, more 45 jurisdictions, counties, special districts -- realized that that organization was not encompassing all that it could in terms of the various disciplines and all of the levels that need to be in an organization which is governed by elected leaders and driven by executives from multiple disciplines. Now, the city has been a partner and administrator through the Bureau of Emergency Management of the UASI grant, the Homeland Security grant we've had in place for more than 11 years. That also had an informal structure, so that structure did not have an IGA. So, the purpose of the RDPO is really to consolidate all of the efforts into one organization of partners, jurisdictions around the region that can share a vision, can develop a strategy for preparedness on the regional level, and also to develop a work plan of projects and initiatives that are funded both by grants, such as the UASI grant, and also local contributions from partners willing to support projects.

**Fritz:** It would be asking us rather than telling us that we have to contribute?

**Barrett:** I'm not sure I understand your question.

**Fritz:** So, if you're going to need more funding for implementing any of these projects, does this organization have any authority over the council?

**Barrett:** No, you don't, you have a seat on it. This organization is really collaboration of jurisdictions. And so, for right now, Commissioner Novick, in fact, is our vice chair on our policy committee in the startup face. This IGA will help formalize the organization.

**Fritz:** What's the reporting back structure mechanism?

**Barrett:** I would imagine that you could call on me to come and present to you, or in fact, since the city sits on the policy committee, I would reckon that even Commissioner Novick, for example, could report back to the council.

**Novick:** Commissioner, that's a good idea. We should arrange for some periodic reporting schedule, and we'll work on that.

**Fritz:** And my last question is, why is it an emergency ordinance?

**Barrett:** I believe that right now we have great momentum signing the IGA around the region. City of Portland one of the last of the core partners to sign it and we believe that we need to get it going, especially under the current fiscal situation that the organization is under.

**Novick:** Denise, if we took the emergency off, is there anything specific, are there any particular bad things that would happen as a result of 30 days' delay?

**Barrett:** In the next 30 days? Nothing terrible would happen, but I think that it would slow down the momentum of the ordinance.

**Fritz:** There would be a delay in getting the money.



November 19, 2014

**Barrett:** Well, there's delay actually in being able for the Bureau of Emergency Management to collect on the local contributions. There's a budget of \$175,000 that is being shared by eight core partners, and the City of Portland is one of those partners. So far, we have six out of the eight jurisdictions that have signed on to the IGA, and so rounding up -- getting Multnomah County, for example, and City of Portland on board right now would help us to initiate that funding.

**Fritz:** Who holds the money?

**Barrett:** Portland Bureau of Emergency Management serves as the lead administrative agency, both for local contributions but also for the UASI grant and other funds that will come into this organization. I am a Portland Bureau of Emergency Management employee, although I serve all jurisdictions and partners to this organization.

**Hales:** Other questions? I'm going to call for public testimony on this and the remaining items on the council calendar today, but because Commissioner Novick and I have to leave in 20 minutes, I'm going to limit testimony for one minute. Does anyone want to speak on this item? Come on up.

**Charles Johnson:** Good morning, Commissioners. A minute should be adequate, thank you. My name is Charles Johnson for the record. And I think probably my fellow citizens and I have not properly followed up from last year's emergency. There was some power problems here just keeping this building going, and I don't know if there was ever a public process report that disclosed that. And then, I'd also like to maybe have just a brief stretch as we talk about who the constituent members of the organization are. I would assume the local chapter of the Red Cross and stuff like that. But I think our fellow citizens would like to know about ways they can plug in with emergency management. Thank you.

**Hales:** Yeah, I think the answer to those questions is this RDPO structure is mostly governmental. I don't know if nonprofits like the Red Cross are involved or not. It's a good question.

**Novick:** I think we do interact with them -- [inaudible]

**Barrett:** Well, the IGA centered on the public sector agreement. We will have an MOU with nonprofits such as the Red Cross as well as private sector entities. Right now, we have partnerships with PGE, NW Natural, and some other entities.

**Hales:** Thank you. And your other question, Charles -- there was an after action meeting between PGE and the city and a lot of others about that power outage, but whether there was ever any document generated -- which would of course be a public document -- I don't know. But there was an after-action discussion. I'm not sure if there is any summary of that from the bureau that is available, Commissioner Novick: We did follow-up but whether there is something written down that people can read, I don't know.

**Novick:** And to be honest, I don't know the answer to that.

**Hales:** We'll find out. Because it's a fair question. We did do the follow up. Thank you. OK. We still have the emergency clause attached and we'll take a roll call.

**Item 1205 Roll.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Item 1206.**

**Hales:** Second reading, roll call.

**Item 1206 Roll.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Item 1207.**

**Hales:** Commissioner Fish.

**Fish:** Thank you. Dawn is with us this morning, I'll do a brief introduction. The Bureau of Environmental Services reviews its code annually to identify areas that need clarification and to make minor changes to enhance clarity and make the language more consistent. The items in the 2014 BES clean-up package include updated definitions, updated language to conform to the new

November 19, 2014

treasury division administrative rules relating to check handling, new language to clarify BES authority to implement requirements through the Bureau of Development Services computerized plan review and permit process, adding language to clarify that BES can abate nuisance non-conforming sewers on both public and private properties, and adding language clarifying the availability of the submeter program for commercial customers to individually assess sewer and stormwater management fees. A public comment period was held in October of this year. Notice of the proposed package was posted on the BES website, in the Oregonian, and on the ONI email list serve. No public comments were received. BES will adopt any administrative rule changes effective January 1, 2015. Dawn?

**Dawn Hottenroth, Bureau of Environmental Services:** I'm just here to basically answer questions.

**Hales:** Thank you. Questions for BES staff on this? OK.

**Hottenroth:** OK.

**Hales:** It looks like the code is cleaned up. Thank you.

**Fish:** Thank you for your good work. This is hard stuff.

**Hales:** Anyone want to speak on this item? It passes to second reading.

**Item 1208.**

**Hales:** Commissioner Fish.

**Fish:** Mayor, the Water Bureau is working on the construction of the Interstate facility renovation pursuant to the Interstate facility master plan. They are currently under budget on a construction project with a guaranteed maximum price. Early on in this project, several project components were taken off the list -- in effect, value engineered -- and it was decided that they would only be added back if funds were available. I understand that these items before us today are required as part of the land use decision for this project. The Water Bureau this morning is proposing to use the construction savings to add back items on that list. And again, operating within the guaranteed maximum price construction contract. The bureau elected not to pay for design of these components at the front end in case funds were not available for construction. So, the bureau is in effect asking for authority to spend the funds to design some elements that were originally envisioned but were taken out of the plan. Because we're under budget, we can add them back, but we want to make sure Council is comfortable with that approach. And I have the distinguished director of the bureau here to answer your questions.

**David Shaff, Director, Water Bureau:** Good afternoon, I'm David Shaff, the director of the Water Bureau. With me is Mike Stuhr, chief engineer of the Water Bureau. The only thing I would add is that in the original September 2012 report to Council on the Interstate plan, we actually had identified in that document that there were additive projects that we would like to bring in if we came in under the GMP, the guaranteed maximum price. And it looks like we have. And those are the projects that we would like to design and follow-up on construction.

**Fish:** David, very quickly, just identify those projects.

**Shaff:** One is the upper parking lot to accommodate our fueling station. We are going to get -- hopefully, it sounds like you passed in the fall BMP -- the fueling station, but we're still going to have to do grading and stormwater design management, and we'll have to continue to use our current station until the new one is built. Then we have improving the access between the existing operations building and the new building and constructing stairs between the upper lot and the lower lot down so that our employees aren't walking to the buildings going down a road that is being used by heavy equipment, and then, changing the layout of one of the floors. And that's actually going to be done by Hoffman for no cost because we simply said, well, we want you to build the walls here instead of over here. But that requires a design change.

**Hales:** So no change in construction cost.

November 19, 2014

**Shaff:** Not on that one. That's just, they're going to tell them where to put them instead of where they were originally designed.

**Saltzman:** What's the guaranteed maximum price?

**Shaff:** 35 million. And we're going to save 1.4 million as of today, and we may save more. We're on time, under budget, and we should be moving into the office building in May.

**Saltzman:** So the 1.4 million saving includes the increased compensation we're adding today?

**Shaff:** Yes, it does. Well, what we're adding today is to the design contract. But yes, it comes under that total price.

**Hales:** That's good to hear. Other questions? Thank you both.

**Fish:** Mayor, I just want to be very clear. At an abundance of caution, when we take these elements out of the project -- in this case, they weren't even designed. So, we waited until the end. There were other items that David discussed with me which I would classify as nice to have but not need to have. These were the need to have but because we're under budget, we can put them back into the project, but there needs to be Council authorization to do the design work and move on that.

**Shaff:** That's correct.

**Hales:** Thank you both. Thanks very much. Anyone want to speak on this contract amendment? If not, then it will pass to second reading.

**Item 1209.**

**Hales:** Second reading, roll call.

**Item 1209 Roll.**

**Novick:** Aye.

**Fritz:** Aye.

**Fish:** I want to thank my team for working on the excruciatingly challenging details of this project and getting to the finish line. Aye.

**Saltzman:** Aye.

**Hales:** Aye.

**Item 1210.**

**Hales:** Commissioner Saltzman.

**Saltzman:** I'll turn it over to Andrea Matthiessen for a brief explanation.

**Andrea Matthiessen, Portland Housing Bureau:** Super brief. Andrea Matthiessen, Portland Housing Bureau. Thanks for allowing me to speak really briefly about this this morning. This is a sub-recipient contract with Proud Ground, a nonprofit community partner of the Portland Housing Bureau. We contracted with Proud Ground back in fiscal year 12-13 to provide them with neighborhood stabilization program funding, federal resources that are allocated to Oregon housing and community services, which they then passed through to municipalities across the state to conduct acquisition and rehab of foreclosed properties that are then transitioned to home ownership for low-income families below 80% of median family income. So, these resources were allocated to Proud Ground. You can see the history of some of that in the ordinance. We received a second allocation of NSP resources from the state, and leveraged that with some resources, community development block grant dollars, and local TIF resources in the Lents URA. We anticipate creating 12 low-income ownership opportunities, half of which will be available to households under 50% median income. This ordinance allows the Housing Bureau to provide payment to Proud Ground of the program income that's generated. So, the way this project has been structured is that the homes are acquired, they're rehabbed, they're sold, then the proceeds come back to the City of Portland, we review those dollars against the agreed-upon budget in the contract, and then reallocate back to Proud Ground adequate program income to meet the contracted goals with the state of Oregon. So, this is program income that has been generated upon the sale of a series of these homes to date. I

November 19, 2014

believe 10 of them have been acquired and rehabbed and sold, and we've got two more in the pipeline to complete.

**Hales:** Proud Ground has been using a land trust model in some of their projects. Is that the case here?

**Matthiessen:** That land trust model, which provides permanent affordability, does apply to all 12 of the home ownership units, yes.

**Hales:** Are they the only organization that you're working with that is using that approach so far?

**Matthiessen:** Sabin CDC also is a land trust operating primarily in north and northeast Portland. The Housing Bureau does have resources, historically, that have been provided to Sabin as well.

**Fish:** Habitat has kind of a land trust in the sense that they provide the low-cost financing and they have a special relationship -- it's not quite a land trust, but it is a first cousin.

**Matthiessen:** It's related, yes.

**Hales:** It's an interesting model. I think it's got promise and maybe other CDCs will pick it up. But it just seems like another tool for us -- particularly for home ownership, obviously, to make it possible for people.

**Fish:** Mayor, we had a presentation from the Housing Bureau a couple of years ago, and they were looking at all of the homeowners they had helped to achieve, something like 150 during a period of time without a single foreclosure.

**Hales:** Wow.

**Fish:** So, it's not only an effective model, but they do a very effective job of creating successful homeowners. Because it doesn't work if you just put someone in the house and they lose the house. Quick question on the neighborhood stabilization program. Can you just remind me -- is that the program that Senator Merkley championed during the Great Recession that was sort of one of the stimulus programs to provide relief where there was a high incidence of foreclosures in communities and allowed properties be acquired and converted to use?

**Matthiessen:** You know, I can't comment on that specifically. It sounds related, but -- it has been awhile.

**Fish:** I seem to recall that as something that Senator Merkley worked on during the Great Recession. Anyway.

**Hales:** Other questions for the Housing Bureau? Thank you. Anyone want to speak on this item? OK. Then it is an emergency ordinance. Let's take a roll call.

**Item 1210 Roll.**

**Novick:** Aye.

**Fritz:** Aye.

**Fish:** Aye.

**Saltzman:** Good work to Proud Ground for the 12 houses to come in the Lents neighborhood. Very affordable houses. Good job. Aye.

**Hales:** Yeah, Commissioner Saltzman, thanks. Again, I think this is good work. A long time ago as a volunteer, I was on the board of a group called home ownership, a street at a time. This one is kind of home ownership, a house at a time. But using an innovative way to get people into home ownership that would otherwise never get the chance is something that I love and I'm glad to see this. Thank you. Aye.

**Hales:** OK, we have one more item which was pulled from the consent calendar.

**Item 1198.**

**Hales:** Good morning. Director James is here. So, I think this was pulled by a citizen. We'll give him a chance to testify, but maybe just a brief explanation of what's going on here.

**Dante James, Director, Office of Equity and Human Rights:** Thank you. Good morning, Mr. Mayor and Council. We are here. The request I think we've tried to explain to you individually as

November 19, 2014

well, this was authority that was already in existence when Title II and Title VI were within OMF. When the program itself was moved into the Office of Equity, that particular authority didn't move because we wanted it to go before Council to get approval for this authority, not just summarily move it to the office. So, this is authority to create and administer administrative rules. Not just specifically two and six, but should any other programs come into the office in the future, they will need administrative rules, so it's written broadly. At this point, it is specifically to address the transition plan and the need for administrative rules as it relates to the Title II pieces of that. We have a specific context in mind as it relates to requests for exemptions -- sorry, I'm out of breath, I zoomed over here -- as it relates to exemptions requests for the transition plan for historic significance or technical infeasibility. At this point, there is no rule that exists that allows exemptions to be requested. That will be what we would initially be doing would be allowing bureaus to then request an exemption for either of those two reasons and put a process in place to do that. Danielle Brooks administers Title II and Title IV, if there's any particular questions.

**Fritz:** If I could give a little further explanation to the council that Director James has kindly not pointed out, that this was an error in my part in when we were setting up the Office of Equity and Human Rights. Most bureaus already have the authority to set administrative rules related to their bureaus, we neglected to do that and that's why this ordinance is necessary. It does require notice to stakeholders, including the entire City Council whenever the office is proposing to adopt any administrative rules.

**Hales:** And that's pretty typical.

**Fritz:** Yes. Well actually, it's not typical. Celia Heron in your shop is working to make it more standard that Council offices always get notified of administrative rule changes, because the bureaus -- it's all over the shop. Some are required to and some are not.

**Hales:** OK. Alright. I thought it was -- but it's a practice in many cases but not every case.

**James:** Not every case.

**Fritz:** And it's not always practiced, either.

**Hales:** OK, good to know. Well in this case, we're doing it the right way.

**Fritz:** And we'll get it fixed.

**Hales:** Alright, thank you very much. Any other questions for staff? Thank you both. Mr. Walsh, you asked for this item to be pulled. Did you want to speak?

**Joe Walsh:** My name is Joe Walsh for the record and I represent individuals for justice. We pulled this item because it's on consent agenda, and for the television audience, consent agenda is something we consider the council does to slide things underneath the table that they don't want to talk about. So, they do it in a block. They take four, five, six, seven, sometimes 10 items and they put them on consent agenda and they run it through and there's only one vote. It's kind of like when Congress does unanimous consent. So, we have a knee jerk reaction to consent agenda and then we have another knee jerk reaction, so both of my legs go up in the air when you have emergency ordinances constantly. Constantly. Congratulations on the number of consent agenda today, only four. That was really kind of impressive when I looked at the schedule. I said, wow, that's kind of cool. Must be a slow week. Three of them are emergencies. And the one that you just talked about, 1210, was another emergency. It seems to me that you are embarrassing this Council by saying we cannot do our job in such a way that we cannot put stuff on the regular agenda, we have to do it in an emergency, we have to get it done today. Not wait, not talk about it, not think about it, not let the members of the Council maybe come back next week and say, you know, I would like to put amendment on this. Got to do it today. Emergency. So, every time you do that, we will be up here, we will be objecting, and we will say, we really like it when you bring staff here and explain to the people that are watching this what you're doing. We like that. That's called openness. That's called democracy. It's called republicanism. It's not called a dictatorship. Sliding

November 19, 2014

underneath the table? Dictatorship. You decide and we don't know what you are doing. Don't do that anymore. You wanna pay bills, lights are going to go out, you have an emergency, that's an emergency. This is not an emergency. This is a thing that has been going on for how long? How long has Equity been in existence? Two years? Not an emergency, folks.

**Hales:** Thanks. Charles?

**Charles Johnson:** Good morning, Commissioners. For the record, my name is Charles Johnson. I do want to reiterate the basic premise of what Mr. Walsh is saying, although we -- people who engage with this Council more regularly with these meetings know that you have unfortunately a special form of double speak where emergency services means emergencies -- although, obviously some of those calls are sometimes less urgent, cats in trees and such. But emergency with an asterisk on this printed agenda just means whoops or expedited. And people in the city who find themselves in emergency situations and hear the phrase emergency management and those things really voted you to do a lot of things, including protect the meaning of the word emergency. So, when you provide agendas that have star means emergency next to the phrase administrative rules, there are not very many people who can put those two things together with rational consistency. I suppose probably in the city we do have such things as emergency administrative rules. But I'm not here directly to berate you, because it's us as citizens who need to engage with you, and ask and be involved in the process so that the staff and yourselves aren't in this situation of having items where the agenda may have a lot of emergencies. I do think that -- it is important that words matter, and avoiding double speak matters. So, in the future, we may be looking to see if we can get broader grassroots support and even perhaps you should think more about what you're doing and study yourselves and give us some feedback as to -- are 51% of the items that come through this Council emergencies? Is it 12%? What is it? And some of them, of course -- we don't want to miss a \$700,000 federal grant because we didn't get emergency status on it. But when emergency is attached to something that is an administrative rule, I know you want to say, it's just business as usual, it is how things are done in the procedure. But as an ordinary citizen with ordinary vocabulary, I encourage you to try harder, please, to have less emergencies that aren't emergencies. Thank you.

**Hales:** Thanks. So, we might want to just change the title to really boring --

**Johnson:** That's probably even more work. If we rework the whole code or something expedited items.

**Hales:** Change the item to really boring administrative stuff that most people don't care about. But thanks. Roll call, please.

**Item 1198 Roll.**

**Novick:** Aye.

**Fritz:** Yeah, the last charter commission were asked to change that because the only options in the charter are wait 30 days for something to go into effect or call it an emergency, which I agree is not a good name. The citizen commission decided not to ask voters to change it. So, it's the government we have, not the government we wish we had. Aye.

**Fish:** I also have a different view on this, which is if we spend our entire day dealing with administrative noncontroversial issues, then we're actually crowding out the time the public has demanded to speak to matters of policy and substance. So, there's a delicate balance here. But I think not having a consent agenda means we actually displace time for people to speak about things that are actually policy-driven and not housekeeping in nature. Aye.

**Saltzman:** Aye.

**Hales:** Aye. And we are recessed until 2:00 p.m.

At 11:53 a.m., Council recessed.

November 19, 2014

## Closed Caption File of Portland City Council Meeting

This file was produced through the closed captioning process for the televised City Council broadcast and should not be considered a verbatim transcript.

Key: \*\*\*\*\* means unidentified speaker.

**NOVEMBER 19, 2014      2:00 PM**

**Hales:** Good afternoon, and welcome to the afternoon session for the November 19th meeting of the Portland City Council. Would you please call the roll?

**Novick:** Here. **Fish:** Here. **Saltzman:** Here. **Fritz:** Here. **Hales:** Here.

**Hales:** OK, we have one item on the calendar.

### **Item 1211.**

**Hales:** Thank you. Thanks, everybody, for being here. This is the second phase of our work on this issue. As you recall, we dealt with the single-family portion of these zoning code amendments some time ago. We described that as door number one, if you will, in this process of revising our zoning code to deal with the new realities of the sharing economy. We need to play our appropriate role in that economy of ensuring there is safety, fairness, and opportunity. And the proposal represents some compromises based on the summer hearings and on the discussion since about health and safety and affordability and appropriate level of control by owners of buildings and homeowner associations. The short-term rental phenomenon of course is here, it's here in single family homes and in multifamily dwellings. Our goal is to create a system that works for everyone and isn't onerous. We have had this proposal out in public for about 30 days. It's the result of a lot of collaborative work between my staff, Bureau of Planning and Sustainability staff, and community members. We have a presentation here to take us through the specifics of that by a combination of Jackie Dingfelder and Matthew Robinson from my office, and Sandra Wood from the Planning and Sustainability bureau. Thank you all, and let's go through the presentation.

**Jackie Dingfelder, Office of Mayor Charlie Hales:** Thank you, Mr. Mayor and Commissioners. I'm going to start off and then hand it over to Matthew, and then we'll walk you through the proposed amendments, the ordinance, and then we'll talk a little bit about how we got to where we are today. Then you'll hear public testimony, and hopefully pass this to the second reading on December 3rd. So, as you recall, as the mayor stated, the first part of the short-term rental ordinance was adopted. During that discussion, the issue around multifamily units came up, and how those would be included in the zoning code if we were going to do short-term rentals. We heard a lot of issues and a lot of questions from the commissioners, from the community, and in order to address those in the development of the ordinance, we pulled together some working groups to try to make sure that we're addressing the issues that we heard prior to having this public hearing. So, we've been actually discussing these issues for many months with a number of participants. And as you can see on your slide, some of the folks that we had heard from during the original hearing came forward and said, we have some issues, we would like to discuss those. So, we held three work groups with Multifamily NW was at the table, the Community Alliance of Tenants, Oregon Opportunity Network, Airbnb, Commissioners' staffs -- and I would like to thank all of the commissioners for making sure that your staff was involved in all of the different bureaus that spent many hours in helping craft the proposal that you see before you today. So, we're going to walk through some of the issues that were discussed, and the results of those issues you'll see in the proposal before you, and then we're going to walk through some of the other issues that came

November 19, 2014

up. I know we have a series of amendments that I'm assuming the proponents will be discussing, and then we have bureau staff here if there's any questions that come up in addition to the Bureau of Planning and Sustainability. With that, I will hand off from Matthew Robinson from the mayor's staff who's going to walk through the issues that were discussed and see if there's any questions after that before we hand off to Sandra Wood to walk through the proposed ordinance.

**Matthew Robinson, Office of Mayor Charlie Hales:** Thank you, Jackie. Matthew Robinson, Mayor's Office. First -- as Jackie mentioned -- we put together a working group following the single family hearing. And thank you to the stakeholders who participated in that. We were able to vet a lot of the issues that were discussed during the hearing, as well as several issues that came up since. As you are aware, there are number of unique issues that relate to multi-dwelling units that did not necessarily relate to single family. The slide that you have in front of you represents some of the issues that we explored -- authorization, notification, inspections, etc. And you can take a look at the rest of the list to see some of the topics that we have explored and some of the things that we discussed during the work group meetings. Our goal in this meeting was to vet some of the issues. We wanted to consider them, talk through them, highlight and identify any unique challenges and also gather information and look through the lens of what the city has the authority to regulate. Because obviously there are a number of issues, but the city has the authority to only regulate a limited number of those. We think that we did a good job in the proposal that you have before you addressing all the issues that were raised by the stakeholders in those meetings and feel comfortable in what we're bringing forward. At this point, we are prepared as the Mayor's Office to make the recommendation to amend Title 33 Planning and Zoning to allow both Type A and Type B accessory short-term rentals in multi-dwelling units. Sandra will be providing some of the details and specifics in the proposal. But before we do that, just to get some context and see what portion was covered in the summer amendment and what's going to be covered today, we're going to look at some of the numbers. And by the numbers that are in front of you, you can see where we have roughly 600,000 residents in the city, about a quarter million dwelling units, and the breakdown between single families -- which we already dealt with this past summer -- covers the vast majority of that 66%. This is the other 34% that we're dealing with today, the multi-dwelling. And with that, I will hand it over to Sandra Wood, who will go through and give you the specifics. And if there are any questions about how the group came down with issues we identified, then Jackie or I will be happy to take a shot at answering that.

**Hales:** Great, thank you. Sandra?

**Sandra Wood, Bureau of Planning and Sustainability:** Thank you. Sandra Wood with the Bureau of Planning and Sustainability. The specifics that I'll be walking through of course are in the mayor's recommended draft, which was published October 30, 2014. We sent out our public notice on October 21st and that went out to over 650 people. I just wanted to point out right before page one is a table -- and we have extra copies for members of the public back there -- and that's what I will be walking through, the 10 elements of the proposal. I'll have PowerPoint slides for them, but you can follow along on paper to see, in case you want to compare it to how it is different or the same as the single dwelling. So, moving right along. The first thing I wanted to share is something that you've seen before. If you take a look at this slide, it describes the different types of rentals in the city. We talked about this when we were doing the single dwelling this summer. There's long-term rentals for residential rentals, which are more than 30 days. Again, we are not talking about that in this proposal. Short-term rentals that are less than 30 days is the topic at hand today. Of the short-term rentals, there are three categories. The traditional hotels and motels. This amendment does not affect those structure types. And for the other two categories under short-term, we have divided those and made a distinction between the accessory short-term rentals, which takes place in the operator's primary residence. We talked about this a lot during the summer, and



November 19, 2014

that's not changing for the multi-dwelling proposal. So, it's still short-term rentals operate within the operator's primary residence. And then there's vacation rentals, which is a rental unit that's not being occupied by a primary resident at all. This proposal does not change the prohibition on those. For accessory short-term rentals -- in the summer, we divided them between Type A, which are the small ones where you're renting out one or two bedrooms in the dwelling unit; and Type B, which is three to five bedrooms. I just wanted to remind you of that, and then walk you through the 10 elements of the proposal today. Really, seven through 10 is no different from single dwelling, so I don't want to really get into those. We'll talk really about one through six on this list. So, moving right along. Accessory use -- the same as what you adopted this summer, which is to allow accessory short-term rentals that is accessory to existing residential use. That means an individual or family who operate the accessory short-term rental must occupy the unit for at least nine months out of the year.

**Fish:** What exactly is occupy for purposes of the code?

**Wood:** It's the same as discussions we had for the summer. So, there's no amendment to that proposal. Occupy means that you have your driver's license or your Oregon identification, and showing that you have said that that's your home, basically. And what Council discussed this summer was nine months out of the year, you would be certifying that you live there, you spend the night there, that's where your belongings are for at least nine months out of the year.

**Fish:** OK.

**Wood:** The second element is building types. This proposal expands it from just single-dwelling units to all building types. The third element is to add a cap of limiting the number of accessory short-term rentals to one in a building, or up to 10% of the units in the multi-dwelling buildings. And you can see how the math works there. Multi-dwelling, for purposes of building code and the zoning code, is three units or more. So, three to 19 units, people would be allowed to have one accessory short-term rental in that building, 20 to 29 units is two, 30 to 39 units is three, and so on. The bedroom requirements. What we learned when we were exploring this was what inspections would look like. Remember, in the single dwelling, BDS is verifying through the BDS inspector going out on site and inspecting the bedrooms. What we found out was that Portland Fire and Rescue already conducts inspections for multi-dwelling buildings, and they do that every two years. What they're inspecting is the common areas. They're not going into each dwelling unit. So, the proposal is that Portland Fire and Rescue continue with that inspection. Therefore, BDS doesn't need to go out there. But that the residents certify that there are interconnected smoke detectors and carbon monoxide detectors in each of the bedrooms that they will be renting as part of this program. The fifth provision is still the Type A permit process, but it's for multi-dwelling units. The owner and homeowners association would have to sign the application form, and those signatures would need to be notarized. Renewal every two years, the same as single dwelling. The fee is \$100, versus I think it is \$180 now, because BDS needs to send out an inspection and that is already covered by the Fire Bureau. And it could be revoked for failure to comply with the regulations, which is already on the books as of this summer. The sixth provision is the required notice. As you recall, for single dwelling, the resident or the person who wants to -- the resident and the operator sends notice, or delivers notice to abutting property owners. This proposal, we needed to translate that into a multi-dwelling situation and where we landed was the resident sends a notice to the property manager, if there is one. The residents and owners of units adjacent to, across the hall, above, and below the unit, and all ONI-recognized organizations, like the single dwellings. And as I said, seven through 10 is no different than single dwelling. There's no amendments proposed to that. The permit number must be posted on all advertising and in the unit. Number of guests is the same as household. Home occupation would still not be allowed, and non-resident employees are not allowed.

November 19, 2014

**Fish:** Can you back for a second? The permit number must be posted in all advertisements.

**Wood:** Yes.

**Fish:** Does that mean that it must be contained in any advertisement that any short-term rental company places out there for public view?

**Wood:** Yes, that was our intent. That's not in the zoning code, but it was in the ordinance that Council adopted in July. So, you should see that on websites, on Craigslist. If you see it in the newspaper, short-term rental available, it should include the permit number.

**Fish:** So, what happens in a situation that some third-party knowingly advertises a unit that doesn't have a permit number?

**Wood:** Nothing.

**Dingfelder:** Well, actually, we have the bureau of Revenue here after the presentation if you want to have them come up to discuss that. Because we've had discussions about it. So, in the zoning code, it doesn't speak to that. But the bureau of Revenue is looking at options for how to work to make sure that the permit numbers are actually displayed. And so, we have some folks who can come up and talk about that.

**Hales:** To paraphrase that, there's no zoning code enforcement mechanism for that, but there might be other options.

**Dingfelder:** Correct.

**Robinson:** And displaying the permit number is considered one of the parts that has to be represented in terms of staying in compliance. So, if you have a permit but you are not advertising with the permit number on the advertisement, then you will be considered out of compliance. For those who don't have a permit number and don't have it displayed, they are already out of compliance.

**Fish:** And by extension, if Revenue or anyone else were to check a third-party provider's website to see what units are available in Portland and there are units listed that don't have a permit number, then there's a problem. I don't know whose problem, but it's either the third party provider or the operator.

**Dingfelder:** Mm-hmm.

**Fish:** There's some mechanism for enforcing that. We will save on that. We will bring Thomas up for that one.

**Wood:** And I should have mentioned -- I'm sorry I didn't mention this before -- we have several of our bureau partners working with us on this, and they're here in the audience. It's Bureau of Development Services, the Revenue Bureau, and also the fire marshal in case we have questions after the testimony. So, those are the provisions that are really the bulk of the proposal. Once we put together the proposal for multi-dwelling, we needed to look back at single dwelling provisions to see if anything changed. And there were three changes that we thought were worth mentioning today so that you are aware of them. The first one for the single dwelling units is that when we expanded the building types to multi-dwelling, and we allowed -- remember the long list of house, attached house, duplex, da, da, da? The only two that were left out was houseboats and single dwelling units and multi-dwelling developments. The last one is where you have -- I think, Commissioner Fish, you did bring this up in the previous conversation, where you have things that look like townhouses but they're all on one site. So, they're reviewed under the single dwelling code but they are all on one site so they're really multi-dwelling development. Those two types of buildings were falling between the cracks. So, when we say we want to expand this to all building types, we indeed mean all building types, including houseboats and those single dwelling units on one lot. The other one was because with the multi-dwelling, we are requiring notarized signatures of a variety of people on the application form -- the resident, the operator, the property owner, and the homeowners association -- we went ahead and duplicated that for the single dwelling just for

November 19, 2014

code consistency and it's easier to explain to the public and we can all be on the same page with what a signature requires. The final one was because there are so many renters in a multi-dwelling situation and part of the value of sending notice to abutting neighbors is so they know what the activity is and they know who to contact. In multi-dwelling, we wanted definitely for people to send out the notice to the residents -- not just the property owners -- if they're in a condo. So, we are expanding that in the single dwelling so that residents -- not just property owners -- know of the activity and receive the notification. The final piece of the proposal is Directive E in the ordinance, which is to amend BDS's fee and penalty schedule by adding a \$100 fee for this permit.

**Robinson:** The page?

**Wood:** It's in the ordinance, it's the last page of the ordinance, Directive E, which asks you to adopt the special fee for this permit type. I just wanted to make sure you knew about that.

**Hales:** Thank you, Sandra. Questions for staff on that summary? And then, we might want to keep you here for a moment, because I think there are some proposals for amendments from Council members. Commissioner Fritz, would you like to start?

**Fritz:** Sure, thank you. I very much appreciate all of that work that's gone in this both within the staff and the community. Lots of really good input in trying to see how we can make this work for property owners, for renters, and for the wider community. The first question that I've been looking at is about the cap on short-term rentals, and it's a little different in multifamily units because as we know, most or many multifamily units are either studios or single bedrooms. The reason I know that is because Council has often asked to provide incentives to builders to provide larger units. So, it's different from a single-family home where there's more likely to be more than one bedroom. And so the cap of 10% means that not only is there 10% of the available apartments, but then the occupancy comes into play that 270 days of the year, most likely the primary renter is going to be there. It's unlikely that a guest would either be on the couch or the primary renter would be on the couch. That most likely, the renters would be renting their -- opening home to guests if they were going to be out of town. So, for that reason, the numbers work out better if we make the cap 25%. That means that about 6% of a building would be guest-occupied at any one time, and it would mean that it makes the other table more reasonable. In the current proposal, it is already said that triplexes and other units of less than 10 could have at least one unit, which is over the 10% cap. So, if we were to set the cap at 25 units in exchange for getting --

**Hales:** 25%, you mean.

**Fritz:** 25%, thank you -- in exchange for getting some survey data, that would make more sense and that's what my amendment number one proposes, is to change 33.207.040.A4 cap to having the cap to be limited to one unit or 25% of the total number of units in a structure, whichever is greater, and then setting the table in A4 commensurate with that, noting that the zoning code rounds down fractions for maximums to the nearest whole number below the number. So, from three to seven units, it would be one. Eight to 11, two; 12 to 15, three; and then up to 24 -- 16 to 19, 24. That's the amendment that I'm moving.

**Hales:** What I would suggest we do if it makes sense to the council is we take each amendment proposals. If there's a second, then we will put it on the table but not obviously make final decisions about them so that we can have a public hearing with all of the amendments in front of us. So again, we've got I think a total of four or five proposed amendments. If we can take them sequentially and discuss them, and if there's at least willingness to consider them, take a motion to put those on the table and then we'll have all of them in front of us and in front of those that want to speak about them this afternoon. Does that make sense? So I'll take that as a motion, Commissioner Fritz, on that proposed amendment. Is there a second?

**Novick:** Second.

**Wood:** I'm sorry -- can I provide one clarification?

November 19, 2014

**Hales:** Please.

**Wood:** Just because you mentioned the code citation. The cap would apply for a Type A permit and the Type B permit. So, even if you're doing a conditional use for the Type B permit, the cap --

**Fritz:** You're so helpful, thank you very much. Yes, that was my intent.

**Fish:** Mayor, now it's been offered and seconded. Is this the time to have a Council discussion or did you want testimony and then Council discussion?

**Hales:** I think any questions or discussion about what's on the table would be perfectly appropriate right now, and then we will give people a chance to react to it when they speak.

**Fish:** Good. So, I have a couple of questions. I just want to better understand the approach. Under a 25% cap, if there are 100 units in the building, how many units would be eligible for short-term rental?

**Fritz:** 25.

**Fish:** OK. One of the examples that we looked at on the cap was Austin, Texas. And they're at 3% I think both on residential and multifamily. In your research -- any of the three panelists -- did you find other examples from other cities of caps and rationales for caps?

**Wood:** No, we didn't.

**Fish:** Is that because we're ahead of the curve in regulating or --

**Wood:** Yes, I would say so. I think in general, when we started looking into this, most jurisdictions had zoning codes where our traditional residential land is for residential uses, and then they have a whole bunch of exceptions. Some of them had bed and breakfast regulations adopted in the '80s, very much like we did. Most of those go through conditional uses. Ashland, for example, has toyed with their conditional use thresholds, but really for multi-dwelling zones is how they approached it. Austin was the only one that we found that had the 3%. And they had 3% in single dwelling maximum for the census tract, and then they applied that same number to multi-dwelling.

**Fritz:** If I might clarify in response to your previous question, Commissioner Fish. If it's 25 units out of the 100, each of those 25 can only rent out 25% of the time if they're one bedroom or studios, because they are required to be owner-occupied for 270 days of the year.

**Fish:** The second question I have is -- in one of our earlier hearings, there was some discussion maybe confusion about what state law mandated or didn't mandate in this area, and if you got above a certain threshold, it -- there were -- it might trigger code requirements that impact the building. So, a building has to be at a higher level of life safety above a certain threshold. Where do we stand on -- what's our understanding of state law and how it impacts this decision?

**Fritz:** We have BDS staff here, if you would like to have them up.

**Robinson:** We can actually invite BDS staff up now, if you'd like to discuss that.

**Hales:** Sure, come on up.

**Mike Liefeld, Bureau of Development Services:** Good afternoon. Mike Liefeld, BDS. We did have a lengthy discussion separate from the zoning code amendments which related to the building code and the change of occupancy that may or may not be required going from an R2 apartment dwelling to an R1, which is a building code occupancy for transient use less than 30 days -- hotels, motels. Our previous determinations indicated that a change of use would be required for adding short-term rentals. We have further -- I guess I should say that determination was made prior to Council adopting the limit of -- or the requirement that the resident occupy the unit for 270 days. And so, we have gone back to state of Oregon, asked them based on what has already been adopted, and talked about some potential caps that were going to be explored if they felt they could support our decision not to require a change of occupancy under those thresholds. And they have agreed with that interpretation. So, based on the proposal for a 25% cap in multifamily structures, a change of occupancy would not be required in those units.

November 19, 2014

**Fish:** In layman's terms, what's the significance of having an occupant for 270 days to the state's concern about life safety issues?

**Liefeld:** Well, I think it really gets to how they categorize the difference between an R2, which is a non-transient where the occupant predominantly occupies the unit for more than 30 days, and the transient use where the occupant predominantly does not occupy the unit for 30 days. I think the idea before when we interpreted the building code asked the state for clarifications, Council had not adopted that requirement. So, it was wide open. There was no requirement that a resident had to be there for any amount of time during a calendar year. And so, we were looking at it as a proposal for unlimited nightly rentals without a requirement that the resident occupy the space for any given time.

**Fish:** And do we now have an official ruling from the state? Or is this in the nature of an advisory opinion?

**Liefeld:** We have only recently made contact with them today, and it was -- I guess in the form of an advisory. It was a verbal advisor, but we have checked in with them. So, BDS feels this is good information to go on.

**Paul Scarlett, Director, Bureau of Development Services:** Paul Scarlett, BDS Director. So, yes, the state has deferred to us as city of Portland as a jurisdiction to administer, review, and possibly go in this direction. And in connection with what Mike said, it's deemed ancillary in that the predominant time that someone would be spending in such units would be by the renter. So, someone who is looking at a short-term rental situation would be somewhat subsequent. It's not looked at as a primary, more ancillary, and to that determination, they feel there's enough safeguards in place. So, those were some of the conversations with the state.

**Fish:** Paul, if we're satisfied that the state doesn't have an issue -- because that was hanging out there, we needed to make sure that it didn't trigger a change in use -- I guess my final question is, at what point does this allowed activity fundamentally change the character of a multifamily property? Most people who rent in multifamily do so because they're long-term renters, it's their primary residence, and they have an expectation of a certain level of privacy, safety, community. If up to 25% of the units can be rented out for short-term rentals, it strikes me at some point it's beginning to change the character of the building, putting aside rather it is sanctioned by the owner, homeowners association, or the landlord. Do you have any guidance for us on where that balance is?

**Scarlett:** I do believe some of that will be a factor of the market, and as you mentioned, maybe the landlords and the owners as to whether they would allow -- certainly this is new, and there will be some monitoring to see how many folks would take advantage of those opportunities or provisions. It's still being utilized as a multifamily dwelling, apartment. People are staying there whether it's 29 or 60 days. So, I don't know that the dynamics would change that much. There might be concerns around folks who you don't know, but the notification process and some of those things hopefully will help manage some of those concerns.

**Fish:** Thank you.

**Hales:** Other questions? Issues to raise with staff? So, if we're ready, I think we should take a roll call on putting this amendment on the table just so we know whether we want to keep considering it as we take testimony. So, let's do that, please.

**Roll on motion to put on table to increase cap on maximum number of ASTRs in multi-dwelling structures from 10% to 25%.**

**Novick:** Aye.

**Fritz:** Aye.

**Fish:** You know, I have a lot of concerns about this approach, and I realize we're operating in something of a vacuum, but given that this activity broadly is not allowed under the terms of most

November 19, 2014

leases, given that this is going to have a significant impact on tenants and the expectations that they have, and given that we're sort of -- in fairness -- making this up, I'm still not persuaded that a 25% cap is the right mix, although Commissioner Fritz and her staff have done a very thoughtful job this crafting this. So, I am going to demur for now and will listen to the testimony. No.

**Saltzman:** Aye.

**Hales:** Aye. OK. So that one is on the table. Let's take the next one, which I think you have ready, Commissioner Fritz.

**Fritz:** Actually, I would like to defer to Commissioner Fish because he has a fire, smoke detector amendment which I think properly goes before the one I have.

**Hales:** Ah, OK. Commissioner Fish, are you ready with this amendment?

**Fish:** A few of these smoke detectors went off last night at a forum that Commissioner Fritz and I attended.

**Hales:** [laughs] Just a reminder that they work, huh?

**Fish:** The amendment that we've drafted would require the property owner or property manager to self-certify that the bedrooms to be rented have the required smoke detectors and carbon monoxide alarms, rather than the renter.

**Fritz:** Second.

**Hales:** OK, so this is requiring that the person that verifies that that exists is the owner or property manager. Because in some cases, they're owner managed, and in other cases, there's a property management company involved.

**Fish:** Yeah, and we like the idea of self-certification, but we want to be sure that the person doing the self-certification has some kind of expertise and some kind of stake in making sure that this is done properly.

**Hales:** OK. Questions? Concerns about this one? Then a roll call vote to put that on the table.

**Roll on motion to put on table to require that the property owner or property manager, rather than the renter, self-certify that the bedrooms to be rented have the required smoke detectors and carbon monoxide alarms.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Hales:** OK. And now your next amendment, Commissioner Fritz.

**Fritz:** Good catch, Commissioner Fish. So, my next amendment is to clarify the smoke detector language as to the location of an interconnected system with an adjacent hallway, which is within the unit. This is 33.207.040 B 4B. And I'm not sure if I'm supposed to have another section as well, but if so, I'm sure Sandra will carry it over into the other section. And that is to say -- it currently says have a smoke detector that is interconnected with the smoke detector in an adjacent hallway. Add, that is in the adjacent unit. So, the point is that the smoke detector needs to be in the unit, not necessarily in the hallway.

**Hales:** But it's interconnected with the hallway.

**Fritz:** Right.

**Hales:** OK. That just goes into the code. That's again required and the property owner is going to be representing that that's the case when they file the application.

**Fritz:** Right. And my understanding is that in most rental agreements, the tenant certifies that they're not going to disconnect the smoke detectors from the batteries, etc.

**Fish:** Commissioner Fritz, is this 040 B4B or 040 Airbnb? I'm sorry --

**Hales:** I rule that out of order. [laughs]

**Fritz:** And it's only Wednesday.

**Hales:** Too early to be punchy.

November 19, 2014

**Novick:** Commissioner, a smoke detector that is interconnected with a smoke detector in an adjacent hallway that is in the dwelling unit. It occurs to me that phrasing kind of makes it seem like it is the hallway that is in the dwelling units. Maybe there is some punctuation to use to clarify.

**Fritz:** Yeah, I actually think it needs to go into a different point in the sentence. Perhaps Sandra can help us with that clarification.

**Hales:** So, the sense of this is there's a smoke detector in the unit, this is requiring that it is interconnected with one in the common hallway shared by that and others, right?

**Novick:** How about moving the phrase after the first detector. Have a smoke detector that is in the dwelling unit and that is interconnected with the smoke detector in the adjacent hallway.

**Fritz:** That makes sense. Thank you. So moved.

**Novick:** Second.

**Dingfelder:** Mr. Mayor, we have a clarification.

**Hales:** We have staff to assist here.

**Liefeld:** Just to clarify, the intent here is to ensure that if there is an apartment unit with one bedroom, two bedrooms, and a hallway within that unit, that's where the smoke detectors need to be interconnected. It's early detection. This clarification originally written was -- I think there was confusion that the language in the single-family zones was indicating that they had to be interconnected with the hallways of the apartment building, and this is still solely within the unit.

**Hales:** Within the unit.

**Liefeld:** Apartment buildings already have their own detection systems, so we're not asking --

**Fritz:** And there may be a hallway within the unit.

**Liefeld:** Correct.

**Hales:** Building code would already require that, then? The building code would require that there's a smoke detector in the hallway and that there's one in each bedroom?

**Liefeld:** Correct. Well, the new code would be --

**Novick:** My apologies.

**Fritz:** Un-amended.

**Hales:** As written.

**Novick:** Do we have to move [laughs] --

**Hales:** No. So, I will assume we are taking a roll call on putting that on the table as amended. Again, if we have language issues to work out, we will. But I think we now understand what the language if front of us means. Any further questions? Let's take a roll call on that.

**Roll on motion to put on table to clarify smoke detector language as to location of interconnected system with an adjacent hallway that is within the dwelling unit.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Hales:** Thank you.

**Fritz:** Thank you, Mayor. The next one is regarding having the property owner or property manager to sign the application.

**Hales:** Originally, it was just owner?

**Fritz:** Originally, it was the property owner, but sometimes it is the property manager who's in charge. The owner may be in Timbuktu or whatever. So, having the property owner or property manager in section 33.207.040C2.3 and whatever else it needs to be.

**Hales:** OK. Clear to me. Any questions?

**Novick:** Actually, Commissioner, I'm probably behind the times, but I remember hearing at some point an issue as to LLCs as to who the authorized signature is. Is that something that's not really an issue, and by saying property owner, that takes care of the LLCs?

**Fritz:** I believe so. And in that case, I would think it probably would be a property manager. Certainly, we're going to get expert testimony from our community folks who are here about that.

November 19, 2014

**Fish:** Just a question on notarization. Does a person who puts in a notarized statement where the signature is not authentic in some way -- so, there's a violation ever the notary provision -- does that give raise to a separate enforcement action independent as to whether there has been code compliance? Is there a sanction for having someone falsely notarize for purposes of our oversight? Or is it just making a defective application?

**Liefeld:** I think probably first just rescind the approval and basically state that the permit was issued in error.

**Fish:** Someone comes to you and says, I, Charlie Hales, did not sign this authorization. That's grounds for rescinding, right. But it might also be grounds to go after the notary, if the notary public notarized his signature.

**Dingfelder:** We also have our city attorney here.

**Fish:** OK. But it's grounds for rescinding if it turns out --

**Linly Rees, Deputy City Attorney:** I guess the question would be -- I mean, a notary is simply saying that the person sitting there in front of them is the person who's signing it. So, a notary is not going to verify that the person signing has authority on behalf of an LLC or actually is the property owner. I don't think there's probably a sanctionable offense against the notary in that case. I think, as Mike said, it would be whether or not they're able to keep their permit.

**Hales:** Our issue is, did we issue a permit to somebody authorized to ask for one?

**Liefeld:** Right.

**Hales:** OK. Clear enough? So, roll call on putting that amendment into the package or on the table.

**Moore-Love:** Who seconded it?

**Hales:** Steve, did you second that?

**Novick:** Yes.

**Roll on motion to put on table to allow the property owner or the property manager to sign the permit application.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Hales:** OK. I think we have one more.

**Fritz:** Yes, thank you. My final amendment is on the same section, and this is regarding homeowners associations. The city doesn't generally get into the private relationship between property owners and homeowners association. There's all kinds of archaic and other CC&Rs that the city doesn't get into enforcing. So, I'm proposing to take out the requirement to have the homeowners association sign off on this. It would be very difficult -- that would be even more difficult for a notary or somebody else to figure out what is the appropriate signatory to be signing on behalf of the homeowners association. I propose that we delete that requirement.

**Fish:** So -- [speaking simultaneously]

**Hales:** Go ahead.

**Fish:** Well, let's get a second.

**Hales:** I'll second that. Go ahead.

**Fish:** Commissioner Fritz, the homeowners association would typically arise in a condominium. Is that correct?

**Fritz:** It's my understanding.

**Fish:** And in a condominium, while you own your own unit, they are heavily prescribed in terms of what you can do outside of the unit in the common areas. So, is there a risk in eliminating the homeowners association that you're taking out the party that may be best-suited to know whether strictly speaking this is an allowable activity?

**Fritz:** It would still be the notification requirements. We don't enforce homeowner association's you can't paint your unit a particular color or you can't have flags outside of the window. We don't get involved in enforcing that. There's always a mechanism for the homeowners association to self-



November 19, 2014

police. So, I don't think there is that risk and I would really prefer not to have BDS to be in a position to try to adjudicate who's authorized to sign for the homeowners association.

**Fish:** Did we get testimony either way on this subject through your work groups? Was this an issue that came up one way or another?

**Scarlett:** [inaudible] Homeowners association --

**Hales:** For condominiums.

**Fish:** Oh, for condominiums. Well, it's a single dwelling within a condominium context.

**Robinson:** I think the main issue -- Matthew Robinson, Mayor's Office. I think the main issue that came up was around authorization for coming in and applying for the permit, and mainly the discussion we had was around property owners and building owners. We did not generally cover homeowners associations. As the mayor and Commissioner Fritz have said, the homeowners association may have their own remedy rights they can pursue if they feel there is a violation of the HOA.

**Fish:** Right. So, by removing this, who has to sign the form -- just so I'm clear?

**Fritz:** The resident, the operator, and the property owner.

**Fish:** And the operator is the -- ?

**Fritz:** Property manager, if one exists.

**Hales:** If there is one, right. OK. Not in the case of the condo, right?

**Wood:** Remember, last time you approved that a resident could hire a private property management company to come in and manage their rental units. So, the operator would be that company.

**Fritz:** Or the daughter can do it for mom.

**Wood:** Or the daughter, or whatever.

**Hales:** OK, that makes sense.

**Fritz:** Thank you.

**Fish:** I'm sorry, maybe it's just time of the day. The resident and the property owner in a condo context could be one in the same.

**Hales:** Yes.

**Fritz:** Right.

**Fish:** The operator would be his or her designee.

**Fritz:** Right. So, it could be just one person.

**Fish:** Right. So, that's the owner of the unit. So, we're treating the owner of a unit in a condo like the owner of a unit in a single family.

**Fritz:** Correct.

**Fish:** And whatever kerfuffle there is with the homeowners association is a separate manner that they need to enforce.

**Hales:** Through the homeowners association.

**Fish:** That's your intent.

**Fritz:** Correct.

**Fish:** OK.

**Hales:** Everybody clear on the intent of that? So then, a roll call to put that amendment on the table.

**Roll on motion to put on the table to delete for Homeowners Association to sign permit application.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Hales:** Unless there are any other amendments that I haven't heard about, we put those in front of us here so that people can respond to the proposed amendments as well as to the rest of the package.

November 19, 2014

**Fish:** Paul, can you stay here for one sec before we lose you? Because one of the issues that will probably come up in the course of the testimony is, what's been our current compliance rate for people filing under the single family? What if any, lessons do you derive from that compliance rate?

**Scarlett:** Certainly, the effort that went into it was great, and we did get a code adopted. But since - is it September 1st -- I believe the count is probably less than 30 that's been applied for, and, you know, that's pretty small relative to the number advertised. So, we're still administering the code and our program relative to what comes to us in the form of request for a permit. And if we get complaints on residents that have these situations, we will respond to those. But we're not proactively initiating enforcement activities about anything that we don't know about.

**Fish:** What's your guesstimate -- 30 is what percentage of the universe of single-family rentals?

**Scarlett:** Well, I believe the figure I saw is 1600. I don't know the breakdown between single-family residential, but 30 of 1600 -- I don't know what percentage that is. It is pretty small.

**Dingfelder:** And just to be clear, the 1600 is single and multifamily --

**Scarlett:** Yeah, I don't know the breakdown.

**Fish:** One of the things we'll be thinking about is, at what point in the process do we come back and evaluate certain things? Evaluate compliance rates, evaluate enforcement, evaluate impact on affordable housing stock? What is your sense of a reasonable ramp-up time to get people to comply with that requirement?

**Scarlett:** That's a good question. I really don't have a good answer. This is so new in terms of trying to implement a code to catch up with the practice or activity that's been ongoing for a number of years. And so I don't know the ratio of how long it would take for people -- with all of the outreach and the advertising we did around the adoption of the new code, you'd think there would be a higher percentage of applications being sought or submitted at this point, but I don't have an idea of how long it might take.

**Fish:** Thomas Lannom gives us predictions on compliance with taxes and fees, and he gives us projections and we come back and ask, what do we have to do to bump up the number? Do we need some kind of North Star to shoot for over the next six months so that we have a basis to come back and assess or do we need to keep that open, in your judgment?

**Scarlett:** I imagine we keep that open, unless we're going to change our policy about how we pursue enforcement activities. That's one trigger to increase the activity or permit application numbers. But short of that, I think we're looking at the market and see what's happening. The code is in place, it is allowed, you have to get the permit to legalize the unit.

**Hales:** The context I'd put that into -- and it would be good to hear from the community about this as well -- is that we rely on complaints to enforce a lot of things in the zoning code. We don't have zoning code -- we do have code compliance -- I'll get back to that -- code compliance inspectors, but we aren't out proactively looking for code zoning violations. We wait for complaints about that. An analogy that I might use as police commissioner is compliance with the law is an individual choice, and where we direct our enforcement efforts is a city choice. So, it is currently illegal to operate a motor vehicle while talking or texting. It's an individual choice to comply with that law. For us, we could decide to say, Portland Police Bureau, we want you to go out and start enforcing that particular law. It's a similar situation here. How important is compliance with this particular law? Don't confess guilt right here. [laughter] You would be the last person.

**Fish:** He's not allowed to [indistinguishable] -- he was doing a magic trick.

**Hales:** Yes, we know Commissioner Saltzman wants us to do that. It's the same thing here. Do we think this is a big enough problem that we would want to start ramping up enforcement down the line? I don't know.

November 19, 2014

**Fish:** Yeah. I follow the logic of that, and I guess the question I would have before this proceeding is over is, what level of noncompliance would trigger us in six months or a year to say there's something structurally wrong with what we've adopted? Just like if we learn that three-quarters of the restaurants weren't getting licenses for serving food or whatever. At what point will we say there's probably a structural problem in how we're going about it, and not rely just on the fact it is a complaint-driven system and we know there's widespread failure to comply, but so be it.

**Hales:** Other thing that a little time might get us is some comparison with what's being done in other cities. We're one of the first cities to deal with sharing economy in this format. We're also dealing with the questions of the sharing economy in the taxi cab regulation system. In both cases, if the municipality fails to act, the sharing economy might simply get around us as is already the case with short-term rentals. There are already thousands of people participating in these systems in Portland without the benefit of being able to do it legally. So, we'll be able to see how that's working out in Austin, in San Francisco, and in some other cities while we're seeing how our own code is working in practice.

**Fish:** And let me be clear, I'm probably in the camp that's less concerned about the revenue generation for the city. That's nice. In fact, as you know, I'd like to divert that money to another purpose. I'm more concerned about the health and safety of the person who is the guest. Because we are, in effect, by legalizing this, saying to the public there's an expectation of a certain baseline of health and safety. And if we know there is wholesale noncompliance and therefore a greater likelihood of a unit that is not safe, at some point, that is going to have a human consequence and we will have to account for it. That's how I look at it, not in trying to shut down an otherwise laudable activity.

**Fritz:** And one of the things by putting in the requirement to have the permit number posted, if we educate the buying public, they are then going to be looking for the ones that have the permits. But if we were to dedicate more general fund money to enforcement in Development Services, I would not choose to put it towards short-term rentals, it would be more in distressed properties and enhanced inspections in east Portland.

**Hales:** Yep. We just did.

**Fritz:** And yet, we need more.

**Dingfelder:** Mr. Mayor, Commissioner Fish, I want to make sure that the question that we deferred for Revenue gets addressed, and that's why Thomas is up here.

**Thomas Lannom, Bureau of Revenue and Financial Services:** Thomas Lannom, Revenue Division Director in the Bureau of Revenue and Financial Services. To answer your question -- from a tax perspective, we don't take a complaint-driven approach toward enforcement. We do actively try to enforce the tax code. It's very important for a range of reasons I probably don't need to list. So, as part of that enforcement, it is our intent to provide BDS with information as we have it in terms of host locations and that sort of thing. So, the compliance rate right now is probably closer to one percent. The 1600 locations -- that's just Airbnb, and they be in the ballpark of half of the market. So, the rest of the platforms that are offering locations are totally out there in the black right now, or mostly in the black. So, the approach basically around enforcement is to take a look at whether or not we should be amending the city code to require platforms that are advertising locations to provide us with host locations, host names, agents, that sort of thing.

**Fish:** And the reason we're not taking that up now is that they said they're not inclined to give us that information?

**Lannom:** We did send a letter in September requesting that information to be voluntarily tendered. And one of them -- correction, those that replied, replied that they did not want to provide that information.

November 19, 2014

**Fish:** So, it seems to me that there is a strong signal from this Council that we expect people to follow the law, now that the council is contemplating making it legal. And if at some point the compliance rate remains in the dismal single digits, we may have to take other action, including requiring that the information be furnished to us by these third parties. But that would require a code change.

**Lannom:** That's correct. And I'll take it a step further. I intend to recommend exactly that step to Council in the next few weeks.

**Fish:** OK.

**Hales:** Thank you. Other questions for staff? Alright. Thank you all. I'm sure we will have more later. Let's open the hearing and take public testimony. How many people do we have signed up?

**Moore-Love:** We have 28 people signed up. The first three, please come on up.

**Hales:** We're going to ask, because of the number of people, that you try to limit your testimony to two minutes if you could, please. That will give everyone here a chance to have their say. Go ahead, please. Welcome.

**Melissa Vollono:** Hi. My name is Melissa Vollono, and I'm branch organizer at Portland Socialist Alternative, as well as a resident of northeast Portland. We at Portland Socialist Alternative strongly oppose the amendment introduced by Mayor Hales. Allowing the owners of multifamily dwellings and condos to rent their property on a short-term basis will lead to a housing shortage for Portland residents. As the supply of affordable long-term housing decreases due to Airbnb, the cost of renting an apartment, condo, or home will rise, pricing out working-class people and leading to a decrease in the quality of life for permanent residents. We've seen the damage Airbnb has inflicted in San Francisco and New York City. Both cities, despite being popular tourist destinations, have seen their housing crisis worsen as a result of allowing Airbnb. Commissioner Fish has brought up questions about how this affected other cities. I will point you to a lawsuit by the rental corporation called HomeAway, Incorporated. They've sued the city of San Francisco for an injunction on the grounds that laws permitting Airbnb are discriminatory. You can find it on Google, the San Francisco Chronicle has written extensively about it. It's a very important factor to consider. In San Francisco, hotel unions, housing advocates, neighborhood associations, and even Senator Dianne Feinstein have all echoed the concerns that Airbnb is leading to a long-term housing crisis and a decrease in the quality of life for working class people. Mayor Hales continues to refer to Airbnb as a forerunner to a sharing economy. But what does sharing economy even mean? Sharing implies an equal distribution of goods. Sharing means the interest of the many is held in higher regard than the needs of the wealthy few. To imply a connection between Airbnb and long-term sustainability in the public interest is further indication that Mayor Hales is paying lip service to the needs of the working class people in Portland. What does it say about the priorities of the city government that instead of meeting the long-term housing needs of the citizens, the city is seeking to accommodate the short-term needs of those who have no stake in Portland's communities or future at all? We at Portland Socialist Alternative recognize the allure of providing short term housing options for travelers, and we agree that it is necessary. But those options should not come at the expense of present and future generations of working class Portlanders. A better solution is the owner/occupier only rule, ensuring the building owner lives onsite for all but 12 days a year. The ordinance as currently written is not in the interest of working class people. Housing our citizens should be a bigger priority than housing short-term visitors. Portland Socialist Alternative would also like to remind the council that there is no tourism industry in the city without working class people. We're talking about the service industry people, we're talking about musicians, we're talking about artists, we're talking about the people whose efforts and labor and talent and creativity make people want to come here in the first place. We demand an ordinance that reflects

November 19, 2014

the need of the people who built the tourism industry and on whose labor its long term vitality depends. Thank you.

**Hales:** I think you might have a misunderstanding that was here at the last hearing, too, which is the resident of the apartment is the one who decides to put their unit into the system. Not the owner by themselves, but the resident of the apartment says, I want to participate in this and get the owner's permission.

**Vollono:** Correct.

**Hales:** But the owner can't simply say, I want to take 10 of my units and make them short-term rentals. That's not an option that we're opening up with this code change?

**Vollono:** The question is, how long does the owner have to be on site?

**Hales:** The apartment renter --

**Vollono:** Like you were saying earlier -- I don't mean to interrupt, but you were saying earlier -- just so I can be clear -- there is I believe it was 260 days --

**Hales:** 270 days.

**Vollono:** So, that's the issue.

**Hales:** The resident of that apartment that wants to put their apartment into this system to earn extra money has to still live in that apartment at least 270 days of the year.

**Vollono:** That's the issue that we're in conflict over. That's where we think the problem will be. If someone is in for 270 days a year, that's almost 100 days when they can be away on vacation, out of state, etc. And what that will affect, as Commissioner Fish brought up, is the quality of the living situation of the community of people in the building and neighborhood, etc. If you have people on vacation, their priorities are much different than people who live there full-time. There's going to be an increase in alcohol use, an increase potentially in drug use. The priorities of people on vacation are different than the priorities of people that are not.

**Hales:** OK, just wanted to make sure you understood.

**Vollono:** I do, I understand. Thank you.

**Hales:** OK. Go ahead.

**Louis Cantor:** Louis Cantor. I'm here about safety. And Nick Fish made this very easy for me. There's three bits of information that are out there right now. One, the conformance to the existing regulations for single-family dwelling units is already ignored by apparently 99% of the users. Second, Airbnb doesn't verify that the units that they broker are licensed. Telephone requests from BDS -- as mentioned, requesting verifications have been ignored. I can make a side remark, such a request should be made in writing by the city attorney. Third -- and this gets to self-certifying -- I think that the proposed change would help. I was going to suggest that the check be made by a bonded inspector. When I bought my place, there were smoke detectors in every room. None of them were operating, the batteries were out. I think an inspector, whoever does it, should certify that they are operating. The passivity by the city with regard to licensing enforcement and the fire safety of multifamily dwelling units will likely put illegal rentals on steroids. Right now, the city is receiving more tax money from illegal units than they are from legal units. This information may not be of interest to a future lawyer or a judge, but it is a warning. I'm afraid the city of Portland is setting itself up to be the deep pockets in the event of a lawsuit and horrific fire that kills people. I don't think you want to have that as a heritage. So, I would say that the time for passivity is over now and you need to embrace your responsibility, require that the Airbnb and the rest of them only rent to licensed users. I mean, the dogs and cats are all out there loosed, and you got to put a number and an address on everyone one of them. This can be fixed. Thank you.

**Hales:** Thank you.

**Benjamin Pickering:** What's going on with building this thing. I always believe in stuff that is helping the community and everything and -- here in Portland, but the -- some friends talk about

November 19, 2014

the healing man sanctuary. That was some good stuff, the speeches talking about the motels and what they are going to make off of it and whatnot. I like the fact of coming up with solutions, hitting it when it is big, when everybody is all getting something off of it. Which is a community, and like fixing up the community, the best of the best. I like to have my input on some of this stuff. I don't know. It gets kind of interesting about some of the things. Where is this going to be? Where is it going to be built at? That is where I got lost. Where are they going to put this up at?

**Hales:** Anywhere in the city.

**Pickering:** Anywhere in the city?

**Hales:** Yeah.

**Pickering:** Is this like you rent a room or is it like you rent a bunk? How does that work?

**Hales:** A room.

**Pickering:** A room. What would something like that cost? I mean --

**Hales:** You can check it out on their website --

**Pickering:** In the city, but it is going to be like -- talking about the healing man sanctuary -- anyway, about making bungalows or just living situations for the people, and I like that idea that was brought up. That was pretty cool. Anyway, thank you.

**Hales:** Thank you. OK. Next three.

**David Owen:** Good afternoon, Commissioners. David Owen with Airbnb. I wanted to start by thanking your staffs, Mayor Hales, the folks from BDS, especially, and from Planning and Sustainability who put a significant amount of time into thinking through these issues and coming up once again with I think a thoughtful and balanced proposal. Certainly, one that reflects many different interests who participated in these discussions over the last now three or four months. And I wanted to just -- I think you've heard -- you're probably going to hear from a lot of folks today, and you may have some questions, so I won't take too much time other than to walk through the fact that I think that we're very happy to see this moving forward. I think it makes sense from our perspective to create a system to provide a lawful avenue for people in all types of housing. Because we know that it's occurring, we know this activity is occurring here in Portland. I think this proposal does a very good job of moving in that direction. And as we've seen with the last legislation which is now several months into operation, this is a first step and one that I think we all are going to keep an eye on. For us, this is as new as it for the city of Portland. This is something we all entered into this process -- now a couple of years ago -- talking about this together and look forward to continuing to work with the city. I know there has been a lot of discussion about the number of permits and the utilization or uptake process for folks applying. And wanted to make clear from our perspective that it is as important for us and our community that the program that you have created operate and operate well as it is for the city. And you know, we were asked by BDS to communicate with our hosts and to create a field in our website for permit numbers to be displayed, both of which we have done, and I think we will continue to do that and look forward to talking with your agency, Commissioner Fritz -- and I want to particularly thank you for the amount of time they have put into this and the amendments you brought forward today. I'm sure folks have questions. As I'm beeping, I will stop talking, but thank you very much.

**Hales:** Questions?

**Fish:** Thank you for joining us today. You said you've created a field on the website for the permit number. And yet, we heard earlier that as many as probably 99% of the eligible hosts have not yet had a chance to seek a permit. So, what do you view as the barrier to your hosts getting a permit as we require?

**Owen:** I certainly can't speak for all of our hosts. There are many of them here in Portland, and I encourage you to ask that question to some of the folks who might be speaking today. But from our perspective, I think education is the most important thing that we as a platform we can provide to

November 19, 2014

our users. We have millions of users around the world and hundreds of thousands of hosts. From our perspective, it is critical for us to provide education to our hosts. We do so in a variety of fashions, through emails, we have responsible hosting pages in many cities. We have one here in Portland that walks through the various steps and rules for compliance. And we can do more. I think we are very open to continuing discussions with BDS and with the city to understand from the city's perspective what may or may not be working so we can continue to do that.

**Fish:** In that spirit -- and I appreciate you committing to working with us on this -- why shouldn't the city just mandate that any posting on your website have a permit number, or enter in an agreement with you where they either have a permit number or they don't have the privilege of advertising on your website?

**Owen:** And my understanding of the ordinance as it currently stands requires that hosts or anybody who's advertising these short-term rentals in Portland list in advertisements that number. I think from our perspective, we want to be realistic and create a realistic expectation with the city about what we can do in terms of verification --

**Fish:** Hold on one second, I'm not suggesting that you verify anything. I'm just asking you what's the complication -- you've created a field on your website. We're not asking you to do any verification. We're just asking you to require that any of your hosts put the number on the advertisement that appears on your website which you control.

**Owen:** So, the question is, should we require that that field be filled out with some information?

**Fish:** That's a question for you and it's a question that we're going to grapple with, because Thomas Lannom is going to come to us with a requirement that we mandate that. So, ahead of that discussion, I'm asking you, what problems does that present for you for us to require that anybody to appears on your website has a permit number -- not asking you to verify whether they've done all of the paperwork correctly, but just post the permit number or they're not authorized to appear on your website?

**Owen:** From an engineering perspective, that's something that we certainly could do, and I can go back and talk with folks about doing that. I think what we are more interested in than just a requirement that people may or may not comply with is educating people so that that number of permits increases and continues to increase. I don't think there's any expectation on the city's part or ours that you would see 100% compliance very quickly. But I think we all expected that we would see a higher number of compliance, and we look forward to working with the city on that in the most appropriate ways possible, whether it's through the avenues that you're suggesting or continuing more education efforts -- probably some combination of all sorts of things.

**Fish:** One of the challenges we have is that while you're putting these ads on your website and collecting a fee and encouraging a transaction, we have a concern that people may not either be aware of our code requirements or may not be in compliance. And ultimately, the code issues that we care about ensure that the guest that your hosts host are safe. We're not trying to regulate you out of business. We just want to make sure that that experience -- and as someone also suggested, we may even have some liability if we set the standard and then don't enforce it. So, let's say six months from now we are at 2% compliance rate.

**Owen:** I hope that's not the case.

**Fish:** Pardon me?

**Owen:** I hope that's not the case.

**Fish:** Well, we'll have you back in six months and we'll figure out whatever the numbers are. But if we're in the dismal single digits, what would you glean from that?

**Owen:** I don't want to ponder a hypothetical about where we'll be in six months. I think what we can all do is our best efforts to making sure that that number continues to increase. As I said before, it is as much in our interest -- because Portland really was a trailblazer in this regulatory area -- to

November 19, 2014

ensure that this system is working for folks in our community and for the city. And if it's not, to take a hard look at what are serving as barriers for entry for hosts in our community. We certainly communicate with them, we've surveyed our hosts, and those are things we can do in the future to understand what those barriers might be -- what's preventing them and what concerns arise.

**Fish:** The last point I'll make is that Commissioner Fritz has a bureau that she leads that has limited staff, limited resources, and a complaint-driven process. And if they don't get a complaint, then they're not going to chase this issue. You're actually in a unique position. Because without your service, many of the hosts cannot advertise to the broader public. You regulate the host activity. You encourage ratings. You screen people. And you collect a fee for it. So, in some ways, you may be in the best position to help us enforce a reasonable requirement that people get a permit by simply saying that as a condition of appearing on your platform, the minimum they have to show is that they're in compliance with city law.

**Owen:** I just wanted to clarify a few points -- and I appreciate the point. I just wanted to clarify a few things I think I heard. In terms of regulation or screening, I think that our platform was built with the idea in mind -- similar to many other platforms in the sharing space, going all of the way back to eBay or platforms like that -- that our users and our community would reciprocally rate one another in order to provide valuable information to other consumers or members of our community. So, you know, in terms of creating a reasonable expectation in the 192 countries where hosts have chosen to list and share properties and their homes around the world, what we can do -- there's more that we can do, but I think the description that you provided isn't entirely accurate in terms of our degree of involvement. When the platform was founded, it was very passive. The notion was akin sort of to Craigslist. As we continued to grow and understand that we need to work more closely with cities and we need to partner with them, we became more involved and continue to do so. Our host guarantee is a good example of that. Building a customer experience, customer service function is another good example of taking a step further away from that initial approach to a very hands-off ecosystem on our platform. And you know, Portland is now an example of that, because our customer service function here in North America is based in Portland. But as we do that, I just want to create a realistic expectation. I think there's more that we can do to educate our community, and I'd like to continue to talk with your office about any or all of these ideas as we move forward so that in six months or 12 months we all feel -- we see a continued rise and perhaps a greater rise in the number of permits that have been applied for and obtained in Portland.

**Fish:** Thank you.

**Fritz:** Particularly in multifamily units, which is what we're considering today, there's definitely an incentive for Airbnb and other platforms to make sure that hosts know what their obligations are. We had testimony at the hearing in the summer about a Planning and Sustainability commissioner who was turned away from a building in Seattle because they didn't have the permission of the property manager or the owner. And clearly, you don't want that have happen on a regular basis, or nobody would continue to use your platform. I think that is obviously a built-in incentive for you. I very appreciate your willingness to work with Development Services and staff in my office, and in particular, your willingness to put out a survey both now and in a year. I know that was part of the discussions of allowing perhaps a little more flexibility on the number of units that would be set as the cap, to maybe expand the universe of those who might want to do it a little bit rather than for the whole 90 days, for example. So, perhaps this is a partial answer to Commissioner Fish, that survey, if you were to put one out in the next few weeks or so, you could ask your hosts, you know, what are the barriers to applying for a permit? How could we help? Just a suggestion. I appreciate your willingness to work with us and I think that the partnership approach is the best way to go. And in my experience, when people know what the rules are, most



November 19, 2014

people will be willing to comply as long as they're not particularly burdensome. So, thank you for working with us.

**Owen:** Sure. And on the issue of caps, I did want to clarify one point about Austin which I heard you discussing earlier. And just to note, Austin does have a density limitation. Those caps that you discussed. But those apply only to dedicated vacation rentals where there are no primary residents, so they have three tiers. If you are a primary resident sharing a home you live in, there are no density restrictions, they apply only to dedicated short term rentals. And they apply slightly differently if it's a single family home or multifamily building.

**Fritz:** How are the caps working out?

**Owen:** It's a good question. I'm not 100% familiar with the Austin example. I know they're looking at that now, they're actually going through a process in the near future, I believe. But my understanding is they were one of the first cities that looked at this, and HomeAway, which is another one where the platforms based in Austin. I know they were closely involved with that. And I know the representative was here at one of the previous hearings. You might want to reach out to him to find out more information.

**Fritz:** Thank you. And going back to that survey, I'm assuming you would be willing to work with Commissioner Saltzman as the Commissioner-in-Charge of Housing to decide what is in that so we can effectively gauge the impacts on long-term rentals?

**Owen:** Sure.

**Fritz:** Thank you.

**Fish:** Just prompted a related question. If I wanted to put my house on your website, do I have to fill out an application form?

**Owen:** There is a protocol for listing your unit. I'm not certain I understand the question.

**Fish:** What's the protocol?

**Owen:** I'd encourage you to try it out, even just to see -- [laughter]

**Fish:** What's the --

**Steve Unger:** I can tell you, because I've done that. You have to register as a user, and after you register as a user, which would qualify you to be a guest, you are given the option to list a property. And if you list a property, under the final field of other information, there's a place where it says, permit number. If you enter your permit number in that field, it will appear as the last item of the pricing section of your listing. If you do not enter a number, nothing appears in that space. So today, when you look at listings for Portland, you hardly ever see a permit number. But I have found one, and I know of two others where a permit number displays. That's how you do it. Register as a guest, add a listing, which allows you to become a host.

**Hales:** Thank you for doing that, Steve. That queues you up nicely.

**Unger:** I'm really glad David is here. I have about three questions I want to direct to him.

**Hales:** Just put your name on the record.

**Unger:** My name is Steve Unger, I run the Lion and the Rose bed and breakfast in Portland. And given the ordinance itself, I think that the number one improvement that would make it work better is to limit the number of host absent nights to 12 days a year. I don't know I was a socialist, but I guess I am. This is because the proximity of the contiguous units in short-term rentals and multifamily buildings is much closer than in single family homes -- a wall, rather than a yard. The close proximity greatly increases the impact on neighbors in contiguous units. And most problems, including security and other issues, can be avoided when the host is resident to supervise their property and their guests during the stay. And I think that 12 months a year, if they want to go on vacation or go to Seattle, you know, that's sufficient in a multifamily building. Now, we discussed the issue of the poor level of registration. And I do grant, you know, two months is sort of a beginning point and this may take a year or two years to see the full result. But here are some

November 19, 2014

suggestions that I would make. Five percent of the new revenue paid by the Airbnb and hotel tax should fund registration and enforcement -- outreach and enforcement activities by BDS and the Revenue department. Because there seems to be a complaint about lack of resources, and it seems like we're getting a bunch of extra money, and some slice of that could do that. To its credit, Airbnb has introduced the permit field. And now, either BDS or the Revenue department needs to use the contact host function in Airbnb to send emails to all listings who do not have a license number displayed. Now, I've tried that. And it works. You do have a register as an Airbnb account, but once you do, you can hit the contact button and send then an email. I don't think it is my job to do that, but I think if the Revenue department or BDS compliance did that, it would be pretty straightforward. The council should request that Airbnb send an email to the Portland community advising them of the new ordinance. Now, I've heard that an announcement was sent out. But I am a member of the Portland Airbnb community, and I don't remember getting an email that said, hey, guys, new ordinance, it's time for you to sign up. But you're willing to do that, right?

**Ilima Considine:** I did get one of those emails.

**Unger:** OK. Well, I didn't. Now, the city and Airbnb should work together as shared partners to set a date in time -- so this is what we've been talking about -- a date in time by which any listing in Portland not displaying a permit number would be removed. So, this sort of gets to the question of, well, should it be six months? Should it be a year? What happens if we get to the end of the year? But at some point, you could just say, OK, we've given it a year, this is well known, now we want this enforced. And the city should follow San Francisco in specifying fines for the first, second, third, fourth, and fifth violations. Another item is that when the tax collection announcement was made, it was a huge public announcement. And Airbnb has paid their third quarter of taxes, which is the busiest travel months in Portland. But when I went to the Revenue department to have them tell me how much Airbnb paid, I was told that was impossible. And the Portland Tribune went and asked, they were told it was impossible. So, they filed a Freedom of Information Act request. Would Airbnb be willing to volunteer a public statement about the amount of hotel tax Airbnb paid the city at the end of the third quarter?

**Hales:** OK, you get to testify but you don't get to cross-examine him. [laughter]

**Unger:** OK. I told you I had questions. So, the last thing is the compliance-driven issue. Compliance-driven enforcement is essentially unfair. In fact, that's the reason that we're having this discussion. Because two years ago, I think it was Robert Lowe [spelling?] came and talked about who was closed down in Laurelhurst, but everybody else wasn't. Compliance-driven closes down some people, and then people down the street aren't closed down. So, unless you philosophically believe that compliance-based enforcement is good -- and I strongly disagree -- you really need to have some level of proactive registration outreach and ultimately, compliance activities. I appreciate your consideration.

**Hales:** Thank you, Steve. Welcome.

**Considine:** My name is Ilima Considine, and I'm a touring musician and I sublet my home while I am on tour. It makes touring and maintaining a family financially feasible. Before I became aware of Airbnb, I would do short-term sublets on Craigslist. And honestly, this was pretty scary for both parties involved -- strangers on the internet with few ways of verifying each other, no insurance, and no infrastructure of safety. Airbnb makes me and my guests feel safe. It is common among my friends and I to travel semesters abroad, artist residencies, or just a couple of weeks learning about another part of the world. It makes sense in many ways to have someone stay in our homes while we are gone, and doing this is the safest and most comfortable way that I am aware of. I live in a multi-unit building of approximately 50 units, and I think it's entirely conceivable that I could go on tour maybe four times a year for two weeks, and that someone else's roommate might go backpacking in Thailand for a month, and then the old lady might go to the east coast for the birth

November 19, 2014

of her grandchild for a couple of weeks. All of these times, it is a help to be able to rent out our space in a safe and discreet manner. My house rules are strict. My neighbors have never been bothered. If permits are required, I don't think the fact that I applied first to be used a couple times a year should preclude my neighbor from making sure his rent is covered when he travels. I host many people, my huge extended Irish Catholic family, fellow musicians, actors in town for micro-budget indie films, and the occasional paying guest. And I feel as long as it is being done responsibly, the distinctions between all of these people in and out of my home should be at my discretion.

**Hales:** Thanks very much. Thank you all. Let's have the next three. Good afternoon. Welcome.

**Jessica Kimmet:** Hello, thanks for taking the time to listen to our testimonies. A little introduction.

My name is Jessica Kimmet, I am actually an Airbnb -- I rent a room in my apartment with my landlady's permission. I've been doing it for about a year and a half. I started doing it after my last roommate moved out and I am in my 30s and over roommates. Airbnb has really given me the ability to pay bills. I have an incredible amount of student debt. Yay, Master's degrees. And it has also actually brought a lot of people from around the world into my home for me to share with them, which I think is the goal of Airbnb, is to share your space. I am actually home 99% of the time. I don't let guests stay at my apartment when I am not there because I believe it is about sharing my space. I have people stay with me from China and from the Netherlands and I've had somebody from Argentina, and I share with them my local community. I just had somebody ask for the name of a dry cleaner who can do same-day service. And I said, yeah, around the corner. It gives a little more personal nature and it has allowed me to live a life that means that I might be able to get ahead. I would like to save money. I don't know if I'm ever going to buy a house. I don't know if that is in my cards. But I would like to not be in debt. And this is actually getting me more towards those goals. So, I thank you guys for considering making this legal for people like me in rental units. I do see it as an equity issue, because I can't keep up with homeowners.

**Fish:** Can I ask you a question?

**Kimmet:** Yes.

**Fish:** Because you are the first person who's testified before us that said they had the permission of the landlord.

**Kimmet:** Yes.

**Fish:** So that fits one criteria. Can you give us any guidance as to whether you think the registration requirement that leads to a permit is -- do we have it right or do you think it should be fine-tuned in some way?

**Kimmet:** I think you have it right. My only concern is that -- and the owner of the apartment or the condo, I believe, has a right to be involved, and that's why I asked my landlady first. I do worry with raising rents in Portland, that -- you know, say if I were new to this and I said to my landlady, I really want to do Airbnb and she's like, sure, but I'm going to charge you more rent to do it. And that's her right, but I do worry about increasing costs that way. But with that said, I still think it's right to ask the person that owns the building.

**Fish:** Are you OK with the registration requirement in getting a permit for that activity?

**Kimmet:** Yeah, yeah. I don't know that I agree with notifying all of my neighbors. I will do it if it's required. But I don't know who my neighbors are bringing in. I have a new neighbor who brought in a roommate, and he's loud. And I have no say in that. Most of my neighbors know that I'm doing it. I mean, it's really not that hard to find out. But it kind of branches that territory of like, yeah, so my mother stays with me for two weeks, what if they don't like her? You know. I guess I'm on the line with that one.

**Hales:** Thank you.

**Fritz:** They don't have to get permission, the just have to get notified.

November 19, 2014

**Kimmet:** Fair enough. Yeah. I just kind of feel like it's none of their business, but I see why other people see why it might be.

**Tyler Cox:** Hi. My name is Tyler Cox. I rent a two-bedroom apartment, and I'm in one bedroom 100% of the time and I rent out the other bedroom through Airbnb. I got involved with Airbnb and house sharing because my pet, my dog Yuki became ill and required many visits to the vet, and I had a lot of medical vet bills that stacked up and I didn't have a way to pay for those. A friend recommended I try Airbnb to pay for those bills. So for me, Airbnb has allowed me kind of an emergency fund to pay for emergency bills. And since resolution of that emergency, I have been able to save money because of Airbnb and house sharing. Now, I wanted to speak to some of the verifications that are on Airbnb. There are a number of verifications that you do to verify your identity. You verify your phone number, your email, and then a U.S. ID badge. I think for me, I did my passport, and they recommend that you do your passport. There are some verifications there as far as your identity goes. And then they do a reciprocal rating system and you choose who your guests are. If somebody does not look favorable or dependable, you do not choose that person as a guest.

**Fish:** Is reciprocal rating like the Yelp service online? I mean, is it people who stay with you and then go online and rate you?

**Cox:** Yeah, so, your guests are prompted several times with reminders to rate you. There's a rating system of, like, five stars in various categories of like cleanliness, communication, things like that, and then there's also a text box for you to leave your review as well as suggestions. And that's for the guest as well from the host. And also, Commissioner Fish, I had a question for you. I know I'm past my time. But I confused as to why codes in place that provide me as a primary resident for safety and health would not apply to somebody else in my second bedroom? Why would those codes that are there not apply to that person as well, whether they're a roommate subletting or an Airbnb guest?

**Fish:** That's a great question. The short answer is because it's a commercial activity, we're actually requiring different and higher standards of life safety than in just a residential, and there's some specific requirements that we're placing to make sure that you're safe in the same way that when we regulate hotels, motels, boarding houses, there's a different standard. Because they're not -- the law looks at it as a different activity. It's more of a commercial activity. So, we've been struggling to find that balance. I think it's an absolutely fair question. What I think you're saying is you wouldn't want to have someone in an apartment that you don't feel safe in, and you're living there. I think that is an entirely valid point, and we are trying to strike the right balance to make sure that your guest has the expectation of safety uniformly, not because of you necessarily -- you may be a responsible host. We want to make sure there isn't another host that maybe hasn't put a battery in a smoke detector, doesn't have an egress from the room they're renting, and maybe isn't as conscientious as you.

**Hales:** I hope I got this right, but my sense of these changes that we're making on smoke detectors and interconnection and those issues is that building code has evolved over time. And in effect, we're fast-forwarding to current regulations and saying, if you're going to participate in this program, you have to meet the latest and greatest code, not just the code that might have been in effect 10 years ago when you remodeled the house and got an inspection. I think I got the sense of that right. We're saying, whatever the current and highest and best level of the code is, that's what we have a right to expect in this situation.

**Cox:** Thank you.

**Hales:** Thank you. Welcome.

**Julius Wyllie:** Hi, I'm Dr. Julius Wyllie, I've been an immediate care physician in the Portland area for the last seven years. As you probably know, we have quite a little startup community in the

November 19, 2014

Portland area. And one thing, if you're thinking about doing a startup and you're working a regular job and pay off loans and stuff, is you find yourself pretty short on both time and money. Now, I have three physician friends who started up an immediate care clinic, and they chose to take out a big business loan, a very big business loan, and it ended up failing. And obviously, that was a very big deal for them. I'm a graduate of the Providence Family Medicine residency in Milwaukee, and I've been doing immediate care for the last seven years. And so, I just wanted to tell you about my entrepreneurial startup, and I've had two new customers in the last week, and how I used Airbnb to fund this startup. A few years ago, I noticed about a third of my patients would research their problem online before coming. Usually 20s and 30s, educated, some would take photos of their skin rashes and lesions. Also, lately, large employers in this region around America are having increasingly high deductible health care insurance plans that they're offering employees. So, that's \$1000 out of your pocket before your insurance kicks in. If it's an individual we do buy the bronze plan through the Affordable Care Act, that's \$5081 out of your pocket before insurance kicks in. So, I started TapCare. You can find it on Google. It's a service offering a virtual office visit with a health care professional -- right now, me -- and even treatment for customers using their mobile device. I've had two new customers in the last week. One was wife of a psychiatrist friend who had sinusitis. Another one was a partner of a close relative with back pain. So, to put it simply, if you have sinusitis you can see me in my clinic for \$200 or you can see me through video chat on TapCare for \$59. It's that simple. So, I've bootstrapped this almost entirely with Airbnb funds, guests paying \$90 a night in my two bedroom, two bath. I'm no longer doing that anymore, but the plan is to sell the place in the spring if this doesn't go through. I was also able to take a week in the middle of the winter and visit Hawaii. I want to put another take on this. That entrepreneurs really find Airbnb and other similar home sharing great for making money to fund their startups.

**Hales:** Thank you. Welcome. Go ahead, please.

**Sandy Myer:** Thank you. Thanks a lot for this is my second hearing that I have been to, and I love the way you guys are really taking everything into consideration.

**Hales:** Just give us your name for the record.

**Myer:** Sandy Myer. I got involved with Airbnb because I had some major doctor bills due to stress. I'm a realtor. And I thought, I have to find a new way. You know, with the economic downturn, my income kind of went away for about six months. So, I found myself in the emergency room with a heart problem. Airbnb for me serves so many purposes. One, it was a wonderful way to offer a service where you get immediate feedback, you're helping someone, they're helping me, and it helped me pay the bills. Somebody at the last hearing mentioned that we are ambassadors for Portland. That's one thing that I just wanted to emphasize, because I have that feeling every time that someone comes to visit and they just go, I loved it here. I think, what kind of an impression would they have of Portland if they had not stayed with someone from Portland? You know, it would be like, oh, they have, you know, some nice restaurants but oh, well, it's just like any other city. For me, it had an unexpected benefit which was hope. After the economic downturn, all the things that were going wrong with our economy, I had a tendency to maybe sit in front of the TV too much. And when I started Airbnb with people from all around the world, I realized that people are how I always used to believe they were. That most of us are pretty cool, and most of us are people you can deal with and appreciate. I definitely have that feeling. It's just renewed my faith in mankind, basically. Someone mentioned earlier about taking space away from people who need it. I might be a homeless person if I didn't have Airbnb. Not only that, but I'm a volunteer. I volunteer a great deal of my time, and I have taken homeless people into my home, and that actually was one reason why I like the flexibility of Airbnb, so that I can use it for the highest and best use. Not just to make money or not just to -- I don't know -- have new friends. I should say I live in Arbor Lodge and there's a baby boom there, so half of my guests are the grandparents who I believe

November 19, 2014

would not have come otherwise. They would either have had their kids and their grandchildren come visit them. It doesn't seem like we are taking any business away from people that would have had it, like the hotels. I can't see these grandparents going downtown and coming out here. I just think they would probably would have slept on the floor at their kids' house. And also, I'm better able to take care of my unit. I have a duplex and I have the unit next door. And I'm much happier with the way that I'm able to take care of my unit, because it's not two years before I discovered that they haven't been turning on a fan and there's mold or something. My neighbors aren't aware that there's anything different unless I tell them. And I guess I have to embrace the idea that I'm older than a lot of people, so I think it gives seniors and widows a great way to still feel relevant, to provide a service that many of us are so good at, hospitality, and to stay in our homes, which is the goal of everyone. Thank you.

**Hales:** Thank you.

**Fish:** Can I ask you a question? Because one of the purposes of the hearing today is to get feedback on the amendments. We've had a bunch of hearings on short term rentals and the benefits of that enterprise, but we're trying to also get focused testimony on the amendments before us. If you are required to get a permit, and if we require Airbnb puts your permit number on your ad, would that make it difficult or impossible for you to continue participating in this program?

**Myer:** Well, if you charge me \$100,000, then maybe. Otherwise, no, if it's reasonable. I don't have my permit yet because frankly it's just confusing to me where the dust is going to settle. So, I just thought, OK, I'll wait until it's all official and, you know, like you said, it is official but at least with Airbnb.

**Fish:** Mayor, I move an emergency clause today --

**Myer:** I didn't get it. [laughter]

**Hales:** Maybe go into effect right away.

**Fish:** I wanted to bring you the clarity you were seeking.

**Hales:** Thank you for your testimony.

**Myer:** Thank you. [laughs]

**Seumya Cromer:** Hi, my name is Seumya Cromer and I'm an Airbnb host. I will say I did register to pay my taxes on that unit immediately, but I do not have a permit yet, only because of procrastination. So, I would like to suggest to Airbnb that they send out a few more reminders. I also use Airbnb when I work abroad. In the past, I used Craigslist, which was very scary. So, I feel much more comfortable finding apartments -- I work in Paris -- finding apartments in Paris that are secured through the excellent system of security that is offered through Airbnb. I also think that it's a good idea for Portland to work with Airbnb the way you are, the way we are, because these services are going to exist one way or the other.

**Hales:** Thanks very much. I should say, merci.

**Audrey Romero:** My name is Audrey Romero. I'm a new host. I moved to Portland from New York, but I've been in Airbnb guest for the last almost three years. I traveled through Europe that way when I was able to, and also across the country. My whole family from New York went to my son's wedding that way because there was 25 of us and it was so much nicer. I was able to stay in Portland as an Airbnb guest for like seven weeks before my condo was ready out here, because I came here to retire and be near my daughter. So, to me, it's a great way to meet people. It's a great way as a senior citizen to stay involved with people and to see what's going on. It's a great way to be invited to other countries, because you get to meet people that have homes in Chile, and so I get a place to go and visit them. I also don't feel -- well I guess what I don't understand is that I will pay the \$100 permit because I'm new and I'm just starting as a host, giving back some of what I've received over the last three years as a guest, but I don't really understand how the \$100 permit is going to make my apartment any more safe than it is, because I already had it inspected. And there

November 19, 2014

are rentals across from me. I mean, I'm willing to, I just don't see how that makes it any safer. It's almost like we're accusing people that reside in Portland of not being decent hosts.

**Fish:** No, but in fairness -- because you're a transplant from New York -- you've come from one jurisdiction where it's not only illegal but the attorney general of the state is suing providers in court. So, the \$100 offsets some of the administrative costs we have incurred.

**Romero:** Like I said, I don't have a problem paying it, I just don't understand how it's going to make my guests any safer. My guests -- if they're anything like I was -- I chose. I could have afforded to go to a regular hotel someplace but I chose to travel this way as part of the intimacy of being involved in living with people that are part of the neighborhood, respect their neighborhood, and bring you around to different things in their neighborhood. So, to me it's just -- I don't understand the safety question about how that \$100 is going to help. I don't have a problem with paying it if it means -- actually, I don't know what it means. But I'll pay it, because I pay the taxes. I believe in taxes. That's what we get for having a civil society. I have no problem with that.

**Hales:** You should come tomorrow --

**Fish:** You just made Steve Novick's day -- [laughter]

**Novick:** Oliver Wendell Holmes is in the house -- [laughter]

**Fish:** Could you come on a weekly basis? Because you'll make Steve's week.

**Hales:** Thank you very much. We have a little tax question tomorrow afternoon, so we may have to put your testimony out there.

**Romero:** That's fine, I have no problem with it.

**Hales:** Thank you.

**Romero:** Anything else? Any questions for me?

**Hales:** No, thanks so much. Appreciate it.

**Fish:** We're glad you relocated from New York. There's a few others here.

**Hales:** Go ahead, Lightning. You're first.

**Lightning:** My name is Lightning, I represent Lightning Rethink Lab. As you know, I've had mixed feelings about Airbnb. But I will say one thing about Airbnb, I am impressed that you keep making adjustments and trying to make improvements. This is some very complicated thing to try to work out plain and simple. Now, one of the things on the multifamily -- I have an issue on that, but you are putting a cap on that, so that's looking good. Now, a couple issues I have again on the health and safety of the guests. I'm not really hearing any type of criminal background checks either on the host or the potential guest. As you know, you have more of a feeling of safety in apartment buildings because a lot of people have to go through those type of background checks. Now, we heard a guest say, well, I can look at somebody and that's how I make my determination. But as you know, in the real world that doesn't always work. So, I'd like to see maybe some more thought on some type of criminal background checks and whether the host likes this or not, even on the host and the potential guests. I would like to see that tied into the permit process because when you're talking safety, you don't want to be complacent on those type issues. Another issue I have is on the smoke alarms. I think there should also be an extinguisher put into place maybe in one of the rooms. That's not uncommon in apartment buildings, but we're not really hearing that happening. Because if a fire starts, let's try to put it out immediately, is the best thing to do. We're not hearing anything about extinguishers -- any discussions on that. I would like to maybe have something looked into that also. Another issue I have is on the insurance aspect of this. When you're applying for that permit, I'd like to see insurance policies already in place in the insurance company is aware on what your intent is, because that might not be covered under your current policy, especially in multifamily. Do I have more minutes?

**Hales:** Try to wrap up, please.

November 19, 2014

**Lightning:** OK. Other than that, again, Airbnb -- I was more against you at the beginning. I'm very impressed on the direction you're going now. I have a little problem, Mayor, at this time, with Uber. If we're talking shared economy, we need to start looking at all the different types of businesses and allow them to participate in the Portland market. Thank you.

**Hales:** Thank you. Good afternoon. Welcome.

**John Miller:** Hi, I'm John Miller with Oregon Opportunity Network. Oregon ON is an affordable housing association, and we have 17 affordable housing members here in the Portland area. Back in August, Oregon ON came before you and asked that the tax that is collected on this be directed to support affordable housing. We were told no on that, and so we want to just remind you that affordable housing is a huge issue that is facing this city, and it's growing every day. One of the things that we're really concerned about is that Airbnb might exacerbate the problem. Now, I did sit on the committee that took a look at the whole Airbnb for multifamily, and it was a very good process. We had a lot of really good things come out of that process. Some of the things that were recommended were that all units must have a primary occupant. All short-term rentals must have a permit displayed on the ad. In order to get a permit, the unit must be inspected for life safety issues. In order to get an inspection, you must have landlord permission. So, we had sort of built a structure that made sure the landlord knew what was going on and so forth. And I would add that because of the structure, my members would never allow this in their buildings because of federal rules. And so, with that structure in place, that would keep my members safe from falling out of compliance with federal rules. So, we were happy about the structure. What I see today, though, is a pretty weak structure in that while we're requiring folks to get a permit, earlier when the question was asked, what happens if the permit isn't there? Their response was, nothing. To me, that's not a very robust compliance mechanism. And so, while we're still collecting the tax from Airbnb directly on these, that's great and the revenue is coming into the city. What I'm concerned about is that if folks are doing this without a permit, it will have an effect on affordable housing. And so, I would really ask that in six months from now, we come back and take a look. And we want to look at how many folks actually have a permit and compare to the number of ads on the site. And also, really take a hard look at the effect this having on affordable housing in the city. If this is actually having a negative effect, I absolutely think those dollars need to be directed towards helping to solve the problem. Margaret Bax, who is the retired city housing policy manager, asked me to give a couple comments. She had to leave, she teaches over at Portland State. So, I'm just going to -- real quick. She actually wanted to echo the same comments that I just made, that these funds should be directed towards the HIF, the Housing Investment Fund, and they should be used for operating expenses, for rent subsidies, and to pay for cost of the analysis to see what kind of impact this is actually having on affordable housing in the city.

**Hales:** Thank you.

**Fish:** John, if I could. Number one, two members of Council thought taking the revenue and put it in the HIF was a good idea. Three expressed principled opposition based on one of two arguments. One, the timing of the ask outside the normal annual budget cycle; and two, the question of whether we would dedicate revenue for a particular purpose. Both are issues that are live and that we confront regularly. My sense from that debate was that the preference of the council was to have that discussion at the normal budget cycle as an appropriation for the HIF. So, it will be brought back for that purpose. Second though, you raise an interesting question about how we evaluate the impact on affordable housing. We should put money into a study. But could you give us a preliminary thought about how we get past anecdotal evidence to something more concrete? Because we hear from Community Alliance of Tenants, people say they lost their lease. That's in the nature of anecdotal. How do we drill down and get some good data upon which the council could act six months from now or a year from now?



November 19, 2014

**Miller:** That's a great question. It's hard to say going beyond anecdotal at this point. Earlier, David mentioned he wasn't sure how they could require the permit. Well, it's really simple. You make the permit field required. So, if the city were really to compel every user to get a permit, and every single user attested that they were the primary occupant of the unit, then presumably anyone that's participating in Airbnb under that structure -- I should say short-term rental, I know it's more than Airbnb -- is not taking a unit off the market. So, I would think for one thing, compliance is just really, really important. Another issue would be public education. So, making sure that we have a real robust education program for not only the folks that want to participate in the program, but for all people that rent in the city and all people that are living in the city, actually. So now that it's legal, we need to explain what the rules are. If we're going to stick with a complaint-driven process, then folks need to understand, how do I complain? Who do I complain to? And so forth. So, I think there needs to be a really robust education and outreach program that goes along with this. I think from the complaint process that we're going to have in place and ensuring that people are actually getting permits in order to do this, then we should be able to measure, OK, what kind of impact is this having on affordable housing? Our hope is that it's not going to have a huge impact if the rules are followed closely. So, I think the key is making sure the rules are followed closely.

**Fish:** Thank you.

**Hales:** You know, maybe one thing you could maybe do through your organization is think a bit -- talk among yourselves, as they say -- about what might constitute a helpful economic analysis. Because we're not just looking at this in a vacuum. So, if there's a pool -- and there is, about 80,000 rental units in the city -- we're talking about 1500 currently registered, 1500 hosts currently registered on Airbnb. If those fall out in the same proportions as single family, multifamily, we have roughly 500 multifamily units participating in that particular sharing site. We will construct about 5000 new multifamily units this year in the city of Portland. So, we've got a pool, someone is taking a cupful out, and someone else is dumping five gallons in. I want us to look at all those factors when we analyze the not just theoretical impact, but actual impact of this sharing economy effect on the housing market. Because it's not a static thing. We are building 5000 units. Is that raising the average price or lowering it? That's what economists are for. So, I would like to us look at all those factors in an honest economic analysis rather than just focusing on the cupful of that is in this debate.

**Fish:** Mayor, just one qualification on that is the overwhelming majority of the new inventory is market rate. And it's unaffordable to about 20,000 households. So, John's industry is more concerned about people that are priced out of the market. And the concern I have is that room in the house that someone is renting at a reasonable rate, the roommate and other things, those are the people that if they are displaced don't have access to that market rate units being built. And unfortunately, for whatever reason, our incentive plan to put affordable units in the market rate housing have failed.

**Hales:** Well, I think thanks in part to this City Council, about 2000 of those 5000 units are affordable. So, we're adding units to the inventory in one way or another, and we're subtracting units from the inventory in others. Any economic analysis has got to look at both of those input and output. So, our thoughts about how to do that technically in a way that's useful --

**Fish:** Well actually, Mayor, it's a lot more complicated because we're losing units because we're not enforcing our no net loss policy. I appreciate the macro view, but I don't want the macro view to obscure the issue he's raising, which is affordable housing for people that are priced out of the market. And we're rolling the dice here. We're monetizing rental property, and we're creating a new market dynamic in a city that doesn't have rent control, doesn't have rent stabilization, and can't keep up with the need for people priced out of the market. So, it doesn't mean we shouldn't

November 19, 2014

do it. But it does I think strengthen the argument that we ought to use some of the proceeds or other resources to mitigate the impact. To define the impact, though, isn't in my view isn't looking at market rate housing. We've got lots of market rate housing that's unaffordable to lots of people. It's the affordable stuff -- even up to 60% -- and for some people, that room in the house and the roommate arrangement is the affordable housing. And if this displaced, they're not going out and renting a \$2000 one bedroom apartment. They're priced out.

**Fritz:** In order to -- if I might just follow that point -- in order to know -- to be able to mitigate any impact, we need to know what that impact is. That's why partnering with Airbnb to get that summary data to start off with, protecting the host so that they are not making themselves vulnerable as to whether they got permits or not. At this point, we want to know what they're doing. It seems likely to me -- and we'll find out from that survey -- these are probably not folks that would be renting out that extra room long term, that they're doing it on a temporary basis and therefore potentially freeing up. We don't know until we get that information. I think that's what's particularly important to get that partnership, going so we get that baseline data now. Then we can come back next year with the report that we required in September of 2016. I'm looking at Sandra - - would we also be requiring that report to include this section of multifamily rentals in 2016? So, that would be part of that previous motion. That's where we really start grappling with what's happening, what we need to do about it.

**Novick:** Mr. Miller, my biggest concern about affordability has been that I'm worried that landlords might start jacking up rents across the board because they assume their tenants can make a bunch of money renting out their places. And it seems to me that having this 25% cap should actually create a sort of laboratory for us where we can look at whether landlords are jacking up the rents in those units where they authorized short-term rentals. I mean, that's something we can track. I actually agree with Commissioner Fish, I think we are rolling the dice. But in my mind at least, these are dice that could be unrolled. If we do this for a year or two and there's a bunch of evidence that actually this is having an effect on affordability across the board, then I don't have a problem saying we should stop this. Now, somebody has opened the question of, where do we get the enforcement resources to stop it? But in my mind we are rolling the dice, but they could be unrolled.

**Fish:** That's a first, Steve. We've had un-ringing the bell? [laughter]

**Lightning:** If I might say something real fast that's being over looked here? All the amount of money that's coming in by Airbnb from other areas, those people are coming in here and paying for a unit also go out to the local community and pay a tremendous amount of money to those businesses where their gross income will be going up and that tax revenue will be going back into the communities. And we have to factor that in. You need to look at that, because you're not doing a monthly basis, you're going day by day. The income will be tremendous to this city. Yes, there have to be adjustments on affordable housing taken into consideration, but there will be a tremendous amount more coming into local communities.

**Fish:** Lightning, I totally agree with that. And one other piece on your side of the ledger is the compelling testimony we've had from people that have lost their jobs or had a bump in the road. And but for this program, they would be displaced from their apartment and potentially put at risk of being homeless or housing insecure. So, there is that other side of the ledger. I agree with the mayor, we have to look at this holistically. I just want to make sure that we're focused on inventory that's affordable, not what's largely being built by the market right now, which is housing that's market rate. Which is great, but it's beyond the reach of a lot of people that are looking for affordable housing.

**Hales:** Fair enough.

November 19, 2014

**Miller:** Just to put a cap on all that, we'll go ahead and have a conversation with our members about that, and also we'll talk with Traci Manning of the Portland Housing Bureau about how she would like to measure that.

**Hales:** Yes, please. I'd like your counsel about how to do that, thank you. Welcome.

**Peter Ovington:** Hi, good afternoon. I'm Peter Ovington, I've been a resident of Portland for 15 years, and I've lived in the King neighborhood in northeast in a condominium for about the last seven years. I support the mayor's proposal and Commissioner Fritz' amendment number one to increase the cap on number of units from 10% to 25%, especially since again not all 25% would be home sharing at the same time. I own a unit in a one-story courtyard condominium building with a total of 12 units. Mine is one of two end units, so it's ground floor with obvious visible exits outside for life safety. This past summer, as we you taking up this issue, I delisted my condo through Airbnb to wait to see what the city decides. But when it was listed, I insisted my guests use my private backyard entrance, and I did this to avoid exposing my neighbors to additional foot traffic through the shared courtyard so they wouldn't be exposed to folks they don't know. I wanted to mention quickly the primary residence requirement of nine months per year. I feel that conversation started at maybe a six-month requirement, and now it's at nine months, and now there's talk of changing it to a maximum of 12 days per year that a space could be shared. I'm not in favor of something that confining. Lastly, it's great that the city is taking this up, and I think that's the important first step. But it's homeowners associations that are the real place of next decision making for homeowners like me. There's still that layer, but at least what you're considering here today creates the space for HOAs like mine to have the conversation. So, I appreciate it.

**Hales:** Thank you very much. Thank you all.

**Justin Buri:** [indistinguishable] -- had to step out. If I can incorporate her testimony into mine, it would be much appreciated. Greetings, City Council. My name is Justin Buri, I'm the deputy director with the Community Alliance of Tenants, Oregon's only grassroots renters' rights organization, and about 2000 members strong. We were grateful to provide a renters perspective in the mayor's work group over the summer regarding short-term rentals in multifamily housing. We Portlanders love sharing the city with travelers. I think we all envision a sharing economy where we can welcome people into our homes with good will and warm welcome. What concerns us is recent trends in new regulations regarding short-term housing can hurt the housing stability and affordability of Portland's thousands of tenants. We worry that short-term rentals seem to be more beneficial to people with higher and middle incomes, be they hosts or guests, while tenants of lower incomes will bear a higher burden of costs and consequences. If equity is the goal for this Council, then we must work together to ensure that all Portlanders are protected and thrive. First, we believe that there needs to be a robust effort to educate our community about these new regulations, and we need the funding to do so. We believe that the home sharing platforms themselves have the responsibility to have a clear and accessible resource page on their websites that is also integrated into the signup process for hosts. I will say that rarely do you see tenants groups and landlords groups coming together and being on the same page. And this is a group where our group and Gwenn's and Deborah's groups have found a lot of common ground on this issue. And so we really want to make sure that the residents and business owners that are here are supportive of this. Regarding the enforcement, CAT has been engaged with neighborhood inspections teams for many years in order to improve the livability of rental housing, and we've learned that a purely complaint-based model of code enforcement has challenges and gaps. We support robust monitoring of short-term rentals, which would include an easy way to match and verify an online profile with the required registration rentals. I do appreciate Commissioner Fish's recommendation that a listing without a number would not be shown. [beeping] We want there to

November 19, 2014

be funds available for the monitoring of this registration without jeopardizing any funds for enhanced inspections in east Portland, of course. We also want fines. I don't see any damages in terms of the proposed legislation, so if there is an out of compliance, what are the fines that hosts would have to pay if they are out of compliance, and is it high enough to incentivize people to actually register? What responsibilities do platforms such as Airbnb have when they're profiting off of rentals that are not actually registered or legal with the city? Also, in relation to affordability, there has been much discussion but very little empirical research or data around the impacts on affordability. Renters face substantial rent increases throughout Portland, especially in amenity-rich neighborhoods, like inner neighborhoods where short-term rentals may be more popular. So, it might not be across the whole city. But for areas that are undergoing gentrification or have experienced gentrification, will short-term rentals exacerbate that and further segregate our city on racial and socioeconomic lines? Because it might be targeted specifically in certain areas and not in others. So, we want to see more data. The survey sounds good. I haven't seen the survey, but if there was a required survey every couple of years with the hosts to say how else this unit would be occupied would be really helpful for us to see what kind of impacts on the vacancy rate and affordability might be going forward, and make sure that all is compliance. I think residence requirement is crucial, but how do we regulate that? It is a really tough question. How you monitor folks to see if they're there 270 days out of the year and not vacating the unit or just claiming residency is a really important issue. On the last point, we have received calls from tenants on the renters rights hotline that have experienced harassment or evictions related to Airbnb and short-term rentals. And so, there are a number of reasons why tenants are harassed and evicted, because there is a lack of robust protections. And so this could be adding one more reason for a tenant to face instability and vulnerability in their home. We would like to see in the registration process even just a signed statement as the host that says, I haven't harassed or evicted a tenant in the past year to prepare this unit for a short-term rental. Just so they state it and they can be held against it if that was not the case. In closing, we do see this as primarily as an equity issue. Portland is an innovative city, which is why Airbnb chose us for a headquarters. But if we can benefit from the innovative new platforms that let us share all the things we love about our city, we must also innovate and create good creative policies to protect our most vulnerable. We must share better. Thank you.

**Hales:** Thank you. Ms. Baldwin, welcome. Welcome.

**Gwenn Baldwin:** Thank you. Good afternoon -- I think maybe close to evening -- Mayor Hales and Commissioners. My name is Gwenn Baldwin and I'm here on behalf of Multifamily NW. Deborah Imse regrets she was not able to be here today, but she was called away. As we testified in July when Council considered short-term rentals on single family structures, Multifamily NW provides a standard lease agreement to its members that specifically prohibit short-term rentals. It's clear that Council be really clear today as part of the education piece that nothing in this code supersedes or trumps the lease agreement, which I know you said before. It really bears repeating because it does not often translate beyond these chambers. Obviously, we will also do our part to do that education as well. The base proposal requires notarized signature of the multifamily owner on the permit application, and we strongly support this aspect of it. We appreciate the fact that it's being added to the single family rentals, which was not the case when that piece was considered this summer. But it's really, really critical that any notarized signature is checked against the owner of record for the property. As was noted earlier, notarization simply says the person is the one with the ID, not that they have in relationship or bearing to the property necessarily. It's also critical that BDS confirms that any signature on behalf of an LLC or other partnership with multiple owners is from the member with authority to enter into obligations. That is not everybody. And so, we are not actually supportive of the amendment that would allow property managers to act on behalf of an

November 19, 2014

owner, as property management staff very widely in terms of their training and authority to act on behalf of the owner. If you're looking for an alternative for an out of state or multi-owner, authorized agent is the right term to use. That way, the signature has to be able to attest that they are the authorized agent to serve as an alternative. On-site property manager not at all capable of doing that. We do support the amendment to require that owners or property managers certify their functioning and interconnected carbon monoxide and smoke detectors in the unit. This is an area where the property manager is trained to be able to certify that. Those rules are so important, they're governed by state law. We as the owners are responsible under state law for that. In fact, one of the biggest problems we have in multifamily housing is residents who may tamper or disable smoke detectors or carbon monoxide detectors. So, this way, we can be doubly assured that everything is functioning, and that protects everybody, especially other residents in the building. We are not able to support the raising of the cap. We appreciate the thinking into this and the consideration of sort of the math, but we do think that there is exposure to an owner around the triggering of the R1 rules. There are one bedrooms where the host does use the pull-out couch. I have friends, in fact, who are such owners. There are folks who have two bedrooms, and they do consistently use that second bedroom to rent out under Airbnb. And I think the 25% puts at risk whether this is truly an accessory use, and that was the issue we've been discussing for months. Again, if there is a way to have further conversation about this, we are always willing to have further conversation. Finally, to echo Justin's point, there's nothing in the proposal that compels the resident or operator or hosting platform to have the permit actually get pulled and completed. The only direct impact to a permit holder from a code violation where the permit holder didn't, for example, get a permit, is that they're not allowed to get a permit for two years. And that doesn't seem like much of an impact to that person. In fact, the only penalty within current code is applied to the property owner. That code -- any kind of code -- allows for an owner to have a lien or fine placed against the property. So, the city not intentionally but effectively is forcing the property owners to use their lease agreement and eviction notices as the only enforcement for residents not complying with the city permit. And it seems there really has to be a better way to consider and adopt meaningful enforcement mechanisms that will directly engage the permit holder or the hosting platform in getting those permits done.

**Novick:** Ms. Baldwin, I think that's absolutely right. And I don't know if we can do it today, but I think that we need to take steps to ensure that if it's the renter that is the host, then if they not doing things wrong, the penalties should not apply to them. That's something we're not going to forget.

**Baldwin:** Thank you.

**Fish:** Gwenn, we had a couple of questions that came up during the hearing, and you're the closest thing we have to an expert in multifamily side. So, if you don't mind, let me throw a few questions at you. And if you don't know, maybe you can get back to us.

**Baldwin:** Of course.

**Fish:** One question was about insurance that applies to the guest. And having once purchased renter's insurance for an apartment to cover my belongings, I'm somewhat familiar. But what is the legal landscape? What is the insurance that applies if a renter essentially participates in this system and rents out one of their units? Who provides the insurance for the guest?

**Baldwin:** Well, Commissioner Fish, that's actually quite uncertain at this point. We do have members of our association who are in the insurance business. Affiliates and such. And the renter's insurance around property or liability is specific to the renter who pulls that insurance policy. So, it would not apply to --

**Fish:** I'm assuming its renter and authorized guest. The renter has someone over for dinner and the person slips in the bathroom, I assume that person is covered.

November 19, 2014

**Baldwin:** In Airbnb, a guest is not the same as a guest under landlord-tenant law and under current insurance policies.

**Fish:** OK.

**Baldwin:** It doesn't mean they wouldn't create it. The insurance industry is obviously very nimble, if it sees a market, they may very well create one. But the renter's insurance wouldn't necessarily cover a sublet, because that's often prohibited not only by the lease but by the terms. And the host guarantee, which Airbnb afterwards to its host -- and as you know, I am a host on a property outside the city limits -- so I read that part with great interest when I was going to be having my property under rent. It also is not clear that that would apply in a multifamily structure or to other residents in a multifamily structure if, for example, an Airbnb tipped over a candle and there was damage to that unit and several units nearby. Those other renters would not be covered by that host guarantee. They would have to come to a renter's insurance and apply that way.

**Fish:** To me, this is a fairly important question for which I think we'll want a little more specificity. If I'm traveling and stay at a Holiday Inn and I have an accident in the bathroom, I bring a claim against Holiday Inn. They may have limits on what my recovery is, there may be things I've signed away when I entered into the agreement, but my assumption is I'm going to be covered by someone. If I'm a guest, presumably, and something happens -- and this must happen nationally, there must be some data on this -- I'm going to bring a claim against the host. If the host doesn't have insurance or resources, I'm presumably going to go against the landlord. If the landlord doesn't have anything, I may go against the city claiming the city was negligent somehow.

**Baldwin:** Even if the landlord had insurance, we're reasonably confident it would not apply because this is a sublet situation, and most insurances don't allow for sublets.

**Fish:** Could you follow up with us on that?

**Baldwin:** Happy to.

**Fish:** I think it's important one. Commissioner Novick raised a concern that there may be landlords willing to waive or modify the no sublet or no commercial activity or whatever prohibition that's in every standard lease provided they got either a piece of the action or raised the rent on the renter. Is that a likely -- is that an option which your members may consider renegotiating the rental agreement to somehow share in the upside?

**Baldwin:** Again, our standard lease prohibits subletting, commercial activity, and specifically, short-term rentals. Again, it's not anything that any of our members or any other people who use our standard lease are allowing. So, it's a little bit of a hypothetical. I would say that if there's additional wear and tear to the unit because of a particular practice, that might warrant some additional increase. But it would have to be reasonable and defensible, or else my good friend Justin will be seeing me across the table.

**Buri:** I would like to address that as well. What we fear is that landlords would proactively raise the rent and say, "hey look, this is a marketable unit, all you have to do is rent it out this many times a year to make this increased amount of rent workable" prior to the tenancy. So, they might be building it into their rent from the outset and then the tenant is in this position of trying to make up for it by maybe going out of their way where they normally wouldn't to have to make up for it by renting out more than they want to.

**Fish:** I think it's clear we're changing the market for a certain commodity and we're not quite sure what the impact is. There's a whole bunch of things that we're going to evaluate. Gwenn, let me push back on your recommendation of having an authorized agent. Because one of the things we're trying to do is get Commissioner Fritz and the Bureau of Development Services out of being the referee in a lot of different aspects here. I understand why your position would be, make sure it's an authorized agent, but can't your industry simply educate property managers that they're not

November 19, 2014

authorized to consent unless they go through a process and doesn't that solve it at your end without putting us in the middle of that?

**Baldwin:** Commissioner Fish, I don't know that this would put BDS in the middle of it other than I hope they would check against the owner of record so that someone doesn't say, hi, I'm John Doe and I'm the owner. Authorized agent is simply I think a reinforcement on the application to the person who is signing that they have to be -- it doesn't require BDS to --

**Fish:** It's a line that says I am authorized.

**Baldwin:** Yeah.

**Fish:** OK. I'm sorry, because I was reading it more like it's another check that they would have to do.

**Baldwin:** No.

**Fish:** You're saying it's just a disclosure.

**Baldwin:** Yes.

**Fish:** That makes sense.

**Hales:** OK. Other questions for these folks? Thank you.

**Buri:** I forgot to mention, because it's new -- we just learned about it today -- we support the 10% cap, but not the 25% cap.

**Hales:** OK, thank you. Thanks. We have some other folks that are going to speak?

**Moore-Love:** The last three who signed up.

**Hales:** Are you here? Come on up.

**Moore-Love:** Mr. Entwistle wishes to speak also.

**Hales:** Come on up. Yeah, I want to call the staff back up on that and a couple other questions. Come on up.

**Steven Entwistle, Sr.:** Good afternoon, my name is Steven Entwistle, Sr., for the record. Subsidized public housing -- people that are living in subsidized housing right now, a lot of the subsidized housing is not really -- I don't even consider it housing. I would consider it temporary shelter. And there's a lot of people that want to get out of that housing. They're trying to get jobs to get out of that housing. And if the rents are going to -- they're already too high for people to get out. They're stuck, and they're only going to go up higher. I see this -- this is not an economic downturn that we live in. This is a depression, especially for those that don't have jobs. And for those who don't have jobs and are living in public housing and barely making it, they don't really have a lot of rights. People can just walk over them. Businesses can be noisy all night. Complaints are ignored. And that's a fact. To wait for the federal government to help with homeless issues when on your watch there's 115 that we know of right now that have jumped off of bridges -- apparently this Council and this government here doesn't really talk about that very much. It doesn't worry about it. What I want to do is I want to suggest the externalities -- if I could have a few more seconds -- the externalities nationals that happen from all these rental units, people coming from different countries of the world with their money, spending it all around the city, all the little shops. All the stores. They are going to get influxed with money, with cash, big time. The more this thing grows, the more that's going to grow. I think you guys know that. What I would like to see is that the city can do something innovative. Instead of ignoring homeless issues and homeless problems, instead of using the hammer to deal with it, why don't we use some of these funds that are going to be subsidizing -- we need help in this area. We're not getting any help. I just would like to consider, you know, unless you want to see more people jumping off of bridges in the next few years. This is a real serious issue. A friend of mine last night -- his brother jumped off a bridge. He's done. I've been working with him trying to counsel with him. And here's others, too. But anyway, I won't take up more time. Thank you.

**Hales:** Thank you. Welcome.

November 19, 2014

**John Brenner:** I'm John Brenner, I'm an Airbnb host and guess. I live quite close to the Lion and Rose in inner northeast. I have a four unit condo. It has two possible rooms in addition to what I as owner, operator, and resident are available. One goes to a roommate and the other is available for my personal guests and for Airbnb guests. So, I manage my Airbnb calendar based on my friends coming into town. The condo building does not have a shared opening. Each of the units in the condo have their own address and own separate front door. The day I got the email from Airbnb, I was on the site and quickly saw that I did not comply with regulations because this issue had not been addressed yet. So, I don't have a permit for that reason and would very much like to get one. I don't know what the cost of retrofitting an Edwardian house for the fire alarm tie-in is going to be. But I don't have any statistics in temperatures of how much I rent and how much I bring in but, I know that that initial retrofit is going to be a sizable percentage of what I bring in every year. The next point I want to address is that even though I'm going through a financial pinch now, I am gone two to three months a year in Portland, seeking better weather during the winter months. Yet, this is my primary residence and I want to be able to rent it out. I do not rent my house when I'm not there. It may be that I leave on the last day of a guest's stay, but it's my house, and I'm not sure about that residency requirement given that by all appearances, I'm traveling for work or traveling for vacation, and it's my primary residence. So, I'm a little concerned about that. I will just reiterate it seems guests do contribute to the larger economy. My last note is my homeowners association -- given that it's so small, four units -- has already addressed this. And our homeowners association is allowing owner-occupied Airbnb rentals. And so, I feel a little bit restricted in that, do I get to tell my neighbors because I was first to market that they can't rent theirs? Because my unit is one quarter of what's available, and I don't really think that's fair to my neighbors who are in similar circumstances. They have their own front door. And I have lots of problems as a resident of Portland about none owner-occupied Airbnb stuff. It's a different question, but.

**Fish:** Are you saying you think we should take condos and take them out of multifamily context and put them in single family?

**Brenner:** It's a complex combination of situations. I do not know the right situation is. If I lived in a condo building with 500 and there was one main door, it's a very different issue than ones that have their own entrance or a side entrance, as someone mentioned, so everyone in the building wasn't experiencing everybody.

**Fish:** And I think you make a valid point. In a sense, what a condo is is a stack of single family homes with a different legal relationship. They have a shared interest in the shared spaces and they have separate ownership of their spaces, so it is in fact a hybrid. A cooperative apartment would more naturally fall within multifamily. A condo does straddle both, so I think you're raising an interesting point for us to think about.

**Hales:** Sound like yours is more of a townhouse in terms of the architecture of the project.

**Brenner:** I'm not sure an exact definition of a townhouse --

**Hales:** Separate entrances, but yeah --

**Fritz:** Even if it's not, the point is the ownership in the condominium association would have the right to say, yes, everybody can do it; no, you can't; yes, 25% can do it. I think we need to do something different when all of the units are owner-occupied. I'm not sure even a 25% limitation makes any sense at all.

**Fish:** Yeah, there's a whole host of legal issues but I think that piece requires more thought. I think it does have -- it falls into both camps and then there's some policy questions.

**Fritz:** Just goes to show that staying until the end of a two and half hour hearing can still introduce us to something that can catch our attention and be helpful. Thank you very much.

**Hales:** Thank you very much. Anyone else want to speak? Come on up, please.



November 19, 2014

**Bryce Stevens:** Good afternoon, my name is Bryce Stevens. I've appeared before you before. I own a property management company. We specialize in high rise condominiums. I'll keep my comments brief. One, we wouldn't support the 25% amendment. Based on my interaction with owners through the years, and having been in 10 newly-developed buildings in the last decade, I don't think the owners would support that kind of cap. In fact, most owners in my experience when we first go in -- most of the documents require a cap of 30% on rentals and they're usually trying to figure out some way to get that down. And that's for long term rentals. The second is I agree with the previous comments about having the agent sign the document, not the property manager. That is the right terminology. I'm a little concerned about the property managers certifying smoke detectors. I think that introduces some liability for us that I'm not sure our insurance would cover or that we really want to take on. If the best the city can do is complaint-driven system, I'm not sure we should be expected to do better. And then, there was an amendment to remove the signing off of the homeowners association. I'm also not in favor of that. I think at a minimum, they need to be notified that it's occurring so that if they do have obligations under their documents, they can enforce them. A lot of times -- and we've seen a rise in this recently, especially with Airbnb -- every week we find a unit for rent that's in violation of the governing documents and then it creates a lot of unnecessary work. Whereas if we had a process where they had to notify us, it would be simpler. It is our plan once you guys all decide what to do, we're going to do an education program for all our residents. Correct me if I'm wrong, but what I have heard is that the association's governing documents will trump whatever is passed by the city. That is the intent, correct?

**Hales:** Does now and will then.

**Stevens:** Yeah. I'm not so concerned about the specifics, because almost all of the documents don't allow this type of use. In the buildings we manage at least. With that, that's my comments. Thank you.

**Hales:** Thanks very much. Welcome.

**Brenda Coo:** Hi, my name is Brenda Coo. I'm actually new to Airbnb. I'm a host, a long-term landlord, though. I rent out a furnished unit on a month-to-month basis. Similarly to the gentleman that just spoke, some of the questions about working with homeowners associations and etc. has always kind of trumped use of Airbnb. However, I think that the owner occupancy rule is something that is quite interesting. I'm not quite understanding why it's such a big deal whether we're owner occupancy at all. It's actually been an interesting use of the opportunity to potentially use Airbnb to fill in gaps in between leases. Potentially -- most of the people who have been interested in using my condo have been on a monthly basis, but then there might be five days in between somebody starting that could be used by another Airbnb tenant or a guest, per se. As a non owner occupant, I'm not sure why I wouldn't be able to utilize that and how that would affect affordable housing or not. I don't think it would. Granted, is my case different? Maybe. But whether there's a time frame that we start to look at if we're going to regulate in general, maybe regulate nightly visits versus couple day stays or weekly, that type of thing. But why not permit me to be able to use the services if I'm not owner occupied?

**Hales:** Thank you. Thanks for raising that. Unless there's anyone else that wants to testify? Yes, please come up. After that, we'll bring staff back up and have some questions and next steps.

**Tan Shudan (spelling?):** I actually have a similar situation as the lady before me. I own an apartment building that I have an apartment with separate entrances from the main units that I rent out month-to-month furnished. To be honest, I wouldn't feel so great if my tenants put their units on Airbnb, and then I wouldn't know who is coming and going in my building. And I would feel so much better as the owner of the building, even though I'm not owner occupied, I am in control of that. I think if you're concerned about safety issues, that would be the safest thing to do. And also, when you talk about smoke alarms -- those are things that I as an owner am responsible for

November 19, 2014

maintaining. I think I do a much better job than my tenants, even though they're responsible for testing all their smoke alarms I go in there every year to test them myself. Because you know, they're young, they're 20-something. They don't have their heads in that. I'm just thinking maybe allowing owners to control that or giving them the opportunity or the licenses, you would be able to regulate that better. Because we're already complying to so many regulations already, we're good at it.

**Hales:** Yeah, thanks very much. So, I think we would like to have Jackie and Matthew and Sandra back up, and perhaps have Revenue on deck as well. Let's see what questions we have. We heard some discussion and some suggestions about additional amendments, so any of us that have some guidance or requests about that, this would be a good time.

**Fritz:** I have requested an amendment to my amendments, and that is to comport with Gwenn Baldwin's suggestion. I believe on both amendment three and amendment four to delete property manager and exchange that for authorized agent.

**Novick:** Second.

**Hales:** Does that make sense as it proposal? Let's take a roll call to change that language, and then we'll see how we're going to act on this.

**Roll on motion to amend previous motion #4 and #5 to "delete property manager" and replace with "authorized agent".**

**Novick:** Aye.

**Fritz:** Just to clarify, amendment four, number three, property owner, do we need or authorization in that, Sandra, or is that --

**Wood:** It would be the cumulative. We weren't sure which ones would pass so we had to separate them out. So, yes.

**Fritz:** Aye.

**Fish:** Aye.

**Hales:** Aye. OK, so your recommendation is about amendments that we have put on table -- we can act on those today, we can continue the hearing and act on those when we come back. What do you recommend?

**Fish:** You're asking Senator Dingfelder?

**Hales:** I'm asking staff and Council members.

**Linly Rees, Deputy City Attorney:** Could the city attorney ask clarifying questions on amendments to make sure I understand? The amendment you just made was to remove authorized agents from three, but you also mentioned number four. I don't see the term --

**Fritz:** That's why I said property owner or. In number four, it's property owner or --

**Linly:** OK, I didn't see that one. And just wanted to make sure. Does that mean Commissioner Fish's language in his amendment one, which references property manager, needs to be -- I'm just asking staff maybe.

**Wood:** That's true. So, Commissioner Fish's amendment was to add that the building owner or property manager would do the self-certification. I think that would probably be now property owner or authorized agent. In this case, that's not codified language. We were just memorializing the council's intent in the code commentary, which is part of the staff report.

**Fish:** I think it would apply there as well, so I appreciate that clarification.

**Dingfelder:** Does that need to be an amendment?

**Wood:** Yes, that needs to be an amendment to Commissioner Fish's amendment.

**Fish:** So moved.

**Fritz:** Second.

**Hales:** Further discussion on that change? Roll call on that change.

November 19, 2014

**Roll on motion to amend previous motion #2 to replace “property manager” with “authorized agent”.**

**Novick:** Aye.

**Fritz:** This has been a very good hearing, thank you for bringing all those things to our attention. Aye.

**Fish:** Aye.

**Hales:** Aye.

**Wood:** One more point of clarification. Seems like we have voted on three, four, and Commissioner Fish's. We have not voted on amendment one --

**Hales:** We did.

**Wood:** You voted to put it on the table for testimony. You didn't vote to amend the draft.

**Hales:** I understand that, but I'm going to suggest that at this point, having had a number of amendments and amendments to amendments, that we take Council motion to enroll all those in the draft and it comes back for second reading. That way, everybody can check and make sure we got the language that we think we got, and the community can do the same thing. Does that make sense that we adopt --

**Fish:** We can always unroll the dice if we get it wrong. [laughter]

**Hales:** I'm not sure if it's possible to unroll the dice, that's why I want to make sure we get it right the first time. So, I would entertain a motion to adopt all the amendments --

**Fish:** So moved.

**Novick:** Second.

**Hales:** Further discussion on that? Does that make sense to you all so now we codify everything we've done in terms of the testimony we have heard and what we changed today. That's what comes back for second reading and both the council and interested citizens can see both. Let's take a roll call on that.

**Roll on motion to enroll all previous motions in the “Mayor's Recommended Draft” and that it come back for a second reading on December 3rd.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Hales:** Aye.

**Hales:** When will that be coming back? Is that not next week?

**Dingfelder:** December 3rd.

**Fritz:** Right. Then there's the question of, do we want to do something different for condos versus apartments?

**Hales:** Right. Which is a quote unquote new issue in that it came up clearly here in discussion.

**Wood:** So, this would be the only regulation in the zoning code where we would differentiate condos from other multi-dwelling buildings. So, all the development standards -- FAR, maximum number of density, parking requirements, setbacks, etc. -- all of that are the same for condos or multidwelling structures.

**Fish:** Can I make a suggestion? Because it's late in the day and I'm loathe to take this issue up out of context. And I'd like to know more about the context. Can we maintain what we have and then ask you to report options back to us and amend this at some later date if we think there ought to be a change?

**Wood:** That would be a whole new legislative process. We'd have to take it back to planning commission.

**Hales:** We could introduce an ordinance. That's possible.

**Wood:** I guess I'd like to articulate better what the problem is if this ordinance passes at the second reading on December 3rd and it applies both to apartment and condominiums. What is the issue that we're trying to resolve by differentiating between the two?

November 19, 2014

**Fish:** Well, we had testimony there might be a condominium association that would voluntarily choose to be above the 25% cap because it works differently for them in a small setting. And we've set a cap that says they can't. One gentleman said that he feels there's an unfairness of him being first to market and then the other owners not being able to participate. That --

**Wood:** And that would apply to apartments. Why would that be --

**Fish:** Well, it's the analogy he was making, I'm not to make his argument for him. It's more like a collection of single family owners deciding to rent versus multifamily. I mean, I understand his point. I don't -- I'm not prepared today to carve that out because I would want to think to about that. But a small condominium -- one thing we may want to do is think about whether there's a threshold where condos of X or fewer units wouldn't be subject to the cap.

**Wood:** What if --

**Fritz:** I think what Sandra's pointing out is the zoning code doesn't differentiate whether it's owner occupied or not.

**Wood:** Right. And what if there are condominiums but they all have renters in them?

**Fish:** That's why I'm loathe to take this up now.

**Wood:** What's the different between that and multidwelling apartments?

**Fish:** My preference would be to take it up de novo at some future date.

**Fritz:** Yeah, maybe as part of the review or something --

**Wood:** Yeah, maybe as part of the monitoring, we can look at how much is this happening in apartment buildings, how much in condominiums, how much in single dwelling. I think we'll have more information in two years.

**Fritz:** And it's envisioned that BDS would be in charge of figuring out when we've got to the 25% cap, right, Mike?

**Liefeld:** Yes. We would be developing a robust tracking system for these applications, figuring out property types, structure types, number of units, determining condo buildings and ownership structures would be a whole another layer of that analysis that would be added on.

**Fritz:** Oh, joy. I'm glad we're getting our fancy new computer.

**Fish:** One issue that came up tonight at least is something we have to be aware of is how insurance law impacts what we're doing. Who is ultimately liable? Making sure that again the guest is covered under some policy and just as we said we didn't want the fine to go against the property owner, I think we have to be careful here that an unauthorized guest doesn't end up creating an insurance liability for the owner where the owner has prescribed the behavior and otherwise might have a claim against their insurance. I don't know this area of the law, but did this come up in your deliberations? Do you have any thoughts for us about the liability insurance question?

**Dingfelder:** Commissioner, this did come up in our deliberations, and I'm going to ask Mr. Liefeld if he can address that.

**Liefeld:** I think it came up briefly and I would again look to our city attorney. But BDS doesn't have an insurance requirement for any function for our administration of various codes. So, permits that are pulled by contractors, owners, or tenants to do home occupations does not require an insurance disclaimer or proof of insurance to undo our burden in administering that permit.

**Hales:** Yeah, and that's the trouble with this issue. We get right out to the edges, and that is that we are amending the zoning code. We're not creating a short-term rental regulatory system per se. We're amending the zoning code to say what is legally possible or not possible on that real estate that's zoned that way. And to some extent, we start to bend that instrument so far that it doesn't work very well at the edges of this issue. I think this question of small condos where everybody that is a unit owner is fine with more than 25% and they all have separate entrances and what's the problem here -- I mean, I think that's right at the edges of the issue.

November 19, 2014

**Fish:** I think condos I get. The person who leaves the multifamily dwelling and gets in a cab, that cab has to have minimum levels of liability insurance so the person knows they're protected if there's an accident. I don't know whether this is cured by having a disclaimer. I mean, most guests are assuming someone is covering -- there's liability insurance provided by someone. It may be the answer is, no one is.

**Dingfelder:** And Commissioner, as Mike pointed out, under the existing code for home occupation, the city does not require insurance. So, that's the continuation of -- short-term rental is a continuation of the home occupation statute so to speak. That would probably say you want to go back and revisit that entire strategy.

**Fish:** Jackie, what about the other question that came up consistently, though, about compelling the hosting platform to advertise the permit? Thomas Lannom said he's going to come back to us shortly. I mean, why shouldn't we compel that? A, is it within our power, and B, why shouldn't we require that? Seems like it's a simple and elegant way to ensure compliance.

**Dingfelder:** I would say the city attorney could probably answer if it is within our power. On December 10th, Thomas and the Revenue Bureau will be coming back with some options that they are going to lay out for Council for increased enforcement. But I would defer to city attorney whether it's within our power.

**Rees:** And I'm not prepared to answer that today. That's certainly going to be part of the work that's being done with the Revenue Bureau.

**Fish:** Why would we decouple it from this discussion? Because we heard from some people that this is the essence of the deal, that the regulatory side is the quid pro quo for allowing it, and this is -- at least from my perspective -- the cleanest tool for ensuring. You don't get to advertise your apartment if you don't have a permit number. And that's well within the authority of the hosting platform to request. In fact, it's already part of their field.

**Hales:** Yeah, Thomas may want to come up. My feeling is we're not decoupling this in terms of the council's intention. I think I read us correctly that we all want to energetically explore if not adopt that approach. But that's not necessarily going to get adopted into the zoning code.

**Fritz:** Right, it's not in the zoning code. Just like getting the taxes being paid was done before we did the zoning code stuff.

**Fish:** That's a great answer. And I guess all I need to hear is that we're going to vigorously pursue that avenue and it is de facto considered part of the package, we just have to deal with it separately.

**Fritz:** Yes.

**Hales:** Yes, that's my sense.

**Fish:** We're all in agreement on that. Thomas? Thank you. [laughter]

**Lannom:** I'm glad I was able to come up and --

**Hales:** Your words were so good that it clarified the situation.

**Fish:** Thank you. I think we did hear from a lot of people that felt that was the solution, frankly. The only argument that I can manage -- I can envision from the hosting platform -- is that by putting the permit number they somehow think they've relinquished proprietary information. I hope that's not the argument they advance.

**Hales:** I don't think so.

**Dingfelder:** Yeah, that's not what we have heard. Certainly, you're going to hear from Revenue some options that I think will help meet their goal.

\*\*\*\*\*: [inaudible]

**Hales:** Good point.

**Dingfelder:** For consistency it would have to be across all platforms.

**Hales:** It would have to be across all platforms, exactly. Again, what regulatory authority we have is limited -- not terribly limited, but limited -- and then where we put it in our own code is a choice

November 19, 2014

as well. There's some stuff we're doing in the zoning code which I think we're close to agreement on. Then there are things we have to do beyond that, other regulations that I think you have a good, strong sense of the council about what we want to see come back whether it's December 10th or later on, six months from now, if we look back at, this take a deeper look at the small condo issue, we may come up with a solution.

**Fish:** One other issue for me is I want to get clarity from you. What is it that we're going to evaluate in six months or a year? Assuming we adopt this, what's coming back to Council and what are we going to be evaluating?

**Wood:** So, it was for September 2016. That's what is in the ordinance, and we actually copied it into the ordinance for multi-dwellings. We'll be doing all of that. We heard a lot of ideas I think bantered around today. Certainly from the permitting side, we'll be able to come back and say, it looks like this is how many are on these various platforms. It looks like this is how many permits we've received. This is inspections that we've conducted and ones we have issued. I think one of the interesting things for us will be, what issues have come up in inspections? Are we seeing some trends in the inspections? Are there some problems, etc.? Obviously, the situation of people not coming in for permits if they aren't at that time -- which hopefully won't be the case -- I'd love to talk to Oregon ON and the Alliance of Tenants about, like, how do we look at affordability question that we're all so curious about?

**Dingfelder:** And the Bureau of Housing.

**Wood:** And the Bureau of Housing. We have a demographer to talk to also about -- you know, we've looked at the one study that we have seen so far came out of San Francisco. Of all the housing units, it's such a small percentage that they had a hard time concluding that there was causality between short-term rentals and affordability, because there's so many other factors. Complete neighborhoods, walkability, a New Seasons goes into a neighborhood, etc. So, we'll be exploring what exactly we can monitor, what data we need to collect now and what we need to collect in two years, if we need --

**Fish:** I would ask you to touch base with the council offices on how we might construct that survey. Because I think we're going to get some great recommendations from the advocacy community. I'd be very interested to know what the Housing Bureau thinks would be the right metric, so it would be great to know that in advance.

**Wood:** Yeah, it would be great to fund through the spring BMP to get that going.

**Fish:** That's good --

**Wood:** [laughs] Just had to -- [speaking simultaneously]

**Dingfelder:** We just had this conversation and I suggested Sandra start putting together an outline of what would need to go into the report and who we'd have to confer with. Also, I know that Thomas will be making the rounds and visiting all the council offices to talk about upcoming discussion.

**Fish:** Jackie, if you just snuck it in your sidewalk budget and sort of disguised it, I think it would get through us.

**Dingfelder:** Thank you for suggesting --

**Fish:** Pad one of those lines.

**Hales:** So, the ordinance as amended will come back in two weeks. Then, we're going to hear from the Revenue Bureau shortly thereafter. Then, I'm going to commit my staff to continue to work with stakeholders as well as with the bureau on looking at these issues of research and follow up. Obviously, by September of next year we get a formal report.

**Wood:** September 2016. It was two years out, right?

November 19, 2014

**Hales:** OK. I was going to say, I appreciate get staff work that's being done, and I suspect that one of the reasons that Sandra knows that date so precisely is that she's already arranged to be away for a whole month in some place like Istanbul renting a room in somebody's apartment.

**Wood:** Yes.

**Hales:** Because she's put a lot of work into this issue.

**Dingfelder:** I also want to mention, Commissioner Fritz and your staff have been amazingly helpful, and BDS will be a big component. Because right now, we're talking about the zoning code and next, we're moving into an implementation and enforcement stages. So, we'll be working very closely with your staff.

**Fritz:** And it's been particularly helpful to have Development Services staff involved, not only because they're spectacularly knowledgeable, but in past, regulations have been put in place that are unenforceable and un-implementable and I think we've avoided that. I do want to credit my chief of staff, Tom Bizeau, who has put in a lot of time on this. Thank you.

**Fish:** I don't want the last comment to be a negative one, but two years strikes me as a very long time with all the uncertainty here. And I know we're talking about a comprehensive report, but I wonder, Mayor, if we could get something on a more interim basis that gives us some data so we can figure out if we're still in the single digits, if there's other conspicuous things. That it's mandated so we get that data and can act earlier.

**Hales:** I don't think we necessarily need to mess with the formal timeline, but I think at a staff and leadership level here, we ought to be getting more regular reports than that. And again, it's multiple bureaus -- it's how it's working at BDS in terms of permitting, it's how it's working at Revenue in terms of coordination. So, I think we need to find the ways and means to be back to the council with some kind of higher level of information in six months and see where we are in a year, and then we may still have this far horizon of September 2016 and that's fine. But I think that's too long as well. That's why I transposed it to next year, because that seemed like about the right length of time.

**Dingfelder:** I think it's officially in the ordinance, but we can certainly see having it more informal check-in.

**Fish:** Commissioner, do you mind moving that up a year?

**Fritz:** I would think -- this is something where we don't want to be one and done. So, I would say that we do want an interim report in September 2015 as well as the one in the previous ordinance.

**Hales:** I think we can ask our bureaus and our staff to do that, and maybe have to pay for it.

**Fish:** Give you something in the winter BMP.

**Wood:** Yes, that would be nice.

**Hales:** We can bring that up if that'd be the right thing to do. Again, thank you all that have worked on this. Thank everyone from the community that have given us good guidance. It will pass to second reading in two weeks. Thank you all. We're adjourned.

At 5:00 p.m., Council recessed.

November 20, 2014  
**Closed Caption File of Portland City Council Meeting**

This file was produced through the closed captioning process for the televised City Council broadcast and should not be considered a verbatim transcript.

Key: \*\*\*\*\* means unidentified speaker.

**NOVEMBER 20, 2014      2:00 PM**

**Hales:** Good afternoon, everyone. Welcome to the November 20th meeting of the Portland City Council. Please call the roll, Karla?

**Novick:** Here. **Fritz:** Here. **Fish:** Here. **Hales:** Here.

**Hales:** Welcome, everyone. We've got one item that we need to deal with first and then we'll read the other two. If you would read item 1212, please, Karla.

**Item 1212.**

**Hales:** This was the previous ordinance. We're going to refer this back to the commissioner's office and take up substitute ordinances that are on the calendar today as well. So, if there's no objection, I will refer item 1212 back to Commissioner Novick's office. OK, if you would read the items before us together.

**Item 1213.**

**Item 1214.**

**Hales:** Thank you. So, let me open with some comments. First of all, we have a lot of people here to testify today, and we're going to try to make sure that everyone has a chance to get heard. We have a couple of folks that we've invited to give testimony early on in the discussion, and then everyone else will have a chance to speak in turn. We're going to limit testimony please to two minutes apiece, just because of the number of people involved. If you're a lobbyist, our rules require that you let us know that and let us know who you're here representing. If you're a citizen here to speak, you don't need to give us your address, just give us your name for the record. We have a tradition in this chamber of letting everyone have their say. So, if you happen to agree with someone, feel free to give them a thumbs up or wave your hand or otherwise make a non-verbal gesture of support. But in order that people don't feel intimidated and that everybody has a chance to have their say, we ask you not to make vocal demonstrations or applaud or boo or those sorts of things that might be appropriate at a Trail Blazers game, but not here. Hopefully, more applauding than booing at the Trail Blazers games. So, let me set the context for this discussion, and I know Commissioner Novick and others on the council have comments as well as we get started. We've been talking about this problem for a long time. Thirteen years ago, there was a new transportation commissioner in charge here at city of Portland. His name was Hales. And he was informed by his staff that the city was falling behind in maintaining a basic asset, and we put together a proposal to come up with local revenue to pay for maintaining our streets because Congress hadn't increased the gas tax at that point since 1993, and the state legislature only occasionally acted on transportation funding and our local resources weren't enough. The business community, or at least some people in the business community, rattled their saber and said, if you try to pass anything, we'll refer it to the voters and kill it. So, we backed off. Seven years later, a new transportation commissioner named Sam Adams took up the same problem. Congress still hadn't increased the gas tax. And he was once again told by business interests that if you try to pass anything, we'll refer to the voters and kill it, and so, he backed off. And now here we are again. The legislature has acted occasionally on transportation funding, but not enough for us to keep up in this city. The Congress still hasn't increased the gas tax since 1993. And that means that the 18 cent federal gas



November 20, 2014

tax has a lot less spending power than it had then. And we're still -- as we have been told by both our transportation director, who we'll hear from today, and by the City Auditor -- even further behind. Now, I know that taxes are never a happy subject. And I know that we're not always happy with how government spends our money. In fact, we haven't always been happy with how the city of Portland has spent our money. But this is a proposal that will do real good in our community. And a lot of good work has been done over the last few months by people that we will hear from today, including the Portland Business Alliance and others who have made what we originally put on the table into a better proposal. I want to thank those folks for rolling up their sleeves as citizens and helping us as community leaders to try to make an unpopular subject a little less unpopular. I appreciate the good work that's gone into making these proposals much better. I particularly want to thank Fred Miller, who is our Chief Administrative Officer, who in addition to his other duties took on the role of chairing the committee that worked on the business side of this equation. It was not in his job description that he should add this to his work, but he did, and he did it very well. So, Fred, I think you're here somewhere, I want to say thank you for that. Now that we are hopefully going to have our local small businesses prosper during the holiday shopping season, I appreciate the fact that that committee made this proposal while still producing about the same amount of revenue from business fees. A whole lot more palatable for small businesses. Because we're a city of small businesses. I want again to say thank you to Fred and members of that committee and the other two working groups as well. So, I appreciate the good work that's gone into this. We look forward to hearing from you today. The same three options are before us today as have been all along. And those are to do this, to do nothing, or to do something else. At this point in the discussion, if you are in favor of doing this, please tell us so. If you're in favor of doing nothing, that's an option, tell us that. If you're in favor of doing something else, tell us what that is and how it might produce about the same amount of revenue. Because again, those are the choices I think we have as a Council. I am interested in doing something. What we have in front of us I think is a constructive proposal. But it doesn't mean we couldn't improve upon it further based on what we hear from you today. But I think we need to be honest that those are the choices. And if you say don't do this, please tell us what you would like us to do instead that would produce a solution for us as a community. With that, I appreciate everyone being here today and the good work that's been done to put this discussion before the council. And I want to call on our transportation commissioner, Commissioner Novick.

**Novick:** And Mr. Mayor, I would like to call on Transportation Director Treat.

**Hales:** That's right, Leah first. Good afternoon.

**Leah Treat, Director, Bureau of Transportation:** Good afternoon. Thank you, Mayor and Commissioners, for providing me the opportunity to give -- sorry. A little closer. How's that?

**Hales:** Better.

**Treat:** Thank you. So, thank you for providing me the opportunity to give testimony today. Thank you to my staff and the volunteers of the advisory committees for their countless hours deliberating the transportation funding mechanism. Thank you to everyone who has come here today to talk about this really important matter before the council, and those who have written letters and emails expressing their opinions. Regardless of where people fall on the spectrum of support, this is a very critical and needed conversation for the city. As the director of Transportation and the person who spends every day managing an \$8 billion portfolio, I know that our assets are declining at a rate faster than we're maintaining them. I know that there are critical missing links in our network, and that much of the network itself needs improvements to make it safer for children to walk to school, for people of all ages and abilities to access transit, and to create safer conditions for all modes. We have almost 5000 lane miles of roadway. Nearly 50% of them are in poor or very poor condition. That's the bad news. The good news is half are in fair or better condition, and the amount of

November 20, 2014

funding that could be generated by this proposal will extend their life at a much lower cost. The amount of funding that the Portland Street Fund will generate will double our budget for pavement work. This means getting more of our busiest streets in smooth driving condition to get goods to market and people to and from their destination. It also means that we're going to be able to get two-thirds of our streets into fair or better condition in 10 years. It's crucial to keep streets from deteriorating to a level where they need to be totally rebuilt, because it is extremely costly. The Portland Street Fund will help avoid \$650 million in repair costs over the next 10 years. Yes, at the end of the 10 years, the pavement needs will still need to be addressed, but we will be able to make a significant difference. And we know it's not just the roads that need to be fixed. Our proposed project listing includes funding allocations to help us keep our traffic signals operating safely, to keep our streets lit at night, make our street signs and pavement markings more visible, and keep our bridges at weight-bearing capacity so that people and goods can get to market. In addition to the much-needed maintenance work, we also need major investments in specific safety programs and projects. With the help of the community and safety expert groups, we have developed a data-driven strategy to allocate new resources. Safety in Portland's busiest streets is our highest priority. The vast majority of the safety funding will be spent on high-crash corridors. This includes building sidewalks, creating safer crossings, and better bike routes. We are focusing on busy streets because that is where we can save lives. Portland's high-crash corridors make up only 3% of the roadway network, but they are where 36% of our traffic fatalities occur. One example of work that we would do would build centerline rumble strips along Marine Drive. Improvements like rumble strips have been proven nationally to reduce vehicle crashes by 39%. This is the type of data-driven approach that is behind the safety improvements we are proposing. There are similar safety gains made by building more street crossings. The project list proposes many locations for new crossings, such as ones on SE Division Street at 101st, 110th, and 152nd. These projects could reduce pedestrian crashes at these locations by 46%. We will also make the roads much safer for people walking, biking, and going to public transit. We know that east Portland, in particular, demands many kinds of safety improvements. So many streets in east Portland are -- by their very design -- causing a disproportionate number of injuries and fatalities and discouraging people from walking and biking. The proposed project list follows through on the city's commitment to fund the safety projects identified in the East Portland in Motion Action Plan. I'm also excited about an increase investment in Safe Routes to School. We will build safety improvements around schools all over the city. We will continue to provide the safest ways for children, parents, and seniors to get to their neighborhood destinations. I am inspired and deeply grateful to all of those whose advocacy, community engagement, and thoughtful planning has helped us craft a plan for making our streets safer and better. And for many of us, this work is deeply personal. I honor that, and I hope that you will agree that the Portland Street Fund offers an opportunity to make our streets better for all Portlanders. Thank you.

**Hales:** Thanks very much. Commissioner?

**Novick:** Thank you, Director Treat. This is a very different proposal than the one we brought forward several months ago. And I'd like to thank the individuals and organizations who participated in our work groups or otherwise engaged in this process. Those include but are definitely not limited to the Portland Business Alliance, Venture Portland, AARP, Elders in Action, the East Portland Action Plan team, the Bicycle Transportation Alliance, Oregon Walks, the Food Bank, Coalition for a Livable Future, OPAL, and the Oregon Opportunity Network. With input from most groups, we've made significant changes to both revenue mechanisms. On the business side, four months ago, we had a proposal which said that we are going to divide businesses into over 100 different categories, and we'd send out bills to whoever was paying the utility bill, which meant that in buildings which contain a lot of businesses, it was up to the building owner to figure

November 20, 2014

out how to allocate to those businesses. That's totally different. We now have divided businesses into 16 different categories that have been assigned to five different groups that will pay between \$3 a month and \$144 a month per location. The per location is important, because there are some businesses like Starbucks, for example, that have lots of locations. There is a discount for non-profits. A number of the non-profits falls into an entire business category, variety of different businesses, which is inherently discounted. Nonprofits that don't fall into that grouping will get a 50% discount. And the business fees can be directed as a business expense, and we're going to collect the fees using the city's existing business license tax platform. This is a proposal which was thoroughly vetted, and in fact developed by our working group, and met with the comfort level of the business groups represented there, such as Venture Portland and the Portland Business Alliance. That does not mean that every business owner in the city supports it, but those large organizations representing large and small businesses were comfortable with it. That's on the business side. On the residential side, several months ago we had a proposal where pretty much everybody in a single family house, unless they were low income, would have paid \$11.56 a month. And everybody in a multifamily apartment, would have paid \$6.93 a month -- again, with a low-income discount. We heard from a lot of people that we should have a proposal that's based more on ability to pay. And that's what we have now. We have a proposal where, for example, a couple making \$50,000 a year would pay \$5 a month, and a couple making \$200,000 a year, will pay \$32 a month. We have also exempted people at the low end of the income spectrum. Single people making less than \$25,000 a year, married couples making less than \$35,000 a year would be exempt. Now, I know that some people have said that exempting 40% of tax filers sounds like an awful lot. I'm personally more worried about the idea that 40% of Portland tax filers are either single people making less than \$25,000 a year, or couples trying to get by on less than \$35,000 a year. There has been talk about the fact that local income taxes exempt certain forms of retirement income, including social security and PERS. I want to remind people -- that was not our idea. The state legislature prohibits local governments from applying an income tax to those forms of income. And I've been in touch with Speaker Kotek saying we'd like to take a run -- at least, I suggested that we take a run at changing that. This is a compromise proposal. We heard, for example, from the Portland Business Alliance that they'd like us to allocate 75% of the money to maintenance. We heard from 14 progressive groups that they'd like us to allocate 50% of the money to new safety projects. We didn't satisfy either of those requests. We are recommending 56% for maintenance, 44% for safety. The coalition of progressive groups thought that the richest people in the city should pay as much as \$200 a month. In our proposal, they would pay \$75 a month. So, this does not meet the requests of any individual group that I'm aware of. We think it is a fair compromise proposal. Another big difference between what we came forward with in May and June and what we've come forward with today is, as Director Treat said, we now have a long list of specific projects on our preliminary list to get accomplished over the next several years. That list will be vetted by an advisory council and those projects will have to be approved by Council. I have to call out one project that I'm particularly excited about. When I was campaigning for office, I heard from a lot of people in east Portland that they needed frequent bus service on 122nd. And I've been in touch with Neil McFarlane of TriMet over the last couple of years asking, how can we make that happen? And several months ago, his team told me, if you could make improvements to improve access to 122nd -- fill in some missing sidewalks, put in some crossing improvements to make sure that people can get to the line, we can make it a frequent service line. So, the projects that TriMet asked for in order to justify their having frequent service on 122nd are on our list. I realize that I forgot a couple of important things on the residential side. One is that we are proposing a \$5000 per child deduction. So, for example, if you are a couple making \$65,000, you pay a fee at a \$55,000 rate. And also, as an income tax, the residential tax -- unlike the user fee

November 20, 2014

proposed several months ago -- is tax-deductible. That means, for example, if you are a couple making \$80,000 a year, those such people itemize. You're probably paying at that level of income a combined state and federal income tax rate at 24%. So, although in our proposal, that couple would pay \$10 a month, when you factor in deductibility, it'd actually be out of pocket \$7.50 a month. So, those serve as points I wanted to make and I will point it back over to Mayor Hales.

**Hales:** Thank you. I have a couple of procedural items to go through and I will call on some other members of the council. To establish the Portland Street Fund, we need to revise two sections of city code. In calendar item 1213, we're creating a new transportation code in order to establish the Portland Street Fund. As part of this, we're creating a citizen oversight committee that will monitor and help ensure that the Portland Street Fund stays true to its mission. The committee will provide annual reports to the council. The ordinance for number 1213 will also direct the Office of Management and Finance to establish a new sub-fund under the transportation operating fund that will be created for the new revenue. This sub fund is subject to an annual audit conducted by Moss Adams, our external auditor. Item 1213 will also create and amend our revenue code, because our Revenue division will be the city agency charged with billing and collecting the transportation revenues for the Portland Street Fund. In item 1214, we create that new revenue code in order to establish the residential transportation income tax. As you know, the Portland Bureau of Transportation has some amended documents that were distributed on Tuesday that deal with some of these technicalities. Jamie Waltz is here in addition to Director Treat to explain the changes and walk everyone through those amended documents. Then, we'll take action on putting those on the table and I'll call on others to speak. Jamie, do you want to walk us through those?

**Jamie Waltz, Bureau of Transportation:** Sure, and we've color-coded them. You received copies on Tuesday, but there's blue copies for you today. These are amendments to item 1213. There are no substantive changes, they're just technical corrections and reformatting.

**Novick:** Jamie, could you state your name for the record?

**Waltz:** Oh, I'm sorry. Jamie Waltz, PBOT. So, they're just technical corrections and reformatting. Do you want me to walk through all of the items?

**Hales:** I don't think you need to walk through them all, if they're all technical corrections and I've stated that correctly in the summary. Unless there are questions for Jamie or Director Treat on the effect of these substitute --

**Fish:** Mayor, is it your desire to have the substitute put on the table before we take testimony so we'll just be putting this before the public?

**Hales:** Exactly, yes. Any further questions about that? Do I have a motion to adopt the amended documents and put them on the table for the hearing today?

**Novick:** So moved.

**Fritz:** Second.

**Hales:** Any more discussion? Then, a roll call for putting substitute amendments on the table.

**Roll on motion to put on table technical corrections submitted to Bureau memo 11-18-2014: replace Exhibits A and C; add exhibit D and Ordinance directive d.**

**Novick:** Aye.

**Fritz:** So, this is simply saying that this is what we're talking about today, it's not saying we're going to necessarily do what is in this document. Aye.

**Fish:** Aye.

**Saltzman:** Aye.

**Hales:** Aye. OK, done. Now, I know there are some other Council members that want to speak --

**Novick:** Actually, I wanted to ask Jamie, do we need to do two separate set for the ordinances?

**Hales:** Oh, right. That was for item 1213, we need to do the same thing for 1214. So, can I have a movement for technical corrections to item 1214?

November 20, 2014

**Waltz:** Right. And those are the yellow sheets here, and they are, again, just non-substantive changes. There was a sentence removed that was not needed and some naming changes and mathematical corrections.

**Hales:** OK. Is there a motion to adopt the substitute?

**Novick:** So moved.

**Fritz:** Second.

**Roll on motion to put on table technical corrections submitted in Bureau memo 11-18-2014: replace Exhibits A and B.**

**Novick:** Aye. **Fritz:** Aye. **Fish:** Aye. **Saltzman:** Aye. **Hales:** Aye.

**Hales:** OK, so those are now in front of us. Alright. Commissioner Fritz?

**Fritz:** Thank you, Mayor, and thank you, Commissioner Novick, and thank you to all of the public community members who have worked so hard since May to figure out what might be better than what was on the table in May. And that's what we are here today to hear from all members of the public as to whether or not it is. I know from reading my emails both from now and in May that there's a handful of folks who were very upset in May and still very upset. There's a different set of folks who are now less satisfied than were less satisfied in May. So, it certainly is a very different proposal, and I appreciate all of the work that's gone into that. And also, the degree of consensus that we do have on the business proposal, although I know there are folks still concerned about that part and I'm looking forward to hearing about that. It's very clear to me, having been in six budget sessions with the city council plus about 10 or 12 of them before as a community member that we do need more funding for transportation. As the Mayor said, we can do this, we can do something else, or we can do nothing. And for me, doing nothing is not an option. It's serious enough at this point for multiple reasons that I do believe we need to do something. Now, many of the emails that I'm reading are pretty much based on, "let us vote on it." And that's what they say, let us vote on it. The question is, what is "it"? Whether the council refers it or whether the voters refer it by signature gathering, what should the "it" be? And that's what I'm very interested to hear from folks who testify today. Would you like to see in a proposal? What do you dislike in the proposal that's on the table right now? What is "it"? Because the question of whether we refer it or not is really a different question from what would be the best proposal if voters were going to vote on it that should be on the table. So I please ask you to focus on that. I've heard several other concerns that I thought maybe it might be helpful to address up front so that you can use your time most wisely. The first concern I've heard is to make sure that the new funding isn't used to backfill and undercut and fill in so that other funding that's currently in the transportation budget can be used for things other than maintenance and safety projects. And I understand from Commissioner Novick that he and his staff are working on finding some mechanism to be absolutely sure that this new funding goes to the purpose that's stated, and that the existing funding is not diverted to other purposes. That's very important to me. Commissioner Novick mentioned the PERS, the Public Employees Retirement System -- and we're all going to try to avoid using acronyms, but I think the Transportation department is the department filled with the most acronyms. So, the Public Employees Retirement System. The fact that those pensions are exempt is a state law. I'm very interested at the very least in putting it into our legislative agenda to ask the legislature to say that for cities over 500,000 that that law does not apply. That means it would only apply in Portland that we could set a local tax. And just so everybody knows, PERS is taxed for state and federal taxes, it's just the local taxes that are not allowed to be applied. And so, I will be putting that question on the table for our legislative agenda. We'll have a hearing in December. Obviously, PERS retirees have some concerns about that. Since I'm now a PERS retiree myself, I have some concerns, too, especially to folks on fixed incomes with lower amounts of retirement savings or retirement income. But I think the principle for me is that I should be willing to pay whatever it is that we're

November 20, 2014

asking everybody else to pay. So, that's -- it's been heard that there is a lot of concern about that, and there's certainly a willingness on Commissioner Novick's part and I to fix that. I've heard that folks would like to have a sunset on whatever we adopt or -- when we adopt something, that it should have a sunset. I think that's a very reasonable request. If we were to put a sunset of say six years on whatever is adopted, that would allow for accountability to see how the money has been spent. Obviously, there is going to be an oversight committee and frequent audits to make sure that any money collected is spent on what was promised for it to be spent. And having a sunset would require a future Council to have the conversation again. So, it would have that accountability, it would have the opportunity for the community to weigh in again in a more focused way, and potentially to reaffirm after public input that whatever is put in place and to do some tweaks on it if necessary. So, that's something that I'm very willing to consider. The budget oversight is hugely important. The bureau is considering setting up a year-round bureau advisory committee, in addition to the Budget Advisory Committee that happens. Every year, as many of you know, the council spends about six months going into every bureau's budget. And even with that amount of time, it's very difficult to look into every line item of every spending in every bureau. That's why I believe having a year-round bureau advisory committee is crucial, and there is that opportunity for general public and for me as a commissioner to look at what is being proposed, what specific projects are being proposed. So, the list of projects that the bureau has come up with to this point is a draft list. It gets approved in the budget process. So it's not like speak now or forever hold your peace in terms of getting a particular project in or out of that list. And finally, the piece that I want everybody who is testifying to know about -- I have read a lot of input about the relative balance between safety projects and general paving and other maintenance projects. Fifty-seven days ago, my husband was killed in an automobile crash that was due to the lack of a basic safety infrastructure which was known to the Oregon Department of Transportation and had not been installed because money had been put to another use. So, I have a very personal interest in being sure that that does not happen to another husband, father, son in our community while I'm on the council. It's one of the reasons that I'm very committed to passing something, because I don't want to be the person who's talking to a family member who's bereft because we didn't do those safety projects. Certainly, it's your right to say whatever you like. I will not support anything that has less than the current allocation of safety projects for that reason.

**Hales:** Thank you very much. Other comments, Council members?

**Saltzman:** I guess, Commissioner Fritz, your statement about Commissioner Novick's and PBOT's willingness to make a commitment that none of the funds will be used to backfill other PBOT projects -- is there an amendment?

**Fritz:** There isn't an amendment at this time, that's a discussion. But certainly willing to have that discussion before we come back for a vote in two weeks.

**Novick:** Yeah, we need to settle on a specific mechanism, but we want to make it clear: we are not planning to use this to backfill other money. So, we need to explore the mechanisms for putting that into practice.

**Saltzman:** So some language will be brought back before the final vote?

**Novick:** Yes.

**Hales:** OK. And I'd like to hear from people about that. Like Commissioner Fritz just mentioned, how important is the sunset to you? How important would that kind of restriction be that there not be any possibility of a shell game in which money would come in for one purpose and be used for something else? We have the possibility of adding those kind of guarantees to the ordinances, and if you're interested in that, let us know. OK. With that, let's get ready to start with public testimony. We're going to start by inviting some representatives of two organizations that served on the advisory work groups and then move on to public testimony from the sign-up sheets. We're

November 20, 2014

inviting Elaine Friesen-Strang from the AARP, the American Association of Retired People, and Sandra McDonough from the Portland Business Alliance to come up first to talk about your role and recommendations as members of the subcommittees, and then we'll go to the sign-up sheets from there. Is Sandra here or someone from the Portland Business Alliance? OK.

**Novick:** Mr. Mayor? One other thing. Tom Chamberlain, the head of the Oregon AFL-CIO is interested in testifying. He said he could be here at 3:30, so I'd just ask if we hit that point [inaudible] --

**Hales:** Yes, we have him on the invited list. When he gets here, we will ask that folks let him interrupt the flow and come up then. Welcome. Good afternoon.

**Elaine Friesen-Strang:** Good afternoon. My name is Elaine Friesen-Strang. Mayor Hales, members of the council, thank you for this opportunity to take public comment and thank you for listening to our concerns last spring. The council took steps to involve citizens in an authentic and extended process, ensuring the public's role and voice in government decisions. When I testified before you last spring as a resident of northeast Portland and an AARP Oregon executive council member, I shared AARP's concerns about the original proposal. We did not feel it was equitable, transparent, and we doubted its accountability. Furthermore, it was regressive in nature. Twelve dollars a month for a family living on \$40,000 a year makes a larger impact on their budget than someone earning three times that much. By creating the residential and business work groups, you reached out and invited citizens to address these issues. Our concerns were discussed at length from various points of view involving individuals from different backgrounds and expertise. The work groups studied the budget and agreed additional funds were necessary. Is this new proposal perfect? No. But many of us who served on the residential work group are willing to make compromises. We realized sometimes that's necessary to get things done. That's part of the political process. We can't let perfection be the enemy of the good. AARP urges you to act now. Implement this plan that will literally save lives. Paving and repairing our roads is important, and the majority of these funds is dedicated towards that purpose. But safety, accessibility, and transportation is crucial for the livability of communities now and in the future. There were over 50 pedestrian deaths in Portland from 2009 to 2013. When we hear that a 10-year-old child was struck by a car and killed on October 31st at 3 o'clock in the afternoon, we should be incensed. We can't have a city where people of all ages limit their walking for fear of being injured and killed. AARP supports this proposal. We also urge that you continue to involve citizens in oversight committees to assure accountability and to work towards creating a city that is safe and equitable. Thank you.

**Hales:** Thank you very much, thanks for your service. Ms. Haynes?

**Marion Haynes:** Thank you, Mayor Hales, Commissioners. Thank you for the opportunity to testify. My name is Marion Haynes, and I'm the vice president of government relations and economic development for the Portland Business Alliance. I'd like to start by acknowledging the tremendous work that the PBOT staff has done throughout this process, asking questions and working with stakeholders. It's been a significant effort on their part, and I do want to thank them for that. Since the beginning of this discussion, we have been clear that we agree with the goal for a well-maintained and safe transportation system. We've also been clear that we are OK with additional revenue, but that the details matter. To that end, the Alliance spent this summer and fall working in good faith to come up with a package that we could support. On the business side, for example, we made significant process, and the mechanism itself is much improved. However, we've also been clear that there are other elements that are critical to us as part of this proposal. That this be one package that includes both residential and business contribution, that there be a sunset on the revenues, that there be assurances that the new and existing revenues will not be diverted for other purposes, and while we acknowledge absolutely the importance of safety and support investments in safety as part of this, the repaving of the streets will -- we believe needs to

November 20, 2014

be a priority and a focus to address that \$91 million backlog that we keep hearing about. The ordinances before you today do not include all of those elements. Most fundamentally, however, is that we oppose a brand new personal income tax on the city of Portland. We believe there are alternative mechanisms to raise revenues on the residential side while still protecting low income residents for who this would be a burden. The Alliance stands ready to resume conversations to revisit and improve on the proposals before you today. But as it stands, we cannot support this package and believe when it comes to something like a new permanent personal income tax in city of Portland, the voters should have an opportunity to have their say. Thank you.

**Hales:** Thanks very much, appreciate your help and work on this as well as your members. Again, you have a little bit of time to put a competing proposal on the table, and if you have a specific proposal to offer, we want to encourage you to do that.

**Haynes:** Thank you, Mayor.

**Novick:** Mr. Mayor, if I may. Marion, I had just two questions for you. The first is, in our proposal, a couple making \$50,000 a year would pay \$5 a month, a couple making \$200,000 a year would pay \$32 a month. What would each of those couples pay under your proposal?

**Haynes:** We don't have specific numbers on the alternative proposal right now, but we'd be happy to work with you after we get through this hearing today.

**Novick:** Thank you. The other question I have is this. A number of other cities around the country have local income taxes. And this last weekend, I started wondering whether the chambers of commerce in those other cities were constantly working to get rid of those income taxes. And Columbus, Ohio, is one of those cities. So, I just Googled Columbus, Ohio, chamber of commerce, city income tax. And one of the first things I found was an article from 2009 that said that the chamber of commerce was supporting an increase in their local income tax from 2% to 2.5% with the caveat that they wanted a chunk of the money to continue to go to transportation. So, my request for you is, would you mind calling up your counterparts in Columbus and asking them how it is that they've learned to live with a local income tax?

**Haynes:** I certainly can't speak for other chambers, but we could look into it. I would also note that different cities in the state that they're in have much different tax and fee environments. But we'd be happy to follow up.

**Novick:** Thank you.

**Hales:** Thank you both. Thanks very much.

**Haynes:** Thank you.

**Hales:** OK, let's move to the sign-up sheet and take the first three people, please. Again, we are going to ask you to limit your testimony to two minutes, because we have 80 people signed up. Anyone that wants to come early, who's disabled, come on up now.

**Fritz:** Or parents with small children.

**Hales:** Or parents with small children. Yeah, we often do this at our hearings. If you are a parent with small children, child care concerns, or if you are disabled or otherwise under the assistance with the Americans with Disabilities Act, please let Karla know or come up now and we will accommodate those folks first. Just give us your name, and you have two minutes.

**Benjamin Pickering:** The disabilities out there -- I have a -- I have been on a disability since I was 10. I'm blind in one eye, so I see out of this eye right here. And sometimes I will come around a corner too fast and I will accidentally bump something not seeing out of my left eye. And from a distance, someone would say, oh, it looks like he is trying to attack somebody and I could run into somebody and they could be out of the blue and totally an accident. And I have seen this, I have had experienced where people grab me and throw me down, you're under arrest. I didn't do something, I was trying to apologize. And they misinterpret it and they apologize. But like I came up here one time -- I'm not against anybody. I don't pressure, point fingers at anybody. But I was



November 20, 2014

walking by and I was talking to somebody on the sidewalk, and doing the sweeps, and a bunch of people came up, and I would give everybody the benefit of the doubt, but the way I was rudely -- I just got my commission of the blind, a blind cane -- I'm blind out of one eye -- and the officer approached me and with all of his officer friends and he says, oh, you probably stole that blind cane. I said, excuse me? And I showed him my badge, disability badge, which is disability-friendly so I can get cheaper bus rides and it helps me see my way through the city. And I said, I had the receipt, too, if you want to see the receipt to the commissioning for the blind. So when I get tired and my eye gets blurry on this side, on my right side. This one is trying to pull and see, well, I can't see out of this eye. That's my disability. And he's sitting there making fun of me. And it wasn't very fun. And this is for the disability out there and the blind people. It's really tough on people. So, I mean, I didn't get an apology or nothing. He just told his officer to get back in the cop car. But anyway, thank you.

**Hales:** Thank you, you take care.

**Joe Walsh:** My name is Joe Walsh and I represent individuals for justice. Good afternoon, all. Haven't seen you in a long time. I think, Commissioner Fritz, you missed the question. I think the question is not so much what's in the process, it's what are you going to do with it? You kind of skipped over the part that many of us are in the agreement that we want to vote on this.

**Fritz:** On what?

**Walsh:** You're asking -- alright, you're asking three people to make a decision for 600,000 people. So, when you say vote on what -- that's up to you. You present what you think is fair and equitable, and Commissioner Novick thinks this is the best thing since sliced bread and so does the mayor. So put this on the table and let the people vote on it. The reason that you're not doing it is you're afraid it's going to fail. And that's democracy. You can't say that. You can't say, I'm afraid to put something on the ballot because the majority of the people are going to say no to it. I can't sell this piece of crap -- that's what you're saying. Three of you, I think -- from all I know -- three of you will vote on this and two of you will say uh-uh, put it to the voters. And I'm with them. You five together have brought me on the same side as the Business Alliance. That is amazing to me. And the oil lobby, if the oil lobby continues what they said the other day -- that's amazing to me, Commissioner.

**Hales:** Thanks, Joe.

**Fritz:** And just to clarify --

**Walsh:** One more point --

**Hales:** Joe, you used your time --

**Walsh:** Why don't you do these things at 6 o'clock at night so working people can come and talk to you? Why do you do this at 2 o'clock in the afternoon?

**Hales:** I think there is a good chance we will be here at 6 o'clock, but the commissioner has a question for you.

**Fritz:** Well, I just have a point of clarification. This is a proposal on the table. Like other public hearings, it's not a done deal. So that's why I'm asking, what do you like about what's in the proposal? What do you not like about what's in the proposal?

**Walsh:** Right, that's what you want. What we want is the citizens of this city to vote on this. This is a tax of \$47 million. This is not chump change. This is a very expensive thing. And for you to say to me, well, Joe, you come up with something that's really cool. Are you serious? You've got 40 lawyers in the City Attorney's Office. You've got 600 people working for city that I know make over \$100,000 a year. You guys should come up with something that you can sell. We know the roads have to be fixed, we know that. All we're asking is you put it on the table, Mayor, we'll vote on it, yes or no.

**Hales:** Thanks, Joe. [applause] Whoever would like to be next, go ahead.

November 20, 2014

**Adam Kriss:** Good afternoon. My name is Adam Kriss, I'm part of the Portland Commission on Disability, although I'm speaking on my own behalf for now. Ms. Amanda, I wanted to speak to you, and my condolences for the tragic death of your husband. But I think it's a good idea to first state that the thing that we need to all understand is that nobody is, I think, speaking against the idea that safety and maintenance problems need to be addressed. I think that the main issue, at least from my perspective, reading proposal now -- and I said this to Commissioner Fritz and we've been in contact about this -- I totally agree with Amanda that the safety issue and the maintenance issue gap is very wide. And I'm wondering why that is because from the Portland Commission on Disability perspective, we have done a lot of work on safety issues. And I think that while maintenance and paving is important, one of the things we've been concerned about is curb cuts on the sidewalks, clear path of travel. So I'm wondering -- [beeping] -- and I'll finish up in one second -- I'm wondering how in this proposal can we close that gap a little bit?

**Hales:** Good question. I think the project lists, I think there are copies, right? Outside of the project list, there's quite a few that are specifically about accessibility. And of course, we'll comply with the Americans with Disabilities Act on any capital project -- we always do, it's the law. So therefore, any time we make a capital improvement -- a sidewalk project, for example -- we put in the latest version of the curb ramps that's specified in the ADA. Even though some of them aren't specifically described as accessibility projects, we always include that element when we design it.

**Kriss:** Alright. One more thing just to answer you, Commissioner Fritz, and your asking of, what is it if we are available to vote for it? It -- whatever "it" is -- I would like to see a proposal that has a better component of the accessibility and safety project, and I think that would be something that we would want to vote for.

**Hales:** OK, great. Thank you very much. Good afternoon.

**Woody Broadnax:** Good afternoon, my name is Woody Broadnax and I'm with Broadnax Education. And I concur, there needs to be a vote. What I understand is this. I mean, since this whole debacle, you have created a community that is suffering from mental disabilities. Everyone in this room should have a mental disability about the fact that you want to charge the people of this community to walk down the streets, to drive down the streets, and other things. Yes, the streets need to be repaired. I was just recently in an accident. I had three cervical vertebrae drop down on my spine, and I had to have that taken care of. I would assume that it's because of poor streets. I will go along with that argument. But at the same time, what I'm concerned about is the misappropriation of any moneys that are designated for the streets. We sit back and talk about this situation and that situation, but the main focus is we want the streets to be safe. We want to be able to rely on our City Council in order to take care of those things that are necessary regarding money, but we also want to know where the money is going and how much money. Because recently, I heard \$10 million all of the sudden appear. Is this money to seed us so that we go and buy into this and then we face a progressive tax, continuously? Do we write a blank check for the city, for the mayor to go ahead and just run amuck? I don't think so. I think that the people have the voice. And I'm representing the African American community. We were pushed all of the way to Gresham and other areas so we don't necessarily fall under that particular piece. But if it starts here, it also will end up there, and there will be another push. This is bill is re-gentrification. And so I'm asking the body here, the fine gentlemen and the fine lady here, to reconsider your efforts in terms of proposing this progressive tax. I'm calling it progressive, because that's all the bottom line is, it's going to move up. And no one in this room will be able to hold the homes that they have in the northeast corridor or in the city of Portland because their taxes are going to go up. And the people need to understand that no matter what decision is made here today, it should go to a vote. Because there are those who are not here that as that gentleman said, should be here, but it is at 2 o'clock in the afternoon. I can't raise my community to come out, I came to represent. We are against the

November 20, 2014

street fee. Strongly against it. And we will fight it. Even to the point that there is no representation for our tax dollars, and there is no opportunity to be able to chime in in a realistic manner that your minds are not already made up. We are not fools in this community. We are not stupid in this community. We have witnessed these things time and time again with no resolution. [beeping] Again, I'm saying we need to vote on this.

**Hales:** Thank you. Thanks very much. [applause] Next. Good afternoon, welcome. I think you're on first, Craig.

**Craig Rogers:** OK. Mayor, Commissioners. Name is Craig Rogers. I attended all of the work group meetings as an observer. And as I understand it, this will be the first tax ever implemented for the citizens of the city of Portland that there would be no vote. And not only would there be no vote, but there would be no oversight and no sunset. And my way of thinking, this is kind of like handing somebody a blank check that can change and go on forever. And this isn't my idea of the golden rule. I think it's kind of made to look good at the beginning. People are going to think it's OK. And it's all subject to change. Remember, there's no oversight. So then, how do we really know that this money is going to go to what it is allocated for? I think we can do better. Having attended all of the work group meetings frequently, it came up where the subject was a vote, oversight, and a sunset, and yet what we're ending up with here -- those are not a part of this. And like I said, this is not an example of the golden rule. I think we can do better than this. Thank you.

**Hales:** Let me ask you -- I know you have followed this, so let me ask you to follow up with us on a couple of things. One, there are oversight provisions in the ordinance. I want you, if you would, take a look at them.

**Rogers:** Do they have teeth?

**Hales:** See what you think and see what you would recommend --

**Rogers:** That's the key.

**Hales:** OK, but tell us what you would recommend -- not necessarily right now -- but tell us over the next couple of weeks what you would recommend as an improvement. We have annual audits and an oversight committee, but we're open to other suggestions. If you think that there needs to be stronger oversight, tell us what that would look like. So again, if you've got some suggestions, bring them forward. And then secondly, on the subject of a vote, if we sent this to a vote and it failed -- let me put it this way: everything that goes to a vote of the people -- I've been involved in this a few times, park bond measures, school bond measures -- everything that goes to a vote of the people needs a campaign of people in favor of it. People that are willing to go out door to door, in the rain, talk to their neighbors and say, do this. If this goes to the vote and fails -- which is I think what you would want, I'm interpreting that you might want this to fail --

**Rogers:** Not necessarily.

**Hales:** OK. If this goes to the vote and fails, what's the measure that we could send to the voters that you would campaign for? That you would go out with me in the rain and go door to door across the city and say, vote for this? Tell us what that measure looks like. Again, not necessarily right now.

**Roger:** On Election Day, here were two street fees that passed by two-thirds. And here's a billboard right here. It says, pennies for pavement.

**Hales:** So, what were those?

**Rogers:** And it passed.

**Hales:** Were they utility fees or were they sales taxes? What were they?

**Rogers:** The details, and I encourage you to look in on that yourself.

**Hales:** Alright. Yeah, again, what was the taxing mechanism -- this is a one cent sales tax. So, would you go door to door for a one cent sales tax?

**Rogers:** Let's put our heads together. Two heads are better than one.

November 20, 2014

**Hales:** I'm serious. I would go door to door for a one cent sales tax, but I don't think it would pass. But would you?

**Rogers:** Commissioner Novick said something smart the beginning of this. He said, just like your teeth, they need maintenance, and I agree with that. So, how are we going to do it?

**Hales:** Well, let us know what you would campaign for.

**Rogers:** A vote for one thing. An oversight with teeth, and a sunset.

**Hales:** Yeah, please take a look at the oversight. And as you heard, the sunset is under discussion. Thank you.

**Bill Gentile:** Good afternoon, Mayor Hales and members of the city council. Thank you for allowing me to testify today. My name is Bill Gentile, and I'm the chair of the Elders in Action Commission, which you know is a federally-mandated advisory council that advises the City of Portland; Multnomah County; and the Department of Aging, Disability, and Veteran Services on older adult issues and services. In May of this year, the commission submitted a letter to City Council regarding the then-proposed transportation user fee. At that time, we encouraged Council to consider three major changes to the proposed funding concept. One, inclusion of a discount or exemption for low-income residence. Two, inclusion of a specific project list and any ordinance that was passed. And three, inclusion of a sunset clause. As you've heard from members who have been in the work groups, the commission has been kept updated on the ongoing conversation in the different work groups, and we appreciate that opportunity. On behalf of the commission, we do support the revised version of the residential ordinance. The proposed exemption of single residents with incomes of \$25,000 a year or less, and couples making \$35,000 or less is a very welcome change. For low income individuals with little wiggle room in their budget, even a small monthly charge would have a very significant impact. Finally, the proposed ordinance does not appear to include a sunset clause, which we would ask you to reconsider. We are optimistic that the establishment of a meaningful oversight committee, as well as the dedication of the funds collected under this program to a specific fund will ensure the efficient and appropriate use of moneys in the long term. No one likes to pay more taxes or fees. I can't find anyone that does. However, we are very hopeful that the generation of these tax dollars will save the lives of pedestrians crossing busy streets. Hopefully, it will provide greater independence for people in wheelchairs and other mobility devices in their daily activities of life, and provide long-awaited sidewalks on busy streets across the city. My thanks to the many people who worked so hard and so long on this issue, I appreciate it.

**Hales:** Thank you very much. Mr. McCullough, welcome.

**Robert McCullough:** Thank you. Mayor, we requested two more minutes. I checked with one of my colleagues, and they will yield their time to me if you would allow.

**Hales:** I'll allow you an extra minute. We've had a tradition of allowing neighborhood associations extra minutes. I think that might be good for something in your case.

**McCullough:** I am glad I was out in the rain working for you during the election. OK, very quickly. Southeast Uplift, the largest of the coalitions, have worked very hard on this. We've been through this, we've been through the numbers. Thank you, Steve. I think Steve and I have exchanged 30 or 40 emails. I've worked with his staff. We have put a lot of time and trouble into it. We were not invited to participate. The public involvement process was not the best. Southeast Uplift has the resources and the expertise to have made a contribution, but we were not able to do that. Sorry, Steve, we still have not got the work papers, that is part of the transparency issue. You've asked for recommendations -- actually, you've received a recommendation from McCullough Research. Why from McCullough Research? Who the hell are they? The answer is, there's not been the time to bring it through the process. We have not had a board meeting. We have not had a board meeting of individual groups, either. So we have a serious public involvement

November 20, 2014

problem. People who live in southeast that were on the committee. They're fine people. One of them is a good friend of mine. But that's different than representation. One of the next speakers, Gardner, if we had been asked -- retired PBOT, very smart, much smarter than I am -- and he would have been the representative on the business side if we were asked, but weren't asked, and you lost that expertise. You didn't have anyone from the universities. You didn't have the utilities. The people who had the data and the expertise were not in that room. On the allocation of the benefits, that's hard. Southeast Uplift is uncomfortable with the current allocation. There are a hundred different arguments they want to make. I will only make one very, very quickly. We have LEDs in there. As any energy expert will tell you, LEDs are generally regarded as cost-effective. We don't have to fund them that. Their savings pay for the equipment. My clients do this all of the time. In fact, I looked at the ceiling, and we need to change these out, by the way. [laughter]

**Hales:** Been up there since 1996, so please do.

**McCullough:** I'll bring a ladder next time. Finally, there's the problem about homework. When I was a child on the wrong side of the tracks in Chicago, Reverend Templeton said, can God create a stone too heavy for him to lift? The answer I remember to this day is, no, because it goes against his plan. Can legislators do it? Yes, they do it all of the time. You've done it here. There are problems with this proceeding, even down to the arithmetic. We left off the major road users. We have included -- by the way, lost TriMet, Union Pacific Railroad, and a number of others. Your own records show no major transportation users in the transportation category. This unfortunately means the entire set of numbers in the table have to be corrected. Now, I have offered to work with the staff. I've ask asked them if I wrong, they have not told me I'm wrong. This is a major problem, and it's a problem of not getting it through. So, what do we have to do? [beeping] I'm going to take one more second. McCullough Research -- we went through this, we can bring you the same amount of money for a nine cent gas tax across both gasoline and diesel. Part of it is because we have a lot of implementation costs, and of course, we have a 70% problem that we're not going to get everyone to pay. You've got that in front of you, it was sent in to you several days ago. It is a real proposal. It's backed by real numbers. It's not perfect. We're happy to learn more. But we are bringing real numbers and real research to the table. Thank you for the extra time.

**Hales:** Thank you. And continue to give us your ideas. While you're here, you might talk to Mr. Romain who's here representing the gasoline dealers and see what he thinks of that nine cent gas tax proposal.

**McCullough:** We do not always get along given my testimony at the U.S. Energy Commission, but I'm sure he will forgive me for that.

**Hales:** I hope so. Thank you very much. I see Mr. Chamberlain has arrived, and as I mentioned earlier, we're going call on him next to come up and speak on behalf of labor. Mr. Chamberlain, are you still in the room? OK. He's coming downstairs. There was someone else we were waiting for but he is not back yet. Take a moment and give Mr. Chamberlain his time and then we'll move on to the rest of the sign-up sheet then, please. He's going to make a dramatic entrance here for us. There he is.

**Fish:** Very dramatic.

**Hales:** Good afternoon.

**Tom Chamberlain:** Good afternoon, Mayor Hales and members of the Portland City Council. My name is Tom Chamberlain, and I'm a little breathless because I ran from the gallery down here. But I'm president of the Oregon AFL-CIO, representing over 225,000 working men and women across the state of Oregon. And while organized labor has not taken a position as of yet on the street fee -- call it election hangover, we're sort of focused on that election and did not take us not taking a position as being opposed to the street fee, we just haven't had time to evaluate it. Lord knows we need to get our roads fixed. We depend on them to get into work, move commerce. But I'm here

November 20, 2014

today to testify that we're united in supporting a progressive tax refunding, and for good reason. Working Oregonians are doing everything they can to feed their kids, pay their rent, and find transportation to work. Over the last 20 years, Oregon's median income has actually dropped by \$5000 per year. To put this another way, according to Pulitzer Prize-winning journalist David Clay Johnston, real wages for the bottom 90% of Oregon's wage earners between 1966 and 2011 grew by \$59 per year when adjusted for inflation. The top 10% grew by \$116,000 per year. Think of it this way: if that \$59 in gained income for 90% of Americans equal an inch, the top 10% wages rose by 168 feet. And since the 2008 recession, 95% of all wage growth has gone to the top 1%. And yes, Oregon has added new jobs, but over 45% of those jobs earn less than \$15 per hour. We live in a state where almost one in four kids live below the poverty line. Oregon workers understand we must fund road maintenance. We must have sidewalks to keep our kids safe going to and from school. And they're willing to pay their fair share, as long as wealthy Oregonians pay their fair share. Thank you very much.

**Hales:** Thanks very much, Tom. [applause] Let's take the next three, please. Good afternoon, welcome.

**Don Gardner:** Good afternoon. My name is Don Gardner, I'm the vice president of the Southeast Uplift board, and yes, I was a 30-year PBOT employee. I'm going to begin by expressing my belief that the city's transportation services are and have been underfunded for a number of years. Meeting the city's transportation maintenance needs and providing the capital improvements requested by our residents will require additional revenue. Unfortunately, in my view, this proposal today has some fundamental flaws. There's an inequitable allocation between different business classes, failure to develop a fee structure that charges the highest impact road users, and the unwanted nonprofit discounts to the largest medical institutions in the city. The residential tax is also flawed in that state and federal court rulings don't allow us to tax them. I understand that there's the whole issue of try to go to the legislature and change it, but it does create a very inequitable solution. I think the reason we have this controversy today is the lack of an adequate and meaningful public process. There are seven neighborhood coalitions, 95 individual neighborhood associations, and to my knowledge, none of these organizations were asked to participate in the process. When the first proposals came out, both business and the low income and advocacy groups expressed their push-back and wanted to discuss this. Their special committees were set up, but those of us being asked to pay 50% of the fee weren't even involved in the process. The other thing is that the mayor has repeatedly stated if anybody has a better idea to bring it forward. I would respectfully ask both you and Commissioner Novick when exactly were we supposed to do that?

**Hales:** Well, one of the times would have been the community forum that we held at Sunnyside School in southeast Portland six months ago. But now would be fine, too.

**Gardner:** The problem is, we don't sit in a Council hearing with a proposal on the table and go over a whole negotiation and what's the best way to do this and not. You need to be in the process. Our experience is we invited both PBOT staff, my neighborhood association, and we invited Southeast Uplift. What we got was, here is our proposal as we see it today. Of course, it's changed three times since then. But it continues to change. So, we need this better process. The other question we have is that my neighborhood association has voted to request the public vote. This really went against most of their grain because they really believe that Council is elected to make decisions. But the lack of process -- or what they perceive is lack of a public process is what led to that vote. We're not also hearing that from other neighborhood associations and coalition groups. So, I've known the mayor for a number of years, and I have no reason to believe that he does not have the best interest of this city at heart. I have no reason to believe -- even though I don't know you, Commissioner -- that you aren't exactly in the same position. Best interests forward. But this

November 20, 2014

proposal needs to slow down, you need to have a better process, you need to involve some other people in it, and then we can move forward. We as a neighborhood association have taken no position on the fee. The position was really based on the lack of a public process that they were able to be involved in.

**Novick:** Sir, just to reiterate the mayor's point, we had town halls specifically on the question of how best to raise the funds back in April, which anybody could have attended.

**Hales:** Which was a few blocks from Southeast Uplift's headquarters. So I guess I'm a little floored that --

**Gardner:** You know and I know that town hall meetings draw a very limited -- the public notice of those to draw people to them -- in coming prepared to those to, oh, let's sit down and discuss how we're going to develop something is significantly different than sitting in a committee group to try to sit down and work out how it's going to be. Am I saying that your proposal is wrong? No. I have nobody who's telling me one way or the other. What I'm hearing is they weren't allowed to participate or they don't feel that they were able to participate in a meaningful way, and they want to slow it down.

**Novick:** Sir, Mr. McCullough said earlier that he and I exchanged about 30 emails in the past couple of weeks. That's true. He could have sent those emails in April, and that's something that he and I have discussed. There was nothing is preventing anybody from contacting us throughout this whole process.

**Gardner:** Well, that's fine. But I've been in a lot of public processes, and this is not a good one. Thank you.

**Hales:** Alright, Don, thank you.

**Jeff Cole:** Good afternoon, Mayor and Council -- [applause]

**Hales:** Hey folks, again, I know there's a lot of enthusiasm and all that -- let's not neither applaud nor boo our fellow citizens. Thanks. Go ahead.

**Cole:** Good afternoon, my name is Jeff Cole. I'm on the Sunnyside neighborhood board. I'm also on the executive committee of Southeast Uplift, but today, I'm speaking for myself. Equity, safety, and a parable. Sam is a maid to drives to clients' homes in a 2002 Corolla sedan. Portland roads are rough, so Sam's gas mileage is reduced. And every year, Sam's car needs an extra \$400 in repairs. The brake job is overdue. Shocks are shot, the tires well worn. Sam must choose. Sam's clients rarely must. Equity and safety become casualties. We all know this is bad news. For every dollar we fail to invest today in fixing our crumbling streets, we'll spend three, five, or 10 dollars in the future. That's a real future shock. A real emergency. And that is far less money in the future for important projects like safety. As for safety, much progress has fortunately been made. From 1996 to 2010, Portland traffic related fatalities have trended down sharply. Statewide on Oregon roads, traffic fatalities per mile are one tenth what they were seven decades ago. Although I believe every street fee dime should pay for sealing, grinding, and paving between the curbs, consider this based on projected street fee revenues. We could focus on and fund three specific areas -- sidewalks, safe routes to school, and high crash corridors -- and we would still have 71% left over for street preservation. Even if Portland streets were all in A1 condition today, we would still need to spend \$30 million per year to keep them that year, or so the city engineer tells me. I'm going to go off text a little bit to meet your challenge: What should we do? I do support an increase in the gas tax, a city gas tax. Mr. McCullough said nine cents. I'd go higher, 10 cents, for the following reasons I would argue to my fellow citizens. One, the collection could be handled through the state. Very little administrative fees. Two, there are already restrictions on how gas tax money can be spent, there are state restrictions. That's an assurance to my fellow citizens that it will be spent on the roads. Three, it's equitable. The users of gas and diesel pay for it. And we should mention, in terms of diesel, one tractor-trailer truck causes as much road wear as 9000 cars per mile. And we have no

November 20, 2014

component for a diesel tax in this. That's why I would support a gas tax, and I'd walk door to door with you on that. If you can give me another 20 seconds.

**Hales:** OK.

**Gardner:** The other component would be redistributing some of those franchise utility fees back to PBOT. This would also account for electric vehicles which use electricity. And also, on behalf of my neighborhood association, we did write you a letter that we would like the council to look at parking as a revenue generator. As you look at the streets, any average streets is either 20% to 50% used for parking, and we don't have any component to raise revenues for parking. Thank you very much.

**Hales:** Thank you for those suggestions. Thank you. Welcome.

**Andrew Nisbet:** Hi, Andrew Nisbet. I'm not part of anything, so I guess I'm just speaking --

**Hales:** On part of Portland. Welcome.

**Nisbet:** Mayor Hales, Commissioners, thank you for this opportunity to testify. I think there are only two things that are of major concern to me. One, there is a clear disconnect between the arguments for the need for funds and the arguments for the need for the way the funds are spent. These are two different issues, and they don't seem to be being addressed as two different issues. And that bothers me intellectually, if nothing else, to say that we need to repave the streets is not the same thing as saying we need a specific new fund to be able to repave the streets, and the disconnect and the argument is bothersome to me. The other thing is as the legislation appears to stand right now, our community has demonstrated that if you put something into a body of water, the body of water goes up by the same amount. The current mechanism for ensuring that the street fee would be expended on safety and road maintenance may work. I suspect there are a number of people in this room who believe it should be stronger, and I suspect that I would be one of them. But unless that same mechanism is applied to the budget as it currently stands, what you are asking the taxpayers to do is to hand you \$30 million to do something that you are already spending \$30 million to do. Because if the current maintenance budget can be spent in other ways, I suspect that eventually it will.

**Hales:** Thank you, thanks very much.

**Fritz:** That's a valid point. Commissioner Novick, what is the current maintenance budget within PBOT?

**Novick:** I think for pavement maintenance, it's in the neighborhood of \$14 million, and then we spend actually more than that maintaining the signals, bridges, street lights, etc. And if we -- and one reason for that is that if signals go out, that's an immediate safety problem. Whereas as the pavement deteriorates, it's a huge problem, but it's not the same sort of immediate, this light has gone out, it's a dangerous intersection issue.

**Fritz:** But we have that number and we can publicize how much we currently spend on street maintenance.

**Hales:** It's in the materials, but that's a good idea. Now, we had a bureau advisory member here, Cameron Whitten, but he had to leave, is that right? Cameron, are you here? Apparently not. Let's go to the next three please. Welcome. She will get those to us if you have copies for us. Thank you, go ahead.

**Richard Donin:** Hi, I'm Richard Donin. I'm a concerned citizen, I'm not representing anybody but the city of Portland in terms of making it a wonderful, livable place. Thank you for taking the time to listen to me, I really appreciate that. And the reason I'm here is because I have a different "it." Instead of what I consider to be a somewhat complicated system where you've got two levels of taxation -- one for residents, one for business -- my proposal is to enable a city of Portland parking permit sticker fee, similar to the one they have in Chicago, which has been working for a long time. And I believe I emailed all of these to the council earlier. The proposal establishes a yearly fee and



November 20, 2014

a sticker which would be somewhat like -- this is an OPB sticker, but it's a cling, it's easy to get on and off. It would also mandate that the funds be used extremely for street maintenance. This would apply to all motorized vehicles, and that's the issue. It's the things that are on the street that damage the streets. People who don't drive, obviously, aren't applying any damage to the streets. And the other thing it does is it allows us to capture funds from everybody that doesn't live in Portland. For example, if you live in Gresham or Vancouver or Salem or Beaverton and you drive into Portland for work, this would capture dollars from the people who are actually using the streets beyond just the residents of Portland. And it's a fairly simple program. You already have a permit fee system in place for several neighborhoods in Portland. People are used to paying it. There's a bureaucracy set up to sell those permits for people, and you could basically work through the normal Multnomah County compliance system for parking tickets. If somebody doesn't have one, they get a warning, and next time, they get a ticket, which obviously would be high enough they would decide that compliance is far less expensive. And using the fact -- I just ran some numbers. If you had a 50% adoption rate in the tri-county area and a 20% adoption rate in Clark County to buy these stickers, at \$35 a sticker, you would make \$25 million. At \$55 a sticker, you'd make about \$40 million. Again, getting only the people that use motorized vehicles on Portland's streets which really cause the problem. The stickers themselves are very inexpensive. Chicago puts them out all of the time. I by the way am a Portland native, I just happened to live in Chicago for a while. And boy, I didn't like the way they ran the city, that's for sure. [laughter]

**Hales:** Other than this -- [laughs]

**Donin:** No, actually. I'm here because I think other ideas are workable and they've been proven that they work in other municipalities and big cities. It ends up being that it could be a short-term fix in terms of if the money that comes in meets the need and as it grows to a greater compliance in people around the tri-county area, you could actually lower the sticker fee. I know that sounds incredible, but I've seen jurisdictions that actually have done that. So, all of these points that I brought up I think are a very much more simple and equitable way to get the streets fixed. It approaches and deals with the real issue: motorized vehicles on the street, not residents just of city of Portland.

**Hales:** Thank you very much.

**Novick:** I just want to respond to one point. It is not just vehicles, but the weather that does a lot of damage to streets. So, even if all of us did nothing but walk and ride bicycles, the streets would still deteriorate and we'd still need to fix them periodically.

**Donin:** Of course, yes. Acts of god. I live in Portland because it rains.

**Hales:** Thank you very much. Appreciate you putting so much thought into this. Thank you. Who's next?

**Yu Te:** Greetings, Mayor and Commissioners. I want to thank you for the opportunity for me to speak. My name is Yu, I'm the owner of MacPCX in Hollywood and vice president of the Hollywood Boosters Business Association. I came with two other board members who are in the audience in support. I've actually come to like you, Mr. Mayor, from the few personal interactions I've had -- not much -- but you're very earnest and also asking for an alternative, which I'll get to later. The Hollywood Boosters. To provide context, we're a neighborhood business association that has been organized since 1934, and we currently count 96 member neighborhood businesses. Our primary mission to promote the economic and social well-being of the district, which also encompasses neighborhoods of Grant Park, Hollywood, Laurelhurst and Rose City. So, this is issue is important to us, for not just as a business association, but also for our customers and our residents. We took a vote, we discussed on information that we have as a board, and as an organization, we officially oppose the street fee and would like to see it referred to a vote, a public vote, actually, if you were to continue. I think adding a sunset and some other options -- they're

November 20, 2014

nice additions, but I think they're not taking into account -- the way it's structured is better than back in May, but the way it's structured is not there yet. And I think I've heard you say that if this was taken to a public vote, this might be opposed. What can be done? I'm not sure. But I think whatever needs to be done needs to take into account the unique usage and demands on our roads from different users, and also the environment. So, I would help campaign for you personally. Not on behalf of the Boosters, but I would help campaign for you if we come up with an alternative. And maybe it doesn't -- we have to face reality and see that this requiring a need for a gas tax increase and bicycle registration. I'm a bicyclist, and I think that might be OK. But before that happens, I would like to see -- and I think many citizens would like to see more transparency and more reduction in waste in city spending and more prioritizing of the spending that reflects the different neighborhoods. And we're not really seeing that. So, I would go to bat for you, but I think those other -- things many of us would like to see happen. Thank you for letting us talk.

**Hales:** Thank you. Congratulations on a great Veterans Day parade again, the 40th year. Nice job.

**Fritz:** I just want to follow up, what specifically in the current proposal do you and the Boosters disagree with?

**Te:** We haven't had a chance to discuss on this current iteration of the fee and income tax. I think one of the points that we're against is implementing a tax without having voter participation. I think we fought a war over that for a reason. So, but also there is -- the fee affects businesses in a disproportionate way. The small neighborhood businesses that are -- for the business side, it would implement a fee schedule, and so there is increase on the size and revenue of the businesses, but it doesn't reflect the actual usage or demand.

**Hales:** I'm getting a lot of email from citizens who in fact want to put it succinctly, who said sending this to the voters is outsourcing your job to the people that pay you to do it. [booing] That's what one of the fellow citizens said. How would you suggest that I reply to that?

**Te:** Well, sir, I think you are really doing a good job, and I really see the earnestness of you in trying to solve the problem. I don't see you avoiding your responsibility. I think that by referring this to the voter, it's not deflecting responsibility. This is a tough choice, but it's actually not one for you to make for us, for all of the citizens in the city.

**Fritz:** Right. But what's on the ballot, we -- each of us would vote yes or no. So, should something get referred by the council or by the voters by signature gatherers, we want to figure out what's the best thing that has the most likely of getting something. So that's -- I appreciate your comments, particularly about the particular businesses in your area. Thank you very much. Very helpful.

**Hales:** Thank you. Mr. Parker?

**Terry Parker:** Terry Parker, fourth generation Portlander. Sharing the road must require sharing the financial responsibility. PBOT put forward the premise on-street parking is a commodity. If on-street parking is a commodity, then every square inch of the city street network is part of that commodity. Before a street fee is implementing and double dipping occurs by motorists who have paid gas tax user fees and license and registration fees are charged yet another tax, the playing field must be levelled. In advance to carrying out any citywide street fee, equity requires that bicyclists must start pay their share, inclusive of bike lanes that often take away on-street parking, the excessive amount of specialized bicycle infrastructure that bicyclists continually want more of, and the proliferation of other bicycle-specific reserve commodity space, including buffering, that is consuming more and more of the limited space on public right-of-ways. Sure, the BTA and other bicycle advocates support the current proposal because there is an alternative agenda within the street fee and bicyclists continue to freeload off funding subsidies that other people pay. Bicyclists are not royalty. TriMet buses do the heaviest damage to city -- [applause]

**Hales:** Come on, please.

November 20, 2014

**Parker:** TriMet buses do the heaviest damage to city streets, therefore, a portion of transit fares should also be used for street maintenance. Funding the maintenance of existing sidewalks must also be synonymous with constructing new or wider sidewalks. Equity -- both pre street fee and post street fee -- must be top priority, including plugging the public pension loophole. Any presence of social engineering or discriminatory transport mode hierarchies as proposed in the comp plan must be totally tossed out if the street fee is believed legitimately equitable. Attached to my written testimony is a bicycle safety and infrastructure funding plan that's been sent to the Oregon House legislature. I hope you'll support it. That said, until such time that a bicycle fee is on the books, I cannot support a local street fee. There must be a transparent prerequisite of motorist equity. Otherwise, motorists will pay twice for what they utilize while continuing to subsidize bicycle infrastructure and other alternatives for freeloaders. Should the council autocratically dictate a street fee without a vote of the people, I will be one of the first people in line to sign any petition that will place it on the ballot. Thank you.

**Hales:** Thank you very much. Go ahead, you next.

**Harry Sampson:** Harry Sampson. Novick brought up the town meetings. And the town meetings is different. It was one -- the street tax and the business was one. You changed it without the view of the public, which is wrong. We had the right to say -- we went to the town hall meeting to say it is one. How did it get changed to two without us talking about it? Two, he let people down at the meeting. When they said everyone had to pay, how did they know it would have meant charities? He failed to bring that up at the meeting. Three, Multnomah County has to function together. You take all the extra property tax. How many people in here have noticed all of these new houses, all of these new condos going up? That is bringing more money to the county. We have to work as a team and use that to fix the streets. When you're talking about we should pay, why don't you guarantee pet projects? Like, you have homeless shelters for the women for 10 days. That's focusing on 70 women for 10 days extra. That's \$279 for 10 days. No showers for them. Cup of soup. That way, the buildings owned by non-profit, you can give them money. We have empty schools that have showers and buildings that we could be using for them. And they could have something to eat and save money. Before you put the tax on us, you need to cut corners like the sweaters for downtown. \$107 million. You say, well, it brings business downtown. What about the other areas that need business? Like the Sellwood, suffering from bridge closure. They're not getting anything. You're worried about downtown and the sweaters, \$107,000. You need to tighten your belt before you ask us to tighten our belt.

**Hales:** Thanks very much. Welcome.

**Dan Kaufman:** Hello, Council, thank you for taking my testimony today and providing this forum for us. My name is Dan Kaufman and I am representing myself as a citizen, although I am a member of the freeloaders, otherwise known as the Bicycle Transportation Alliance. [laughter] I'm also a big supporter for the Coalition for a Livable Future, and I'm sure they'll be weighing in. But I speak for myself today. First of all, Commissioner Fritz, you asked what "it" should be. And Mayor Hales, you've asked, what will it take for you to put on the rain coat, if you will, and get out there. I'm not a weatherman, but the political winds are telling me that we're going to need to perhaps get some rain coats. So, if you want me to join in on this, this is what I would like to see as "it." First of all, Vision Zero. I would like this to be tied to Vision Zero. I would like there to be some real metrics about how we get safety, and that all of these things that we do are going towards creating safer streets for all of us. Second of all, to get me out there and to campaign for this -- because, again, I think there will be a vote, that's what I'm feeling here -- but to get me out there, I would like us to see this work towards a 25% mode share goals for bicycles by 2025. And third, I'd like to see it go toward the climate action plan. Now, these are all things that either the council or agencies have put forth together that Portlanders have gotten behind, things that we've wanted to

November 20, 2014

see happen. So, these aren't new things. When we spend transportation dollars, they can go towards these things and push towards us, so I would like to see those included. I know that's going to be -- you know, there will be opposition from the petroleum lobby. But they're going to impose anything, apparently. That's what it is going to take to get me to get on board with this.

**Hales:** Thank you very much.

**Fritz:** Mr. Kaufman, you mentioned Vision Zero and I'm not sure what everybody is aware of what that is.

**Kaufman:** Vision Zero is concept that first and foremost, transportation should be designed -- this is out of Sweden -- but transportation systems should be designed there are no fatalities for any kind of users. I do not feel that our -- when you've got 35 mile an hour roads going in front of houses that have children living in front of them, you might as well have an alligator pit in front of that house. It's no different. We know that when you're hit by a car doing 35, you're going to probably die or be severely injured. How this happens in residential areas where children live and elders need to cross the street that we can have zones that are that fast is beyond me. Those are the kind of things that Vision Zero moves us away from, and towards safer streets that children as young as eight and elders all of the way to 80, 108, whatever, can use. And that's what we need here in Portland. And that's what I'm hearing a lot of people, my friends and family wanting to see happen.

**Fritz:** Thank you.

**Hales:** Thank you very much. Appreciate your advocacy. OK, let's take the next three, please.

**Rob Sadowsky:** Thank you, Mayor Hales, members of City Council. I represent the Bicycle Transportation Alliance and I would like to tell a quick story about a little girl we know named Lynasha [spelling?]. Lynasha is an 11-year-old girl who lives in St. John's who took our bicycle safety class a few weeks ago. Really excited, a big smile on her face, but still can't safely bike to her school because she yet doesn't have a neighborhood greenway to get her to those schools. This investment that we're talking about here can make a big difference for Portland. We represent more than 10,000 Portlanders who bicycle on Portland streets every day, as well as hundreds of businesses and their employees who rely on an intermodal network that is safe, well maintained, and fully connected. We are citizens who know firsthand how important maintenance and safety is when we get around each day. You might say we're closer than most when it comes to being on the roads. We're business leaders who build great bikes, great parts, and make great clothing to keep us dry. We include businesses that employ as few as one to businesses that employ thousands.

Together, we stand in support of safety and maintenance of our roads. This current proposal as it stands to bring new revenue, half from businesses and residents, with protections from our lowest income residents and a dedicated 56% to maintenance and 44% to safety, with no sunset clause is good public policy. The BTA recommends an increase of the cap on the residential fee to make higher monthly rate for the richest Portlanders who can afford to pay. We are concerned about placing too high of a burden on middle income earners. We remain convinced, though, that safe streets should be our number one priority and would welcome an increase in the amount of money dedicated to make them safer, especially where conditions are the worst. Every penny spent now on safety improvements has the potential to save lives and ease an enormous financial burden on the city and the county. We deserve to live in a city where we will not tolerate a single road fatality, but we will also be unable to move the needle on fatal crash reduction without significant investments in safety. More money for safety now will address years of inequitable investment, and polling shows that is what Portlanders want. Please pass this and do it for Lynasha.

**Hales:** Thank you very much. Mr. Baack, welcome.

**Don Baack:** Thank you very much, Mayor Hales and Council. I'm Don Baack, I live in Hillsdale, I'm president of SW Trails, and I'm a volunteer for AARP. In the spring, we expressed qualified

November 20, 2014

support for the street fee. Over the summer and fall -- with a lot of work on a lot of parts, and quite frankly, I don't know how the staff kept up with this -- but I've been exhausted to keep up with all of the changes that come down, projects, and the way the funding goes and so on. You know, we've got a lot of people out there very confused about what's happened because it has been a moving target. I think most of the concerns we addressed have been resolved -- in a major way, not totally, but in a major way resolved. As an owner of two cars, I think the street fee is important just to keep paving the streets because it'll cost me far more than a tax, and I'll pay a significant amount to keep those going. That's really important. We're very enthused to see the list of safety projects with this, and we are particularly supportive of Vision Zero as a component, and moving towards that. Now, I'm going to go off script. You can read the rest of my comments talking about projects. As I was coming down here today, I met a gentleman that was coming to this meeting. Lives near me in Hillsdale, and he was totally confused about what was coming down and what was. And I don't know all of the answers to a lot of stuff he was asking, but I did know some. So, here's my thought. We could put it out to the voters. I think that would be total chaos because you're going to have a signs of do this, do that. I say put it out to voters but do it two years from now. Implement it now, get it started and show people what you can do and have very careful follow-up on all of the pieces that we're doing. But put it to a vote saying, OK, now we're going to have a vote and now can talk about stuff with knowledge about what was going on. Because if we don't, you have all of the people opinions coming out. It's going to be really difficult. So, that's my approach to that. And that would be sort of a two years sunset if it didn't pass. On the other hand, it would be in place, people would understand how you're collecting the taxes, what the ratios of the things you're doing are, and where we're going from here. I just think that's a way of approaching it that might make more sense than trying to move forward otherwise. Thank you.

**Hales:** Thank you very much.

**Fish:** Quick question. When you say two years, are you intentionally pegging it to a high turnout presidential election? Is that in your thinking?

**Baack:** No, it was not. My thinking was it would take two years to get this organized where people will start understanding what's happening. I would put this together with a very intentional review committee, some tough guys on it that are related to the communities. And if Don Gardner wants to be there, great. But people working in the communities so they can testify to what's going on. And the problem we have is creditability in the city. This whole water sewer thing has caused a lot of chaos along with the streetcar, all of those things that are happening. We have to calm that down a bit. One way to do it is to create confidence that we are really making steps in the right direction. And Nick, I think you can basically say, give us two years, we'll work it out, we'll have this going, and you will have some very clear steps of implementation here that you can point to and say, this is what we've done. We goofed up here. We've changed it. This is what we should do. Shouldn't have done that. Admit the mistakes and move forward in a positive way. Modifying this this way for this proposal because this makes more sense for everybody. You can involve a lot of communities in that. And then, the other part is intentionally get people -- I'm willing to go out in the rain -- in the sunshine, too -- and work on this, but I need stuff that I can get my arms around. This is performance. This isn't pie in the sky promises that come out in the future. I think that's the way to sell something like this. This is a big change for Portland, and we're going to have to have a huge amount of effort to make it happen. If it fails without this kind of effort, then we're due four, five years more before we will get anything done and my car is going to be really broken down.

**Hales:** Thanks, Don. Thank you very much. Welcome.

**Ruth Adkins:** Thank you. Good afternoon, Mayor Hales and Commissioners. My name is Ruth Adkins, I'm policy director at Oregon Opportunity Network. As you know, I served as chair of the nonprofit, low income advisory committee, and I'm here today on behalf of the committee to

November 20, 2014

express our strong support for the proposal before you. This proposal in our view is vastly improved by the one in May. It reflects significant community and stakeholder input as well as a significant degree of compromise. We urge you to support and move forward immediately to enact the proposal so that the city can begin work as soon as possible to start investing in our streets. We would support a sunset, but not one that includes an automatic referral to the voters, but more the review and oversight, as has been discussed. In particular, we support the progressivity of the proposed residential fee, with a proposed exemption for our lowest income neighbors. A progressive approach with exemptions for vulnerable Portlanders was the single most important value for our committee, given the affordable housing crisis and the growing income inequality in our community. We also appreciate the use of a racial equity lens in helping determine the project list, and urge that racial equity be included in the charge for the ongoing oversight committee. Alignment with the city's equity goals is a must, and we'll be looking for fulfillment of that commitment. We support the proposed value between safety and maintenance projects, recognizing that there does need to be flexibility as projects move forward. We're very excited about the safety projects, particularly in the historically underserved areas of our city. We strongly support the proposed business fee discount of 50% for nonprofits, which allows nonprofits to contribute to the street fund without having adverse impacts on organizations serving the public food. Finally, I would also like to offer my personal support for the proposal as a Portland homeowner who would be paying I believe \$16 a month under this proposal. My husband and I can afford this amount, and in return, we know there would be improvements in every corner of our city. It's a good deal. We are glad to contribute to investments in our city's infrastructure to support safety and livability for all. Thank you very much for your leadership and for the opportunity to testify today in support of this progressive and necessary investment for our city.

**Hales:** Thanks very much for your volunteer service as well.

**Jill Smith:** Good afternoon, Mayor Hales and Commissioners. I'm Jill Smith, I'm the Chief Operating Officer at Home Forward. And it was my privilege to serve on the low-income, nonprofit work group on behalf of the 15,000 households that our agency serves. And I have to add to that -- it's not on my written testimony -- that our work group really did have in mind the people that are the lowest income as we worked really hard to make some recommendations. The people that we serve are the most -- the luckiest of those, because they have some kind of rent assistance. There's a lot that don't. The men, women, and children our programs help live throughout Multnomah County, with the majority living in the city of Portland. Home Forward works very hard in partnership with many community agencies to house our most vulnerable citizens. We have more than 6000 apartments ourselves. We administer short and long-term rent assistance programs for people who rent in the private market. Over the past five years, we've been striving to house disabled veterans experiencing homelessness, and with the city and our other partners, we've set a goal to end homelessness for veterans by the end of 2015. I just want to strongly state that every additional fee placed upon the most vulnerable low-income members of this community is a step in the wrong direction. Home Forward appreciates all aspects of this new proposal that you have presented today and that we've worked so hard to put together as a community. It protects the people that are earning \$35,000 a year or less. Middle-income families with children receive exemptions for their children and are less burdened by this proposal than the original plan. We appreciate the focus on safety improvements aligned with maintenance as a prudent and necessary choice. We also appreciate the 50% reduction for nonprofits that are providing essential services to many of the less fortunate people in our community. [beeping] Just in closing, we came to you in May because we were concerned about that initial proposal. We believe this is a much more fair approach, and we believe that the proposal addresses all of our original concerns. We thank you for the opportunity we have to help shape it.

November 20, 2014

**Hales:** Thank you for your advocacy. Appreciate it.

**Fish:** Jill, can I just add to that? Much of the reform of the Section 8 program and much of the success in getting the problems out of the VASH voucher program are the result of your tireless advocacy.

**Smith:** Thanks.

**Fish:** And you've been working at this so long you actually changed your name in the middle of it.

**Smith:** I did. [laughs]

**Fish:** Thank you for your service.

**Smith:** Thank you.

**Hales:** Thank you. Welcome.

**David Williams:** Mayor Hales, members of the council, David Williams representing Portland Public Schools. Let me begin by saying Portland Public Schools supports the proposed street fund and strongly urges the council to move forward to begin making the much needed investment in our city's infrastructure. These investments are long overdue, as you know, and much needed to ensure our students have safe and reliable ways to get to and from school. We view the City of Portland as a key partner educating the youth of Portland. And while there are many facets to the education of a child, one of the first and foremost tasks is actually getting kids to and from school safely. We all know the quality of roads, sidewalks, and other access points and know that we absolutely must tackle this problem to ensure that Portland's kids can get to and from school in a safe manner, whether that be by walking, biking, riding in a bus -- school, or TriMet -- or riding in a private car, all which require effective and well maintained safe infrastructure. Portland Public Schools wholly supports the city's efforts to address these transportation needs through the proposed street fund. We've been active participants working on the low income, nonprofit advisory group, and support a street fund funded by a progressive fee and doesn't place an undue burden on families that we already know are struggling. We support a fee that spreads the burden of pay between businesses and homeowners in the city. A street fund would benefit all kids and all families by adequately funding a sustained investment in our city's transportation infrastructure, an investment that allows for upgrades as well as maintenance. We stand by the work of the advisory groups and encourage the council to move forward and support the proposed fund. Thank you.

**Hales:** Thanks very much. Thanks for your help and help on the committee. Appreciate it. Mr. Ostar, welcome.

**Jonathan Ostar:** Thank you. You said my name right, too. Jonathan Ostar with OPAL, Environmental Justice Oregon. Mr. Mayor, Commissioners, thanks for the opportunity to speak. It's been a privilege to work on this for the better part of the last year. It's my job to be somewhat critical and have a healthy cynicism of public process when low income communities and communities of color time and time again receive an inequitable share of benefits and are levied with the heaviest burdens. I think this has been one of the most inclusive processes and transparent processes that I've witnessed in the last 15 years, and I think that is a tribute to your leadership in moving this proposal forward and trying to reach consensus, trying to reach something that, while not being what everyone would most hope for, it's something that everybody can live with as we move forward. Our members run a bus riders unite membership program for folks who are transit riders, and transit-dependent riders are the leaders of that membership group. Our folks ride the 71, they are the folks trying to get around in Lents where it's impossible to cross the street safely, they're the folks risking life and limb trying to get around in east Portland where things just aren't safe because they've historically been underfunded when it comes to safety investments and infrastructure. So, we support this proposal more broadly because it meets all of our environmental justice principles. It's progressive in the way it raises revenue, it's equitable in the way it distributes resources, it addresses long-standing community needs that have real impacts. While

November 20, 2014

we're all currently paying into the system, not everybody is currently benefiting from the system. Some folks just maybe quite don't get that. I want us to recognize that there seems to be a bellwether moment when it comes to public sentiment. I think income inequality and affordability concerns are really lifted up in the public consciousness, and I think they're here to stay. The most troubling part about this is the 40% of folks that are at or around the poverty line. And that's a fight that we can have and a fight that we can win. You know, you said, Mr. Mayor, in the last 13 years threats of referral from the business interests have killed this thing. And I know that why you and Commissioner Novick made concessions to the business community on this, because we're trying to find something that was going to work. But it feels very hollow right now. And so, I want to fight with you on this, I want to fight to win this, and I want to see some of that restored into this proposal as we move forward because I think that's a fight we can win together. Thank you.

**Hales:** Thanks for your advocacy. I think it's safe to say that if we didn't spend the money the way it is laid out in these ordinances that you would be among the first we would hear from.

**Ostar:** You know I would.

**Hales:** Thank you. Next three, please.

**Lucia Thoenig:** Hi, my name's Lucia Thoenig. I have two children that have I to pick up. I work full-time and took vacation to be here, so I speak for a lot of people who are probably in the same position. I have couple of things to say. A few comments about what's in front of all of you today, a comment about other sources of revenue, and then a separate comment. There's a lot of good things in this. The devil is in the details, and the details are not there. I think some people made some fantastic points about involvement from the city. What's fascinating to me is I can get a post card about Oleson Road being shut down until March 2015, but nobody can send me a post card about income tax that's significant and becoming involved in that process? I think there's some disconnect with how things are operating, gathering feedback, and getting input. I've heard some great ideas today and I would like to see those explored further, and I don't think this can legitimately be explored before this goes to a vote for you on December 3rd. I think you need to hit the pause button and dig into a few more details. One would be a sunset clause on it. Putting an income tax out there with no end to it is kind of crazy, regardless of whether it's progressive or not. And it's great that it is, and I'm supportive of many things. I'm supportive of the balance between maintenance and safety and all of that, I'm not going to nitpick on all of those things. But it needs more time. You need to work on it. You need to refine it. You need to gain more support for it. A lot of people here today don't support it, and I don't think the city can afford something moving forward that does not have greater public support. And that's where you really need to hit the pause button. Second point, other sources of income. I live three houses from where unincorporated Multnomah County starts. I really think you have to start going after that because my tax has increased by \$1400. People with houses that are valued at twice mine increased by \$200. And that's where the wealthiest people in the city live. Got a little map here, you can drive up 26 and get off at the Sylvan exit and start looking around. If you tax them at the rate you taxed me and the rest of the city, that's your \$50 million. That's what you want. So put that to a vote to the people, and you'll get your \$50 million you want for transportation. You guys really need to start chasing that down. So, coming up with something that doesn't consider other sources of revenue is not responsible. I mean, you've gotta think of other sources of revenue to fund this. Finally, I think that Mayor Hales and Commissioner Novick, you should both listen to the replay of the radio show you were on the other day and you should listen to the way you spoke to the woman from the Portland Business Alliance this afternoon, because it was beyond disrespectful. It was passive aggressive, it was unattractive social behavior, and maybe the city needs to pay for some coaching for you to go to some interpersonal training -- [applause] --

**Hales:** OK --



November 20, 2014

**Thoenig:** Because the way you two treated each other on the radio was unattractive and not civil, and it does not have a place in public discourse. So, thank you.

**Hales:** Can I get you to clarify something?

**Thoenig:** Sure.

**Hales:** That is those unincorporated Multnomah County folks. What is it you're recommending that we do? I'm sorry.

**Thoenig:** That you incorporate them into the city, because they get every benefit from living in the city, and they don't pay any of the taxes. They won't pay this tax.

**Hales:** Actually, we don't have the authority to do that. They have to volunteer to come into the city.

**Thoenig:** I still think you should explore how to make that happen somehow in taxing them for the roads they use.

**Hales:** It's actually state law.

**Thoenig:** OK, well, if they use the roads, can you make this a Multnomah County thing instead of just the city?

**Hales:** No, only the county can tax the county. Our taxing authority stops at the city limits. It's state law, it's how cities are set up. You're right, there's a lot of assessed value out there. But it's not our assessed value.

**Thoenig:** OK, well if it's the limits on the map, you should go after it.

**Hales:** Just because they have a Portland address doesn't mean they pay taxes in Portland.

**Thoenig:** Oh, OK. Well, take their Portland address. Thanks for your time.

**Hales:** Thank you. Welcome.

**Noel Mickelberry:** Thanks, Mayor Hales and Commissioners, for giving us the opportunity to speak today. My name is Noel Mickelberry, and I'm the executive director at Oregon Walks, the state's pedestrian advocacy organization. We're here today to support raising \$46 million in new revenue, with over \$20 million going towards desperately-needed safety projects in the city. Our role advocating for pedestrian safety is often a somber one. Every year, especially around this time of year, we end up at vigil after vigil and hearing news story after news story of pedestrians that are injured or killed when they're trying just to cross the street, walk home from school, or headed to the nearest bus stop. This disproportionately happens in the parts of our city where we have invested the least. Places like East Portland that have the highest concentration of low income and communities of color are where seven of 10 pedestrians were killed in 2013. In addition, in Portland, you are 2.3 times more likely to be hit by a car if you live in the highest poverty regions of the city. The city has a stated goal to reduce traffic fatalities to zero, and we have to invest to make that a reality. We're supportive of a progressive structure of this fee so that those disproportionately impacted by the current system are not burdened by also fixing what hasn't served them. Oregon Walks, along with the coalition of other transportation, health, and social justice organizations, would like this to be even more progressive. And like Commissioner Fritz said, not dedicate any less to safety than what's already been put on the table. We're excited about the opportunity the city has to meaningfully invest in Safe Routes to School, improvements on our high crash corridors, and to prioritize investments in east Portland that has long been neglected. We urge the council to act now and ensure that funding for our streets happens, that we significantly invest in maintaining our system, and that our city's most vulnerable are not further burdened. Thank you so much.

**Hales:** Thank you. Actually, you mentioned something we probably should have noted up front just for those that haven't followed it. You understand the structure, but we actually get transportation revenue now, of course. It's what pays for what we do today, and it comes from gas

November 20, 2014

taxes that the state and federal level and from vehicle registration fees at the state level. And all those mechanisms are entirely regressive.

**Mickelberry:** Mm-hmm.

**Hales:** None has any progress aggressive element at all. You pay the same registration fee no matter what your income is. And you pay the same price at the pump, including the buried gas tax that no one knows actually know is there, no matter what your income is. This would actually be the first time there was ever any progressive element to the rest of the system, either. Sometimes people fail to remember that the system that we have is entirely regressive.

**Mickelberry:** Exactly. Thank you.

**Hales:** Thank you very much. Hi.

**Bob Clark:** Hi. Bob Clark. I'm a southeast Portland resident, and I volunteer for the Taxpayer Association of Oregon. The Taxpayer Association of Oregon is opposed to both of these tax ordinances. We believe a voter should be given or bestowed the right to vote on such new taxes as a matter of policy. The list of good public intentions is unlimited. However, each citizen's personal finances are most usually limited. Citizens should have the right to balance their finances and their dreams and their financial plans against the request for more funds for the community. What the community does is it balances these two things. Income is not a complete measure of one's finances, just as the city's revenues are not a complete picture of its finances. Our proposal is to stay with the existing mechanisms we have. The November 4th election was very important on this issue, because now you have almost a supermajority in both chambers of the Oregon legislature. That means we're most likely to get a significant gasoline tax increase if not a diesel increase, and as well as the vehicle registration. Also, since the springtime and since earlier in this year, we have had a 25% increase in the price of gasoline and diesel. And I think that's going to stick, because oil technology is going global. So far, it's been national but it's going to go global. That should result in more driving and more gasoline sales with the lower price of gasoline. So, that's more gasoline tax revenue. This also lowers the cost of asphalt and oil. I know the California department of transportation has lowered its reimbursements for road construction and repair for that. [beeping] Also, inflation is lower and this should improve the city's finances, too. I guess we're partial to the gasoline tax and that's a user fee. If you use the roads, you're probably generating some value and therefore your value should correspond to some increased benefit of the road usage.

**Fish:** Mr. Clark, can I ask about your proposal? You've been faithful to the mayor's request that you put something on the table. The truth is that Speaker Kotek only has 35 votes in that house.

**Clark:** Right, but it's really close.

**Fish:** I understand. It's really close, but she needs 36 to do what you're suggesting. Let's assume she find a Republican to join her caucus in raising the gas tax, as the Taxpayer Association of Oregon is urging. What do you think it should be raised to?

**Clark:** Well, the last one was a six cent increase. We heard from Robert McCullough today that he thinks nine cents -- but that was at the city level.

**Fish:** Do you have a thought about the statewide increase should be?

**Clark:** Should be? Six cents I think will get us \$8 million extra at PBOT.

**Fish:** Locally.

**Clark:** Yeah. And then, if increased driving habits occur -- which they did in the early '80s, even though we were increasing fuel standards -- we should get another two or three million out of that. And then the reduced asphalt and oil prices costs for the city and repairing might be more than two or three million. So, we're getting toward that \$15 million figure that McCullough was talking about.

**Fish:** And there's also the potential for taking that money and bonding it so you could have some frontloaded money.

November 20, 2014

**Clark:** Right.

**Fish:** If the legislature is unable to muster votes to raise the gas tax, do you have a philosophical objection to the City of Portland considering a local option?

**Clark:** For property taxes?

**Fish:** For gas tax. If the legislature can't act, do you have a philosophical objection to locally us raising --

**Clark:** I can't talk on this point to the Taxpayers Association --

**Fish:** Just -- I'm asking because you're the person who often comes before us.

**Clark:** Yes. I don't have a philosophical objection to that. But I gotta tell you, I do most of my filling of gasoline outside the city limits. [laughs] Because I often am at a different location.

**Hales:** We don't actually have a city gas tax now.

**Clark:** Oh, it's a county gas tax.

**Hales:** Yeah.

**Fish:** I'm just curious, because there are some people who don't like that tax just like there's some people who don't like a vehicle registration fee.

**Clark:** I'm not that opposed to it, personally. I know Taxpayers Association are against most all taxes, because -- [laughs]

**Fish:** Bob, I just have to ask you because the image is ripe in my head. If that's what the mayor were to propose, would you don your raincoat and join --

**Clark:** No because -- no, I wouldn't.

**Fish:** Is that because you don't want to see publicly with Charlie? [laughter]

**Clark:** I actually voted for the guy. [laughs] I'm not sure about the next time around to tell you the truth.

**Fish:** We're not talking about buyer's remorse here, we're talking about whether you'd go door to door with the mayor and I wanted to give you a chance to address that. Thank you.

**Clark:** OK. Thank you.

**Hales:** Thanks very much.

**Claudia Martin:** Hi. I have three points to make.

**Hales:** Name first, please.

**Martin:** Dr. Claudia Martin. One, whenever there's a big change, I think there really has to be public notification. I work with neighborhood associations. I'm the representative of my neighborhood to my coalition. We had one meeting with you, Mr. Novick, I think in February or March. At that time, there was a consideration of putting something on the ballot. It went away. That does not constitute outreach. And I think some of you know me from my fight against putting parking meters into Washington Park, which was a major outreach deficit, I felt. I think this is another example. I think there needs to be more outreach. My second point is this truly is taxation without representation. We do need solutions, but I believe it should go to a ballot. My third and maybe the biggest point is I live on Skyline Boulevard. Every day, very close to Burnside, I see a two hour early morning and two hour late afternoon rush of cars from Washington County. I do not think Portlanders should bear the full brunt of a street tax when there's massive development and these people are all using our streets. I think we need to look at ways that maybe Metro can get involved, because it is a Metro problem. Somehow, the outlying counties and people who actually work in Portland and do many things in Portland do not take any responsibility for the streets that they use. I think the Sellwood Bridge was a perfect example. We need to look at more global payment for our streets. Thank you.

**Hales:** Thank you very much.

**Fish:** Dr. Martin, do you have a suggestion for us? We learned from the Sellwood Bridge thing that there are some limitations. That was an example where Clackamas County defeated a vehicle

November 20, 2014

registration fee which would have helped pay. I understand there are some cities where in order to actually use the streets, you have to have a sticker. So regardless of where you live, you have to pay a fee for the privilege of accessing streets. That's one way of getting outside the boundaries. Do you have a thought? And if not, would you share one with us later?

**Martin:** Unfortunately, I don't know the details, but I do think at some point Metro needs to have a little more power. Because they're supposed to govern the growth and infrastructure of our whole area, and I do not see that happening. When I can't even get out of my driveway and I see people coming from Washington County -- I'm not saying they shouldn't use the roads, but they are not -- if we're talking about a street tax -- it needs to get the people who use the roads. My example, I mean, Sellwood Bridge may have been a problem, but I think you really need to look into that.

Because I think it needs to be tabled, one, for a vote; and two, to include the surrounding areas. I'm sure on the eastside there are similar kind of interfaces going on. I don't mind paying taxes, I believe in taxes, I believe in community. But I don't want inequity so that a bunch of people don't.

**Hales:** If we did something on the regional level, you would want folks in Clackamas and Washington County to vote, too, right?

**Martin:** And that may end up that nothing gets passed.

**Hales:** We attempted that with the Sellwood Bridge, and they decided to let us pay for it. But you would recommend --

**Martin:** Otherwise, there have to be repercussions. Somebody jokingly said put a toll on Burnside, put a toll on Cornell. But I mean -- or the sticker idea or something electronic. You know, there are other options.

**Hales:** OK, thank you.

**Martin:** But I don't think Portland should be the only people paying for this. Thank you.

**Hales:** Thank you. Mr. Frasier, welcome.

**Andy Frazier:** Good afternoon. Andy Frazier, small business owner and resident. I live in Portland, I raised my family here, my kids. I'm committed to safer streets just as much as everyone else is, but I have not been super happy with where we're at this point. I think this process has been screwed up pretty much from the beginning. I'm willing to join Council in supporting a package. But I don't think this is it. I do have several concerns. One of the biggest is the residential mechanism. I do not support creation of a personal income tax in any form in the city of Portland. I think that the small business community and business in general is willing to work with you, but it needs to be in good faith. When we were here last spring, I told you that I thought it was the wrong idea to pit business against residential in this discussion, and I think we're back to that by separating the two. I think that is a cynical approach that seems to be political point-making rather than find a solution for fixing our streets. As a small business owner, I believe I'm going to pay this tax twice. You argue this is not a large amount of money, but there's also no safeguards in place which to me signals that this will increase. Whether it's tomorrow or the next day, I don't know, but it probably will. In my opinion, I think you've excluded two of your more experienced councilors and chosen the route of horse-trading among yourselves to scrape together three votes. I don't think that's the way good policies should be made for something of this size. Lastly, it offends me that under the current plan that my retirement income will be taxed and yours will not. I don't think that's fair. You ask about the "it" in this. I think there's a lot of other avenues we can explore that don't include a personal income tax.

**Hales:** So could you tell us more about those? Actually, let me go a little bit. I think you remember the Portland Business Alliance. The PBA worked with us very extensively on the business proposal that's in front of us now, and they along with Venture Portland were very much involved in developing this alternative.

**Frazier:** Right.

November 20, 2014

**Hales:** So, the business community helped us put together this new version of the business side of the tax. Tell us more what you would be supportive of in a package, as opposed to what's in this one.

**Frazier:** OK. Just to step back on that point, the PBA and everyone working on this with you, that also included the sunset date. That's no longer there. I think it also did not at that point include a personal income tax on residential side. I think that the money being dedicated to paving was quite a bit more. My point is this was -- and they weren't two separate packages. Things have changed since then. And so, we're coming at this as a package.

**Hales:** Right, well, there's no residential version of what we have on the business side. Because the business side -- again, it's a package they put together consisting of a hybrid, how many employees you have, what your business income tax is, how many square feet you have. That can't, obviously, apply to a homeowner.

**Frazier:** But it should be a package together. One vote. Residential --

**Hales:** But what would you recommend we do on the residential side if we don't do the income tax that's before us?

**Frazier:** OK, I will answer that. I do have a question, though. Are you then saying you are open to not having a personal income tax?

**Hales:** I'll say the same thing I've said all along. I'm open to anything that will work.

**Frazier:** Novick? [laughter] Yes or no?

**Novick:** We listen to all ideas.

**Frazier:** [laughs] There's been a lot of ideas going around, but my understanding is that you are pretty --

**Hales:** Why don't you put something before us and tell us what you'd like us to do?

**Frazier:** Why should I waste my time if you're not going to do it?

**Fritz:** The answer is yes, I'm open to anything.

**Frazier:** OK. Thank you, Commissioner Fritz. I'm with other people here who I think are exploring a Portland gas tax, state gas tax. I think you can look at raising money through dynamic parking meter pricing, license registration, more parking meters, raise Smart Park fees, shift SDCs from Parks --

**Hales:** Can't do that.

**Frazier:** Stop urban renewal -- you can do things that are outside your state limits if you work with other jurisdictions. I don't think that you have to put yourself in a box, say, I'm only going to force through what I can within these limits. Work outside. It's a hard solution, I agree.

**Fish:** Andy, there's a two-week interval between now and next time we come together. So, we'll have a chance to continue this conversation. But I want to ask you about the business side. You said they should be combined.

**Frazier:** Yes.

**Fish:** Fair enough. What's interesting is I as an example have not received a lot of emails, phone calls, meetings with people concerned about the business side of this. It's mostly focused on the residential.

**Frazier:** We are residents, as well.

**Fish:** I understand. But on the business side, do you believe this package has it about right, or are there additional suggestions for fine tuning on the business side?

**Frazier:** I think the bones are very close, I think they can be stomached by most. But the answer about whether you support it, or if most will support it -- at least those I've talked to -- the answer is no, not without the sunset clause and a couple of criteria that were removed. Put them back in, we're halfway. But with the residential the way it is, no go.

**Fish:** I followed you on that. But just again, on the business side, it's pretty close, that package?

November 20, 2014

**Frazier:** I think the bones are there.

**Hales:** Good, that's helpful. Thank you very much.

**Novick:** Actually, Andrew. Just to follow up on the mayor's initial question, would you put on your raincoat and knock on doors for a gas tax increase?

**Frazier:** Yes.

**Novick:** Thank you.

**Hales:** Thank you very much.

**Frazier:** Would you not have a personal income tax? [laughter]

**Hales:** [laughs] You two can work this out outside.

**Frazier:** I thought you said to bring it now.

**Hales:** You did, thank you.

**Fish:** Steve is still so delighted that you referred to him as Novick and not Novak. [laughter] He's in a state of shock.

**Hales:** Thank you very much. Ms. Gross, come on up. Good afternoon.

**Mara Gross:** Good afternoon, Mayor Hales, members of Council. My name is Mara Gross. I'm executive director at the Coalition for a Livable Future. We are a Portland Metro regional coalition of organizations working for healthy, safe, equitable communities. We worked with a number of organizations coming out of the earlier proposal, really some transportation organizations who were really focusing on the need for transportation resources in our communities and others who were saying, saying this has a really significant impact on the lowest income members of our community, and really came together to say, is there anything we can support to say we can address both those at the same time? And I'm very pleased to see the changes from the proposal this spring and to be able to say that we do support this current proposal. Several of our member organizations served on the needs and funding advisory committee, served on the nonprofit work group, and really appreciate the city's working group efforts to come to a proposal that's really nuanced, that's really thoughtful, that brought together feedback from a lot of people. The current proposal provides much-needed transportation revenues to maintain and complete the streets in the city. And it maintains significant safety funds which will save lives and also lead to more people being able to walk, bike, and take transit. It's good for people's health, it's good for the climate, it's good for air quality, and it's good for wear and tear on our roads. It's not as much money as we recommended, but we understand compromise is necessary and we do support the current proposal. It also provides significant resources in neighborhoods that have historically had the greatest needs and often been neglected. I think that's really important as well. In terms of residential revenue structure, we're very excited to see a mechanism that exempts families that cannot afford additional expenses, as been discussed by others, and really acknowledges the value of progressive funding. It's something that we don't have models for this, as Mayor Hales mentioned. All the other funding for transportation is regressive and it's a burden on families. And it's how we do our income taxes, very important -- [beeping] -- if this gets referred to the ballot, we would encourage an even more progressive funding structure. The current proposal came through a compromise which unfortunately may not lead to full support for this. So, thank you to the city for your leadership and for a lot of listening and work you did to get to this point.

**Hales:** Thank you very much.

**Fish:** Mara, can I ask you a quick question? We've had some people testify that a better solution would be a regional solution. Recognizing that people from Washington County and Clackamas County use our roads and vice versa. And so, finding a funding mechanism through a Metro model that benefits the whole region. If you were given superpowers for one day, and given that we look at transportation regionally, we look at housing issues regionally, if we gave you a special, special

November 20, 2014

powers for one day, any thoughts on how we could actually fix this problem regionally rather than just Portland?

**Gross:** I certainly would think that a regional mechanism would be something that is an important feature. There is a funding mechanism in Washington County now that helps support the roads. There is not in most other areas of the region. So, would I support that? Certainly. Would it be the kind of structure we have here, would it be an income tax? Quite possibly. Haven't really looked into the specifics to figure out what might be -- what regionally is supported. I know that people support safer streets around this region. I don't think that that should be a barrier to the city moving forward, because we don't have anything on the table right now. We don't have anything, and I don't want to wait years or decades in order to address the maintenance problems we have and save lives and do the other positive things this would have.

**Fish:** Good answer. Thank you.

**Hales:** Thank you. Mr. Whitten.

**Cameron Whitten:** Good afternoon, Mayor Hales. Good afternoon, City Commissioners. My name is Cameron Whitten, and I'm one of the newer members to the Budget Advisory Committee for the Portland Bureau of Transportation. I've only been there for a few months, but in that term, I've realized that we all come to the table with different perspectives, we all bring different things to the table. We might not agree on everything, but what I believe after this time is that we share a strong agreement that there needs to be more resources that help Portlanders travel and connect to this community in a safe and efficient manner. This is the reason I testify in support of the Portland Street Fund ordinance. In addition to my support, I also want to say that the principles of equity and inclusion are important to me, as important as they are to the rest of the community in Portland. These conversations are going on right now within city bureaus and within PBOT, and it's about guaranteeing that all Portlanders have access to services and the decision-making process. As PBOT tackles these priorities, I want to emphasize a strong need for there to be assessment tools like an equity index that helps transportation staff think critically about how services and projects move forward in a more equitable manner. I look forward to working with Mayor Hales and Commissioner Novick on this issue. I want to thank you for your time and your effort on this very difficult but vital mission of funding our streets. I also want to say quickly that I had Eric Fruits as a teacher -- I'm still an economics student at Portland State, and I hope I still get an A after this testimony. [laughter]

**Eric Fruits:** I'm checking to see if it's too late to change his grade. [laughter] So far, you're down to a C. [laughter] Extra credit now.

**Hales:** Thanks, Cameron, for your service on the committee.

**Fruits:** He's actually one of my favorite students, he was great. My name is Eric Fruits. I'm a local business owner, I'm also a homeowner. And because my little house is going to pay the street fee twice, I'm not going to ask for extra time -- although, I should get twice as much time because I'm paying the tax twice. I'm also a board member of two nonprofits. Those would also be faced with a street fee, and one of those nonprofits is our local neighborhood association. I think that's something that has not been recognized, that yes, neighborhood associations will have to pay the street fee. I also set up the new streetfee.com website which has followed this whole process since early mid-May. The original proposal was flawed, I'll admit that, but it had the benefit of being based on overarching principle that everyone pays, everyone benefits. That is something that was said over and over by PBOT staff and even some of you up there. Under the latest proposal under consideration today, more than one-third of residents will completely avoid paying the income tax at all. At the same time, the richest will have a tax rate that is lower than a couple earning \$40,000 a year. With breaks at the top, breaks at the bottom, it's the middle class that gets squeezed the hardest. I know it's outrageous, it sounds outrageous, and I'm sure you don't believe me, which is

November 20, 2014

why I've given you this hand out. One side was something I prepared the other day for the website, the other side is straight from today's Oregonian. You see that circle? It says regressive zone. There is a place where this tax is regressive, and it's at the upper end of income. Upper income people do pay less than lower income people in some cases. So, let's face it. An income tax for roads is really just a bad, bad, bad idea. It does nothing to encourage active transportation. It does nothing to reduce trips, it does nothing to reduce carbon emissions. It's nothing more than a money grab, and an unfair money grab at that. But things get worse with the business tax. It too is unfair and has absolutely nothing to do with trip generation. PBOT's own figures show that the Port of Portland which has a seven story parking garage, an airport, a ship port with thousands and thousands of tons coming out with road-wrecking trucks -- that Port of Portland, all their operations across the airport and the seaport will pay the same amount as Portland's Salvation Army. Those guys who stand out in the cold wearing a coat, maybe a raincoat, ringing a bell, raising money for the poor are paying the same amount as the Port of Portland with a seven story parking garage and hundreds of flights a day. I know, it's not just unfair, it's crazy. It's so crazy in fact that you must vote no. You just toss out the entire plan and begin again with a fair and workable plan. Thank you for your consideration.

**Novick:** Mr. Fruits, I've heard you say that this proposal is much worse than what we had in May which was much more regressive than this proposal. So how can you say it makes something worse to make it more progressive but then than attack us for not being progressive enough?

**Fruits:** Because what happened with that original proposal was at least it made some sort of effort to tie it to trip generation and road usage. The closer you get to actual usage of roads, the more fair the fee is. That's why we had user fees. That's why they're called fees, because they're not taxes, and that's why they're called user fees, because it's based on use. The closer you get to a user fee -- kind of like gas tax or mileage tax -- the fairer it is because then you can actually use those tools to adjust people's behavior. You can encourage active transportation. You can reduce carbon emissions. You can do those sorts of things. This income tax does nothing. If I had a user fee, I could adjust the amount I pay in that user fee by driving less. If I can't afford to drive less, I might walking or biking or doing things that might be better for my heart. I know you guys don't want me to have a good heart because I'm sure you would like to see me assume room temperature as soon as possible. [laughter] But the closer you get to a user fee, the more fair it is, regardless. I think it has absolutely nothing to do with regressive, progressive and everything to do with equity.

**Hales:** I'm not sure I would have passed your class, because I'm not sure I follow you.

**Fruits:** That's alright, I'm colorblind.

**Hales:** Would you recommend we go back to the trip based method or some other user fee? If it's some other, what user fee would you recommend?

**Fruits:** The trip generation model is flawed. It had some serious flaws. I think the trip generation manual is designed best for single locations and not for a network of roads. It's not a network manual. It is a single location manual.

**Hales:** Alright.

**Fruits:** Nevertheless -- I talked to Don Gardner about this, because we're on the same neighborhood association -- it's a good starting point, it's something that's used. It's something you could use, you could tweak it, make it better, make it more fair. Portlandize it to reflect the fact that we have more active transportation. Gas tax -- if I were doing this, I know I'm going to drive my tax-hating friends crazy, but I'd like a congestion charge or some sort of mile tax. Technically speaking, that's probably going to be very difficult to do in the near future. If you want to think about what is a workable solution in terms of the technology, low cost of collection -- this income tax and business income tax, you're throwing away 30% of the money on admin. That's ridiculous. That's redonkulous, as my kids would say. If you have the gas tax, you have a very easy method of



November 20, 2014

collection. You have the process already in place. I don't know about the regional model. One advantage to having a city-wide gas tax -- I can't believe I'm saying this -- is that you can ensure that that money is yours. One of the problems you have with the county gas tax is you have to share that with other municipalities and that allocation may not necessarily be based on usage.

**Fish:** Dr. Fruits, someone might say that a gas tax is regressive. So, what would be your suggestion for how to mitigate the regressive impact of a gas tax?

**Fruits:** It's a challenge. Food prices are regressive.

**Fish:** I understand. But where it's charged at the pump, is there a way to make a gas tax more progressive either at the front end or back end?

**Fruits:** I'm sure there's some way of doing it. One way is maybe you can have some credit for lower income people to buy more energy-efficient cars. You can also encourage more active transportation and transit use where you're not paying that gas tax.

**Fish:** Perhaps you could issue a debit card that has some way of giving someone a debit for those transactions.

**Fruits:** Make sure everyone has their Fred Meyer card, right, so they can get their 10 cents off at Shell. I'm joking, but I'm not. I think that is something that conceivably you could do, and maybe you can fund that refund program or that credit program part of that out of the tax itself. I haven't thought about this, but I think it's a great idea.

**Fish:** Because you're a creative thinker on this subjects, would you be willing to give us your ideas after this hearing?

**Fruits:** I'd love to. I've never had a call. I'm one of the easiest person to Google and no one has called me about this on City Council.

**Hales:** Consider yourself called.

**Fish:** In a public setting.

**Fruits:** Thank you. Thank you.

**Fish:** Trying to build you up in front of a student.

**Fruits:** Well, I think he may get his A back.

**Hales:** Thank you. Next three, please. Welcome.

**Nishant Bhajaria:** Thank you, Mayor. I came to this country --

**Hales:** Just put your name in the record, please.

**Bhajaria:** Nishant Bhajaria. The J is pronounced, but you can call me anything. I came to this country 14 years ago, I became a citizen last year, so I take this very, very seriously. And we haven't agreed on much. I come to this concept of government with skepticism. I haven't seen efficient government throughout my life, but for what it's worth, here are my concerns with this whole proposal. Mayor, you said in 2012 that you could pave our streets without a tax. And I know you said on OPB yesterday that you were not aware how bad the streets were because Sam Adams didn't hold press conferences. Mr. Mayor, that makes you a little naive. You claim experience, you claim leadership, but then you cannot come and say you were not aware. You should have known better before making such an unqualified promise right before an election. Remember read my lips, no new taxes from 1990? That's what this sounds like. You also said earlier you got an email from a citizen saying by putting this to a vote you would be outsourcing. I wonder how many emails you got asking you to put this on the vote. I would have to see how those numbers stack up so we have a fairer representation. Here are the things that come with the "it" which is what Commissioner Fritz has been talking about. Look at this proposal: 15% of the revenue goes to collection costs. PBOT head count goes up by 8%. A \$150,000 contract for the vision documents. That sounds less like a safety and transportation plan and more like government growth, and that's why people have skepticism of big government in this country. Fairness. I was not represented in the working groups. I'm a middle class homeowner. There was no representation for me. My bill has gone up

November 20, 2014

regardless of which proposal goes up prepared to what it was in May. No town hall on the split. The proposal was split. Initially, it was one proposal. I believe the proposal was split purely to make it hard to get on the ballot. There was no Town Hall on that. That does not seem fair to me. Finally, when it comes to security, the city of Portland is not fully PCI compliant. I have worked in that area. The customers of Target and Home Depot know what it's like to lose your information. I'm concerned about what will happen to my 1040 forms if this goes through. Thank you.

**Hales:** Thank you very much. Welcome.

**Scott Lieuallen:** Good afternoon, Mr. Mayor, members of Council. My name is Scott Lieuallen, I am with a political action committee -- which I didn't put on the signup sheet, I'm not sure if I had to do that or not -- called Bike Walk Vote. Our mission is to support candidates and public policy which furthers active transportation in the region. And truthfully, statewide. When this proposal was first shopped, we had a lot of trouble with it because of the question about whether it was progressive enough. We note that you've changed a lot of that, and we're prepared to support it at this point. We understand that there's no perfect model for being able to raise the revenue, but we understand also that the transportation needs in the city of Portland are becoming critical. We are particularly excited about the idea that east Portland would get some long-needed attention particularly for children going to school and for older people who are just trying to get some exercise. And I know what it's like to be out walking along the street where there's no clear definition between the street and the gravel ditch. So, if the project list improves the conditions for people walking, riding bicycles, and using transit throughout the city but especially in east Portland, we're very, very supportive of that. We understand that the questions of the cap are important. We would urge you to raise the cap. We think it's a good idea that it's progressive. It's significantly better than the first proposal, but we think it would be improved if the cap were raised and it would be more equitable. In general, we support the proposal as it is but would urge those changes. Thank you.

**Hales:** Thank you very much. Welcome.

**Marty McCall:** Hello. Mr. Mayor and members of Council, my name is Marty McCall. I'm not representing anyone but myself, and I've taken time off of work to do so. I live on a street that was annexed into the city in late 1940s. It is considered an unimproved street. It's never been paved or in any way maintained since then. The street residents pool our money to do -- we pave parts of the street, we sandbag every winter to prevent flooding, and we also through our gas taxes and vehicle fees support all of the maintenance of the rest of the streets in the city but don't get those services ourselves. There are a number of streets that are in this classification. They don't get any of these services. They're certainly unsafe, unsanitary, they're certainly not accessible. So for this proposal to be levied on people who do not get the services -- and none of the services that I can see in here are intended to improve that class of streets -- that is what I would advocate. If you could put that into the proposal and amend it so it includes upgrading of those streets to at least a minimal condition, I could support it. I like the progressive aspects of it. There are a lot of things I like about it, but until it includes that I can't support it.

**Hales:** Good point, thank you. OK, I want to make an exception to the list here because we had a lot of discussion about gasoline taxes, and I think we have a representative of the gasoline dealers here. I understand he has to leave at five, so I'm going to call Mr. Romain to speak next and then we'll go back to the list. Good afternoon.

**Paul Romain:** Good afternoon, Mr. Mayor, members of Council, I'm Paul Romain. I'm with the law firm of the Romain Group and we represent the Oregon Fuels Association among others. We were fortunate enough, actually, to be put on the initial committee to look at the business portion of this tax. We were told originally that we would go in to look at everything in the city. We walk into the meeting, and first thing that happened is my good friend Fred announces that we can only look

November 20, 2014

at the PBOT budget, we can't look at anything else in the city. Our whole point was before you ask anybody for new money, you need to look at the entire city budget and determine whether or not you have funds somewhere that maybe that particular thing is not as important as doing street maintenance or street cleanup or safety. All of that. That was the first thing. When that was announced, I walked out of the meeting after that. I figured the rest was pointless because all we would be doing is trying to justify some new money when you never looked at the existing money. And we will continue to consider that. Until you actually look at what you have in the city budget now -- right now you just spent an additional \$10 million, I don't think a lot of it went to road paving -- and we think those are policy choices that need to be made. That's number one. Number two is this progressive income tax is a joke. The reason it's a joke is if I own a company and the company happens to be in Portland, and I make \$500,000 a year, but I live in Washington County, how much personal income tax do I pay? Zero. But I earned \$500,000 in the city of Portland. If I live in the city of Portland, just over the border from Washington County, and I work at Intel, and I make \$500,000, how much do I pay? Maximum amount of income tax, even though I don't earn the money in the city. It's totally backwards. I believe you did it for collection reasons because you don't have to do income tax filing, but it's crazy. The business tax, that portion of it. You've basically lowered that so much in the attempt to buy off the business community to make it very reasonable so that no money will be available to refer anything. The problem with that is it doesn't work. The reason it doesn't work is we think you have the power to raise that stuff at any time. Until we have that basic discussion about how you're spending your money, we're not going to want to give you anything more. That's why we oppose this thing. Our clients want better streets. We want to put money into the system. We have no problem with that. We're proposing a statewide gas tax. We're part of the transportation package that's going on right now. We don't have a problem with that. What we do have a problem is we need more money, let's set up two new taxing mechanisms, can be raised at any time, and the attempts to split the business community off from the personal income tax residential community are somewhat sickening. There have been emails -- in fact, if somebody ever requested freedom of information email exchanges between a few of you up here and some of us, it would be amazing to see what is said and the threats that are made about how more progressive something can be, and how somebody probably is a socialist because he wants thing more progressive if he doesn't let this thing pass. We are very much opposed to the way the system has been run now. And we will work with a lot of others to put this on the ballot. We hope -- first of all, we hope you go back and look at this again and let's work together first before you do anything. But if something like what you have now is passed, it needs to go to the voters.

**Hales:** I appreciate you being here. Speaking of email exchanges that could be requested, you and I of course have had a text message exchange today. Thank you very much. I assume we set up a meeting I requested to be able brief your members on the state of the city budget so they have that information. Has that been scheduled?

**Romain:** Mr. Mayor, no, it hasn't been scheduled for two reasons. One is nobody from your staff has requested that. That's number one. And I just happened to be sitting next to your chief of staff over there, but nothing was mentioned. But I would be happy to do that. Number two is that was what was supposed happen a long time ago. And it's not just you explaining what this budget is like. The reason that business group was important -- I felt it was important -- is we are going to be able to look at the whole budget and make suggestions to you. I'm not a budget analyst. I don't read budgets on a daily basis --

**Hales:** But you just said you need to see that the current budget is spent properly before you can support new revenue. So while you're here, I'm going to ask Mr. Alpert get that scheduled.

November 20, 2014

**Romain:** I would love to be able to see all that but I would also like to have people in that room who understand budgets who can go over the stuff with you. That was something that should have been done a long time ago when you first put this together. It was Mr. Miller -- probably at your request -- who said, we're not looking at anything else.

**Hales:** We'll make sure we have that discussion, and please get that scheduled. Secondly, if in that decision you found that it were indeed true that the auditor was correct and the city of Portland needs to spend about \$75 million more per year than we're now spending on street maintenance, if the analysis proved to you that that were true, and if it proved true that the general fund is unavailable to solve that problem, would you support a gas tax increase sufficient to pave the streets?

**Romain:** We support a statewide gas tax. We do not like local gas taxes. We will oppose any local tax. And the reason we don't like a local gas tax is it puts an undue burden on individuals -- basically, it's a competitive disadvantage. We don't mind up to a certain point a statewide gas tax.

**Hales:** Sure. And if the state gas tax needed to go up by enough to solve that problem for us and other local governments across the state, you would support that?

**Romain:** The problem is that you have created -- you being your City Council over the years -- created the problem in the first place. You took money that was dedicated to street maintenance, you put it into other things. You justified it -- I voted against Measure 5, I've never supported anything like that. People passed it -- frankly, Portland passed it. And we're stuck with it. And you probably did what you thought was right -- or your predecessors did.

**Hales:** Yeah, we weren't there.

**Romain:** Yeah, I don't even know if you were out of diapers at the time.

**Hales:** I was in high school. Keep going, it makes me feel good.

**Romain:** Yeah, the problem is it's these decisions made over time. All this money has been dedicated to roads, and then it disappears. Then it's dedicated to roads, and then it disappears. And now, you want to two new revenue sources that are dedicated to roads. What time is that going to disappear? I can't commit to you that I'd support anything. I want to sit down and talk with people and have a general discussion about how the money is spent, why you spend \$10 million of surplus the way you do, why -- given the projections of a considerable surplus over the next coming year and years -- why you think you need more. And if you truly do need more, why is it the amount you're talking about? Can we do it with 10 million or 20 million? And then we can craft something that's a little more reasonable for the taxpayer.

**Hales:** We look forward to that discussion.

**Novick:** Mr. Romain, I realize you haven't combed through the budget, but the primary things we spend discretionary fund money on are police, fire, and parks, and then some for housing. Just off the top of your head, can you give us some indication of which of those you think you would want to cut?

**Romain:** That's like asking, "when did you stop beating your wife?" [laughter]

**Hales:** Those are the choices.

**Romain:** That is an absolute B.S. question. The problem is there's much more than that in your budget, and you need to look at it.

**Novick:** What is the "much more" that you want us to cut?

**Romain:** I don't know, I'm not the expert. If you convince me and everybody back here that you've spent all that money wisely, then fine, you'll have a whole bunch of supporters. If you don't, you'll have a bunch of people who are not with you. And listen, I'm not trying to be disrespectful to you. I think you guys have a terrible job. Why you run for it is so beyond me, I have no clue. And you're up there trying to make important decisions. But when you make these decisions, I think you need to lay the groundwork a lot better than how you've been laying it. And

November 20, 2014

you don't need to make this into an ineffective personal fight over trying to pit and affect the wealth of the community versus others in the community.

**Hales:** We look forward to meeting with you and your members to go over the numbers. My job is to craft the budget, as we just did on the \$10 million on additional revenue. And actually, quite a bit of it went to the streets. But we'll go over all those numbers with you. We'll bring our budget director, you bring your members, and we'll put the spreadsheets on the table and give you as much information as you'd like.

**Romain:** We'd be happy to craft something.

**Novick:** Mr. Mayor, a point of personal privilege? Paul, yes I did email someone who I know knows you saying, so, what's the deal, is Roman a socialist? Because he must know politically that if this gets shot down, the easiest thing for the council to do is go with something that's more progressive, because our polling shows that something even more progressive would be more supported. We're trying to avoid that kind of fight by having something that is mildly progressive. But that was not a threat. I was just curious about your strategy.

**Romain:** I might respond to his personal privilege. We go back and forth all the time.

**Hales:** I know that, that's why I'm allowing it. [laughter]

**Romain:** The problem with that is we would -- at least I would -- welcome if you want to come out with a progressive -- more progressive income tax that is basically trying to pit everybody against each other, and is set up so that people that work in Portland but don't live in Portland get off scott-free, take for example a law firm situation where you have 20 partners, 10 of whom lived in the city. They all make \$500,000. Ten live in the city, 10 don't. Ten pay the tax, 10 don't. They earned the income here. You set it up like that, bring it on. I'd love to do that one.

**Novick:** Thank you.

**Fish:** I have just one question. You talked about local gas taxes creating a competitive disadvantage. And I get that as an abstract economic policy matter. But is it in fact the case that if you raise the gas tax 5 cents to someone living in Grant Park, they will spend an extra 45 minutes to commute to someplace in Washington County, buy their gas, and come back? I understand it costs them more, but how does it create a competitive disadvantage? And what's the evidence that people stop buying their gas at their neighborhood gas station?

**Romain:** Mr. Mayor, Commissioners -- they don't stop buying there. What happens is that particular station owner has now to absorb 5 cents more in costs to put that price out there, because gas is very competitive. So what happens is that station owner may not be making as much as that station as his or her competition. That's the competitive disadvantage. The pressure to have a street price that's about the same as your competition in the neighborhood is tremendous. So, it's not -- that's the deceptive thing about it. Most people see pretty much similar prices, but if the cost of doing business at that location is greater than their competition, it puts a lot of pressure on that particular station owner and they may or may not stay in business. That's our problem with.

**Fish:** OK.

**Hales:** Thanks very much.

**Romain:** Thanks for letting me come up. I don't want to tell you who I'm meeting with.

**Hales:** Alright, next three, please. Hi, welcome.

**Anneliese Koehler:** Hello, Mayor Hales and Commissioners. My name is Anneliese Koehler, and I work for Oregon Food Bank as a public policy advocate. Thank you for this opportunity to offer testimony here today. Oregon Food Bank does not have a position on this current proposal.

However, I participated in the low income and nonprofit advisory committee because we believe any proposal should be based on the ability to pay. Oregon Food Bank had deep concern about the impact the original proposal would have had on low income families and neighbors, as well as smaller and we're pleased to see a current proposal that has done much to remedy this concern.

November 20, 2014

Before diving into some of those specifics, I want to let you know that Oregon Food Bank also believes that street maintenance and safety are important to address. We understand our streets are in need of repair and that many neighborhoods lack adequate sidewalks and other street safety mechanisms. Oregon Food Bank's core business of distributing and transporting emergency food relies on an infrastructure of well-maintained streets. In addition, our clients and partners in the community rely on safe and maintained streets and a transportation system. We are pleased to see the city's leadership in addressing those concerns. As for the proposal itself, we are pleased to see a proposal that does much to lessen the financial impact on the people we serve and their limited ability to pay. Food Bank recipients are already making tough choices between paying for rent, utilities, medicine, and food. We are heartened to see a proposal that's progressive and takes this into account. Five or 10 dollars a month doesn't sound like a lot, but it can be the difference between being able to afford a prescription co-pay or dinners that week. Additionally, we are also pleased to see a proposal that lessens the financial impacts on small nonprofits and faith-based organizations. We have over 100 food pantries and emergency meal sites here in Portland, and many of them are almost entirely volunteer-run and they have shoestring budgets. We are really excited to see a fee that would not unduly burden these partners, and similarly, nonprofits and businesses.

**Hales:** Thanks, and thanks for your help on the committee as well. Good afternoon.

**Jeff Merrick:** Good afternoon. My name is Jeff Merrick, and I thank you all for your service to the city. You've got to get on the safety projects now. I'm with the last gentleman, where I think safety is a priority, you need to re-juggle your budgets and take money from one pot to another. I'm not a budget expert, but I know the Portland Public Schools have wasted all kinds of money. They don't money, they don't need your money. Put it to the safety projects and save lives. Because I think what you're putting out today to me sounds like a false choice between an income tax or people are going to die. That's the way it's put out here, and I think it's a false choice. I'm against the income tax, I'm against your ordinance because it hurts me, I think it hurts Portland, I think it unfairly expands the divide between government workers and the rest of us, and I think it also violates the law. I think it violates your City Charter 9402, 9403. I think it violates the laws on public bidding. You've got improvements, you've got to put them out to bid. Why does it hurt me? I need my money. I don't have a government pension. I don't have a private pension. I'm looking at six years at a Social Security of \$1126 a month, I need to save my money.

**Novick:** Sir, Social Security is exempt as well.

**Merrick:** That's good. Still, \$1126 a month, whether it's being paid toward you or anything else, that doesn't even cover my property tax and health insurance. You're making an exception for people with children. What about all the families in Portland who are contributing to their parents, elderly and infirm parents? It's not a choice between another latte or paying to keep people alive. There are other choices we need to make. You've asked for alternatives. Nobody has talked about what the real problem in Oregon is, which is we're missing one leg of the funding stool. We don't have a sales tax. If we had a sales tax, you would get some regional money into this place for people who would do it. And it is progressive, because people who spend \$200 on a pair of jeans will pay more than people who buy their jeans from Goodwill. And I think what it comes down to for a lot of us is we don't trust how you're going to spend the money. We've been around. We've seen what goes on. And it's not just history of the tram, it's the BES building. So, what's going to be the problem here? I think you could save money on the other end. The latest proposal is 59 more government employees with lifetime pensions. What about the lowest responsible bidder for some of these improvements that are discrete? All these different discrete little projects? Those are my thoughts. You've been quoted as saying, Commissioner Novick, I don't think people will up in arms. And I hope you're right. I don't think we want gun violence, but what is happening is

November 20, 2014

businesses locate elsewhere. Look at the cruise way corridor. People declare themselves citizens of Camas, Washington. So maybe we won't be up in arms, but I just don't think it's fair.

**Hales:** Thank you. Good afternoon.

**Paul Cone:** Good afternoon, Mayor and Commissioners. My name is Paul Cone and I'm an officer for COPPEA, which is the chapter here in Portland for professional and technical employees Local 17. I'm representing almost 800 city employees, including over 100 PBOT employees. I want to speak in favor of the proposed Our Streets plan. As city engineers, planners, and technicians, we have seen firsthand the increased costs that deferred maintenance of transportation assets creates. Project price tags balloon as streets fall into greater degrees of disrepair, and then more drastic repairs are needed. Meanwhile, we see the need for increased investment in safe routes to school and work, particularly some of the city's most disadvantaged neighborhoods. The case for increased funding has been made clearly, we think. Portlanders have an obligation to protect and maintain our transportation assets. And it's clear that there are structural inadequacies in PBOT's current funding mechanisms. The question we are left with is how to raise these funds. We believe that PBOT has done an admirable job of crafting a proposal that is as fair and equitable as possible, while still providing the city with the resources needed to maintain a safe and reliable transportation system. It's been over a decade that we've been working -- as you pointed out earlier, Mayor -- that Portland has engaged with the public in a wide range of stakeholders to find reliable, stable funding source for transportation, and we believe that time has come for Council to set the city on a road making up for years of deferred maintenance and unmet safety needs. We recognize the shared sacrifice this effort will require of all Portlanders, and we urge the council to show strong leadership on this matter. The city's workforce stands ready to embark on enhancing the safety of our transportation system and preserving our infrastructure for coming generations of Portlanders. We ask that the council act to renew Portland's commitment to a safe and reliable transportation system. Thank you.

**Hales:** Thanks very much. Next, please. OK, Ms. Sanderson, you're on first.

**Ann Sanderson:** Hi. My name is Ann Sanderson, and I'm a small business owner. I also sat on the nonresidential working group this summer and I also run the Stop Portland Street Fee page on Facebook. Thank you for the opportunity to speak. Mayor Hales and Commissioner Novick, six months ago, I walked into the elementary school in my neighborhood and learned about the street fee that you designed a promoted that would have devastated business and harmed our low income residents. The numbers were based on a manual that was intended to be used for planning, not taxing, and would have created a system that had my little hair salon paying the same as a Great Clips franchise. You wanted to turn landlords into tax collectors and use the Water Bureau system to deliver the bills, and there was no good way to give discounts to our poorest neighbors. But you loved it, you held town hall meetings promoting it, you didn't think then that we should vote on it. Now, even you agree that that wasn't a good plan. If we the people had not pushed back, small businesses would be planning their going out of business sales and some low income residents would be choosing between paying their street fee or buying their groceries. But we did push back and we did participate. It's a little intellectually dishonest and disingenuous to claim that the public hasn't come up with other proposals. I think they have. This list of the last six month of planning alternatives. There's just none that you like. All show the determination and dedication of the residents to help you solve the problem in fixes our streets. But you've dismissed every one of these. Instead, you created two taxes that create a bureaucratic nightmare of 1040 tax forms, almost 100 new city employees, it has no sunset, no increase limits, and no true oversight. And still, you won't let us vote. It's time we go back to the drawing board. And when you do, I'll be there to help like I was all summer trying to come up with an equitable, reasonable, livable way to fund the safety and maintenance of our streets.

November 20, 2014

**Hales:** Thank you. Welcome.

**Fritz:** Ms. Sanderson, could I have a copy of your -- or could you email it to me?

**Sanderson:** My testimony or my list?

**Fritz:** The list.

**Sanderson:** I have some more. I've been taking notes today.

**Fritz:** Thank you.

**Terry Dublinski-Milton:** Hi. I'm Terry Dublinski-Milton. I'm the transportation chair for the North Tabor neighborhood association. That's my first hat, although I also wear a bike activist hat. And so, I have two separate conversations. Now, the North Tabor association hasn't officially taken a stance on it, but everything I'm saying is stuff we have taken a stance on. In the two years of outreach we have done, I've heard over and over again that our neighborhood is dominated by two major problems. We're sandwiched between the Banfield and Burnside high-crash corridor, with the eastern end being the MAX stop and freeway access with incomplete crossings, very poor bike way access, and three elementary schools and middle schools and two high schools with no conductivity. We also don't have a developed par, although we do have a prison. So, access regionally is very important. That's why the street fee is so important to us. Every resident that I've heard from in two years has talked about conductivity and safety. Our western end of the neighborhood is dominated by a large medical institution. I'm concerned that the business side is not going to take these large medical institution nonprofits into account because of the many thousands of trips they generate. The west end of our neighborhood is dominated of 10 years of issues -- as long as I've lived in the neighborhood, it's been dealing with the hospital and conductivity, safe crossings, and mass transit issues. I'm mostly concerned that the business side looks specifically at nonprofit medical institutions, because they may be nonprofits, but they're getting most of their money from Medicare and Medicaid, which are public resources. Now, moving over to my bike activist hat. Bike Loud PDX is a bike group that is focused on improving bicycle infrastructure. We believe -- and I personally believe that the personal income tax limit upper income bracket should be eliminated. The upper incomes already get a lot of federal tax breaks, and that extra money could be specifically dedicated to making the workforce efficient, safely and quickly get to work, active or mass transit. Thank you.

**Hales:** Thank you very much. Welcome.

**Dave Peters:** Hi, my name is Dave Peters, and I'm the co-founder of a small software business and a proud Portland resident. I support passing an income tax in order to raise funds for city streets. It's a great way to raise necessary funding because it can be structured that ask people to contribute to the shared resource based on what they can afford. User fees are not equitable, the burden is higher for poor, middle, and working classes. Funding should not be based on an assumption that people and businesses in the city all can contribute the same or even a similar dollar amount. For that reason, I want to say thank you for designing this proposal around a bracket income-based model. That said, I'm concerned about one major regressive feature of the proposal, which is the low \$75 cap for individuals making over \$333,000 per year this. Is effectively a tax break for the 1%. The cap should be increased or eliminated and the additional funds raised from that should go towards reducing the tax burden on the middle and working class families who already heavily burdened by today's economic systems and trying times. If someone's income reaches above and beyond \$333,000 per year, then they can and should continue to contribute more. We need to make this income tax more progressive in order for Portland to be more the just and equitable city that I hope we all want it to be. I also stand with amazing community nonprofits in urging the city to allocate more of the funds from this tax to safety improvements, especially improvements for our most disadvantaged residents. Everyone deserves the dignity of a safe way to get around their neighborhood. We all know that isn't happening, and we all know where that isn't happening. I'd



November 20, 2014

like to us allocate at least 50% of the funds raised on these vital safety improvements. Thank you for listening, and thanks to everyone who has worked on this effort. Getting the street funding passed is incredibly important and I urge the council to do it and do it right. You also have the right to do it and I challenge anyone who claims taxation without representation to think about the last time they voted for our federal income taxes.

**Hales:** Thanks very much, thank you. Good afternoon. I think you're first, Mr. Kopca.

**Christopher Kopca:** Good afternoon. My name is Christopher Kopca, I'm speaking for myself today. You might know that I've been a member of the 2007 transportation committee. I've been a member of the commercial committee in the most recent effort. I want you to know that I personally stand firmly behind the Business Alliance's evaluation and response to your proposal. That said, it's my sense that a majority of Council will vote in favor of something based on the ordinances put out, and so I want to offer my commentary about that, I'm not going to focus on the Alliance position. I thought we had three minutes, we have two minutes, so I'm going to do a little abbreviation here. I had a section to put the vote back in the proposal, I think you've heard plenty about it. The only thing I would say that I think that gives reinforcement to that is I appreciate gas taxes have either gone down or remained flat for years. Portland is not alone in this issue, it's a national phenomenon, it's a national issue. At some point, it will break with the federal government. All the more reason why we should revisit the project. It should sunset in maybe six years with a vote, or just sunset, because I think the world will change in terms of funding. I don't think it can continue the way it is. Right now, we're assuming no other changes will happen. My second point -- I had five points, I don't think I'd get to them all -- the second point is publicly and unconditionally reaffirm the city's commitment to continue with not less than 2014 road repair funding as part of the new initiative. When the commercial committee met with staff in committee meetings, the director of transportation was unequivocal that they would take what they are spending today, put it in the same kitty as would be the new money, and it would be a merged effort. That's not in your current ordinance. And I specifically had a meeting with Commissioner Novick about it, and I believe he told me he was not prepared to do that.

**Novick:** Chris?

**Kopca:** Yeah.

**Novick:** Just to respond to that. What I said was that if gas tax revenues collapsed and we didn't have any money, then I couldn't promise that I could convince the rest of Council to --

**Kopca:** I understand, and what I said is you're asking to us promise going forward that we're going to make a commitment, not knowing that market may not turn. It's a good faith effort. Both parties have to take a step forward and not be unconditional. The tax isn't conditional. The tax is going to be on for six years, five years, whatever it's going to be. And so we live under that same problem. I think the city needs to live under that same problem.

**Novick:** But actually, Chris, the tax is conditional. For example, if incomes collapsed and nobody in Portland was making more than 25,000 a year, then our tax revenue would go down dramatically because our tax is based on income.

**Kopca:** Put it on the business side. The business numbers don't change if the economy gets tougher. The business numbers do not change.

**Novick:** Actually, they could, because it's based on square footage, number of employees, and revenues.

**Kopca:** You're right, I forgot that.

**Novick:** So if businesses shrank, they would pay less.

**Kopca:** Great. But by and large, it's a bigger [indistinguishable], it's not saying we're not committing. I think the city needs to make the same standup commitment. That's my point.

**Hales:** You mean to the balance?

November 20, 2014

**Kopca:** I believe number is \$14 million -- I could be wrong -- on what the city spent on road repair.

**Hales:** I get it. You want that carried forward.

**Kopca:** And put in the fund, so we all know where it's going and it's clear and it's transparent and the like. My next item was the city should partner with us in this a little more. I think there were two or three options looked at -- [beeping]

**Hales:** Keep going, we interrupted you.

**Kopca:** All the way from the city picking up the streetcar funds -- which were about \$4 million -- and putting them in a general fund, to a 13-13-13 split between city, the residents, and businesses. I think you know about that. My proposal is this. I think that collection costs are an extraordinary cost in this project. They're over \$4 million a year. And I think that's a number that's hard to even rationalize. You're talking about -- your own proposal says you have 22 new revenue collectors as part of this project, that's not including the 59 more PBOT staff that somebody referenced. I'm going to submit if that's really what it is, the city should pick up that cost. And you can do one of two things with that \$4 million. And this is my recommendation to you. You can reduce the 46 to 42, because it went up \$6 million -- when the committee was disbanded, we were at 40 million. You folks raised it to 46. You can go back to 42 or keep the 46 and put the 4 million into real road repairs. I'm just saying, I'm not splitting it 50-50 -- and I want to take more about road repairs in a second if you grant me a minute. This next one I'd like to read because I'm not going to remember the numbers offhand. PBOT's own figures show needing \$91 million per year for 10 consecutive years to restore our roads to reasonable condition. Simple math, not inflated, that's \$910 million worth of road improvements. Your proposal provides \$15 million per year toward real road restoration. At that rate, it would take six years of the program to equal one year of need. Six years at 15 million is \$90 million. We need \$91 million a year. So, we're not making headway. Part of my reason for requesting that you commit the 14 million you've been spending into this package is that we need to build a bigger kitty for road repair. In addition, the commercial committee recommended 70-75% to go toward road repair. I know that the residential committee was going to recommend probably not that high a number, and some were at 50, some 60, but it was a lower number. In the end, your own projections showed \$202,800,000 of net revenues over the first six years of this program. I'm taking this off of your own literature. 70% of this amount would be \$142 million toward road repairs over the six years. Assuming Council does not commit to continue with its current level of road repair funding as I have suggested -- does commit, I'm sorry -- six years of existing of the \$14 million will add another \$84 million toward road repair. This equals \$226 million over the next six years. If the city were to take the suggestion about funding the collection side of it, that would be another six or 10 years at another 4 million. If we did that, we would get close to 400 million against the need of 910 million. I want you to know how far we're falling short of really repairing the roads. While we've created two categories, safety and maintenance, road maintenance is a safety issue. If you can't drive correctly on the road, you will be a problem, you will create safety problems. I think with have made this arbitrary and almost harmful division between the two categories.

**Hales:** Chris, I've given you more time but I need you to try wrap it. We've got folks who want to speak.

**Kopca:** I'm sorry. My last point. Under the current proposal for the residential tax, the minimum tax for the person who paid-- the household that makes \$35,001 and one is \$2 per month. I assure you that at \$24 a year, you are not recovering the cost of collection. It is a loss leader. We're eating up our valuable dollars to make road improvements by collecting \$2 from people. You need to set the minimum at least the real cost of collection and hopefully something toward actual road repair. We've said you're going to say 35,000 is the number where people need to become a contributor,

November 20, 2014

\$2 a month not making it a contributor, I think it is actually a loss leader. I don't have the firm math on that, but I dare you to say it --

**Novick:** Actually, Chris, I did ask our Revenue Bureau exactly that question. They said since we'll be processing people's submissions to see if they're exempt, it doesn't cost more to say somebody owes us \$2 than to say they're exempt. And in fact, the arts tax is about \$3 per month per person in effect, and although we spend more than we would like on administration, we don't spend all of it on administration.

**Kopca:** I understand your point. If the point where that at \$35,001 people should be making contributions to help repair the roads, they're still not. You're telling me the cost is the same anyway. I'm saying say you conclude, you can't do that assessment for \$24.

**Hales:** I'm going to have to cut off this discussion because we're running out of time.

**Kopca:** I'm sorry.

**Hales:** But thank you both for your service and for this analysis, and I appreciate your points. Welcome.

**Lisa Rummel:** Thank you. Good afternoon, Mayor Hales and members of the city council. My name is Lisa Rummel, I'm the president-elect of BOMA Oregon. The members of BOMA care deeply about the livability and the long term economic vitality of our city. We applaud the city's efforts to tackle the difficult challenges posed by our neglected roads. We understand and agree that the immediate remedial measures need to be taken to begin the process of repairing our roads. After carefully considering the Our Streets proposal, we are unable to support the proposal. Our concerns are as follows. The proposal seeks to impose a new city income tax without voters' approval, which would be the first for the city of Portland. Under the proposal, a large portion of the members of our community would benefit from the plan would be fully exempt from supporting it. We believe this plan is inherently unfair. The proposal has no sunset date. We believe it's critical that there's an ending date at which the city must review the program and carefully consider whether it should continue. The proposal should be revised to ensure that funds are directed primarily to road pavement and maintenance. We strongly urge the council to heed PBA's recommendation and proceed as the PBA suggest. BOMA believes it's critical that under any plan that involves raising new funds for road improvement in Portland, it must include a mechanism for careful and consistent oversight. In conclusion, if the council believes that BOMA can assist in finding solutions to these and other issues, please let us know. We would be happy and pleased to meet with you and discuss how we might be of service. Thank you.

**Hales:** Thank you. I'm going to do a quick time check, I know we're in danger of losing at least one member of Council to other commitments. I know we have a sign-up sheet, but would you raise your hand if you're still planning to speak? OK, 12 or 15. That's going to take us 30 minutes, plus. Sorry, missed you. 15 or 20.

**Fritz:** There's plenty of seats down here now.

**Hales:** Come on down if you want to relocate.

**Fish:** Mayor, while we're about to call the next three -- and Commissioner Novick will either agree with this or he'll have a better recollection -- but one of the three testifiers ago, the question was, when is last time we voted on a federal income tax? Steve knows this one. I go to Wikipedia. It turns out it was 1911 when the state of Oregon ratified the 16th Amendment. And it was the 16th Amendment that allowed Congress to actually impose a progressive income tax. Without it, they couldn't. So without it, there may have been a national vote since then, but it appears Oregon last voted in 1911. Steve is that --?

**Novick:** Commissioner Fish, you're putting me to shame with your historical knowledge through Wikipedia. [laughter]

**Hales:** Let the record show. Thank you. Let's call the next three folks.

November 20, 2014

**Fish:** Mayor, could I make one comment? This has been an extraordinary hearing, and the testimony has been uniformly thoughtful. As we get later in the day and we risk losing a quorum, I would especially urge people to raise issues that they don't feel have gotten enough ventilation. Typically, we don't make decisions based on 20 people testifying this way, five this way. We take each person's testimony on its own merit. So I'd urge people to focus on things they don't think have gotten enough attention so far in this hearing.

**Hales:** Thank you. Welcome.

**Hilda Stevens:** Perfect, because that's actually going to lead me to what I'm going to be talking about. Thank you, Council members and Mayor for having me here today. My name is Hilda Stevens. I'm a resident, I'm also a small business owner and a board member for the Hawthorne Boulevard Business Association. One of the topics that has been in a lot the discussion has been in the terms of there being two fees, a resident fee and a business fee. There's actually a third fee that nobody has thought about today. It's an indirect fee, it's called a CAM charges, which the Commercial Area Maintenance charge. Over 95% of all small businesses statistically pay for this charge today. This is the charge billed to the tenants in the commercial lease, also known as triple nets, and are paid by tenants to the landlord, typically prorated and includes but is not limited to property taxes and fees. So while you're saying that small businesses would be paying a very small percentage anywhere between three dollars to \$144 per month, think about in my case where I have a property owner who owns a lot of properties in the city, is probably generating over \$8 million in revenue, and all those fees are going to be passed down to the small business. So once again, the small business gets all the fees.

**Fritz:** So we would need to figure out a way to avoid that double taxation?

**Stevens:** That's correct.

**Fritz:** Thank you.

**Stevens:** In reviewing your projects, I just want to address a couple of things. You added a bus stop investment initiative as part of one of these projects. As a small business, I currently pay as TriMet fee that's paid quarterly. I have five employees and I pay \$50 per employee per quarter. You also talked about infill for sidewalk improvements. I'm not sure if this means new sidewalks or existing sidewalks. I currently ran into two situations in last three to five years, one is a resident where we had some cracks in our sidewalks, we were told that our homeowner's association fee had to pay for the sidewalks because they were in the right-of-way. That was \$1500 that the homeowners association had to come up with. This last year, we were having some severe deteriorating sidewalks along our business corridor, and again, we were told that because it was in the right-of-way, the businesses had to pay for that. That was a \$5000 fee that came out of our CAM charges. I'm a little concerned about that 10% of revenue allocated to sidewalks and how it's going. If it's for new construction, I recommend you go through System Development Charges, make all those developers pay for the sidewalks. Finally, I want to just briefly talk about your public process. You talk about having town hall meetings. Obviously, these meetings. Part of public process -- and I'm a former certified public IAPP, which is the International Association for Public Participation. As a public servant, it's your job to out in the public, coming to our meetings. I'm a board member of the Hawthorne Boulevard Business Association, and I have not had one board member come to us or your staff to talk about this Portland fee. I urge you to, one, slow down the process, explore other methods such as motorized user fee which people talked about, and in the end, refer it to the voters. Thank you for your times.

**Hales:** Thank you.

**Fish:** For Commissioner Fritz's benefit, I'll note that Hilda's restaurant bar is considered one of the favorite places in town to drink a Belgian beer and watch the Thorns.

November 20, 2014

**Fritz:** I'll take a fifth on drinking the beer, but I know that from good knowledge that their Brussels sprouts are particularly fine. [laughter]

**Hales:** Thank you. Welcome.

**Carol Fortino:** Thank you. I'm Carol Fortino, one of those crotchety old property owners in northwest Portland who feel we're already paying too much in taxes, property and income, and want the pet projects to stop in order to balance the budget and pay for the basics again. We love the city and will try to continue to keep it livable and still reasonable and affordable so my children and grandchildren can afford to live here. I don't have all the figures, but then City Council doesn't either, so we're all in the same boat trying to use our money wisely. And this tax is not a wise way to use our money. We have some questions. We want some clarity about how much, where it goes - your job, I believe. Street maintenance and general budget, what happened to that? Repurposed? I don't know. The source of the funding is an income tax that bears little relation between who uses the service and who pays. A free pass is given to all those who come to Portland from outside city limits as well as those with studded tires. Oh, yes, although road maintenance has been neglected, less than half of these funds will be spent on it. And this is not a one-time emergency levy, but a permanent assessment that may be raised at any time, as several have discussed, with no sunset provision. Is it just coincidence that the income levels were constructed such that with the income exemptions in place, as well as exemptions for public retirees, our leaders are trying to ensure there's enough of a constituency who benefits without having to pay to ensure their public vote would pass? Why must the use of every basic service of government be based on income? How many people have to move out of this city for Council to get it? I will reiterate the solution that I think is most practical. The parking permit sticker fee, which is a progressive solution, it is fair, you can have an exemption or reduced cost and it is easy to administer, and it's tied to usage.

**Hales:** Thank you. Appreciate that. Welcome.

**Leslie Centner:** Hello. I'm Leslie Centner. And I do have copies if you'd like them.

**Hales:** Sure, Karla will give them to us, thank you.

**Centner:** Thank you for being here and thank you also to everyone who has participated, it's very nice. As I've listened, I've edited a lot of this. So, I have been brainstorming a lot with myself with the information that I have and understand, and I have limited understanding of all this information and I know I'm missing some information. So, whatever is on here that's incorrect, you'll have to just forego that. The Portland Street Fee proposal raises several questions. Information and answers from Council will help concerned citizens formulate more sustainable solutions to resolve the budget issues. With limited information and understanding, I have brainstormed and come up with the following possible solutions. First, until the budget is balanced, the moratorium on pet projects should be imposed to halt misspending. I agree with the sunset clause and need to vote on the tax. I also agree with the sales tax. Second, tax people who use our infrastructure on a daily basis all 365 days of the year but do not pay into our ever growing budget demands. Third, progressively tax heavy commercial freightliners and construction trucks including TriMet buses, adjusting for weight and impact on roads. Fourth, implement yearly user sales tax on studded tires, eventually prohibiting them entirely. Five, devise a cyclist registration fee for people using our public roads requiring road tests and licensing similar to auto drivers. Rules of the road to be updated and licenses renewed for cyclists and drivers. Include enforcement of road violations and for cyclists who are not wearing helmets. The side note that I wanted to mention was that the pedestrians, drivers, and cyclists are confused by all the new changes throughout the city. It also causes a lot of congestion, which leads to more emissions. And a lot of out of town people are very confused, if you ever try to follow them downtown. Anyway, it creates a dangerous situation, so we're talking about safety, and it also concerns a lot of angst between drivers, cyclists, and pedestrians.

November 20, 2014

**Hales:** Ms. Centner, you've run out of time but I appreciate the fact that you've put this carefully in writing.

**Centner:** And I think you can deal with the rest.

**Hales:** Yeah, thank you very much. I appreciate your thoughtful points and for being here as all, and all of you for being patient enough to stay here for this long. Thank you very much. Alright, let's have the next three, please.

**Marianne Fitzgerald:** Marianne Fitzgerald, and I've been a member of the PBOT Budget Advisory Committee since 2009, and I serve on a lot of other PBOT committees, including the advisory committee for the Street Fee. But this is my personal testimony today, I'm not representing anybody right now but myself. I'm very familiar with the PBOT budget, and how much it's been cut over the last six years. There's a lot of needs for safer infrastructure but dwindling revenue because of the heavy reliance on the gas tax. The budget letter from the Budget Advisory Committee continues to advocate for more funding, and the street fee that you're considering today is much better than the one that was unveiled last spring. It's much more progressive and better that it bases it on the ability to pay and not on how much people drive or induce trips. It would be great to build in incentives to drive less, but in places like southwest Portland, it's so unsafe to walk that people need for the city to build safer walking and bicycling infrastructure in order to get people out of their cars. The main concern that I hear from people is that this is like the last straw. We've got the Children's Levy, the Fire and Police pension fund, Urban Renewal, Parks bond, sales tax, Portland Public Schools bond, Portland Community College bond, and it just keeps going and going. These are all for good causes -- I voted for every single one of them -- but they do add up. I know that as we're entering the budget session that you've been working on things like the performance management dashboard to try to do what Mr. Romain mentioned in terms of being more transparent in how we're using our dollars, and that they are contributing to livability. Under Mayor Adams, we had budget mapping, and that disappeared with him. I think that you need to put the data behind the dashboards as well as the dashboards out to the public so that we all can see why we need this and how our tax dollars are contributing to livability in the city. So, we need this funding. I like the projects on the list. They need to be vetted, but -- go for it.

**Hales:** Thank you very much. Arlene, welcome.

**Arlene Kimura:** Thank you, Mayor Hales, Commissioners. My name is Arlene Kimura, and I'm speaking on behalf of the East Portland Action Plan. The Action Plan supported this proposal with the understanding that we would have the safety measures in place. In east Portland, we have mostly no streets to maintain, so, street maintenance is not as much of an issue. Safety is. In the last year, we've had seven people who died crossing the streets. And we have several of the high-crash corridor intersections, as well as very dark and very poorly-lit streets, especially in the wintertime. So, the support of the action plan was contingent on getting the safety measures in place. We support the plan with a proviso that we have a more transparent process. As Marianne talked about, it is not always clear how the dollars are being spent, and we would urge some sort of additional transparency, some sort of additional oversight, and also strongly consider and sunset, at least an evaluation period of maybe three years. Thank you very much.

**Hales:** Thank you, thanks for your service.

**Fritz:** Arlene, I just have to tell you because I know your situation in east Portland is much like mine in southwest -- the light bulb in these streetlight outside of my house was replaced with the LED bulb this past week, it's the only one for blocks around, and it's really much better. So, I think you're going to really like the new lights.

**Kimura:** Thank you.

**Hales:** Welcome.

November 20, 2014

**Alan Willis:** Alan Willis, southwest Portland. One thing that happens when one waits as long as I have to testify is that you hear a lot of good information as you go along. I've appreciated the thought and comments of those who have testified this afternoon. Like somebody else said, I've probably rewritten my testimony 20 different times because it's all been very good, whether I agreed with it or not. One thing I learned is that the Oregonian has done a very good job of demonizing PERS retirees, and I want you to know that you are looking right now at a living, breathing PERS pensioner. You will notice that I am not in my imperial Storm Trooper armor, nor do I wear a Darth Vader helmet, despite what the Oregonian may tell you. And this information might be of some interest to Commissioner Fritz, as she said earlier -- I am not exempt from the arts tax and I assume that I will not be exempt from whatever you pass here. The reason for that is because any additional income over and above one's PERS income -- and it's a very low threshold -- makes you eligible. So, as I have looked into it, it looks like it's a very small percentage, 2% or less of people even affected in that regard. First, before I go any further, I want to commend the mayor and Commissioner Novick for recognizing the problem and trying to do something about it. I was a little alarmed and shocked when I first heard that there was this need, because the city of Portland is the first agency that I ever heard the notion that it cost a lot more to rebuild a road than it does to -- so I was surprised it happened, but I'm glad you want to do something about it. Secondly, I want to thank the city staff for the recent open house that they had on the issue. They were cordial, they were informative, I learned a lot that I hadn't learned before. And quickly, if I can, I would favor some kind of gas tax and or car registration way to raise this money. I'm totally in favor of the need for the money. And whatever the mechanism would be, I guess my final suggestion would be to prioritize the maintenance, that's the items listed on this sheet here, the overview for revenue a location, and just fund only that. That will cut out the initial tax. I've heard the testimony this afternoon on the safety, so I'm not writing that off at all. And with all due respect to you, Commissioner Fritz, but I'm thinking that maybe with a sunset and with being able to prove that the city has had a demonstrated record of actually bearing down and getting the backlog maintenance out of the way, that might open a way for future iterations that could improve the safety funding if that is necessary.

**Hales:** Thank you very much. Thank you all.

**Fritz:** Thank you for your patience in waiting. I would note that actually, it's the other way around the safety projects, there's a finite number of them, and they'll eventually get done. As has been noted with the maintenance funding, even with the proposed level of funding, it's going to get worse.

**Willis:** Am I correct in what -- is it correct what I have heard, that at some point perhaps your predecessors or somebody made an actual decision not to do maintenance? Is that correct or have I just heard that in the wind incorrectly?

**Fritz:** I've never been the Transportation Commissioner, so I don't know.

**Novick:** I apologize.

**Moore-Love:** Turn your mic on.

**Novick:** I apologize, I missed what you said.

**Willis:** The question is, I either read or heard someone -- and I couldn't find it this afternoon -- that somewhere in the past, that the city or PBOT or the council sort of made an actual proactive decision to sort of let road maintenance go by the wayside. Is that correct or have I heard incorrectly?

**Novick:** Not exactly. I mean, what you might have heard is that it used to be that a substantial portion of the utility license fees were put into transportation. If you go back to the '80s, if we got as much utility license fee money now adjusted for inflation as we got then, we'd get about \$26 million a year. And instead, we get about \$2 million a year. So, at some point, beginning in the mid

November 20, 2014

to late '80s, the city council started spending the utility license fee money on other city priorities, like police and fire and parks. So, you could say that at that point, there was a shift from maintenance to other things, but it wasn't like the council announced that it didn't care about the streets anymore.

**Fritz:** Actually, I'm remembering, under my -- while I've been on the council, Mayor Adams did say that we're going to prioritize arterial streets and stop doing residential streets because of the limited amount of funding, we decided -- there was an active decision to focus it on the most heavily-traveled business streets rather than the residential streets.

**Willis:** Thank you for allowing me to ask that question and for your responses.

**Hales:** Thanks, Alan. Next three, please. Thanks for waiting. Welcome.

**Teresa McGuire:** Thank you. Teresa McGuire. I have a little bit of a cold today so I'll try to get through this and shorten what I had presented. First of all, the total budget is \$3.6 billion, and so I had an opportunity to go through and peruse that budget and give some thought to your mission statement that was also included with that budget. And the budget's mission statement, of course, lists your core services that it's proud to provide to the citizens. The second item listed is transportation. But when you look at PBOT's budget, out of that \$3.6 billion, PBOT has a budget of \$314 million for street lights, parking garages, whatever, including the paving. When you get down to the same PBOT budget, I have that they're currently spending \$11.3 million on actual paving. So, if the PBOT budget is the second most important core service that the city provides, that budget total of 314 million is actually 3.5% of the total budget -- excuse me, 10% of the total budget. Of the actual paving of the PBOT budget, you're actually spending 3.5%. So we're talking 314 million, and out of that you are spending 3.5% on actual paving projects. When I look at that and when I look that \$3.6 billion, that means as a city, you are spending .3 of 1% of the total city budget on paving projects. So, there's almost 300 other buckets out there that you're filling before you even look at the paving. For me, I'm looking at that's how little you value paving. But when it comes to what's been going on over the past two years since Commissioner Novick and you, Mayor Hales, have come in is that of course our property tax dollars == which I believe that Marianne also gave word to -- so when you're talking about what that extra money means to a person out there who is working and doing whatever, that they're probably working an hour or two extra a week just to make up for that additional since 2012 to 2014. And if we only have 15 to 20 hours per week that's your leisure time and whatever, and you're working an extra hour or two, the sacrifice on a person is so much different than the sacrifice that you as a city are making.

**Hales:** Thank you. I want to stop you, because we have the rest of your testimony. But I want to recommend -- if you would -- take a look at both the city's budget webpage and the Portland Mercury's article on where your property tax dollars go. Because not all of that \$3 billion is fungible -- you know, we can't transfer it from one thing to another.

**McGuire:** Right. But what I'm saying is, when you are coming to us and saying hey, we're going to add one more coin on there, you also have to look at what that means to the average person out there.

**Hales:** I hear ya. Thank you. Welcome.

**Amanda Dalton:** Thank you, Mayor Hales and Commissioners. Amanda Dalton with Dunn Carney here on behalf of the Northwest Grocery Association representing the Pacific Northwest grocery retail industry, and about 20 member stores here within the city of Portland. We recognize the importance of continued street investment, both to our commercial truck fleet, as well as access for our residential customers. You heard from us in May that the nonresidential street fee as proposed was unreasonable and unaffordable. We want to say thank you for slowing down the process, for allowing us to participate in the nonresidential work group over the past six months, and we believe the move away from the trip generation methodology is a reasonable and fair



November 20, 2014

compromise. We're here today to support the nonresidential business proposal before you. I just want to say thank you to yourself and to your staff for working with us.

**Hales:** Thanks for your help as well, thank you.

**David Hampsten:** Hi, I'm David Hampsten, the east Portland's representative to the Transportation Budget Advisory Committee, and I've long supported increasing funding to transportation. I think in fact, I'm actually one of the people who've edited the letter you get on an annual basis for the last four years, and we hope to have a similarly good letter this year from the Budget Advisory Committee. I'm speaking on behalf of the groups that I represent east Portland. A lot of them support some sort of funding mechanism for east Portland. The problem with east Portland -- along with the lack of the infrastructure -- is that many of us, our poorest people, are actually dependent on the automobile to get around. In order to afford to where they live, they have to often live away from where there's public transit and good walking and biking facilities. Therefore, they have to drive to get to work. The use of a gas tax is extremely regressive because these people have to drive everywhere, and they don't have the option of leaving their car at home and biking to work. The other problem that we're having and that we're only starting to understand is that most people who live in east Portland do not actually work downtown. The whole transit system -- and even a lot of the transportation system for the city -- is based upon getting people from east Portland to downtown. But in reality, they're actually working in the Columbia corridor that is north of east Portland, or they're working in the Clackamas Town Center area south of east Portland. So, it's much more of a north-south transportation problem for east Portland. Essentially, you as City Council are governing two different cities, the inner part of Portland -- and I admit, southwest badly needs infrastructure, but they're much more in tune to getting to downtown for their work rather than north-south, as east Portland is. So, I would strongly urge City Council to basically have PBOT focus on getting transportation improvements for north-south connections. I would also -- I'm glad about PBOT's work in east Portland, but I think they need to do much the same work in Brentwood-Darlington, and Southeast Uplift, another area that was annexed that has terrible infrastructure, and also for Cully and Sumner. They've done a good job with Cully lately, but Sumner, for instance, is very neglected. So, I would strongly urge City Council to direct PBOT to do further work in those areas. And I am glad of the work that they have done for the East Portland in Motion. Thank you very much.

**Hales:** Thank you very much.

**Fritz:** Actually, David, a lot of people in southwest also need to get north-south, because we work in Beaverton and Wilsonville and Hillsboro.

**Hales:** Well said. Thank you. Next three, please. Lightning, go ahead, please.

**Lightning:** My name is Lightning, I represent Lightning Humanitarian Lab. Tremendous amount of work put into this proposal. Again, Commissioner Novick, you've basically stated it's data-driven. You've pointed out a lot of different projects where the money will be directed over many years. My position is I support this proposal but with some contingencies. The overall amount of money you want per year I feel needs to be adjusted. I think in the first year, we need to look at a range of \$25 million, second year would be \$35 million, third year would be \$45 million. Now, why I say that is -- as Mr. Romain and various other speakers have suggested -- we need to look at the gas tax. So, if we can get that pushed into place in the next one to two years, we might not have to come up with that additional money. If we can implement say an all-motor vehicles -- which one gentleman suggested -- parking stickers, which I think is a great idea to study from Chicago, we might not have to come up with all that additional money. So again, I want to see something put into place. I want to see this happen and be approved by the council, but I want you to make a commitment that you will pursue these other avenues to benefit the public so they know that you're going to really do this. We all know there needs to be a certain amount of money, and if you adjust

November 20, 2014

the price on this -- or the numbers on this, I think the public is going to look at it in a more reasonable manner. That's my opinion. Thank you.

**Hales:** Thank you. Mr. Stull, welcome.

**Barry Joe Stull:** My name is Barry Joe Stull. First, I would like to wrap up any rumors, I am totally against the Portland Business Association using the crushed bones of homeless people to fix potholes. You can't be trusted. We can't even get off this block without seeing the signs that are a product of Commissioner Saltzman telephoning in his vote. They say, this is a sidewalk management area. That was passed bereft of the City Charter. I filed a lawsuit about that. That was in 2011 and I was arrested August, October, November, December, February 2012 and July 14th, 2012. The sole conviction was a \$50 fine for pulling the handle on the MAX as I was projected from behind into the boarding woman passenger. So, Commissioner Novick -- I hope he gets to review this -- we can afford to lose a lot of Portland police officers. We can afford to lose all of the \$10 million a year that goes to transit police on TriMet. Every one of the communities already has a police force. That funding comes through the city of Portland Police Bureau. We also have the mothball Wapato Jail that cost us \$50,000 a year and is a product of the City of Portland conditional use permit. I proposed in August of 2010 that that would be used for cannabis research. No, I didn't, because I was in jail that day. Once again, found not guilty. You cannot be trusted. These people are giving you valid ideas, and we want to know where the money is going. And we don't need another reason for Ross Island's men to take Ross Island and put it on our city streets so that they can make yet more money to donate to Commissioner Fish's campaign. He did take a campaign contribution from RB Pamplin Corporation. Thank you so much.

**Hales:** Thank you. Next, please. Welcome.

**Gordon Hoffman:** Thank you, Mayor and Commissioners. My name is Gordon Hoffman, I'm a small business owner and resident of Portland, Multnomah County. I'm here on my own accord, although I reflect certainly the views of a lot of my peers in the business. Mostly questions and misunderstandings, and some concerns about efficiencies. So, let me just quickly go through them. Paul Romain obviously hit the big one, that is, if this is so important, why isn't it being done? To me, road maintenance and services is right up there with public safety. It certainly should be. And I thought, frankly, it was being covered until this tax issue came up. I've run many big, big budgets and big companies, and if an essential service was not being done and it was only 1% of my net budget, the board would have fired me. By the way, these people are your board. So, it's an issue, and you need to educate people as to what's going on here. Secondly, we talk about efficiency and delivering services. One issue I haven't heard about is how efficient are your transportation people and other people about delivering the service? There's jokes all the time about people standing around drinking Starbucks coffee, so I decided to watch a crew. And I spent probably an hour eating my lunch watching them. There were six people, only two ever worked. And as I stared, the other four began to just move things back and forth in their truck. Now, I grew up in Chicago, and I saw the same thing. And we don't want to end up like Chicago. We want Portland to be a city that works. Chicago doesn't. So, I got concerned, called my friends in transportation. They investigated. They said, this is in the collective bargaining agreement that these people have to be there. Who negotiates these collective bargaining agreements? Are they efficient? Have you all looked at them? I have to -- it's a question and it's a question a lot of us have about efficiency. And if there's a doubt in our minds, it's hard to support a new tax. [beeping]

**Hales:** Thank you. I would encourage you to talk to some of these citizens that are on the Budget Advisory Committee because they look at that very carefully. And actually, we did -- I did and Commissioner Novick as well -- tasked the Transportation Bureau to pave 100 miles of Streets this last year with the money that they already had, and that the previous year before we arrived, it was about 35. And they exceeded that goal with the budgets they already have. Actually, I spent quite a

November 20, 2014

bit of time in the field watching their folks do the work, and I would say that they're doing a very efficient job of it. So, I'm not sure whose crew you saw that day, but these folks took the dollars that they were already given, and more than doubled the productivity of the work. I give Director Treat and her team a lot of credit as good managers, and the folks that do the work credit as good workers, for delivering a lot of value. And actually, there's also a state law that requires that for certain size projects, we contract out the work so it's competitively bid. So we have that control of seeing how the private sector bids compared to our own cost of doing business, and we constantly compare those two. So, we have a lot of management information that suggests that our crews are doing a great job with the money that they have, but that there's not enough of it.

**Hoffman:** I think you need to share that with the community so they understand that.

**Hales:** Fair point, I appreciate it.

**Hoffman:** Because they don't, so I'm giving you guidance.

**Hales:** Thank you. That's a good suggestion. We need to get that word out. Thank you. Welcome. Good evening.

**Douglas Allen:** Good afternoon, Mayor Hales, and Commissioners. My name is Douglas Allen, and I guess my basic premise is that an income tax to pay for roads just doesn't make all that much sense to me. It seems like it's really -- I would go back to Mr. McCullough and Eric Fruits' suggestions that gas tax is much more appropriate. I'd like to follow up on your question to Eric Fruits as to how do you make a gas tax progressive? Because I was quite pleased to hear Paul Romain say that the petroleum dealers would be happy to have a statewide increase in the gas tax, and I think that's long overdue. The way you make it progressive is you get together with the other local communities in Oregon, and you pass a statewide carbon tax. This would produce two pots of money. One would be the money dedicated by Article 9, Section 3 of the Oregon constitution to road purposes. That would flow to you as increased funding to pay for this roadwork that you'd like to have done. The other part should be treated the way the province of British Columbia treats their carbon tax, and be refunded in a very progressive fashion. Now, there's another way that you can also add progressivity, to try to provide more mass transit. The Metro council right now is working on climate smart communities initiative, and they've discovered providing transit is the way that we're going to reduce carbon emissions as a part of our local share that we're required to do, and that increasing the road expenditures really does nothing to improve the carbon emission situation. So, I am afraid this thing will be a dog in the manger once it is passed, we've been self-centered, and then we won't be pushing at the state to get a statewide carbon tax. At the least you need a sunset clause that sunsets it when a statewide carbon tax is put into place. Otherwise, it will be an impediment for the statewide carbon tax. Thank you.

**Hales:** Thank you very much. Good evening.

**Michelle Becker:** Good evening. My name is Michelle Becker, I'm just a regular resident here in Portland. I have three kids and a husband, who also has a kid. But anyway, I'll just cut to the chase here. I really want you to consider an alternative that takes sources across the board -- existing funding sources. So I want you to open the book to the Parks department and everywhere else. It's that important that we fund roads first. You asked for solutions. I'm not an expert on this. If you want me to throw some out, I will. I think that it's more important to fund the roads than it is to fund arts education. I would take the art tax and put it back on the ballot, and I would ask the voters to redirect the funds to road maintenance. That's just one idea. I'm not all that familiar with the benefit of PDC, but maybe it's outlived its life span and maybe it's time to redirect those funds. I know you're partial to the summer internship program, and I think it's worthwhile. I just don't think it is more worthwhile than letting our roads rot. So I think another \$195,000 a year towards roads is important. Those are hard choices and I don't envy you your work. In fact, I applaud you for trying. But I just want you to open up the book and look across the board first there, and then

November 20, 2014

come back with things that fell off the list if you feel that strongly about them and say, this is what we want you to fund now and here is how we're going to do it. But you should start there.

**Hales:** Thank you. Thanks very much.

**Fritz:** I invite you to come back in our budget process which starts in January to hear from folks who are affected by some of the programs that you have been talking about. Because we've had a very focused conversation on transportation needs, and there's a lot of challenges which aren't quite immediately obvious. For instance, the summer internship program. It's helpful to hear from folks affected by those programs as well before deciding between one or the other.

**Becker:** I thoroughly agree with you. I read a little more about it after I saw it in your budget. And I understand. It's difficult. I don't envy you. I'm just saying, if I have to put them side by side, I'm not going to wait for more expensive road repairs while I fund an internship. I'm just not.

**Fritz:** Right, and let me just give you some further context because what we decide in the budget process is the \$400 million general fund budget. It was referred to as the \$3.5 billion overall city budget, that includes things like water and sewer, which are dedicated funds. We're not allowed to use those for streets. So, we have \$400 million. More than half of that goes to police and fire. So yes, there might be some savings here and there if we cut \$195,000 here or there. The magnitude of what we're talking about here is \$91 million. We could and maybe should do a lot more cutting elsewhere. The magnitude of the problem is such that that's not going to be possible to fix the problem.

**Becker:** Thank you. I would still urge you to consider those, though.

**Fritz:** Thank you.

**Hales:** Thank you. Welcome.

**Inge Fisher Williams** Mr. Mayor, members of the council. Thank you for staying late. Thank you for the opportunity to speak to you about this. What brought me here was the city income tax. To impose it without a vote --

**Hales:** Give us your name again, I'm sorry.

**Fisher Williams:** I'm sorry, Inge Fisher Williams, northeast Portland. To impose it without a vote seems to me underhanded and a mismanaged process. It's been very educational to sit here and hear the many, many good recommendations and maybe a better funding mix can emerge. I think I find myself in alliance with the Portland Business Alliance that this is a very big deal, and to launch it without more discussion I think is ill-advised. I want to talk a little more about process. I think you've missed a lot of good opportunities to craft good will with the voters. There have been some statements made that look like this is just the first start, and Mr. Novick is on record of saying maybe into the future we can raise it. That doesn't sound very appealing to people who are looking at a brand new tax. It's been a moving target. We all thought it was going to be a street fee, that label has lingered. Now it's an income tax for residential people. So it looks like bait and switch. Then you crafted a separate proposal for the business people and the residential people and now it looks like divide and conquer. And when you look at east Portland, which has been so starved of resources when they've gone other places, it looks like a little underhanded this is being put out as the reason for making these improvements and collecting money, where all along the need has been there, they've been powerless and without a voice. In terms of process, I think to regain trust you're going to have to slow down, look at the package of options, and then like one of the early speakers said, get behind a proposal that you think people will support, whether you send it out or not. You want the good will of the voters for this and other issues. And Portland is different. We supported an art tax, a school tax, a parks bond, we will go for improvements of our city. But you know, it's got to be fair, equitable, it's got to be explained to us and the process has not been a good one.

**Hales:** Thank you. OK, next? Go ahead.

November 20, 2014

**Kevin Minkoff:** Good evening. My name is Kevin Minkoff, I'm a CPA, not your ordinary bean counter.

**Fritz:** I would have been so disappointed had you not said that.

**Minkoff:** Thank you. I represent the East Portland Chamber of Commerce board, and the government and economic affairs committee of the East Portland Chamber of Commerce, as well as a board member of the Gateway Area Business Association. I'm going to take one minute to read a prepared statement and then make some other comments. The East Portland Chamber of Commerce supports the positions expressed by both the Portland Business Alliance and Venture Portland. We are very concerned the street fund business work group did not reach consensus or sign off with the plan introduced earlier this week. A well-maintained and safe transportation system is critical to economic vitality and quality of life in the city. Business leaders are willing to work with city leaders on a program that addresses problems in the transportation system, including the potential for new revenues. The proposed business restructure is vastly improved over the original proposal. We ask, however, the city not to impose a residential income tax without voter approval. The city income tax proposal creates inequities because it taxes private sector employee retirement income but exempts public sector employee retirement income. Under the current proposal, 40% of residents will not pay even a modest amount towards street maintenance and safety, even though everyone benefits from the transportation system. Another issue is that home-based business owners will have to pay the residential and business fee. There's another double taxation. That means the backbone of the city will be double taxed. Additional revenues may be warranted to address the \$91 million annual backlog of paving maintenance the city identified. However, it is not sufficient to have an only \$15 million of the \$46 million in new revenue dedicated to fixing the backlog of paving maintenance that was the impetus for this new proposal. We request that the package, that this deal have some sunset clause. As I've been listening to hours and hours of testimony and your comments, I would like to make the following recommendation Two-fold. One is that there be some emphasis on government efficiencies. A lot of people have talked about waste here, waste there, it seems it's a general consensus. I know from my own experience being on a citizen committee for the Gateway Urban Renewal District that whenever I spoke to any representative from any of the different bureaus -- PDC, Parks Bureau, the Bureau of Environmental Services, PBOT, Metro -- those representatives seem to not have any clue of what was going on in any other bureau or department. And we're talking about improvements in the Gateway Urban Renewal District that were either going to overlap or create holes where certain projects needed to be covered, be taken care of. I believe that some kind of oversight committee to look at recommendations for government efficiencies -- basically, cooperation and coordination -- would be helpful. The second recommendation is that we look at -- I have heard a lot of different suggestions, but I think why not take a look at a broad spectrum of revenue sources. It seemed like people were talking about an income tax and a business tax or a parking fee or a gas tax. It doesn't have to be or, it can be and. How about a one cent or two cent gasoline tax? And a parking fee. And a gas -- I said the gas tax, and an income tax, and a business tax.

**Hales:** I'm going to have to ask you to sum up.

**Fritz:** I want to hear [inaudible] of all of the examples of other things --

**Minkoff:** I think it needs to be and, that it can be reduced on each individual level. In terms of the individuals who are exempt -- because everybody, I agree with you, Commissioner Novick, everyone has to pay something, because roads just deteriorate whether they use them or not. So, a user fee and some kind of an income tax. But find some way that people who earn \$60,000 -- receiving \$60,000 from PERS and \$50,000 from social security, a married couple, \$110,000 a year is not poverty except they won't pay anything because it's exempt. And I understand why. But somehow, it needs to be worked out that they also pay something.

November 20, 2014

**Hales:** Thank you. Appreciate your creativity. I just hope it's safe for you to go back to the East Portland Chamber of Commerce now that you publicly endorsed a parking tax which somehow I don't think will be wildly popular with all your members. But I appreciate your creativity.

**Minkoff:** Also not with my Republican friends, but that's the way it goes.

**Hales:** Thank you very much. Mr. Moor.

**Zephyr Moor:** Mayor, Councilors -- Zephyr Moor. We need to prevent road wear simply and to pay for road repair painlessly. Inside this envelope is an item that weighs one pound. The only place it's useful -- what wears the road, weight. The only place that this thing is useful is on the road. Have any of you ever ridden on a TriMet bus? Have you ever read the word Gillig?

**Hales:** Mh-hmm.

**Moor:** Where have you seen it?

**Hales:** On the name of the bus.

**Moor:** They make the buses.

**Hales:** Right.

**Moor:** They put one pound on the license plates of the buses. And there's 600 buses, which means there's 600 pounds that the roads are carrying every day for this. I want you to call Neal McFarland at this phone number -- please make note of this number, please make note of this number -- call Neal McFarland tomorrow, and say to him, what in heaven are you packing a pound of California bus manufacturing advertising on our buses? I mean, they can't even -- they won't even say thank you. There are some other real easy -- in the room today, there was this much liquid left in the garbage or whatever, and there is this banana peel. Where do they move on the road? That's weight. If you go to any Starbucks, you will find a gallon of water in every garbage can. That's eight pounds. Help people think. Don't throw stuff in the garbage. To pay for road repair -- I'm an AMSOIL synthetic oil dealer -- hopefully that's obvious -- people here who have cars, they need oil. If they purchase oil through AMSOIL, AMSOIL donates the profits to nonprofit causes of the buyer's choice. So, the city of Portland -- my car was \$93 wholesale, \$122 retail, \$29 bucks profit would go to the city.

**Hales:** Thank you, thank you very much. Appreciate that charitable gesture as well.

**Herschel Soles:** Hello, I'm Herschel Soles. I'm a socialist, so I guess I do like trying to be progressive. Those are my requirements for any kind of a tax, equity and progressivity. I'm a little puzzled by this cap on this progressivity here. I don't understand. Even they have these little gaps, you know, certain income brackets, and it's regressive within the brackets. Why do they do that? It's almost like they're doing the math for these people just -- you can have the brackets and assign a certain percentage and you're done. You don't have to figure the number they have to pay. It's progressive. The more you make, the more you pay. Move to the next bracket. The more you make, the more you pay. I am -- well I came down here because I was concerned about the PERS exemption. Evidently, you guys are going to work on it and I thank you for that. Thank you for trying to recognize that we do have this regressive taxes throughout the system. I just spent a week working on doing phone calling to try to get GMO labelling here because some people have too much money and they distort the system here. You know, I would also like to say that if people make money in the city, it seems like that should be available for taxing. I'm not sure why I think that. And my thought goes right to the Trail Blazers. Here is this gang of millionaires, they're depending on the city of Portland to promote their little product, their games. I mean, if they were the Woodburn Blazers, it wouldn't sell all that well. Are you really here to tell me that they're not going to be paying this tax because they probably don't live in the city?

**Hales:** Oh, I think some of them will pay the tax, and certainly the business will pay the tax.

**Soles:** The business, but the individuals may or may not, huh?

**Hales:** Right.

November 20, 2014

**Soles:** It would seem to me if they make money in Portland, they should be helping to pay the roads. To me, the Blazers are a traffic jam every once in a while and a place to go demonstrate when they play a team from Israel, the genocidal government from Israel. Thank you very much for trying to have a progressive tax.

**Hales:** Thank you. Alright. Let's take the next three, please. Welcome.

**Doug MacCourt:** Welcome, Mayor Hales. Good to see you again. Hope I brought the right papers. Boy, it has been a long day.

**Hales:** Thank you for waiting. Just your name in the record.

**MacCourt:** Doug MacCourt, northeast Portland. Commissioners, Mayor, thank you for taking my testimony. I'm here on my own behalf as a citizen and resident of northeast Portland. I am recommending that -- like many before me -- the income tax is the wrong approach to this problem, and that we do slow down the process. I would support for all of the reasons that my former supervisor Don Gardner mentioned -- and I won't go through all of that testimony -- and try to take the advice of some of the other commissioners and try to add on some new ideas here. I think it's helpful to note, largely under commissioner at that point, Commissioner Hales leadership, I spent about a decade of my working career in the office of transportation as the environmental manager, where my responsibility was for making sure that the maintenance bureau was doing things correctly, the street systems, engineering, with respect to both what it did, it's impact, as well as what it used, staying on the right side of the environmental regulations and all of that. Safety, adequate maintenance, fairness in how we approach budgets to fund and maintain our streets were always critical elements of what we did. For that reason, I'd like you to consider a couple of options that I think would be a much better fix in the long run as well as the short run for this problem. Before I get there, if this body does decide to take this proposal forward, please take it to a vote of the public. I think it's going to harm the integrity of this body permanently if that does not occur, and I think enough has been said on that. So, one other thing on if it does go forward in some iteration of its current form, several people have mentioned and I think Commissioner Fritz, you talked about having a sunset. If there is -- it should have a sunset. And the sunset should be probably every year, or at the most, every two years. We shouldn't use the Oregon Assembly's six year sunset approach which is common to tax credits because that's really inappropriate here. That is largely used to try to say, look, we're taking money out of the system. Do we need to take -- stop and take a look at what the impacts are every year? This one -- for all of the reasons, all of the testimony here -- is that you know you're going to collect certain amounts of money, and you want to see how it is being used. And specifically, since it is a fairly radical step towards an income tax -- one of the strongest pieces of authority that any government has -- I think you're going to gain a lot of respect from the voters to basically say, OK, let's stop soon and see whether or not, A, we've collected the right amount of money, B, where putting it to good use, and C, whether we need to look at other options or stop or reduce the tax. And that's why you don't need a six-year sunset, you need it every year or every two years.

**Hales:** Need you to wrap up.

**MacCourt:** Several people have commented on the idea of looking at other bureau's budgets. Under our current bureau arrangement, that is difficult for some of the reasons that Commissioner Fritz and you all have mentioned. You might not remember -- I know you probably do, Mayor Hales -- but in the 1980s and for many, many years before that, our transportation bureau was a part of a public works bureau. That public works structure had water, sewer, and transportation in it. And what did they do? They had surplus budgets. They shared and pooled their money, and they ran a really efficient shop. I would urge you to take a look at that and how that was done under Dick Bogle in the past, because you won't run into the kind of problems that Commissioner Fritz

November 20, 2014

identified with, how do we share that small pie? You actually force the bureaus into sharing that pie and your problem goes away.

**Fritz:** What transportation [inaudible] --

**MacCourt:** One last thing I would like to quote, and the reasons why I think the tax part is unfair, it really doesn't apply in terms of the impact. And let me just cite you a quick statistic from a recent study done by economist Amy Vander Vliet of the Oregon Employment Department. In 2008, she looked into, OK, who's coming to Oregon? Who's using all of our systems and not paying taxes but getting the benefits? In 2008, 60,000 workers from Clark and Skamania Counties were coming for jobs in Oregon. That number -- I don't have current statistics -- it's probably gone up. 59,000 of those came from Clark County alone. Half of those were making \$40,000 a year or more. Only 13 out of every 100 workers, or 13% was considered low income or below. What does that all mean? It means we have an incredible amount of users of these road systems that will not be subject to the tax that are using the system and not paying for it. That is fundamentally unfair. And that's just the example from Clark and Skamania County. You know the remaining area in the tri-county area with similar statistics.

**Hales:** Thank you. Good evening.

**Nicholas Clark:** Good evening, my name's Nicolas Clark. Representing myself here. I do volunteer, and what my volunteering has included has been with the neighbors west, northwest, and Goose Hollow Foothills League. One of the things I see that's going on generally is there aren't enough volunteers working like for Parks or there are a few examples in here where volunteers could be doing some of the work that city employees are doing. With Parks, for instance, right now, the Timbers Army goes out and they fix up the fields for different parks, but they need a supervisor there all of the time. And the supervisors don't work but on the weekends. So now it's double overtime or overtime, I'm not sure. One of my suggestions is to train volunteers to supervise jobs with other volunteers and create more volunteering. There are a couple of examples in here where under operations and maintenance, street signs, those could easily be put up and dealt with by volunteers. Reducing hazards where any demo that needs to be done. Old infrastructures, same thing. Remove vegetation. So, there are several examples there. Sorry, I'm looking for more examples in here. I just got this.

**Hales:** Why don't you leave us a copy of that, if you would, please?

**Clark:** OK. And then another thing in here that I noticed was that on the street -- where there's projected cost estimates, there's the one to three years, and then there is no estimate on the next one, but you'll have things like NE MLK Blvd., for one to three years, install rapid flash beacons at NE Going, Bryant, and Holman. So there's a one to three years, and down here they do the next half of it.

**Hales:** Let me ask you to wrap up.

**Clark:** I'm mainly for getting the -- involving volunteers in there. I think there's a lot of money just draining out of the city. And I know that unions -- unions don't probably want to allow this, but we had a thing in Goose Hollow where we put up our sign caps that say Goose Hollow and it was difficult working with the city. It was hard to get them to come out. We almost lost our funds. It was a grant. And when they came out, they actually didn't finish the job. And it's been a year. I could have definitely volunteered and probably got 50 of those signs up myself.

**Hales:** Thanks very much.

**Clark:** Thank you for your time. Thank you everybody.

**Hales:** That is --

**Moore-Love:** That is all who signed up.

**Hales:** Anyone else? Come on up. Last chance saloon, but not a saloon at all.



November 20, 2014

**Rick Barcow [spelling?]:** My name is Rick from southeast Portland, Mall 205. I wore this badge, I'm not representing rose city garden railway society, I just thought it would make me look more important. [laughter] This is a story of threes for me. This is three little triplets. The first one. There seems to be an effort over the last 13 to 30 years, as was discussed yesterday on OPB, kind of a recycled strategy that's been taken. If it was put to a vote, you're convinced that it will fail again. That's three times. It's not three times is a charm necessary, it could be three strikes and you're out. The definition of insanity is doing the same thing over and over and expecting a different result. Past failed initiatives as justification for new taxes is pretty disingenuous, as far as I'm concerned. That's my first triplet. Second triplet, sources of funding. Rising tide lifts all boats. Increases in property taxes, increases in income taxes and a robust economy. That's not to say the world couldn't collapse tomorrow, but it looks like we will be doing fairly well with those going forward. Get a handle on whether your economist get some projections on that. Two -- and I distributed a couple of papers to Commissioner Fritz and Commissioner Fish -- I don't know if they got those or not, but that goes into detail. New enhanced gas tax revenues. Lobby Salem. We need to do this at a local level, regional level, state level, federal level. The elasticity of demand with gasoline we're pumping now out of North and South Dakota, we will have gas coming out of our ears for the foreseeable future. There's enough of a gap where I think a fairly significant gas tax can be implemented at each of those levels in coordination with each other and provide a good amount of revenue. And the marijuana initiative. What is that going to bring for the next five to 10 years? We don't know. Let's wait and see how that goes. The 800 pound gorilla in the room is 50 miles of unpaved streets. OK. There should be some equity. There should be some justice for these underserved areas. Safety, pave the streets. Social justice. Safety, economic opportunity, and cultural integration is key. Affirmative action program for those areas that have this problem. Buy out the lids. Have a 10-year plan to do it. However long it takes. Because I know the gorilla is the lids. Start the conversation. Take some time and let's figure out how to fix that. Pave the streets. Everybody take a deep breath. School bus is not going in the pothole any time soon. Start over addressing the most critical maintenance and safety projects now. We demand accountability and oversight, enhancement of all of this process, and a reprioritization of the city budget. Vote no on the street fund. Pave the unpaved streets. Show us you deserve our trust. Give us some good will. There's 150,000 plus people living east of the 205. And oh, by the way, I threw my hat in the ring to be a member of the Metro t-pack. May or may not happen. But I'm going to give it a try.

**Hales:** Thank you very much. Good evening. You get the last word.

**\*\*\*\*\*:** My name is [indistinguishable], I'm a citizen activist, political activist. My biggest problems with the Portland Street Fund project list are actually on page one. I'll actually quote it. I don't know if you have one in front of you. It is in the gray box. It says, percentage allocations are targets intended to ensure accountability and smart project delivery. This next line is very disturbing. Targets subject to further adjustment. Although we have identified safety and maintenance projects, most projects include both safety and maintenance components and a reiteration of line two is line four. Note, cost estimates and project lists presented below are preliminary and subject to change. Based on the auditors and assessment that has been happening in Portland recently, how can Portland trust you guys to go through with these numbers. Are we really talking about a \$46 million tax? That's what I came here to discuss, a \$46 million tax. That is what it says in the Oregonian, the Mercury, and I don't see that number. \$202,800,000, with no cap. I just see a six-year projection. And these are projections. Your recent track record of projections hasn't been the most pristine. We're talking about the BES palace, for example, the \$2.7 million initial projection. Comes out over \$12 million. Then you guys audit that and then you say oops, sorry. Is this going to be another situation of that? We're setting a dangerous precedent here. You're dealing with a personal income tax that will not get voted on for the first time in

November 20, 2014

Portland history. I think you guys need to take a much better look at your responsibility to be our advocates. To ask us to come up with solutions to your inefficiencies and then basically to ask us to be your advocates, when in fact we hire you to be our advocates. One brief example because I have a few seconds left. I run a business where I handed one of my managers a credit card and that person spent \$700 more than was allocated in the budget. I saw this online, I fired him instantly. We don't have that option here. If this money gets misspent, then all you're going to do is have to continually ask for more. And that sets a dangerous precedent. I'm sure the Bureau of Transportation isn't the only division here in Portland that has inefficiencies, and that's the first thing you lead out with, Mr. Hales. While I understand there are inefficiencies in Portland city budgets and sometimes there's disagreements, this isn't about disagreement. This is about running an effective business model. I kind of am just reiterating something said by Mr. Romain and many other people -- please take this job seriously. Please understand that if we can work within a system with what's already there -- and even if we were to do a simple thing -- two, three, four people, ago, this gentlemen said and. That's an option, but please discuss it with us. Look at us as your friend and become our advocate. That's what we are asking you to do.

**Hales:** Thank you very much. Mr. Entwistle.

**Steven Entwistle:** Yes, my name is Steven Entwistle. Get my last word in here. I'm going to be real fast. Don't worry, I'm not going to drag it on. Yeah, I'm very impressed and very encouraged and optimistic with the people that have spoken today from our city here. I have a renewed hope because of the wide spectrum of folks from all different backgrounds that have spoken today and being able to give their opinion. One thing that I would recommend, though, and that I've heard other people talk about and that is that we make these meetings after work times, work hours so that more people can give their input that are working and that are busy doing other things during the day. The two o'clock in the afternoon, I don't think it is a good idea. That is what I would give you. Thank you.

**Hales:** Thanks very much. Then, I'm going to close the hearing and see if there is anyone that wants to bring anything up today. We also obviously have two weeks to get ready for the next council session on this item. Commissioner Novick.

**Novick:** I just want to thank everybody who spoke today. I think was an incredibly thoughtful discussion. But I particularly want to thank the members of the band. Mark Lear on drums, Dorothy Mitchell on keyboard, Jamie Waltz on base; Ken Lee, lead guitar; Alissa Mahar, rhythm guitar; Leah Treat, lead vocals; Terri Williams on the harmonica; Thomas Lannom on sax; and Brian Hockaday and Chris Warner of my staff both on cowbell, because we take seriously the dictum that you've got to have more cowbell. Thank you all very, very much.

**Fish:** Mayor, I have a 7 o'clock, I have to go. Can I just say it's days like this that I'm especially proud to be on this Council and be a Portlander. Because however we come down on this and whatever your view is coming into this, these kinds of hearings bring out the best in Portland and it's been an honor to be present and to hear such thoughtful and passionate testimony. I think we have a lot to talk about over the next two weeks. I thank everyone who took the time to share their views with us and I thank our sponsors for structuring this hearing.

**Hales:** Thank you. I agree. It was an excellent hearing, I really appreciate everyone's points of view. We will be back to this topic in two weeks, and we are adjourned.

At 6:34 p.m., Council adjourned.