



April 10, 2025 Climate, Resilience, and Land Use Committee Agenda

City Hall, Council Chambers, 2nd Floor – 1221 SW Fourth Avenue, Portland, OR 97204

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Thursday, April 10, 2025 9:30 am

Session Status: Adjourned

Committee in Attendance:

Councilor Sameer Kanal

Councilor Dan Ryan

Councilor Angelita Morillo, Co-Chair

Councilor Candace Avalos

Councilor Steve Novick, Co-Chair

Councilor Novick presided.

Officers in attendance: Diego Barriga, Acting Council Clerk

Committee adjourned at 11:33 a.m.

Regular Agenda

1

[Appoint Matthew Sanchez and Vesla Lee to the Urban Forestry Commission for terms to end March 31, 2029](#)

(Report)

Document number: 2025-150

Introduced by: Mayor Keith Wilson

City department: Parks & Recreation

Time requested: 15 minutes

Council action: Referred to City Council

Motion to move the appointment of Vesla Lee to the Urban Forestry Commission: Moved by Morillo and seconded by Kanal. (Aye (4): Kanal, Morillo, Avalos, Novick; Nay (1): Ryan)

Motion to move the appointment of Matt Sanchez to be sent to the full Council with the recommendation the appointment be confirmed: Moved by Ryan and seconded by Kanal. (Aye (5): Kanal, Ryan, Morillo, Avalos, Novick)

2

[Discuss proposal regarding additional revenue to protect vital services](#) (Presentation)

Document number: 2025-151

Introduced by: Councilor Steve Novick

Time requested: 1 hour

Council action: Placed on File

3

[C40 Cities Climate Leadership efforts](#) (Presentation)

Document number: 2025-152

Introduced by: Councilor Steve Novick

Time requested: 30 minutes

Council action: Referred to Councilor

Item referred back to Councilor Novick.

Portland City Council, Climate, Resilience, and Land Use Committee
April 10, 2025 - 9:30 a.m.
Speaker List

Name	Title	Document Number
Steve Novick	Councilor, Committee Chair	
Diego Barriga	Acting Council Clerk	
Sameer Kanai	Councilor	
Dan Ryan	Councilor	
Angelita Morillo	Councilor, Committee Chair	
Candace Avalos	Councilor	
Claire Adamsick	Council Policy Analyst	
Jenn Cairo	Urban Forester	2025-150
Matt Sanchez	Urban Forestry Commission Appointee	2025-150
Vesla Lee	Urban Forestry Commission Appointee	2025-150
Robert Taylor	City Attorney	2025-150
Thomas Lannom	Revenue Division Director	2025-151
Peter Hulseman	City Economist	2025-151
Zach Ward	Councilor Novick Staff	2025-151
Ruth Levine	City Budget Office Director	2025-151

Portland City Council Committee Meeting Closed Caption File

April 10, 2025 – 9:30 a.m.

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Speaker: Good morning everybody. I called the meeting of the climate resilience and land use committee to order. It is Thursday, April 10th at 9:30 a.m. Diego, will you please call the roll?

Speaker: Good morning.

Speaker: Canal here.

Speaker: Brian. Morillo here. Avalos.

Speaker: Present.

Speaker: Novick here. Claire, could you please read the statement of conduct?

Speaker: Good morning and welcome to the meeting of the climate resilience and land use committee. To testify before this committee in person or virtually. You must sign up in advance on the committee agenda at [Portland gov slash council slash agenda](https://portland.gov/council/agenda), slash climate resilience and land use committee. Or by calling 311. Registration for virtual testimony closes one hour prior to the meeting. In person. Testifiers must sign up before the agenda item is heard. If public testimony will be taken on an item, individuals may testify for three minutes unless the chair states otherwise, your microphone will be muted when your time is over. The chair preserves order disruptive conduct such as shouting, refusing to conclude your testimony when your time is up, or interrupting others testimony or committee deliberations will not be allowed. If you cause a disruption, a warning will be given.

Further disruption will result in ejection from the meeting. Anyone who fails to leave once ejected is subject to arrest for trespass. Additionally, the committee may take a short recess and reconvene virtually. Your testimony should address the matter being considered. When testifying, please state your name for the record and address is not necessary. If you are a lobbyist, please identify the organization you represent. And finally, virtual testifiers should unmute themselves when the clerk calls your name. Thank you.

Speaker: Thank you! We have two items on the agenda today. We originally had three. Josh alpert, formerly of the c40 cities organization of leading climate cities around the world and also formerly mayor hale's chief of staff, was going to present on climate efforts of leading climate activist cities around the world. But he had a family emergency, so he can't join us. So now we have two. The first is a report on two appointees for prospective appointees to the urban forestry commission. And then we'll discuss a concept that councilor morillo and councilor dunphy and I have suggested the council will consider to raise revenue to avert some of the ugly budget cuts. We've been talking about. Diego, will you please read the first item.

Speaker: Item one appoint matthew sanchez and vessela lee to the urban forestry commission for terms to end March 31st, 2029.

Speaker: This item comes to us from Portland parks and recreation, which has asked the committee to consider the appointment of two individuals to the urban forestry commission. And we have forester cairo here to kick off the report.

Speaker: Good morning, councilors. Thank you.

Speaker: Okay.

Speaker: So as councilor novick said, I am here today to bring for your consideration appointment of two new individuals to the city's urban forestry

commission. I'm jen cairo, the city forester and manager of the urban forestry division. The urban forestry commission is an 11 member volunteer body which is advisory to the city on issues related to Portland's trees. The commission informs policies involving trees such as citywide plans, budget proposals and amendments to city codes, including title 11, the tree code. The commission is the primary advisory body for updates to the Portland urban forest plan, which is currently being updated and will be submitted to council this summer. The urban forestry commission has a central role in the city's heritage tree program, which includes submitting recommendations for new heritage trees to City Council and outside of emergency situations. A heritage tree can only be removed with the explicit approval of the commission. Finally, the urban forestry appeals board is a subcommittee of the urban forestry commission. This group hears and decides appeals of certain permit decisions in non-development situations. Today, we're submitting two new candidates for appointment to the urban forestry commission. Under city code, appointments are submitted by the mayor and approved by council. Members of the commission are appointed to serve four year terms, and can be reappointed to serve. The candidates submitted today for your consideration bring valuable expertise, background and perspective to the forestry commission. Candidates were interviewed by a panel that included two urban forestry commission members and the staff liaison. Finally, these appointments will fill two of the three current vacancies on the urban forestry commission. The two candidates being recommended for appointment to you today are matt sanchez and vessela lee. Matt is joining us in person today, and vessela is attending on zoom. Matt is an isa international society of arboriculture certified arborist working in the professional tree care industry for the last 14 years. He is currently a consulting arborist with heritage tree specialists. While attending Oregon state

university, he served on the city of Corvallis urban forestry board, which is comparable to our urban forestry commission. Vessela Lee brings extensive experience in a regulatory and nondiscrimination policy work, as well as project management expertise across various industries. Vessel's first job was building trails and restoring natural areas in New York City. She also volunteers currently as a crew leader with Friends of Trees. If appointed, Matt and Vessela would serve four year terms that would end on March 31st, 2029. At that time, they would be eligible to be reappointed by council to a second term. As previously mentioned, these appointments will fill two of the three current vacancies on the commission. We plan to return to council later this summer, with an additional appointment and two reappointments. Finally, both candidates are here, Matt, in person and as I said, Vesta by zoom and available to say a few words and answer any questions. So, Matt, if you'd like to come up.

Speaker: Hello, council. Thank you. Thank you. Forester. Cairo. My name is Matt Sanchez. I'm a private arborist that is working primarily in the city of Portland for the last ten plus years and in the greater Oregon area for over 14 years. I have a deep passion for trees, especially in the urban sector. They provide incredible ecosystem benefits and personal and emotional benefits to our people. I have an in-depth understanding of the city's Title 11 code that maintains our urban forest canopy. I believe it is an incredibly important code that I would like to help assist. The city's urban forestry division and promoting in the long term, and improving our city's forests. I'm a very passionate person about trees. I want to help the city improve on something that they've already done an incredible job on. I'm here for the long run and I'm happy to be here.

Speaker: Thank you. Matt.

Speaker: Any questions for this nominee? I think it'd be.

Speaker: Great to listen to both of them first. First.

Speaker: Actually, I'd like to ask a question separately of each. Mr. Sanchez, did you read the willamette week article about the tree code? A couple of weeks ago?

Speaker: I did, yes.

Speaker: Can you give us your thoughts on that? What reactions you had, what your, you know, takeaways from that were.

Speaker: I believe that the code that was applied in the cases that were brought up had varying degrees of merit. I think that they are far more complex than to discuss at this time that we have right now. I think that the code has always an ability to have an appeal process, and I am happy to be part of that appeal process. If I were faced with similar decisions that had to be made as a member of the urban forestry commission.

Speaker: In materials that we were sent, you said that you'd advocate for strengthening the code. I'd like to know what you mean by that. And whether you think that there's any room to make the code more flexible.

Speaker: I think strengthening the code comes a lot from being a consulting arborist in a construction sense. One thing that I know that the urban forestry new code is being worked on is protecting neighbors trees during construction. I think that is a very important factor that I would like to be an advocate for. With the urban forestry code in relation to construction, particularly, for example.

Speaker: Thank you. Barring any other questions, could we ask mr. Lee? To come up?

Speaker: Hello there. Thanks everyone for your time and consideration. I am a Portland native. I it's like many it's very important to me to maintain what makes Portland such a great place to live. It's been a city that's held me very well for my whole life. And I think that the work that the urban forestry has done and, and is

doing is a very important part to that quality of life. And I think it's not separate from equity. And it's in my policy work across my years at airbnb. I think that I can bring a. A balanced approach to these very. Difficult conversations. I think that important decisions take time, and it's important to me to talk to the people in my community and really have a use my own voice as a way to include others in my community to make important decisions. And I have also worked at the alberta cooperative grocery as a grocery buyer and collective manager. So I have experience working with a board myself so I can kind of bring some of that experience and. Yeah, I'm excited to learn from the group as well.

Speaker: Down that way. Sorry.

Speaker: Any questions?

Speaker: Sorry I didn't move my hand up. Thank you, councilor Ryan. Thank you. Chair novick similar to what chair novick brought up, I just want to hear a little bit more from how you're thinking when this. I'm sure there was a time when this commission's appointments was pretty much under the radar. And I think if you have been paying attention to current articles in multiple publications, there's a lot of concerns about how we're managing our tree code, and there's a lot of tension when it comes to this issue. I if I heard your thank you for the questions earlier, chair novick, I will try not to repeat them, but I think I want more of how you really think. And what I heard from you, matt, is that you're very knowledgeable. Your background is amazing in terms of understanding your craft as an arborist, your profession. And I just sounded like you would agree with that. We need more regulation. Is that true?

Speaker: Can you repeat the last part of.

Speaker: The question sounded in your answers that you're very supportive of, of the regulations we have, and that you might even want them to be stronger? I'm

just curious, when you look at the codes, what your opinions are and what type of dialog you'll bring to the table.

Speaker: When it comes to trees, one of the first things I ever really took to took.

Speaker: To put that mic just a little bit closer. Thank you.

Speaker: Is that is that all right? When it comes to trees, one thing that I've always understood is that every tree is completely different, which results in every single case being completely different when applying the city code to trees as a whole. I believe that a lot of it is a means to protect our urban forest. When it comes to individual cases on individual trees, I believe that there needs to be a closer lens applied to each one of those cases as to why a tree should or should not come out or be pruned in a specific way that is being meant for the benefit of someone requesting that action to the tree. I'm not necessarily advocating for a much stricter code at the moment. I believe that the city of Portland code for urban forestry is excellent in a lot of ways for its protection of trees. Again, I think that there's so many trees and so many different specific scenarios that when it comes to protections of trees, we're doing a good job. I don't think that we need to do anything more. There's a lot of ways that trees can come out when it comes to certain situations. We have a lot of different. We're not just saying you can't cut your trees down in your property. There are, you know, if a tree is not dead, dying or dangerous or several other factors. I deal with this on a pretty frequent basis that I encourage my clients to save and protect their trees for their benefits other than, you know, just having, you know, cleaner air, but having more benefits, their property. Again, I believe it's each individual case is going to be different. And I want to be able to use my expertise to advocate in those scenarios. If there's an appeal that I would be recommending, my advice to the city of Portland to make a decision on a permit appeal, understand?

Speaker: I mean, we're up here dealing with obviously there's always trade offs, and we know that we have a housing shortage, so we need to do more building. And sometimes the same advocates that want us to build more houses are then the same advocates that are concerned about some trees that are coming down. So these are tough conversations. I agree, and I think that the theme of some of the press that's been out there of late is are we having dialog? Are we are we empathetic to what the residents are going through? Also, what developers are going through when they're trying to work with the city to increase housing production. Have you been in any your professional life? Have you been involved in any of those kind of conversations and those difficult trade offs?

Speaker: I have actually, on a very frequent basis, I as a consulting arborist, I am the, you know, the lead arborist on a project that is trying to protect trees and build housing at the same time. And, you know, I always try to start from the beginning when we're getting to the drawing board with tree protection and trying to avoid having to cut down a bunch of trees or cut down just maybe one tree at the same time, trying to build several, you know, new units for affordable housing. I, I believe there are ways to balance tree canopy without having to remove several trees. By reviewing design in the early phases of projects. I don't know how at this moment we're going to be able to kind of work towards earlier design implementation by an arborist on housing, but I believe there are ways and I have worked on countless projects where we have changed design change, construction management approaches, just overall ways to build with trees and build safely with trees. Not just trying to force a tree onto a property, but build in a way that's going to, you know, last in the long term. And i'll be honest, I will tell multiple people that these trees aren't necessarily going to be able to be saved during this construction, and that we're going to have to potentially remove the tree or pay into a credit to the

city, or plant more trees or, you know, figure out a way to maintain a certain amount of canopy when it comes to like a financial factor behind it. That's not necessarily my role with construction managers that are trying to build more housing. I'm more of a less an advocate of trying to figure out how we can work with the trees during construction.

Speaker: I think you you thread that needle pretty well. I'm definitely want to see the urban canopy improve. And I also want to make sure that we're building more housing. And it just means there's some very tough conversations now and then. How about on the individual side, whether it's the elder on my block that can't afford the fee to that she would have to pay to restore the tree or take down the tree. They're just there's a lot of anxiety out there about the tree code with individuals. I think I've had conversations with you, forester, about the lack of communication, even to the real estate industry, if you will. They'll sell a house and then someone finds out that they're stuck with this really big fine connected to a tree that no one told them about when they bought the house. So there's so many painful stories that will soon populate everyone's inbox. I've had more time to read these stories over the last four and a half years. So what about your insight? And just to the individual that's trying to manage our tree code? And of course, we had the very challenging storm, which was very painful in terms of the tree codes implementation. That was last winter.

Speaker: My insight into.

Speaker: I just want to hear about any of your experience working with people that are in pain over our tree code financially, and how many have had some heartache over what they would say was challenging communication with how to manage their own trees in their yard, and then the ones that they thought were damaged and could have come out were told they couldn't come out and they fell

on their house. And the story goes on. And that's what a lot of the stories have been about for the last two years.

Speaker: I, I was, you know, I was in the field during last, the last storm that we experienced. Part of being a consulting arborist is I'm also a sales arborist that runs about ten arborists in the field every day. We worked seven days a week for two months straight during that storm, and we saw some of the, you know, craziest and sometimes horrific things happen during that storm. Every single person that we dealt with experienced something slightly different. I think at first there was a lot of people that when I had the conversation with, okay, we're going to get this tree off your house. But by the way, you have to pay a permit to do so because there's a retroactive fee later. The city waived that during that during that storm. Somewhere in. Yeah, there was you know, there was a lot. It was a it was a chaotic experience that was that that storm was nothing like we've ever seen before, at least in my lifetime. I would say it's probably similar on the same basis as the columbus day storm that happened in the 60s. Frustrations among people as far as how they dealt with that storm, as far as a financial standpoint, in a lot of scenarios, insurance companies were able to take on a big portion of that in certain situations. I did not have a direct interface with people having to figure out the financial aspect of dealing with the storm, so the burden was more of a shock than anything that people saw their entire house get crushed, or all their cars get crushed or, you know, they were, you know, hurt from that. I was, you know, working with people as much as we could to get their lives back into order. The aftermath of it in terms of, you know, a tree that was going to fall over. It was hard to determine a lot of trees that were going to actually fall over during that storm. Prior to that storm, that tree took no prisoners, unfortunately.

Speaker: Thank you so much. I want to hear your connections with people during that storm. I assume looking at your background, you had that. So I just need to hear that empathy. I also was out that weekend and really saw the foresters and in the city of Portland just working so many hours and then also witnessing people, you know, basically yelling at us as we're out there in the storm trying to do the right thing. And so it was it was a very painful period. But we have to learn from those painful periods because it's probably going to be repeated. And so I can't see the other person who wants to be on this. Is she still on? There she is. Your camera's not on. That's probably why I couldn't see you. Would you like to go ahead and just give some reflections on those questions as well, please?

Speaker: Sure. Yeah I think. The article left me with more questions than answers. I think that it certainly felt. Like it left me with a lot of. Questions about like, it felt very personal, I suppose. Excuse me, i, I think that it also I could see in areas where there were a lot of maybe interviews or questions that could have been included that were left out intentionally to portray a certain, like, version of the story. So i, I always have. When something is, you know, front page article like that, there's always a different side that maybe is not as included. So I actually had a chance to sit and chat with brian a little bit about that article not too long ago. And. It made me wonder too, what the what the codes are in other cities and how that actually compares to the. How strict ours is because it was portrayed that it's an extremely strict code compared to the rest of the country. So I am curious about that. And I think that I chatted with a lot of folks in my community, and many people were just wondering what sort of what sort of collaboration or services or support that can be provided to folks. If it's decided that a tree is not going to come down, that might still have a negative impact on their life. And it seems that maybe there isn't always a great. Great option for that for people. So it's kind of just like if you don't get the

answer that you want, then it's just all on your plate and it's a big headache. And I guess that's an area that I would love to see if there are more ways we can support folks so that it's not so black and white. But I know that that too might go beyond what the urban forestry commission is able to provide. Yeah, I think that certainly Portland is changing and it's I see the need for more building and more housing and all of that. And I think that. That's really important. And I too wonder if there are ways that we can achieve that without removing many of the things that make Portland the kind of place that so many people want to move to and to live in. So. I don't know if that answers all of the questions that you had there.

Speaker: Well, yeah, maybe I could just i'll end with this and you can just tell me in a, you know, in a quick reply. But how do you view your role on the commission in evaluating tree code when it comes to prioritizing housing development? Just something specific around that, like what your role will be on the commission.

Speaker: Yeah, I mean, I think that I view my role as, as a, a funnel of other voices in the community. I don't think that I can sit just in my house and think my own thoughts of how how the city impacts me, and these decisions impact me, and then bring that to the commission to make decisions, I need to source the opinions of my community to understand what a broader group of folks are thinking and needing, and. Being more of a connective tissue for, you know, the community and the council and the city.

Speaker: Okay. Thank you.

Speaker: Councilor kanal.

Speaker: Yes. Thank you. Thank you for being here. I'll preface this by saying your bio seemed great and I intend to vote to refer this forward. I think many of my questions were covered by previous councilors, and I also just want to contextualize this, and probably the conversation that will likely occur about this at the full

council by saying, you know, unfortunately, sometimes the appointments of individual volunteers get caught up in the broader conversation around the content area, and there's a time where there is at least a portion of the population with an incredibly deep skepticism about this program right now, that's one of the dominant areas that I receive public comment in on. So I just want to preface that so that it's not coming across as really related to the nominees, because it's not. And my question for you, the only thing that wasn't previously covered and then I co-chair novick, I will have some questions after the in the discussion. But my only question for the nominees are how are you with change, with the ground shifting beneath your feet? Because this may be an area of the city's work that does get adjusted. And I just curious how how you are as a person with with change management and how comfortable you are with that.

Speaker: Thank you. I'm a I'm able to adapt to change as needed. I mean, the world is constantly changing. We're I'm. When I started my career, I saw, you know, less impacts by climate change itself. And now I'm seeing more extreme impacts by climate change itself. Those are an extreme version that are on an environmental level, but from a policy level and from a city standpoint, as far as other changes go, part of the reason I wanted to be part of this commission is because I realize that changes are going to happen, and I want to be a part of those changes because I have a expert experience in working with arboriculture and its policy.

Speaker: Thanks. I don't know if that's.

Speaker: Yeah. Thank you. I. When I first started at airbnb it was much more of a startup. And so there were many projects that, you know, I would work months on and then they would get thrown out the window. And so I really had to build a thick skin when it came to, you know, not getting too attached to outcomes and having many, many iterations of conversations and, and just shifting focus and, and then

also being working at the cooperative grocery store as a collective manager, there just many, many different conversations that we had. And in order to move things forward. Lots of details changing, especially, you know, as like I said before, important decisions. They can take time and a lot can change in that time. So I think i, I do have quite a bit of experience of, of being adaptive in that way. And I think that the, the topic or the theme of what I want to work on has just changed. But the nature of the work has not. And yeah, doing this work and learning more about what the city of Portland needs and what makes it a great place to live is never not going to be important to me.

Speaker: Thank you. And as a alberta co-op member myself, I appreciate that reference as well. That concludes my question.

Speaker: Councilor morillo.

Speaker: Thank you. I'll try to keep this quick. Thank you both so much for being here today. I really appreciate that, that you're taking time to be here and your passion for preserving our canopy. I think it's incredibly important. And I think you're right that we have to consider the balance of needs in the city. As far as, yes, we need new housing and we need to maintain a city that is, you know, we're suffering from heat islands, especially in district one, and we need to make sure that we are protecting our tree canopy and expanding it where we can. I, I guess I have more of an ask for both of you and less of a question, but I think in that it was the willamette week article that had talked about the tree code enforcement and the one story that had stuck out to me was the woman who was a hair salon owner. She's an immigrant. English is not her first language. And originally I think she had said that she had trimmed the trees. I did check with tree code enforcement. I looked at the photos. This was definitely a big chop and not a trim. The entire top part of the tree was gone, effectively effectively killing the tree, the trees. And I think

the real crux of the issue in that situation was that she was given a translator to help her understand the fees and fines that she was meant to pay, but the translator also didn't speak english very well. And so there was a lot of things lost in communication. And so she didn't really understand, like what fines she had to pay, why, that sort of thing. And so I think what I my ask and hope for the folks who are going to be on this commission is that you do bring that equity lens into this space and that you ensure that, I mean, it is a it's a violation if someone is not having access to proper translation services. And so making sure that people are educated enough, have the resources and everything in order to actually know why they're facing certain fines and punishments, that they can actually access those linguistically or in any other way that they need to. I think those are that was the story that really stuck out to me, and I guess I would just be seeking a commitment from both of you that you will take time to look at things through that equity lens, and with the mindset of trying to preserve our trees as well.

Speaker: I was going to suggest that.

Speaker: Thank you. I, I would certainly guarantee that I would look through every case through an equity lens.

Speaker: Me too. Thanks for that.

Speaker: Thank you both, I appreciate that.

Speaker: Director cairo. Your hands up.

Speaker: Yes. I wanted to offer some information related to some of the discussion. I'll start from the end involving the situation with translation. The city provides translation services and urban forestry participates in those very actively. We are following up with the city service in regard to that particular situation, because it's the first time that we've been aware that there were insufficient services offered by the city. Again, that's not our service. It's a city wide service used

by all bureaus. But we are following up on that. Another bit of information. I'll put these two together because this is these are both thanks to Portland clean energy fund resources. We are launching a financial support program for tree care on private property. This is unique. We know of very few of these in the whole country. The right now, as I think you know, we are nearing completion of updating the city's urban forest plan, the Portland urban forest plan. And we get we've heard through that process of 18 months and thousands of participants in three advisory committees that people are very supportive of canopy in the city. And the number one concern that folks have is will it cost a lot at some point to maintain this tree, or at the end of the decades of a tree tree's life, to remove that tree? And so it's really exciting that we are starting to create that program with pcef funds. The other pcef funded bit of information I wanted to give you is that as some of your colleagues and some of you have heard in the briefing we gave two Mondays ago to the finance committee, we have proposed eliminating many of the permitting fees that are currently charged as part of the city's cost recovery process. Pcef funds will be used instead or proposed to be used instead of those fees, so that there are fewer barriers and burdens to applicants so that they can get the tree care and attention and advice and hazard abatement from the city without having to pay for the service. And we're very excited about that. And again, I just want to recognize that is possible due to pcef funding.

Speaker: Thank you so much for those updates. I really appreciate that.

Speaker: Thank you.

Speaker: Councilor Ryan.

Speaker: Thank you, chair novak. Yeah, I there was a point of order. Sometimes we have these votes in slate. Sometimes we have them broken down by individuals. I

always prefer by individuals. And I just want to make sure as we move forward with the voting that will we have them separated?

Speaker: Yes.

Speaker: Thank you.

Speaker: I have a question of both nominees, which is. Mr. Sanchez talked about the storm last year as being something we'd never seen in decades. But as climate change progresses, I think that we're going to see a lot of extreme weather events we've never seen before. And I'm curious what each of you has to say about whether that might suggest that when we're assessing whether a tree is dangerous, there might be a different answer now than there would have been 30 years ago.

Speaker: No. When trees are looked at from a tree risk assessment standpoint, they look at during a fair weather condition as the tree is at that time. That is a qualification that I have as an arborist, a tree risk assessment qualified arborist. That is how we look at trees. When we look at trees that may be more or less hazardous, that are higher likelihood to fail during a storm. We would be looking for trees that are dead, dying, or have existing dangerous factors that probably happen from previous storms or happen from a poor structural aspect of that tree. So we again, we have to look at trees as an individual. When we look at we can talk about the canopy in a lot of ways, but when we look at hazardous trees, we have to look at them as they are in that situation. And if they were to fail during a storm, they might have other factors that are associated with that failure to occur.

Speaker: So you wouldn't take into consideration the possibility, the possibility that with more extreme storms, trees that might not have been considered dangerous before now are.

Speaker: Trees that are, I think that becomes a species by species judgment at that point. Each storm tends to have a different species that is impacted during that

storm. During February of 2021, we saw predominantly oak trees that were damaged during the storm that we had this last year. We saw predominantly douglas firs that were damaged during an April storm of the year. Between that, we saw predominantly flowering pears that were damaged. So it depends on where we're at in the storm and where we're at in the tree's life cycle, that we might see a specific tree failure. There are failure databases that we utilize as arborists to determine species failure profiles, but as storms are progressed and what we might experience with individual storms, it's difficult to put a blanket statement on a whether or not a tree is going to fail because of a storm. There's always going to increase likelihood of tree failure during storms.

Speaker: Miss lee, same question to you.

Speaker: Yeah, I think i, I don't quite have the expertise that mr. Sanchez does, but i, I think that I agree in that a storm is going to have a great impact on trees, no matter if they were deemed safe or unsafe prior. But I think that there's always something to be learned. So I guess my brain wants to go back and, you know, take what we know, what the data shows and maybe look really clearly at what we could have done differently to mitigate that risk. And then also to look forward and see, okay, now we have a deficit of trees or the impact on the canopy as a whole. Like what can we do moving forward to replace those things? Are we, you know, making the proper investments to look forward as well? But yeah, I think it's the, the science I would want to I would want to really rely on the, the professionals in their fields for more insight on, on these things. Before I was able to make a call.

Speaker: Thank you. See nobody else in the queue for questions. Any discussion?

Speaker: Oh, sorry.

Speaker: Sorry.

Speaker: Is anybody signed up for public testimony?

Speaker: No one has signed up for public testimony.

Speaker: Very well then. Thanks for the reminder. Any discussion? Councilor kanal.

Speaker: Thank you. So first, I want to thank the co-chairs for correcting an oversight here, which is that originally this item was posted without the opportunity to give public testimony. And even though I think it was probably corrected too late for people to sign up, I want to thank you for correcting that. Defending public testimony is a vital priority for me, in particular on advisory body appointments. I have three process questions on this. The first two are to miss cairo and the third one is probably a city attorney. Question were these three vacancies just created? I don't remember there being a recent change to the city code. It says that there are three vacancies and that the replacement line is vacancy, not the name of the previous member. So was this was the commission expanded from 8 to 11.

Speaker: Thank you for the question, councilor kamal. No, the 11 number 11 has existed for some time, including since title 11 implementation began. We had some folks leave the commission recently creating vacancies that now need to be filled.

Speaker: Okay, I would welcome correcting that then, because the document says that there was nobody in the position before. And the purpose of that line is to say who the last person was in it for transparency as to who's being replaced by the time we get it to the full council.

Speaker: Thank you.

Speaker: And then a related question to that is, I'm grateful to hear that you had a high number of applicants relative to the number of vacancies. Why? With 18 applicants, are you only filling two of the three vacancies right now?

Speaker: Thanks for that. Question two the third vacancy occurred later in time, when we were already largely through the process. So that's why I mentioned earlier in the presentation. We'll be back.

Speaker: Great.

Speaker: Thank you for that. And then for this, I think this is an attorney question. City code says this is a mayoral appointment, but that's confirmed by the City Council, which is outside the scope normally of a report. Normally when council's vote is required to confirm the nominee as opposed to simply to be receiving the report that notifies us of the mayoral appointment, that's that's normally through a resolution. And I've, I've inquired this with the old council in my previous role on that side of the dais. So my question is, is given that 11.20 .020 says it's a mayoral appointment which is confirmed by City Council. Why is this not a resolution?

Speaker: The council can confirm a mayoral appointment either through a report or a resolution.

Speaker: My. Okay, so then my question because I've gotten different in this room, or I guess it was at the 1900 building guidance on that is, is that when a report if hypothetically a report was not accepted, the thing that's the content that's in the report still happened. Whereas if a resolution were to not be, you know, agreed to that, that meant that the action would not be taken by council. That's that's what I've been told before in public testimony or public advice. So I'm curious as to how that squares.

Speaker: Yeah. For purposes of confirming a mayoral appointment, the important thing is that council takes a vote to express their confirmation, whether they express that through a report or a resolution, you can do it either way. We have done it either way. So I think as long as council is taking an action to confirm the mayor's appointment, that's what's important.

Speaker: Okay.

Speaker: I will look forward to correcting that, getting clarifying that, not correcting that in the governance conversation later on. I think that concludes my questions. Yeah.

Speaker: Thank you. Further discussion. May I have a motion to move the appointment of vester lee to the urban forestry commission? Oh.

Speaker: Motion I so move second.

Speaker: Councilmember has moved. Councilor kanal is seconded. The motion is there any discussion? Will the clerk please call the roll?

Speaker: Canal.

Speaker: Yes.

Speaker: BRyant.

Speaker: No.

Speaker: Morillo i.

Speaker: Avalos I novick i.

Speaker: We have a motion that to move the appointment of matt sanchez to be sent to the full council with the recommendation the appointment be confirmed.

Speaker: So moved second.

Speaker: Any discussion it's been moved, moved and seconded by councilor Ryan. Seconded by councilor canal. Any discussion? Will the clerk please call the roll canal?

Speaker: Yes.

Speaker: Ryan.

Speaker: Yes.

Speaker: Morillo i.

Speaker: Avalos i.

Speaker: Mr. Sanchez, I'm going to vote to move your nomination to the to the full council. I will, and I apologize for not having had a separate conversation with you before. Before today I am I was a bit concerned by your response to the question of what was your reaction to the willamette week article, and I think that I would have liked to hear more of your thoughts on the issues that it raised and possible responses to those issues. I'm sure you will get a similar question at full council, and I would encourage you to be willing to, you know, wax philosophical and give a fuller answer at that time. With that said, I vote i. And the motions both carry and the appointments of cecil lee and matt sanchez to the urban forestry commission will move to full council with a recommendation, with one caveat on my part, that they be confirmed. Thank you very much.

Speaker: Thank you council.

Speaker: Thank you sir. Thank you.

Speaker: Diego, will you please read the next item?

Speaker: Oh, councilor kanal.

Speaker: It's still up. Okay.

Speaker: Legacy.

Speaker: Item two discuss proposal regarding additional revenue to protect vital services.

Speaker: So, colleagues, this is a presentation, an initial discussion on an issue that might not ever get a vote in this committee. In the context of our budget discussions. Councilor morillo councilor dunphy and I feel that we should consider at least one way of raising revenue, as opposed to balancing the budget purely by cuts. We thought it was appropriate to kick off the discussion in this committee, partly because we are proposing to raise revenue using the same tax that is used to fund pcef. We wanted to have a chance to clarify the relationship of this proposal to

pcef. I, frankly, was planning to just freewheel it and just talk and say stuff and not have a slides to kick off this conversation. But my staff convinced me we needed to have slides, so I would ask my man zach ward to lead with the first slide. So again, this is a proposal to amend the tax that is referred to as the clean energy surcharge, to add additional funding and direct to the general fund. We also propose to increase the exemption to the business license tax, which has been frozen at \$50,000 a year since 2007. And we're proposing to increase that exemption, which means you don't pay the tax. You don't have to file a tax return to \$100,000. Next slide. So we all know this, but just to review the budget situation that we're in, according to what the city administrator said on February 28th, there's a budget deficit of 92.8 million. That includes that includes reference to the 20 plus million revenue gap based on previous forecasts, 40 million in expiring one time funding mostly directed towards homeless services and public safety. It also includes 28 million for mayor wilson's overnight shelter plan. I realized that there is some debate as to whether that new spending should be considered as part of the deficit. For point of argument, let's assume that it is. Other changes include increased labor cost, inflation, and cost associated with charter reform. Since the February 28th budget forecast, the city administrators recommended using 18.7 million in interest in the pcef fund. The city administrator has also recommended a number of cuts to services, particularly in in parks. And so we'll talk about those as possible solutions to the budget deficit. And metro has pledged 15 million towards the mayor's shelter plan, which theoretically reduces the cost of the shelter plan from 28 million to 13 million. However, we know that even with all of those, the city administrator did not propose a balanced budget. The city administrator made proposals which leave the budget significantly imbalanced and leaves us with tens of millions of dollars of cuts to make. If we're going to balance the budget purely

through cuts. Next slide. And we have heard the public reaction to the cuts the administrator proposed specifically to parks and recreation programs, the possibility of closing a community center or more than one. The schools uniting neighborhoods program, eliminating the golden ball program. And again, tens of millions more cuts would be needed to balance the budget. Next slide. And again, just to go over the administrator's document referred to closing at least one community center, eliminating some program, reducing nature education programming. Et cetera, et cetera. If we do not cut, given that 80% of the general fund goes to public to police, fire, other public safety programs, parks and homeless services, although we know that the mayor and the city administrator are looking to cuts in the other 20% of the budget, it is hard to imagine that we balance the budget without either deeper cuts to parks or cuts to public safety or homeless services. I'm actually not quite sure of the range of cuts to public safety that are being considered, but from what I've heard, one thing are consideration is reduction in fire station hours. Maybe some find parts of the week where some fire stations are not operative, eliminating the rescue vans that handle excess medical calls. Also, the chat program is not funded in the current budget proposal. So those are all fire related cuts that we know are under consideration. I'm frankly not sure which police cuts are under consideration, and I'm not sure which homeless services cuts are under consideration. But again, I know that the cuts to fire that are under consideration would not close the entire rest of the gap left by the administrator's recommendations. So again, you need further cuts to parks, further cuts to fire, further cuts to cuts to police, cuts to homeless services or cuts to other public safety programs such as ceasefire and safe blocks. Next slide. Next slide. So. In light of our budget situation, I started wondering if there were revenue options that are worth considering. We could have considered, you know, raising the arts

tax to \$200 per person. I didn't think that was a good idea. We could have considered raising taxes, adding a city tax in addition to the metro tax and the county taxes on high income people. We know that there's been a lot of concern raised about those taxes, and the idea that taxes on high income people are driving high income people away. I am not sure myself of the validity of those arguments, but I decided that I at least was not going to propose a tax specifically on high income people. There's the city basic business license tax, which applies to the vast majority of Portland businesses, which the council last raised in 2018. It's a tax that, again addresses the vast majority of Portland businesses. And I did not see my way clear to suggesting a tax on the vast majority of Portland businesses. We also have a tax, the tax that funds the clean energy fund, which is a 1% tax on the Portland revenues of giant corporations that make 1 billion nationally, at least 500,000 in the Portland area. Now, currently, that tax is used to fund the clean energy fund. The fund is estimated to raise \$1.7 billion through 2029. The tax is estimated to raise \$1.7 billion through 2029. Almost all of these funds are currently allocated through 2029, with about 46% allocated to city bureaus. Next slide and you'll see here a chart of how that allocation is and the amount that's going to city bureaus. Now, some of my colleagues and a number of people at our listening sessions have suggested using the clean energy fund itself to pay for the various general fund programs. That's something that I would have deep concerns about. So I'm not joining in that chorus, for one thing, most of the clean energy fund for years has already been allocated, so we'd have to scale back some of the allocations that have already been made. And also, I mean, I think that the clean energy fund is designed both to reduce carbon emissions and to shield low income people and people of color from the worst effects of climate change, and to allow them to share in what we hope will be new clean energy economy. I my view using the general the pcef fund to simply

fund existing city services does not address those concerns. Particularly, it does not address the concern that we need to reduce our carbon emissions. We need to drastically reduce our carbon emissions in this city to be consistent with the climate action plan and, in my view, our obligations as members of, as you know, members of the human species with an obligation to other species, if we do not reduce carbon emissions. Well, i'll put it this way. Climate change is the defining issue, not just of our time, but of all of human history. Humans have lived through plagues, wars, and dictatorships. We have not lived in the world that we are creating by burning fossil fuels. A world in which new york, boston, venice, bangkok and many other world cities will be underwater. A world where salmon which needs cool water, water would disappear from Oregon. A world where millions every year will die in heat waves and choke on smoke from wildfires. And we here might not suffer despite the 116 degree days we had some years ago, we might suffer as many deadly heat waves as people in other places, but we will suffer the effects of fires. We all remember the fires of 2020 and the smoke that blanketed Portland. If we do not stop burning fossil fuels, we will see that again and again. And worse and worse, if you read the lord of the rings, we will see in real life the end that denethor predicted. The west has failed. It shall all go up in a great fire, and all shall be ended. Ash, ash and smoke blown away on the wind. I, I quoted that in a letter I sent to the mayor, which i'll distribute today on why I'm opposed to using pcf to balance the budget. Obviously, what we in Portland do will not stop climate change. However, if even we in Portland, where we care about climate change, when the voters created a fund to address climate change, if we do not take action to address carbon emissions, we will be a very bad example, would be an example of a city that theoretically knew that it needs to do its part to address climate change, but decided that it wasn't worth the trouble. So that is why I'm passionately opposed to

using pcf to balance the budget. Next slide. So again, we've heard public reaction to the parks cuts that proposed by the administrator in listening sessions across the city. I suspect that cuts to police, fire, homeless services and additional cuts to park programs will not be acceptable to the public. So far, we've heard from people who've heard about cuts to things that they care about. We have not heard about cuts to public safety programs or homeless services. If they were proposed, I think we'd hear a dramatic reaction to that. And as I said, I'm not amenable to using pcef funds to address the current budget shortfall. So I thought it made sense for council to look at revenue sources. Next slide. So. I am proposing, along with councilor morillo and councilor dunphy, that the council consider an ordinance increasing the current surcharge on giant retailers from 1% to 1.33%, an increase of one third of 1%. Again, the surcharge will only affect corporations with at least \$1 billion in annual revenue and 500,000 in sales. In Portland, only about 1% of such corporations are actually headquartered in the Portland area. Although this proposal uses the same tax mechanism as sf, the additional revenue will be directed towards the general fund, so the 1% of gross revenues that goes to sf will keep on going to sf. The current tax does not apply to groceries and pharmaceuticals, so the increase to 1.33% would not apply as well. And the proposal also raises. A business license exempt tax exemption from 50,000 in gross revenues to 100,000 in gross revenues, which is in line with what Multnomah County does. It would change the exemption that's been frozen in place to 2007, and provide tax relief to small businesses across the city. Next slide. The estimate is that this ordinance will provide upwards of \$60 million per year in revenue to the general fund. I'm not going to say that this would prevent any cuts to the general fund programs, but it would go a long way. It will also, by adding new revenue, will reduce pressure to use the clean energy fund itself to plug budget holes, and

reducing the tax burden on small businesses will help startups and small businesses grow, hire workers and continue to invest in our city. Next slide if there are any more slides. Oh, now what would you mean? There's a question as to what the impact of raising the tax will be. Will these businesses pass on the tax to Portlanders? If they do, it would increase the cost of a \$50 item to \$50.16. However, when you survey prices of various goods in Portland by national retailers to prices other places in the state, it does not seem that this tax is paid from corporate headquarters. It's we send a bill to head corporate headquarters and they pay the tax. And the question is, will they then raise their prices just in Portland by one third of a cent? They could. But looking at the effect of our current 1% tax, it doesn't seem like that necessarily happens. The price of nike men's air max shoes in Portland is the same as in medford. The price of goodfellow sneakers sold by target is the same in Portland as in medford. Same for an apple macbook. Let's say there's something wrong with my. I'm not seeing the which kind of macbook it is, but it costs \$1,199 in Portland and in medford. So I do not discount the possibility that some retailers might decide to raise the price of items in Portland by 0.33%, but it does not seem that that is inevitable. Next slide. The city club of Portland. Actually, when the clean energy fund tax proposal was under consideration in 2018, they concluded that current research does not support that municipality specific corporate surcharges like this will increase prices or negatively influence the labor market in Portland. Others might have different views, but that's what the city club said at the time. Next slide. I don't think that we can change our economic trajectory from doom to boom by cutting services. Portland has a moral imperative to help those without adequate access to housing. Cutting homeless services will exacerbate the current crisis, and the continued fact of widespread unsheltered homelessness hurts the economy. Public safety, I believe, is a priority for

Portlanders. Cutting parks programming will only hurt Portlanders and make the city less appealing to live in worsening economic conditions. Is that the last slide? Okay, so we haven't seen the mayor's proposed budget yet. If somehow the mayor magically produces a proposed budget which does not contain unacceptable cuts to public safety and parks and homeless services, I would be willing to withdraw this proposal. But in the meantime, I thought it was worthwhile to put it on the table for consideration. Again, I don't know that we'll ever vote on this proposal in this committee. We're also going to have a discussion of this proposal in the finance committee on the 21st. But I thought that it was worth bringing it up in this committee. So that concludes my long winded introduction. I see that councilor avalos has a has a question or comment.

Speaker: I have lots of questions and comments. Thank you. Chair novick. So I've prepared a statement that is going to summarize my questions and concerns. And then I'm going to ask my prepared questions after my statement. I'm also going to hand out a one pager to help you follow along with my line of questioning. Sophia, raise your hand. My senior policy advisor is also in the audience to give a copy to any staff that you have lined up to answer these questions, and anyone else who wants to follow along. So with that, colleagues, I know we are facing serious budget challenges, and I agree that corporations making billions in profits should be paying their fair share in Portland. But this proposal gives me real concern because of how it's structured, what it risks, and how little we actually know about its impact. This is not just a routine tax increase. It is a shift in precedent because this proposal uses the exact same tax mechanism that voters approved when they created the Portland clean energy fund, Portland's nationally recognized, community led model for climate justice, reopening that mechanism even slightly for general fund purposes risks weakening the firewall between pcef and city budget politics. Novick

you've said that this proposal won't affect pcef, but we know that that is not how this works. Pcef was never intended to be a contingency fund for the rest of the city. It is not a piggy bank to be tapped when the general fund runs low. That's not what voters approved. And using the same tax base for a different purpose does affect the fund structurally, legally and politically. We have seen what happens when we play this game. Take the utility license fee, for example. It was created in 1988 with a clear purpose to fund street repairs. It charged utility companies for cutting into city streets and used those funds to repave and rebuild them. The rate was set high enough to keep Portland's streets in good shape, more or less indefinitely. But over time, as City Councils face tough budget cycles, they started dipping into that fund. First, 20% went to the other bureaus, then 40%, and today 97% of the utility license fee is diverted away from streets. Only 3% goes to its original purpose. And now we're scrambling to fund basic transportation infrastructure while wondering what went wrong. That is the cautionary tale. That is what I do not want to see happen to pcef, because this is a program that is delivering real results. \$740 million are invested in clean energy, workforce development, climate resilience, and most importantly, in frontline communities who have been excluded from traditional environmental investments. These dollars are not sitting idle. They're committed, budgeted and already in our capital improvement plan. And yet this proposal introduces real legal uncertainty. Have we received a formal legal opinion on whether this reopens the door to litigation or further charter amendments? What is the risk of treating this surcharge as a general fund revenue stream, especially in light of statutory language limiting how these funds can be used? And let's talk about timing and effectiveness. If this increase can't take effect until the 2026 tax year, what does that mean for the fy 25 six budget that we're trying to fill? Are we planning to borrow against pcf's fund

balance to make up the difference? Is there a plan to pay that back? And is there any clarity on whether businesses would need to retroactively amend their returns, or if part of the increase would simply never be collected? These are not rhetorical questions. I will be asking them directly after this testimony, because they go to the heart of whether this proposal is legally sound, fiscally effective, and aligned with the values that we say we represent. Let me be absolutely clear. I support progressive taxation. I support making billion dollar companies pay into the community, but I do not support putting integrity on the line without clear legal vetting, transparent analysis and community input. Not when it's one of the few tools that we have that's already working as intended. If we want to raise revenue, let's do it in a way that protects, not undermines, the programs that are actually building our future. Thank you. With that, I'm handing out a one pager that summarizes my thoughts, but also has the questions I'm going to go through. I will kind of go through a couple of these and see where we are, and hear from my colleagues if they have similar questions that might get answered. So and then do you have particular people that you're planning to have come up here to respond?

Speaker: I do not. There are people who are available to come up. Okay. But I do have to say, I encourage you to talk to the city attorney privately. I think it is very if you want to talk to a city attorney, you could talk to ken mcguire. I think it is a very bad practice to ask in public for the city attorney's views on anything that council might do, because that risks violating attorney client privilege. So I would ask you not to ask a question of the city city attorney. I can try to address some concerns I think might exist about legality myself, but I encourage you not to ask the city attorney to make any public statement here.

Speaker: I don't agree with you, and I think, you know, you've put me in this position because the first time I'm hearing about this is when it's on the agenda. I

had to do my own research to figure out what was the context of this resolution or ordinance. I think the legal you know, I understand your point around making sure to not introduce more legal risk with attorneys giving away strategy, but I will leave that to attorneys to make that judgment. This, to me, is my opportunity as a councilor to ask these important questions, because you are proposing a change that I'm deeply concerned with. And this, I believed, was the platform by which I could ask these kinds of questions. So I'm happy to follow up with anything that is, you know, more sensitive behind the scenes. But I'm going to pose these questions and we can determine based on them if they require a separate meeting. So that's how I'm going to approach it.

Speaker: Councilmember. Yeah.

Speaker: I, I really appreciate these questions. I think that they're really great and that they should be interrogated. I would definitely agree with councilor novak's analysis about talking to the city attorney's privately, because we would want to ensure that we're not giving away our legal analysis if there is action taken against the city. And part of the problem is also, I just want to say the quorum rules. I don't think there's any intention of leaving people out, but because there's already two of us on this proposal, you would be the third on the committee. So if we were to brief you prior, we would have an issue with the quorum rule. So hopefully someone in salem is listening to this and they will change that for us, because I do think it's made legislation really difficult. And this is this is a really tricky and hard. It's really painful. I don't think that we have any good choices this budget season. So I just wanted to acknowledge that.

Speaker: Yeah, I appreciate that and agree. You know, we definitely need salem to take action because it has really inhibited our ability to be collaborative. But again, I guess I just feel that the goal of having this presentation is so that we can integrate,

interrogate the merits of your ask. And again, you know, I believe daylighting these questions is important not just for the attorneys to respond to, but for the public to understand why I'm raising them and why it ties back to my reasoning for the real concerns that I have about the proposal. So I will pose them. We can decide as we go what feels necessary to hold back. But I do believe it is important to raise them at a very minimum.

Speaker: Actually. Councilor, I appreciate your question. As chair of the committee, I do not want to use the committee to ask questions of the city attorney about their analysis of legal issues that might at some point be litigated. The council is not going to vote on this if it votes on it at all until may. That does give you ample opportunity to yourself privately ask questions of the city attorney if you want to, and then leave it up to you as to what you do with with that answers, I mean, I will.

Speaker: Are you prohibiting me from asking my questions.

Speaker: Of the of the city attorney? Yes, I will, I will say.

Speaker: I guess I don't understand.

Speaker: How because I don't I don't think that we should be taking the risk of.

Speaker: Asking a question.

Speaker: Waiving waiving attorney client privilege.

Speaker: Asking a question is not a risk. If I am daylighting them and they need to respond to me in private, that is fine. But I completely reject to the idea that you get to tell me. I don't get to ask a question. Our legal attorneys in a formal committee meeting. I strongly disagree with that.

Speaker: I will ask them not to answer.

Speaker: That's fine. I'm going to ask my questions.

Speaker: Then go ahead.

Speaker: And ask the.

Speaker: I can make those decisions, but strongly disagree that I can't. Daylight these. They are very relevant to my point. So moving on. My first question is around legal evaluation. So before moving forward with this ordinance, has the city attorney issued a formal legal opinion evaluating whether redirecting revenue from the clean energy surcharge into the general fund introduces legal risk, particularly given the statutory language and its origin as a voter approved funding mechanism. Mechanism, more specifically, has the potential for litigation been assessed, and does this open the door to future challenges about the legitimacy of the surcharge? Original use of our tent. I think out of these out of this line of questioning. At the very minimum, I would like to understand if the potential for litigation has even been assessed prior to bringing this to the committee. I believe that is a valid legal ask. So do we have a response and I don't we don't have an attorney here, but do we have robert taylor in the audience still?

Speaker: Actually, is mr. Maguire here? I can't remember.

Speaker: I don't think he is.

Speaker: Okay.

Speaker: All right then i'll move on to my next question. So the next one I have is around preemption risk. So has there been any analysis of this how this change interacts with the student success act or any state level preemption laws that govern local tax authority or earmarked revenue sources.

Speaker: That I can actually answer councilor the legislature a few years back did preempt any future local taxes on, quote, commercial activity, which I think could be interpreted to address gross receipts taxes such as this one. But it provided an exemption to the preemption for existing taxes and any amendments to the provisions of those taxes. And so this would be these would be this would be an amendment to the provisions of that tax.

Speaker: Okay. I heard your answer. I don't think it actually answers what I'm asking, but I will follow up with the attorneys. My next question. I do see that you have folks from tax revenue folks here to answer some questions, so these might be relevant to them. I want to understand the breakdown of the projected revenue from this 0.33% surcharge increased by tax year, and how it interacts with the reduction in business license tax exemptions. And let me go through all of these questions real quick. You have them in front of you hopefully. So then you can answer them all at once. So I want to know what is the net revenue that we can expect in fiscal year 2006, if the revenue isn't available until the next tax year? Are we covering the shortfall in the meantime, or how are we covering that in the meantime? Would this require borrowing from the existing pcg fund balance to backfill next year's budget? And lastly, if this increase is retroactive to January 1st 25, would large corporations be expected to amend prior quarterly returns? And if not, is there a risk that it will go uncollected? So again, you have those questions in front of you if you can tackle them whatever in whatever way makes sense. Thank you.

Speaker: Thank you. Thomas Iannom I'm the revenue division director. And peter.

Speaker: Peter holtzman, city economist.

Speaker: So the questions you've asked really kind of split between our areas of responsibility. We may go back and forth on them in terms of the net revenue projection. It was the net of those two changes, I believe, would be the \$60 million net that you saw on the slide. So there'd be a \$3 million reduction. I'll let peter take it from here.

Speaker: Yeah. So the current forecast is roughly 200 million for the clean energy surcharge tax in the coming tax year, a 33% increase of that is 266 million. That would be 66 million roughly due to this tax. The business exemption increase is

estimated at about a \$3 million loss. And so we'd be roughly 63,000,002 quick points on that. That is the current forecast. An updated forecast will come out at the end of the month. And even if that does not change, I want to use the opportunity. I'd be remiss not to highlight the incredible amount of uncertainty that federal policy has created in terms of all tax revenue. But while I'm on that topic, I might as well jump to the borrowing from existing funds. This would not. If the forecast comes in below, it is not written such that we then draw that the forecasted amount from the pcp fund. It is written that we get 25% of whatever is collected, so it has no relationship to a 33% increase in that 25.

Speaker: But what's what's 25% mean?

Speaker: So the way it is written is the tax will be increased from 1 to 1.33, and then 25% of the total tax goes to the general fund. And the math is right about there for getting the 66 million. So for example, if it goes from 200 million in revenue to 266 million in revenue, then it would be about 66 million. That goes to the general fund.

Speaker: And then could you speak to my questions around what large corporations would expect be expected to do as it relates to their returns, and if we're going to be able to collect?

Speaker: Yes. So the proposal as written, applies to tax years beginning on or after January 1st of 2025. So we actually have an even developed what our tax what our what our 2025 income tax returns will look like for the clean energy surcharge that won't be done until this fall. Those filings aren't due. Generally speaking, for most filers are not due until April of 2026, so there is adequate time and runway to stand that piece of this proposal up.

Speaker: And then what administrative timeline and mechanism would the revenue division use to implement this change? So do we have clarity on how soon

the city could collect these funds, and whether it's realistic to count them towards next fiscal year's budget planning?

Speaker: I'll defer to peter on the budget piece, but what I would say as to the collectibility we would anticipate if the City Council made this change, that we would immediately notify all of the pkf payers and filers of the change in the rate. We would anticipate that many of them would likely increase their quarterly payments as a result of that, in the back half of calendar year 2025, and then the final payment would be due in again in 2026, typically in April.

Speaker: Okay. And then I have a question for the ordinance sponsors. Has this proposal been presented to or vetted by the Portland clean energy fund committee, given that it uses the same tax structure, has there been any consultation with the program stakeholders and impacted community leaders?

Speaker: Yes, we have consulted with we haven't consulted with everybody. We talked to damon mott, story of the sierra club and jenny lee of the coalition of communities of color, and micah of the spacing, his last name of the right of the of the bird alliance. Mr. Last conversation, mr. Mott's story, miss lee, were generally supportive and also had an exchange yesterday with and I don't know if 350 pdx was part of the original coalition, but we reached out to them as well. They are not supportive at this point, and I've mentioned this and it's also been mentioned the members of the pcef committee, two members. That the co-chairs of the pcf committee, they I as I recall, they didn't really express a firm opinion one way or another. But we did do I mean, we did do some outreach to community leaders.

Speaker: This is probably back to you all are. And you kind of started to answer it, but I want to put a finer point on it. Are there any scenarios under this proposal where if expected revenue from the surcharge falls short or is delayed, pcef fund balance could be considered a temporary backstop to fill the general fund gaps?

Speaker: Not as the policy is written.

Speaker: Okay.

Speaker: And then lastly, do the ordinance sponsors believe that this surcharge mechanism should remain linked to mission long term? Or is this ordinance setting a precedent that allows future councils to use the clean energy surcharge for broader budgetary needs?

Speaker: So i'll address that and obviously would welcome councilor murillo's comments as well. I want to make the point that the fact that a tax has been used for one purpose doesn't mean that that tax can't be used for other purposes. We have a property tax that funds the general fund. We also have tax levies for parks and for the children's levy. Nobody says that having taxes for the parks and the children's levy are raiding. The general fund is just using the same tax for different purposes. My goal here, a major goal here, is to preserve 1% the 1% tax on giant corporations revenues for the intended purposes of pcf. In fact, I think that the far greater threat to pcf is not adding additional revenue. You have heard not only some of our colleagues, but our a lot of people at the listening session saying, why don't you just use pcf? And I personally think that a number of the ways that prior council have used pcf are of dubious relationship to pcf's goals. For example, pcf has been used to retrofit the hvac systems of parks community centers. You can come up with some argument that maybe they made that those communities, those hvac systems, more efficient, but I suspect that those hvac systems needed replacement anyway. And cep was used because it seemed available. I frankly have questions about using pcf to electrify the city fleet that does reduce emissions, but if you use the same amount of money to buy electric vehicles for low income people, then that would serve both of pcf's purposes. So it is certainly not the

intention to open pcf to future use for the general fund. In fact, it's my intention to avoid that by providing additional revenue for the general fund.

Speaker: I would yeah, I'd like to answer as well. I think that if there is concern about that, I also would personally take no issue with adding clarifying language around that to ensure that it addresses those concerns.

Speaker: I think my larger point that I made in my statement is that I don't believe that any I don't see any clear guardrails right now to prevent future deterring of funds. And I don't believe that there really can be. I think that the point you know, your point, councilor or chair novick around. How did you describe it? I can't repeat your point, but my rebuttal to your point is that one, you know, this is the way that we collected this tax. It is a specific purpose. I'm not going to pretend to be a guru on tax law, but it was created under a specific purpose brought by community, again by communities that have long been denied these kinds of environmental investments. You know, debating whether pcf is currently using the fund as you believe is aligned. That's something that, you know, we could certainly have a good faith debate about. But I will just mention that a couple of years ago, when the climate investment plan was created, as somebody who has been an advocate on the outside, working with the communities that are receiving these dollars, that was a compromise, the compromise of, you know, it was facing political pressures like it has since the beginning. And, you know, we had people who were like, you need to use it for all these other things, and why aren't you using it for the city? Okay. The city responded to the clean energy committee, which again, is critical in as a stakeholder that I don't think has been fully involved in this. They made the decision to go about it by having the climate investment plan, putting that \$740 million into the city. And so to me and to many of us, that was already the compromise. That was all us already moving further away from the purpose. And

every year it's the same fight and it's always, oh, it's just a little bit of here or a little bit of that, but it never stops there. I think the utility fee increase that I mentioned is a perfect example and a cautionary tale, and I just don't believe that the arguments that have been presented to me give me confidence that we are actually protecting the pcf, and we are undermining the way that pcf is already building our future. So that's the end of my comments for now.

Speaker: Councilor I feel compelled to respond in the utility fee. If this is more akin to if the utility fee had been raised and the additional money spent on things other than transportation. But the money it was that. But the original amount used for transportation continued to be so. And I will at least give you my personal promise. I mean, under this proposal, we'd increase the amount collected by the tax and a quarter of the total amount, which will now be increased by a third, would go to the general fund. If there's a future proposal to spend half of it on the general fund or 75% or something, I would violently oppose it for this based on the same principles you have to protecting pcf.

Speaker: Thank you. I appreciate the personal promise, but that's not good enough to protect the pcf from future politics, and that's why I'm strongly against it. Thanks, councilor kanal.

Speaker: Thank you. There's a lot here. I think I've had some of my questions answered. And I think maybe just to clarify it, my understanding from maybe connecting some of the dots here is that the idea was effectively to create a new tax using the same mechanism that funds pcf, and that that tax would raise revenue for the general fund. But due to some sort of state preemption, we have to characterize it as an expansion to an existing tax. Is that is that an accurate reflection of the co-sponsors?

Speaker: Well, I didn't want to do an actual new tax because I don't want to set up a whole new administrative system. Et cetera. But in effect, I although I mean, and we do have to I mean, we do have to we have a legal obligation. We can only amend an existing tax of this way. We can't create a brand new one anymore. But in effect, that would be that would be the effect of this. It would be an effectively the same as if we adopted a new 0.33% tax for the for the general fund.

Speaker: Yeah.

Speaker: I think I appreciate that. And I think when you look at a complicated, complex package, everybody's going to look and see different things as the thing or the portion of it that that reflects that most resonates with our values and how we're looking at it and our priorities. So that, to me is a really important part of it, is whether or not this constitutes a change to pcf or constitutes a new tax using the existing mechanism. So just big picture. I appreciate the creative approach to problem solving. I also appreciate that the proposal does not redirect existing pcf funds to the general fund. In district two. We've heard the same things you brought up, which is that cuts to community centers and programing they support is unacceptable, and that we should look at not only cuts, but how we might raise new revenue to reduce cuts. And it was a, I think, a really unfortunate choice by the folks who made the survey for those listening sessions not to even ask the question, community engagement should not be yes or no questions. It should not limit the options available to community there. And so they were making a prejudgment and that was a poor choice. I am comfortable exploring this idea up to the point at which it is legally a change to the pcf ballot measure, at which point I would support only the idea of referring it to the voters. And what I mean by that is supporting new revenue as an exploration support. The idea of targeting new taxes on the largest corporations support the idea of using existing taxation mechanisms rather

than creating new mechanisms, because that would create additional overhead to implement them, and supporting the idea of new revenue being part of the unrestricted general fund. In a city that has a much smaller percentage of its budget in the unrestricted general fund than many of our comparable cities. At the same time, I do want to recognize why we have restricted taxes, and it's because Portlanders felt that when they asked for their priorities to be reflected in the budget by previous City Councils, they weren't listened to. With nowhere else to go through the normal process of talking to City Council and having a responsive City Council, Portlanders have historically turned to ballot measures to force past mayors and City Councils to spend money in ways that aligned with community priorities. More specifically to this, we've seen pcf funding used for non pcf things, either directly or indirectly through some of the bureau expenditures, not because the bureau expenditures themselves are non pcf necessarily, but because that has freed up general fund dollars for non pcf appropriate things over the last couple of years. And I don't want to continue that negative history by doing something that could be perceived as or actually be a change to the pcf ballot measure without additional voter approval. Now, I take everyone at their word on the intention. So I it does sound like you're working to develop this in a way that aligns with that core value, that it won't be a change to the pcf ballot measure, but rather simply a new tax using the same mechanism. And if it remains that way when it's an actual proposal, that's something that I could I could see myself supporting. Whereas if it's something that is changing pcf, I would want to send it back to the voters. And I understand that that may be very difficult given the preemption, but that, to me, is the thing that I see as the most significant. So I have a follow up question, but I'd love to have some.

Speaker: Thoughts on that. I think that, I mean, people might have different reactions to this. In my view, what pcf did was establish a tax equal to 1% of gross Portland revenues of billion dollar corporations, and dedicated that to climate action and environmental justice. So if this passed, we would still have a 1% tax on gross revenues of giant corporations dedicated to climate action and environmental justice. So I don't see this as changing. Pcf now, if you view pcf as something that said, a 1% tax on the gross receipts of giant corporations can only be used for climate action, then it would be changing pcf. But I don't think that's what the ballot measure said.

Speaker: I'm not 100% clear on the distinction you just drew. Maybe. Can I get a little more clarity?

Speaker: Well, I mean, there could have been a ballot measure that said, we think that taxes, gross receipts, taxes on giant corporations should only be used for climate action. And it didn't say that. It said we are creating a 1% tax on giant corporations for climate action. So to me, as long as you're still maintaining 1% of those revenues for climate action, you're totally consistent with pcf.

Speaker: Okay. Thank you for clarifying that. I think that this question is likely to end up being more of an attorney question. By the way, I am very supportive of the idea that we should be able to ask whatever questions we want in this committee. I also understand the need to potentially receive the answers privately. So I just wanted to add that my question, the only other thing I'll mention is I support the idea of aligning our business license tax with or the level with the county, which is at 100,002, if I understand correctly.

Speaker: And the exemption.

Speaker: Yeah. The exempt. Thank you. The exemption that that seems like a really good thing to support small businesses. And while I am generally very

supportive of. Imposing taxes primarily if there's going to be business taxes on the largest businesses and the progressivism of that, I do think it's also a little bit strange. I understand the mechanism collection timeline mentioned about if it was retroactive to January 1st, but I also want to recognize that businesses made decisions for the last three months and four and ten days based off of a tax rate, in part, I don't think they're going to we're going to scare them off. I'm not saying that, but I do think it's a little unfair to go backwards on that. And I just wanted to flag that as well. Thanks.

Speaker: Just to.

Speaker: Clarify, I recognize that that is not a clear answer for where I'm at on it, but there's no proposal yet. And so I do want to see the guardrails that we're talking about before I can formulate a full.

Speaker: I can't resist saying that. I don't think that giant corporations have made decisions in the past few months based on giant national and international corporations have made decisions in the past few months based on the specific little tax in Portland.

Speaker: I think you're probably right in practice. I also know that generally, I mean, we just did it today with discussion of the utility license fee. Whatever we do here is often cited as precedent for the next thing, and especially with a new form of government, I think making sure that we're setting the right precedent, which this might be. I'm not saying I don't. I'm just I'm trying to be mindful of that long term impact, because the next time we're talking about doing it to someone who maybe doing a change of policy in the favor or increasing the tax or whatever for someone who may, may, may actually have made their decisions based off of it, that that this would be cited, whatever we choose to do here.

Speaker: Thank you, councilor Ryan.

Speaker: Yes.

Speaker: Thank you, chair novick, and thank you for being bold. We're going to have some really good dialog today, and we're coming at this from many different angles. So here we are. Thank you, staff, for stopping everything and leaning in and providing some staffing as we have this dialog. I appreciate you being here this morning. I have similar concerns about the cuts. I think we all do, especially our parks community centers, at a time when we have to do everything we can to keep our families in Portland. That's Portland's fortune 500 company. That's where our tax base has always come from. We all know that. It's been our story for decades. So I think there's a real consensus, not just from listening to the community, but even before we heard them, that that might have been a shortsighted idea as we look to keep Portland whole and move forward. I do think, chair, and this is to my colleagues on, I think, a big picture level with the whole council. I think we have a bigger picture conversation on how we generate revenue in Portland. There's more ways to do it than targeted taxes. It wasn't long ago in the moda center, where there were a lot of people there, over a thousand, and it was full of nonprofit business and government leaders. And governor kotek made it really clear no new taxes, no expansion of the tax base. It wasn't something that we could tolerate if we want to move Portland forward. And I think this gets to how we generate revenue. So my entire career was focusing on revenue, mostly from private sector to bring in investments for innovation and improvement in the community space. And as such, whether I like it or not, this theater economics major became a focus on what was in investors minds. When they're trying to invest in your organization. And so I understood, like, how they would think about where they're going to invest and where they're not. Since I've been on council, I've been well informed about the business licenses of property taxes, all the ways in which the revenue comes into

the city. And I think none of this budget deficit should be a surprise to anyone. All you have to do is look around downtown. Empty storefronts is something like I've never seen before, and that even goes back into the 70s. So we have to figure out how to have metrics. In my opinion, that says we're going to have a much better revenue picture and a better budget situation when we see the storefronts filled again, not just downtown. I think of saint john's, where there's been an increase of storefronts that are now closed. We also obviously have fewer, fewer people coming downtown to fill those office towers, and that's a longer conversation. But all of this and then there's the migration, like we've never seen since the early 80s, when that was when the timber industry was going through major change. And so there was just a real plummet in revenue in the early 80s. I know, because I had to move to find a job. It turned out well. I enjoyed living in new york city and getting a career built, but it was like I had no choice. There were no jobs in Portland in 83 through like 87, as far as I recall. That was the era, and it was due to that. This economic downturn is something we've never experienced before because it's more about reputation, it's about livability, and it's those concerns that is this a good investment anymore. And that's why we're seeing the fewest amount of housing starts and building that we've seen in since 2012. I think it is. So I just hope that we have a bigger conversation about all of us wanting to keep these programs alive and well, a lot of us wanting to see more revenue coming into the budget, and what way are we going to go about it. And what I appreciate about you bringing it up is it's like you tossed out an idea for us to chew on, and we're having some spirited conversations about it coming from different angles. So I just wanted to acknowledge that there should be no surprise about our revenue shortfall, and I hope that we can be creative. But I want to bring us back to just a few questions.

The sponsors of this proposed tax increase, how many businesses are affected by this?

Speaker: Actually, I'll ask Mr. Lanham to answer that question.

Speaker: Certainly. Thank you. On the clean energy surcharge side, we have about 400 businesses that pay the clean energy surcharge. So the impact would it would impact those 400 on the clean energy surcharge side. On the business license tax side, the relief being discussed from moving from 50,000 and gross receipts exemption to 100 would provide some modest relief to about 9,000 businesses, and those are predominantly local businesses, sole proprietors being the bulk of the.

Speaker: We haven't looked at the impact yet of the revenue.

Speaker: We have. Yeah.

Speaker: Was that an earlier slide?

Speaker: I apologize that the impact, Mr. Usman said, is likely to be about \$3 million a year.

Speaker: And that goes less less revenue, right? Yeah. Okay. So we're hoping that we'll do we'll bring in more from the larger retailers and such downtown.

Speaker: I believe that Mr. Altman's estimate and obviously this estimate currently is about 66 million from the giant retailer increase in a 3 million loss from the increase in the exemption. Is that right?

Speaker: So just for the record, what businesses would be most impacted by this tax increase.

Speaker: By the tax increase. So clean energy surcharge payers these are global businesses typically or national businesses largely corporations that are grossing \$1 billion or more in all in gross receipts and then have \$500,000 of retail sales here locally.

Speaker: And have we had any outreach to those impacted by this tax increase as of yet?

Speaker: Well.

Speaker: We're not I with like a tiny caveat, we're not allowed to know who pays any tax in Portland. So we don't have a list of the businesses that pay this tax. I think that so. And also I think that I mean, I think that we can reasonably assume that, like amazon and apple and target would pay. I actually don't know who in those how you get hold of the ceos of those companies. But I think that there might be some mechanisms. Mr. Allen, did I remember correctly from last week that like if you write to them and ask in advance to identify them, we can identify them. But we have not done that so far.

Speaker: I'm not sure. Can you restate that question? I'm not really sure.

Speaker: I thought that somebody told me that you said that. It's not that we cannot reveal the names of the businesses, but we can't reveal them without their say so. So we'd have to, like, contact somebody at amazon. And if they happen to pay the tax and ask them, are we authorized to say that you pay the tax?

Speaker: That's correct. They would need to give us permission in writing to disclose that they pay this tax. And that's the reason for that, is that their financial information and other particulars of the tax return are confidential under local and state law. And so if there was a desire for the council to, to have outreach to those taxpayers, the revenue could division could do that on your behalf. We could direct mail them. We could request that they anonymously complete surveys or, or we could complete, you know, we can certainly get feedback from the community just to make that clear. And I think peter had a remark in there.

Speaker: Yeah. Councilor, thank you for the question. I can't say names of businesses, but I think I can give you a little bit of the flavor of the sorts of

corporations. So retail sales is very broadly defined and it's really the final sale of any goods. So this can be software, it can be hardware, it can be financial services, it can be broad based. And so I again can't say names of any firms. But if you look at the s&p 500, these are the types of firms that we're talking about.

Speaker: Councilor. And I should note that I had a conversation last week with andrew hone about this. And I suspect.

Speaker: Hone is.

Speaker: The ceo of the chamber.

Speaker: That's right. So I wouldn't be surprised if he subsequently has had conversations with local representatives of the businesses most likely to pay the tax.

Speaker: And some of those are thank you. And some of those are bricks and mortar in Portland. Correct. But many of them are not. Just give us more of the flavor. I think we're enjoying the fact that we have revenue coming from this mysterious corporations behind the curtain that we seem to not know a lot about. But can we give a little bit more information on how this might impact Portland's downtown, for example?

Speaker: It's very difficult to say that publicly and, you know, make sure that I'm in compliance with state law. I guess I would hearken back to what councilor novick mentioned earlier, that we wouldn't really anticipate any big changes in Portland. We didn't see any changes in Portland other than the obvious revenue stream. When the clean energy surcharge was implemented, there were a handful of retailers I can name a couple because they were actually in the newspaper safeway and winco. There were class action lawsuits against them for the way they characterized the clean energy surcharge, had a 1% additional charge on their receipts that they handed out at cash registers in Portland. But those are the only

examples that we've seen in terms of local impact. I don't know if anything's coming. Coming to mind for you, peter.

Speaker: And in terms of, again, like for the question of downtown, if they're like located here or not located here doesn't it's another one of those activity taxes. So it's not necessarily a matter of where they're located. It's if Portlanders are buying the product.

Speaker: I understand that, but there are some that have bricks and mortar in Portland, and we don't have an answer on how they've been impacted and if this would actually trigger them to consider closing their stores. We don't know. Based on this dialog.

Speaker: We haven't. I mean.

Speaker: We.

Speaker: Get to dig into it.

Speaker: I think that normally when companies close bricks and mortar things because of government action, they yell from the rooftops that they're doing that. Like target says, we're leaving because you have a controlled retail theft. So if wells fargo had closed down a bunch of branches because they were affected by this tax, or if state farm had shut down a bunch of branches because they're affected by this tax, I think they would have told us.

Speaker: I think they give multiple factors on why they've closed down, and we all know that. So I just would like us to go to slide 13 for a second, because I didn't see what date those were, what were the dates of those prices that we were revealing with slide 13?

Speaker: Mr. Ward of my staff actually did that survey. So, mr. Ward, you could say when you made those price checks.

Speaker: When I made the price checks.

Speaker: Yes.

Speaker: It was slide 13 and I think it was getting into the cost of sneakers, I recall. But a lot of the information seemed to be dated like 2018. So I wanted to know if we had any data that's actually much more relevant to today. And maybe these are 20, 24 numbers. And I didn't hear that.

Speaker: What I can say is that I went to.

Speaker: To the microphone so people at home could hear you. Please.

Speaker: Thank you.

Speaker: What I can say for the retail prices is that I just did price checks using vpns at different locations. So in bellevue, Washington, in Portland, in medford, my hometown. Shout out just to see if there were any surcharges, any taxes included in those in the checkout. When you're, you know, on target's website. And there was no additional taxes applied at target at nike, dick's sporting goods, apple between medford and Portland, you could see sales tax when you're looking at Washington retailers. And i'll note there was a bag fee, a bag surcharge applied to Oregon stores, but there wasn't a difference between medford and Portland, if that.

Speaker: Makes.

Speaker: Sense for coming up. So this is recent polling.

Speaker: Yeah.

Speaker: Did that while I was doing research on this this measure.

Speaker: Okay I appreciate it. Thanks so much. Simply put, I just don't think we can go from doom to boom or bloom by raising taxes. And I just want to listen to our remaining retailers downtown. I want to I want to dig myself to hear what their mood is, because all I'm hearing is that the sentiment is such that there's a lot of threats. I feel like they are screaming from the rooftops. Councilor jeff baer novick. And so I just want to make sure that as we do this deliberation, that we include

those that are impacted. And i'll try to make sure I perform those questions with the integrity of the law that was passed. And I will probably need to meet with you offline to understand some of those parameters.

Speaker: I'm happy to meet with you.

Speaker: Thanks, councilor kanal.

Speaker: Yeah, I think it's also worth noting that at least one of the particular corporations we mentioned who did leave did not cite the unionization of its laborers as the reason for it leaving, which was the primary reason. Instead, they blamed city government for actions taken to, well, several actions. But I think the broader point there is sometimes we don't always hear what it is and supporting labor in the city sometimes means making sure we're asking that question, too. Maybe a little bit off topic on this, but I do think that when we're talking about what the business context is, that that's a part of it also. Can the sponsors give us an idea? In the event that there is to be a proposal? And I understand that the preface was given at the beginning, that there might not need to be what is the likeliest or the best guess you have as to a timeline for that proposal.

Speaker: So we actually have submitted a proposal for code review through the auditor's office, which I think is supposed to be completed approximately the 21st April of April. Yeah. And councilor zimmerman has agreed to have a presentation in finance committee like this one on the 21st, in terms of the timing. After that, I was talking to the council president about that yesterday. I think that there could be mechanisms to move it through committee and then move it through the full council, although a tax measure can't be an emergency ordinance, but we still might be able to by adding extra sessions in finance or in council to move it through by mid-may. So it could be part of this budget. However, I will also note that even if we don't make it part of the budget that we adopt in may, we can we can amend

the budget subsequently to take into account new revenue. So like, we could make cuts based on a budget that doesn't include this in June and then bring it back in July and say, okay, we passed this tax, we have more revenue, we can amend the budget, but I don't need to say this. We have the budget of herself here. Ruth, would you like to comment?

Speaker: Sure.

Speaker: For the record, Ruth Levine, director of the city budget office. So yeah. So I think what I've discussed in terms of timing is in order to so this would have to be reflected in the approved budget because of the rules about changes between the approved and adopted, the being capped at 10%. So we would have to get this in during the approved. And. So as long as if a proposal comes forward and if council were to vote to approve it, as long as the decision is made and there are there's council can agree on a set of amendments to incorporate the revenue in the budget by the 21st of May, then that is fine. From a budget timing perspective in order to reflect it in 2526, I will say, I think, Councilor Avalos, one of your questions maybe got at this a bit. I would definitely advise putting a significant portion of it into contingency for the first year if council were to approve it, because of the uncertainty around the additional revenue. And I mean, not just because of this tax, but to Peter's point, the economy more broadly, but also but, you know, this is probably one of would this is a more volatile tax certainly than like property taxes or the like. And so to have it go to ongoing general fund programming, we would just want to be a little more conservative, I would say in terms of how we approach it. So for the first year, I would say put a chunk of it into contingency so that you have a little bit of time to work out the uncertainty and see the data on what comes in and what what businesses are in fact, paying. But in terms of timing, yeah, either

path would work. The either hear it and incorporate it through amendments to the proposed by may 21st, or come back and amend the budget in whenever.

Speaker: Thank you, councilor morillo.

Speaker: I just wanted to say that I really appreciate that we're having this hard discussion, and I really appreciated your questions, particularly councilor avalos. I know that this is incredibly important to you, and I think you had great questions that will help us refine things moving forward, and that this is the beginning of the discussion. This is not a final say on things. This is meant to be developed with community. I think I was very impacted by the community listening sessions that we had with the budgets. And the reality is that even if we choose not to go forward with the mayor's housing and homelessness plan, for example, with the 28 million, or I think he achieved some of that, I can't remember exactly how much is left over. There are still going to be absolutely brutal cuts to make. And I would also say that these things all are going to impact our economy long term. Speaking to some of the concerns you had, councilor Ryan, because if we don't have thriving parks, if kids aren't getting meals at community centers, when those are the only meals that they get in a day because their family is struggling. I know when I worked on snap policy before getting here, a dollar that someone received from snap actually gave \$1.50 back to the economy because people were able to shop and spend because they had, you know, access to food. And we can't make all of our decisions with multibillion dollar corporations based on the threats that they might levy against us, because most of those are rooted in propaganda, frankly, and that propaganda only serves to hold us hostage so that we can never do anything that's right for working class people. The brennan center, if you want to look up those statistics, has showed that shoplifting has not been a major increase in recent years. That was a myth by big corporations that are trying to stop, you know, they don't want to

talk about the fact that their sales are down because people are poor and they have no money. That's what's really going on. People don't have the money to spend like they used to. And there's even an Oregonian article that talks about how shoplifting was unlikely, the driving force in Portland for the walmart closures, for example, that that was likely due to the fact that people don't have enough money to spend anymore. We don't have an economy where people can buy multiple pairs of tennis shoes and outfits and accessories and things that they would normally invest in before. People are really struggling right now, and when people are struggling, they're not going to invest in our economy. They're not going to invest in our local businesses if our city decays because we have no money for infrastructure, because we have no money for parks, that's also going to drive people away from living here. So we always talk about this like trickle down economics, but maybe we should talk about some trickle up, about what it means to do what what it means for our city when we serve people who have the least among us, and how that actually raises all boats. And so I just want to center that as part of the discussion, because too often we are taking, I think, when things are brought up, we have to question who does this benefit and why. And if the benefit is only to a corporation that refuses to have an additional tax because it might meagerly impact their wealth because they're already billionaires, we should question that narrative. We should absolutely question that narrative. So I really appreciate this difficult discussion that we've had today. And thank you for the experts for being here as well and taking time to share this. I will follow up with city attorneys on many of these questions, and I look forward to collaborating with all of my colleagues.

Speaker: Councilor Ryan.

Speaker: Yeah, thank you, chair novak. Just two facts. For the record, I was early out of the gates to say that it would be a really big mistake to close our community

centers. So I agree with you, councilor. And I think when we talk about the walmart closure, since it was mentioned that was out at delta park, and if you've had a chance to spend time at the delta park area, the retail area up there, it's been just decimated. And so the living conditions in those areas did force a lot of people to close their businesses. And a lot of working class people were really upset that walmart closed, because that was a place where they could have access to some lower cost groceries. So I think we should get I do hope that we have a chance to do some listening session to those that have been impacted by this. I'm confused about the, the rules in terms of that type of communication, but I want to get to the bottom of it because I don't want to sit up here and speculation. So I will look more into that. But I just wanted to discuss what put out into the record that the conditions out in the delta park area has just decimated that area, and anyone in north Portland that's used that area does know this, and that's all to do with the living conditions. So let's make sure that we acknowledge that our challenges on the streets and our humanitarian crisis, and what has caused some of these closures, we can't we have to tell the truth. Thanks, councilor kanal.

Speaker: Maybe hopefully a very brief question to you, co-chair novick you characterize some of the environmental advocates position, but it was also brought up that that there was a conversation with andrew hoehn. Could you characterize that reaction?

Speaker: I would characterize the conversation with mr. Hoehn as avuncular. He did not have a particularly he really appreciated being called. I called him right before we presented a press release about this. He, you know, said that he thought that there might be more companies that pass this on than I thought, but he was not, you know, jumping up and down about it one way or another. And I have to say, what I have heard from the public on this proposal is largely a deafening

silence. I've had very few emails or calls either for or against it. So that could be that nobody's paying attention, or it could just be that people think, all right, it's 1% one and a third percent. Who cares?

Speaker: Thank you.

Speaker: So I wanted to say that I did not come up with this proposal very long ago. I did not as of six weeks ago, think I was going to propose a tax increase. When I saw the administrator's budget and a partial budget proposal, and when I heard the reaction we got from folks in the community to many of the cuts that he had proposed, that made me start thinking that maybe we should explore some form of revenue. And I want having had the idea, I wanted to daylight as quickly as a reasonably could. So when I heard that councilor zimmerman wasn't in position to start discussing this and the finance committee this week, I thought with councilor morillo assent that we could use this committee to start a discussion. We'll also have a discussion of the finance committee. We do have some time. I just wanted to sort of put this on the table for people to think about. So that in the back of people's minds, when we get the mayor's budget, as I said before, I know the mayor is working very hard on span of control, reducing administrative costs. If somehow the mayor comes with a budget that rolls back a number of the proposed cuts in the administrator's budget and is a balanced budget, I don't know that i'll keep on keep on pursuing this, but I thought that it was important to get it into the conversation as quickly as reasonably possible. Really appreciate everybody's attention to this. Councilor avalos, I want to second councilor rios observation that because of the public meetings law, I can't go around and give people a heads up, you know, in advance if it leads to a majority of a committee. So. So councilor Ryan and councilor canal didn't get a heads up either.

Speaker: That's fine, and I understand. But that to me, that was the point of why I believed this is the platform that I have. If the way that I can communicate my ideas, my questions is this committee, that's what I was naming on that. So it wasn't a criticism of not knowing more information because I know our restrictions. It was more than because then it was followed up by, oh, well, you need to talk to the lawyers and all that. And I'm like, I don't I didn't have information. I'm coming into this meeting prepping for it. I want to see what the proposal is. And then, of course, you know, we can talk to the lawyers. So that's what I was objecting to, not to say that, you know, I was upset that I didn't know. It's just more so these are the restrictions I feel I'm under and that this is the place that I have to daylight the questions I have.

Speaker: And I mean, I understand that. And obviously you have an opportunity now to go to the city attorney's office and get your own private briefing. I just feel that we should try to make those private. Thank you very much, everybody. Really appreciate people's time and attention and questions and thoughts. I see nobody else in the queue, so I adjourn. We owe. Our next meeting is Thursday, April 24th. We're anticipating a report on appointees to the sustainability commission, and I think it's about 20 of them. So that's going to take some time. And I now adjourn the meeting of the climate resilience and land use committee.