

## The Oregonian

### Portland's \$20 million pledge for more affordable housing may not follow city guidelines

By Brad Schmidt

A battle over Portland's commitment to fund affordable housing is afoot.

Two months after Portland Mayor Charlie Hales announced that the city would increase spending by \$20 million for housing projects in North and Northeast Portland, the agency in charge of that money is waffling.

On Wednesday, officials for Portland's urban renewal agency told the City Council that the full \$20 million may not actually comply with Portland's policy to fund housing projects.

Instead, some of that \$20 million may be spent to cover costs for mixed-use projects including retail or other uses, with housing units potentially open to residents whose incomes are above existing city guidelines.

"I think it's possible," Patrick Quinton, executive director of the Portland Development Commission, told the City Council under questioning during a budget hearing.

The looming policy debate is just the latest dust-up among Portland leaders who are sorting out housing priorities directing millions of dollars worth of public investments amid a changing political climate.

Portland first established its acclaimed "set aside" policy to help subsidize housing projects in 2006, with the City Council making tweaks three years ago.

As it stands, the city committed to spend 30 percent of urban renewal money it collects citywide within urban renewal districts to build projects for low-income residents, with most investments earmarked for people earning no more than 60 percent of the region's median family income.

Following renewed fears of gentrification linked to a proposed Trader Joe's project at Northeast Martin Luther King Jr. Boulevard and Alberta Street, Hales pledged March 10 to increase affordable housing spending in the Interstate urban renewal district by \$20 million.

The city already planned to spend an estimated \$24 million on housing projects within the district through fiscal year 2019. Hales' plan would have bumped that up to \$44 million.

Under either scenario, the city would exceed its 30 percent spending target within the district.

But the \$20 million increase is a key political tool for Hales.

Hales has used that \$20 million increase to help offset decreases tied to his plan to eliminate a downtown urban renewal district and the long-term affordable housing money that would have come with it. The Portland Development Commission specifically included the \$20 million increase during past budget presentations as "set aside" money.

But now the city's commitment is wavering.

"It may not end up being a full count toward the set aside," Quinton said.

Under questioning from city Commissioner Nick Fish, Quinton said the development commission will launch a community process to determine how the money should be spent.

As an example, Quinton perhaps 85 percent of the \$20 million – or \$17 million – could still be spent under existing guidelines but the remainder could be used toward catalytic projects.

"With all due respect, I don't think a community process trumps a City Council policy," said Fish, who oversaw the Portland Housing Bureau from 2009 through early 2013.

Commissioner Dan Saltzman, now in charge of the Housing Bureau, said he would ask the City Council to approve changes to the policy, if necessary.

"We don't want to prejudge the outcome" of the community process, Saltzman said.

"Just to be clear, Dan, we've never done that," Fish responded.

In a related issue, the Portland Development Commission and the Housing Bureau also had been working on a deal to decrease affordable housing spending in the Oregon Convention Center urban renewal district.

The proposal, vetted by the Housing Bureau and included the Portland Development Commission's budget, would reduce affordable housing spending by \$6 million in that district as a tradeoff for increasing spending in the Interstate district.

But Saltzman said Wednesday that he's "not OK" with reducing affordable housing funding in the Convention Center district.

"I'm not prepared to support that at this point," he said.

Saltzman said he'd like to see the \$6 million spent on affordable housing, perhaps at a second phase of the massive apartment project being developed near Lloyd Center by American Assets Trust.

Fish also expressed a preference to maintain affordable housing money in the Convention Center district.

But speaking more broadly, Fish warned the City Council to expect complaints from advocates about Portland's commitment to its affordable housing policy.

"I just think we ought to be prepared for some backlash," Fish said. "Because I think the expectation is this is going to be consistent with our guidelines."

## **Mayor Charlie Hales picks TriMet real estate director Jillian Detweiler to fill policy director position**

*By Andrew Theen*

Portland Mayor Charlie Hales is getting his old City Hall team back together.

Hales said Jillian Detweiler will replace outgoing policy director Ed McNamara.

Detweiler served on Hales' staff from 1995-2002 during his earlier days on the City Council. Policy director Josh Alpert also worked with Hales previously.

Currently the director of real estate at TriMet, Detweiler will join Hales' staff on June 2, according to a press release issued Wednesday..

"Jillian knows Portland. She knows land-use. And she knows how to manage large, complicated and meticulous projects," Hales said in the release. "She has built a level of expertise throughout her career that will serve our team, and the city, well."

Detweiler will replace McNamara as the staff liaison to the Portland Development Commission. Last month, McNamara said he planned to return to the private sector.

Alpert, Jackie Dingfelder, and Deanna Wesson-Mitchell serve as Hales' three other policy directors.

Detweiler has worked at TriMet since City Hall in 2002, and worked as director of real estate there since 2011.

More from the release:

"Detweiler received her bachelor's degree from Lewis & Clark College and a masters in city and regional planning from the University of North Carolina at Chapel Hill. After stints in the District of Columbia and North Carolina, she returned to Oregon in 1992 and has accrued experience in the public sector ever since."

## **Jillian Detweiler excited to reunite with Mayor Charlie Hales, her former boss: Portland City Hall Roundup**

*By Andrew Theen*

Jillian Detweiler will return to Portland City Hall next month after a 12-year sojourn with TriMet, and the 48-year-old said she's excited to work again for the city she loves.

"I've had a great opportunity here at TriMet," Detweiler, the transit agency's director of real estate said on Wednesday. But Detweiler said she's excited at the chance to take that experience and apply it while working for Mayor Charlie Hales. She described the move as "an extraordinary opportunity."

Detweiler will be one of four policy directors advising Hales, and she will focus on the Portland Development Commission, according to a press release.

The position is a new one, but the boss isn't.

Detweiler worked for then-commissioner Hales from 1995 until he left the City Council mid-term for the private sector in 2002. Those were "much more humble assignments," she said, saying her duties were staff liaison to the planning and building bureaus.

Detweiler said she most appreciates Hales' energy and his desire to have strong debate among staffers on policy issues.

Outgoing policy director Ed McNamara called Detweiler two weeks ago, carrying a strong endorsement from the mayor and an inquiry: Would you like to return to City Hall? She said yes.

During her tenure at TriMet, Detweiler said she's most proud of her work shepherding through the Patton Park 54-unit affordable housing development on North Interstate Avenue.

Her first day at City Hall will be June 2.

"I know it's a job that requires all-out effort," she said.

## **The Portland Tribune**

### **How can utility rates be lowered?**

*By Steve Law*

For several years, Portlanders have heard a dizzying array of allegations about City Hall's misuse of water and sewer funds. There's been many a tale of politicians' pet projects, alleged use of water and sewer payments as slush funds, and reckless overspending.

But as voters ponder a May 20 ballot measure aimed at wresting control of the water and sewer bureaus from city commissioners, for many it boils down to one question: Will handing the Bureau of Environmental Services and Water Bureau to an independent elected board lower their water and sewer rates?

No one can say for sure, because we don't know who might be elected to the board and what policies they'd pursue.

But many ideas for cutting spending have surfaced during the past several years, and others might be considered by a board elected with a mandate to reverse Portland's spiking water and sewer rates.

Here's a snapshot of some of them, and how viable they really are.

**Don't cap the reservoirs:** Some of the impetus behind Measure 26-156 comes from neighbors who prize the scenic reservoirs at Mount Tabor and Washington parks and insist the city could have done more to oppose a federal mandate to stop putting drinking water in open-air reservoirs.

"You don't need to cancel it, you simply need to delay it like New York City and Rochester, N.Y., have done," says Kent Craford, co-petitioner for Measure 26-156, who has represented big commercial water users in the past. "I'm guessing we could still save over \$100 million if we could stop the bulldozers right now."

That would mean delaying the capping of reservoirs at the parks and stopping work at the partially completed underground reservoir at Kelly Butte in East Portland, designed to replace the Mount Tabor reservoirs.

City commissioners say the horse already has left the barn, that they've lost the fight to save the open-air reservoirs, and already have moved on to replace them. They see no prospects for continuing the fight and getting a different outcome.

**Cutting staff:** Craford blames former city Commissioner Randy Leonard, who oversaw the Water Bureau, for a hiring surge at the bureau, taking it well above "historical" levels of around 425 full-time-equivalent positions. The bureau currently employs more than 570 people.

"I think we could go back to historical averages for sure," Craford says. "The water system hasn't grown since then; our infrastructure is not any larger than it used to be."

However, that argument conveniently ignores the city's oft-stated goal of addressing the Water Bureau's aging pipes and related equipment now that the Bureau of Environmental Services completed its \$1.3 billion Big Pipe project, designed to keep untreated sewage out of the Willamette River and Columbia River Slough.

City Commissioner Nick Fish, who was overseen the two bureaus since last year, points out that the Water Bureau has shed staff in three of the last four years, and expects to lose a few in the coming year. That would make 91 fewer full-time-equivalent positions in the bureau since 2009-10, Fish says. But the agency still expects to have around 570 employees.

Craford notes that a recent city "span of control" study found that 134 managers only supervise three or fewer staff members — 62 of them working for the Bureau of Environmental Services and the Water Bureau. "These two utilities have tremendously bloated middle management," Craford says.

- Canceling or delaying big projects: Craford questions the Water Bureau's rush to build the \$59 million Willamette River Crossing, a pipe delivering water to the west side that's designed to withstand earthquakes.

"That's really unnecessary," Craford contends. "We already have six (pipes over the Willamette); this would be the seventh."

"You can at least defer it," says Floy Jones, co-founder of Friends of the Reservoirs and Craford's partner in the initiative campaign.

"That's just playing Russian roulette with our customers, hoping there's no seismic event," Fish says. "All of our current pipes on the Willamette are very vulnerable to a seismic event; so says the state of Oregon."

The Water Bureau serves not just westside Portlanders, Fish says, but delivers water to several suburban communities there that buy Bull Run water on contract with Portland.

- Lower the utility license fee: The city taxes its own water and sewer customers 5 percent of their bills, sending nearly \$20 million a year to the general fund. An independent elected board could stop levying that tax, providing instant rate relief for customers.

Though the utility license fee is perhaps the biggest example of sewer and water rates being used for unrelated projects, initiative supporters don't want to touch that idea. That's because it means cutting politically popular police, fire and park services, the biggest agencies relying on the city general fund.

"I doubt that anybody is going to suggest that you can't pay the utility license fee," Jones says. However, she says the district might entertain freezing those payments, thus preventing future growth in the tax and hits to the general fund.

Fish says any attempt to cut the utility license fee could provoke a lawsuit from gas, electric and phone utilities, which might argue they shouldn't pay a higher utility license fee to the city than the water and sewer district.

- Lower rates for big customers: Critics of the initiative fear the commercial water users bankrolling the campaign could put up their own board candidates who might lower rates to larger users — which would drive up rates for residential customers. Craford says initiative backers have not called for that.

However, other utilities have adopted different commercial rates for large users. And it's reasonable to think a company like Siltronic Corp., the silicon wafer manufacturer that's been the biggest donor backing the initiative, would want to see its investment through and get sympathetic people elected to run the water and sewer bureaus.

- Charge more in hilly areas: It costs more to pump water uphill in Portland's West Hills, and some water utilities elsewhere charge customers for the true cost of service, rather than using a blanket one-size-fits-all rate. That could serve to lower costs for the majority of customers who get their water fed by gravity, running downhill from the Bull Run Reservoir.

"I've never heard anybody mention that here," Jones says. Craford says it would merely shift who pays, and not achieve the desired goal of reducing spending.

Fish says that's the kind of policy that the Citizens Utility Board, which has been hired to provide independent advice to the city on water and sewer matters, might examine. So might an independent board. But Fish cautions about unexpected consequences: that policy might force residents in East Portland to pay more for sewer services, because they live farther from the city's sewage treatment plant, Fish says.

- Reduce low-income bill assistance: Portland now pays \$6.8 million a year to subsidize water and sewer bills for low-income homeowners, one of the most generous such programs in the nation. Some have suggested trimming those costs, but it's also politically touchy.

Floy says anyone who has proposed that in the past advanced it as a "Washington Monument" proposal — one with no real intent of getting it passed because it's so politically unpopular.

"I don't think you should reduce rates on the back of low-income seniors," Fish says.

- Rein in other spending: Jones has long complained about excessive spending for both bureaus' construction projects, which she says have "Pearl District" price tags based on the costs per square foot.

"On all these projects, I think what we've seen is a culture of extravagance," Craford says.

A board dedicated to cutting water and sewer rates might also want to cut employee health care and pension benefits, a major cost driver. Initiative sponsors don't want to talk about that prospect for fear of arousing more opposition from public employee unions.

However, that, like so many other potential policies, is simply too hard to predict until voters approve the initiative and then elect a board to run the two utilities.

"The proponents have said that this ballot measure will reduce their water rates and their sewer bills, but they've never said how," Fish says. "What they're betting on is that a future board will cut spending and reduce rates."

## Willamette Week

### Charlie Hales and Nick Fish Dip Into Campaign War Chests to Fight Water District

*By Aaron Mesh*

With days left in the ballot-measure war over who controls Portland's water and sewer utilities, Portland Mayor Charlie Hales and City Commissioner Nick Fish aren't just fundraising.

They're dipping into their own campaign funds to keep City Hall in charge of the Water and Environmental Services bureaus.

Hales' election campaign has donated \$10,000 to the fight against Measure 26-156, which would create a public water district—a new elected board to oversee water and sewer utilities. Fish's reelection campaign has chipped in another \$5,000.

Those donations add to a growing war chest for the "no" campaign. As WW reported in this week's paper, the measure's opponents have more than double the fundraising of its supporters since the measure qualified for the ballot.

Among the latest contributors to the "no" effort: The Greenbriar Companies, which owns barge and railcar manufacturer Gunderson, and gas utility NW Natural. They both donated \$5,000—their second round of donations.

The measure's supporters have noted that both these donors fighting against a public water district are identified by the U.S. Environmental Protection Agency as companies that may have contributed pollution to the Willamette River.

That runs counter to a narrative from the measure's opponents that the water district was crafted by "corporate polluters," a claim that does pass muster—as WW reported in an analysis of campaign advertising.

Ballots are due May 20. Learn about what's at stake here.

## The Portland Business Journal

### Portland's Hales adds adroit development staffer to City Hall team

*By Andy Giegerich*

Portland Mayor Charlie Hales has hired a familiar hand to his advisers' roster.

Jillian Detweiler, who worked for Hales when he was a Portland City Commissioner, will become one of Hales' four policy directors. She'll move back to City Hall on June 2.

She'll work on economic development issues, including items under the Portland Development Commission's watch. She'll also oversee the mayor's housing strategies.

Detweiler replaces Ed McNamara, who's returning to the private sector to run his company Turtle Island Development LLC.

Detweiler had worked as TriMet's director of real estate since 2011. She'd worked for the transit agency since leaving Hales' office in 2002.

"Jillian knows Portland," Hales said. "She knows land-use. And she knows how to manage large, complicated and meticulous projects."