

The Oregonian

Outside labor lawyer, Portland's lead negotiator, starts first bargaining session with police union over new contract

By Maxine Bernstein

February 7, 2020

Labor lawyer Steven Schuback, serving as the city of Portland's lead negotiator, began talks with the police union Friday by requesting to post contract proposals publicly and hold all bargaining sessions in public.

Anil Karia, representing the Portland Police Association, responded that negotiators haven't traditionally released contract offers during negotiations and called public bargaining sessions a "rare beast."

The two sides met at Portland Community College's Southeast Portland campus to hash out ground rules for the talks on the next police contract, which has drawn significant community interest. The union represents about 950 rank-and-file officers, sergeants, detectives and forensic criminalists. Its contract expires in June.

Union and city representatives faced one another, seated at two separate long tables, covered with blue bunting.

In a stark switch, Anna Kanwit, the city's retired human resources manager now doing consulting work, sat on the union side, beside union president, Officer Daryl Turner. Deputy Police Chief Chris Davis and Assistant Chief Ryan Lee sat with the city's labor relations manager and human resources staff.

The tables were cordoned off from the public seats, at least eight feet away. About a dozen people attended the session, with some spectators wearing stickers on their shirts that read, "Hold police accountable" and "Community-centered PPA contract."

Posting contract proposals online could create "false expectations" based on dense language that lacks context, Karia told city officials. It could hamper talks, he said.

In the alternative, the union offered what it called a "middle ground," agreeing to post the tentative or "handshake" agreements reached by the two sides, which would be subject to ratification by the union membership and the City Council.

Schuback called the union's counteroffer a "very effective idea."

As for the bargaining sessions, the union lawyer urged the city to consider the compromise reached in 2010 and 2013, when city-hosted sessions were held in public and union-hosted sessions were done behind closed doors.

"We'd like to find a happy medium to provide transparency and keep the bargaining process strong," Schuback said.

But he acknowledged that the union isn't obligated to hold any sessions in public.

"We can't force you to do anything," Schuback said. "The compromise is to alternate. That's the practical approach."

Schuback is a former Multnomah County prosecutor who worked as a deputy district attorney from 1995 through 2001. He entered labor law in 2002 and is currently a lawyer with the

management labor and employment law firm Peck Rubanoff Hatfield in Lake Oswego. He sat beside the Chief Deputy City Attorney Heidi Brown.

The city is paying him \$280 an hour, according to Brown. The city can pay him up to about \$120,000 in total but has \$250,000 in reserve for hiring outside counsel, approved by the mayor and city commissioners in October.

Schuback said he spent the last eight to nine years representing management in public safety contract talks and before that worked about nine years as a labor negotiator for public safety unions in Oregon and Washington state.

Schuback has negotiated opposite Karia multiple times in the past, most recently negotiating the contract for the Clackamas County Sheriff's Office, he said.

Also Friday, the two sides tentatively agreed to issue joint press releases during the talks. Karia suggested they could be topical to keep the public and officers "reasonably apprised" of what's under discussion.

"Venting" or "lobbing bombs" would not be helpful, Karia said.

Schuback agreed, adding, "It's more about communicating where we are."

A coalition of community members has pressed city commissioners and the mayor to make changes to the contract that they say will help improve trust in the local police. The group's members, including clergy and police watchdogs, are calling for an independent civilian agency that can review police use of deadly force and compel testimony and recommend discipline. They also seek a discipline process divorced from the state's arbitration process that lies fully with the mayor or City Council. The coalition also seeks drug testing for officers who use force.

The group includes the Albina Ministerial Alliance Coalition for Justice and Police Reform, Portland Jobs with Justice, Portland NAACP, United Oregon, Portland Copwatch, League of Women Voters and Portland's Resistance.

Turner has highlighted the need to attract officers at a time when the bureau is struggling with a severe staffing shortage – about 104 vacancies - and the need for better recruiting and retention strategies.

Commissioner Jo Ann Hardesty last year invited national Black Lives Matter activist DeRay Mckesson to strategize about police reforms. Mckesson's Campaign Zero analyzed the Portland police contract and identified language that it says restricts questioning of officers, gives officers undue access to information about investigations that target them and limits officer discipline and record-keeping of misconduct.

City officials are hoping to avoid the tumult that erupted in 2016 on the steps of City Hall as police pepper-sprayed and arrested protesters in the aftermath of an unruly demonstration over the city's newly approved police contract while the mayor had the council vote in a meeting room away from protesters.

Schuback said he wasn't aware of that particular confrontation.

In the last contract, the city increased officers' salaries 9 percent over three years in exchange for removing the controversial "48-hour" rule from the contract. The rule had allowed officers who used deadly force to wait at least two days before making a statement to internal affairs investigators. Officers are now encouraged to speak with investigators less than 48 hours after a shooting or death in custody as part of the immediate internal affairs administrative review. The internal review is walled off from any criminal investigation of the use of force.

At times in the past, the city has opened negotiations to the public that involve the least controversial contract provisions, but it has continued to hold the more contentious talks in closed sessions. If the two sides don't come to an agreement, the contract would go to state interest arbitration -- and an arbitrator's decision would become binding.

The union and city negotiators sat in public session for about 45 minutes Friday, before breaking to caucus separately in private on two occasions.

The two sides agreed to hold another city-hosted public bargaining session on Feb. 24 to complete the ground rules for future negotiations. They're still considering whether staff from a city commissioner's office can attend the closed, union-hosted bargaining meetings and if the city could ask for an outside expert or other "person of special interest" to attend a bargaining session.

Portland's 10-cent gas tax heading back to voters

*By Andrew Theen
February 7, 2020*

Portland City Council unanimously approved a plan to ask voters to approve a 10-cents-per-gallon gas tax in May.

The tax would continue the gas tax program for another four years. Portland voters approved the gas tax in 2016 with 56% of the vote.

The renewal is no surprise. Commissioner Chloe Eudaly signaled in March of last year that she would ask voters to renew the tax.

"These investments are vital for our community — our commitment to Fixing Our Streets will shape the future of Portland," Eudaly said during the council hearing, using the city's name for its gas tax program. "I urge all voters to cast your ballots this May in support of renewing this gas tax. It is well worth the dimes we pay at the pump, and it will provide us the tools we need to advance safety, equity, and sustainability in Portland's transportation system."

Gas tax revenue continued to outpace the city's initial estimates, which was pitched to voters in 2016 as a \$64 million project list. Instead, the city estimates it will collect \$13 million in surplus gas tax revenue.

The 2020 gas tax renewal includes a \$76 million project list.

It includes \$25 million for paving, \$5 million for new traffic signals, \$4.5 million for sidewalks, and \$4.5 million for street lighting. The remainder includes a variety of safety projects citywide and near schools.

Stretches of Northeast Killingsworth Street, Southeast 122nd Avenue and Southeast 45th Avenue will be repaved.

The current gas tax prompted an analysis from city auditors that determined Portland wasn't prepared to handle the influx of revenue or get the projects out the door on time.

Transportation officials said that quickly changed, and the city expects to have completed or broken ground on all the projects by the end of 2020.

"I'm really proud of the progress that we've made and the ways we addressed the concerns of the auditor," Eudaly said Thursday.

Commissioner Jo Ann Hardesty said she supported the way Portland was focusing improvements on all areas of the city, including east Portland.

She said that didn't happen overnight, crediting a more than 12-year effort from east Portlanders to turn the city's attention to projects in that huge swath of the city.

"I've got to tell you, I'm loving what I'm seeing," Hardesty said Thursday following a briefing on the first four years of gas tax projects, "And what I know is change is scary for people," she said, referring to the city's decisions to reduce the number of travel lanes for vehicles.

"Don't think that what you're doing is not having an impact," Hardesty said of the city's initiatives. "It's having an impact on behavior."

Portland City Council is also expected to renew a four-year tax on heavy trucks, a proposal that is expected to bring in \$11 million total. That plan doesn't have to go to voters.

Antifa response to rumored KKK rally turns into 'dance party'; police arrest 3, look for vandalism suspect

*By Douglas Perry
February 8, 2020*

Three people were arrested following a lengthy demonstration in downtown Portland's Lowndale Square park Saturday afternoon, and police are searching for another individual who is believed to have vandalized a war memorial in an adjacent park.

Saturday's demonstration came in response to a previous social media rumor that the Ku Klux Klan was organizing a white supremacy rally at or around the downtown Portland park Saturday.

No Klan rally took place. It's not clear if an actual event had been organized.

Shortly after 8 a.m., Portland police tweeted, "The organizer for the [Klan] rally in front of the Multnomah County Courthouse has communicated to PPB he has cancelled the event planned for this morning and does not intend to show up. PPB continues to monitor the situation."

Counter-protesters showed up regardless, including antifascist activists, or antifa.

According to police, officers attended the event and stayed away while it was peaceful, but officers intervened when "some people in the group began acting in a violent, threatening manner against attendees who were legally capturing photos and videos."

Heaven Davis, 19, was arrested and charged with criminal mischief.

Brandon Farley, 31, was arrested and charged with disorderly conduct.

Willy Cannon, 25, was arrested and charged with criminal mischief and abuse of a memorial to the dead.

"I want to acknowledge the community members who came down to peacefully assemble and exercise their freedom of speech rights," Police Chief Jami Resch said in a statement.

"Unfortunately, a group of people chose to engage in dangerous, illegal behavior. I appreciate the thoughtful, measured response by our officers and law enforcement partners."

Resch said the rally meant that other areas of the city were "negatively impacted" because officers were downtown for the event.

A driver struck a pedestrian at Southwest 2nd Avenue and Madison, but it's not clear whether that was related to the demonstration. The pedestrian suffered non-life threatening injuries.

Three people were treated for pepper spray exposure, which police said was deployed by "community members." The police agency said in a statement that officers "did not use force against anyone during this event."

But officers said demonstrators had weapons. Some used "Metal-tipped umbrellas" to "jab people," police said, and "chase them down the street."

Cops said that rocks, concrete, batons, food and cans were thrown at officers and other attendees during the four-hour event.

Police also circulated a photo of a person clad in all black spray-painting the war memorial.

But those attendees were not the bulk of the demonstrators Saturday.

Most of the 200 or so mask-wearing people at downtown Portland's Lownsdale Square late Saturday morning were there to tap their feet to the live band that was playing. And to eat pizza, boxes of which were delivered shortly after police made an arrest of someone "engaging in criminal activity."

"Criminals!" screamed a man wearing a bandana over his face.

"Fascists!" yelled another.

"I just came for the dance party," said a third, quietly, before he laughed uproariously.

Portland police reported that some of the partiers, before they started partying, used pepper spray on others at the park and, when the police arrived, threw "objects" at the officers.

"Some demonstrators possess weapons, including bats and pepper spray," Portland police tweeted as the event got underway. "Criminal activity will not be tolerated."

The march was supposed to disband around noon. Shortly before 1 p.m., police tweeted that what appeared to be lit flares were being thrown into the roadway near Lownsdale Square. Shortly after, officials said people were seen "actively defacing" a monument within Chapman Square Park with what appeared to be spray paint, leading to more arrests. By the time the crowds disbanded, at least three people had been arrested.

The Portland Tribune

Controversial infill plan returns to City Council on Thursday

*By Jim Redden
February 09, 2020*

Discussions are expected to begin on possible amendments to the Residential Infill Project that is intended to increase density

The City Council is scheduled to take up the controversial proposal to build more homes in Portland on Thursday, Feb. 13.

As currently written, the Residential Infill Project would allow up to four units on most residential lots in existing single-family neighborhoods. The change is intended to create a greater variety of housing that costs less than single-family houses.

After two previous public hearings and work session, the council members are expected to begin discussing amendments they might introduce and support.

Mayor Ted Wheeler has said he is interested in a "deep affordability bonus" that would allow up to eight units on a lot if some of them are affordable to households earning less than the area median family income.

Supporters discussed the concept during public hearings on Jan. 15 and 16. An advocacy group, Portland: Neighbors Welcome, has prepared a one-page, two-sided fact sheet on the concept that has been shared with the council members.

"With over 77,000 Portland households making under 60% of area median income, this amendment can make a huge difference for a huge slice of Portland," the fact sheet reads.

United Neighborhood for Reform, an advocacy issue opposed to the current version of RIP, does not have a position on the amendment because it has not yet been finalized and introduced.

Multnomah Neighborhood Association Land Use Chair James Peterson, an outspoken RIP critic, is already opposed to the amendment, however.

"The best option to create more affordable housing would be to re-zone some of the single-family zoned property around centers and corridors to multifamily. This would allow wood framed apartments or condominium complexes to be built where there is adequate transit and infrastructure. Building 20 or 30 units in one project would have significant per unit cost savings over building projects with four, six or eight units," he told the Portland Tribune.

Commissioner Amanda Fritz has said she is interested in reducing the affordability threshold from 60% to 50% of the MFI.

All council members have also said they are concerned that RIP — as the proposal is commonly called — could displace some lower-income families whose homes are demolished to make way for the additional housing. A separate project to propose solutions is underway but not expected to make recommendations any time soon.

The 2019 Oregon Legislature required Portland and other cities in the metropolitan area to allow duplexes on practically all single-family lots and up to four units on at least some lots in single-family zones by July 1, 2023.

Portland police arrest 3 after skirmishes at anti-KKK rally

*By Zane Sparling
February 08, 2020*

Three people were arrested — and at least another trio were injured — during a tumultuous day of protests in downtown Portland.

Black-clad anti-fascists occupied Lownsdale Square near Portland City Hall for hours during an anti-KKK demonstration. But while the Klu Klux Klan never showed — and indeed had called off their rally at the last moment earlier that morning — the protesters known as Antifa stayed busy bouncing off lines of riot police and bike cops for hours.

"We basically planned this knowing that it was most likely going to be a victory party, without a lot of 'hurrah' before hand," said Effie Baum, a representative for Pop Mob, who organized the counter-protest. "We still have to show up, because the risk of not showing up is far greater."

The anti-KKK rally was galvanized after the Tribune reported that Steven Shane Howard — a former Imperial Wizard for the North Mississippi White Knights — had announced a rally outside the Multnomah County Courthouse on Saturday, Feb. 8.

Just after 8 a.m., the Vancouver, Washington-based klansman called off the rally, and was reportedly hiding out in a hotel room. Earlier in the week, Howard had requested barricades to separate his group from counter-protesters but had been rebuffed by authorities, the Tribune has learned.

Lacking the ostensible target of the counter-protest, several hundred people dressed in Antifa outfits ended up zeroing in on livestreamers, several counter counter-protesters and officers with the Portland Police Bureau.

Police said they did not use force during the incident, though medics treated three for "exposure to pepper spray deployed by community members," according to a news release.

A woman who was shoved into the street and told to "Go Home" said in an interview that she heard about the anti-KKK protest from the Unpresidented Brass Band, and was there to protest Donald Trump and the government.

"They're here to provoke a riot and I'm here to stop it," Mary Jean Dowell said of Antifa. "Unfortunately, this is an urban battle ground and I'm a retired soldier."

The city's precincts stopped responding to non-emergency calls for about an hour as officers rushed in to the relatively small area where the protest occurred.

Among those detained was Brandon Michael Farley, a videographer who often films the homeless and needle exchanges.

Officers on bicycles also chased a man who they said was spraypainting the Soldiers Memorial, an obelisk and sculpture dedicated to Oregon infantry members who served during the Spanish-American War.

The man was eventually arrested near Fourth Avenue and Southwest Taylor Street.

Earlier in the day, officers on bikes zipped forward to arrest a man who evaded them by slipping back into the crowd, leading to a stand-off, chanting and police eventually backing down.

Videographer Eli Richey said he was sprayed with paint or pepper spray near the city's Justice Center. Another livestreamer reportedly hit a woman with a car while he was attempting to leave the area near Southwest 2nd Avenue and Madison Street. Police said the woman was treated at a hospital for a non-life-threatening injury, and the driver cooperated and remained at the scene.

Several others were shouted down or pushed out of the park at the point of metal-tipped umbrellas.

Police said protesters were throwing projectiles at them, including tennis balls, oranges, rocks, concrete, food and sticks. A few flares were also lit in the street. The protest began at 10:30 a.m. and concluded by roughly 2 p.m.

"I want to acknowledge the community members who came down to peacefully assemble and exercise their freedom of speech rights," said Police Chief Jami Resch. "Unfortunately, a group

of people chose to engage in dangerous, illegal behavior. I appreciate the thoughtful, measured response by our officers and law enforcement partners."

She added: "A small group's actions negatively impacted public safety of the entire city because resources had to be diverted to this event."

Here's who police say they arrested:

- Brandon Michael Farley, 31, on a misdemeanor charge of second-degree disorderly conduct
- Heaven M. Davis, 19, on a misdemeanor charge of third-degree criminal mischief
- Willy Javoddrean Cannon, 25, on charges of misdemeanor abuse of a memorial to the dead, and felony first-degree criminal mischief

So far, only Farley has been released from the downtown jail, per records.

Reward offered for clues:

Police are also seeking to ID a suspect who escaped after allegedly vandalizing the war monument, saying a cash reward will be given in exchange for information. Police released these photos to the public to aid in the investigation:

Read our previous reporting below:

Portland Police say a Saturday rally organized by a self-proclaimed leader of the Klu Klux Klan has been called off.

But, just after 8 a.m., the Portland Police Bureau announced that Howard had apparently canceled the rally.

"The organizer for the rally in front of the Multnomah County Courthouse has communicated to PPB he has canceled the event planned for this morning and does not intend to show up," according to a bureau tweet. "PPB continues to monitor the situation."

The black-clad cadre known as Antifa is still planning to spread their message that the "KKK has NO PLACE in Portland," according to Popular Mobilization, an online group that has organized previous counter-protests.

Reportedly living in Vancouver, Washington since around 2016, Howard's most visible appearance happened the next year in 2017, when he joined other attendees at a march in support of President Donald Trump in a Lake Oswego park.

He was also the subject of a documentary, "Generation KKK" or, alternatively, "Escaping the KKK."

"We all here for the same reason: we're here for the preservation of our race and the preservation of our people," Howard said, according to a preview of the show, which never aired. "If we don't fight this battle, our children ain't gonna have a future."

The KKK's long and sordid history as a white supremacist hate group has been well documented. The Tribune's ground-breaking series, Band of Others, showed the tangled relationship between Patriot Prayer leader Joey Gibson and Howard.

The klansman's actual level of influence or number of followers is an open question, however.

Willamette Week

Disabled Photographer Sues Portland Police Officer for Allegedly Assaulting Him with a Metal Baton at 2018 Protest

By Tess Riski

February 9, 2020

Leo Hall's wife says her husband was "previously loving and supportive," but that "he has not been the same since this incident and she fears he never will."

When 60-year-old Leo Hall and his wife, Debra, drove from Lane County, Ore. to Portland on August 4, 2018, they were planning to visit their relatives on an otherwise uneventful Saturday.

That is, until the couple encountered one of the largest political protests in recent city history—a faceoff between right-wing group Patriot Prayer and a legion of antifascists. Hall, who court documents say has a "passion for urban photography," decided to stop and take some footage of the protest.

The day did not go as planned. Hall, who was holding a camera in one hand and a cane in the other, says he was unlawfully assaulted with a metal baton by a Portland police officer, according to a civil lawsuit filed in Multnomah County Circuit Court on Friday.

He and his wife are suing Officer Spenser Perry for assault, battery, and excessive force, and the Portland Police Bureau for failure to train. They are seeking \$250,000 in damages.

A spokesman for Portland Police Bureau declined to comment on the lawsuit, citing ongoing litigation.

The use of force by police on Aug. 4, 2018 has been the subject of intense criticism. A leftist protester was hospitalized after being hit in the head with a so-called "flash-bang" grenade. Police suspended the use of those devices after an internal investigation. But then-Police Chief Danielle Outlaw also took to talk radio to say leftist protesters were seeking a physical confrontation with police, and only complained because they lost the fight.

That doesn't seem to apply to Hall, who says he was a bystander.

At some point during the protest, the complaint says, Portland Police were ordered to clear out the demonstration that Hall was photographing. The police then began "firing ballistic flashbang and tear gas grenades into the crowd," the complaint says, and ordered the demonstrators to disperse.

Hall was unable to move away as quickly as the rest of the group, the complaint says. He then gave Perry a "menacing glare" and asked for his name and badge number.

Perry responded by "turning his metal baton sideways in both hands, and bashing it into Mr. Hall's chest and arms," causing him to fall to the concrete, the complaint says.

"At said time and place, Defendant Perry stepped over the elderly and disabled unconscious man he had just attacked, and carried on without any further contact," the complaint says. "At no point did any other police officer stop to check on the elderly man lying next to his cane. Ironically, only medics within the attacked demonstration, came to Mr. Hall's aid."

The lawsuit says Hall suffered serious injuries from the incident, including traumatic brain injury, concussion with loss of consciousness, and PTSD.

The lawsuit further alleges that the event put a strain on the couple's marriage.

"Mrs. Hall lost the companionship and support of her husband," the complaint says. "Though previously loving and supportive despite his preexisting conditions, he has not been the same since this incident and she fears he never will."

The Daily Journal of Commerce

Old neighborhood presents a new challenge

By Chuck Slothower

February 7, 2020

The Portland Design Commission on Thursday got its first look at plans for the new Westwind Apartments: a seven-story, 100-unit affordable housing structure in Old Town Chinatown.

The project, backed by the Portland Housing Bureau and housing operator Central City Concern, would replace a decrepit, single room occupancy (SRO) building completed in 1903 with a modern one designed by Works Progress Architecture. The existing building at 333 N.W. Sixth Ave. would be demolished.

Works Progress Architecture brought a sleek, contemporary design to Thursday's hearing. The L-shaped building would fit tightly on the quarter-block lot. The project team faces a number of site challenges, including an ongoing issue with the Portland Bureau of Transportation regarding the public right-of-way and whether an easement or a major encroachment would be required.

The building would have 70 short-term SRO units and 30 studio apartments. There would also be offices for Central City Concern and community spaces.

The exterior would have dark metal panels. The design features a prominent corner at Northwest Sixth Avenue and Flanders Street anchored by trees growing from box-shaped projections. Two loading areas would be located off of Flanders Street.

Design commissioners said the building should respond to its context: Old Town Chinatown is one of the oldest neighborhoods in Oregon, with a unique collection of low-slung brick masonry buildings that date back more than a century. That presents a different challenge for Works Progress Architecture – a firm known for cutting-edge contemporary architecture in Portland's commercial corridors.

"The thing about the buildings Works brings in – they are a meta-context," Design Commission Chairwoman Julie Livingston said. "There is a body of work that you own around the city that is part of that. I would like to see – I will see – how you ultimately land one of your buildings in such a strong context."

Design commissioners focused on the proposed materials, including exterior metal paneling.

"The metal panel for me is a tough sell because there is masonry on pretty much every building in the neighborhood," Commissioner Jessica Molinar said.

While the project team must account for neighborhood context, it also is working with a strict budget.

"Obviously there is a cost consideration when it comes to masonry, and we don't talk about money in the hearing room, but there are more affordable solutions besides brick," Livingston said.

The proposal doesn't need to mimic its historic neighbors, Commissioner Sam Rodriguez said. "Contextually, it's a very interesting problem, because this is a very old neighborhood," he said. "I don't think we need to do Disneyland, Mickey Mouse copies of what's there."

Commissioners also probed the design team on the tree-sprouting projections.

"We have a hard time keeping landscaping alive under overhangs," Brian McCarter said.

The projections should work as architectural elements with or without trees, commissioners said.

The Westwind is a key affordable housing project for the city. The Housing Bureau in November 2018 used tax-increment financing to purchase the property from a Newberg couple for \$3 million. The new building would be constructed using money from the city's \$258.4 million housing bond that was approved by voters in November 2016. Multnomah County has pledged to contribute \$4 million to the project.

The project team is expected to return before the Design Commission later this month.

The Portland Business Journal

Ransomware attacks grow, crippling cities and businesses

*By Nathaniel Popper
February 10, 2020*

New Orleans' city government crippled. A maritime cargo facility temporarily closed. Hospitals forced to turn away patients. Small businesses shuttered.

The cause in each of these incidents: ransomware attacks. In recent years, hackers have taken to locking down entire computer networks and demanding payments to let users back into their systems.

The frequency of ransomware attacks — among the scariest and most costly online assaults — has been hard to pinpoint because many victims quietly pay off their attackers without notifying authorities.

Now, an array of new data provides perhaps the best available picture of the problem. In 2019, 205,280 organizations submitted files that had been hacked in a ransomware attack — a 41% increase from the year before, according to information provided to The New York Times by Emsisoft, a security firm that helps companies hit by ransomware.

The average payment to release files spiked to \$84,116 in the last quarter of 2019, more than double what it was the previous quarter, according to data from Coveware, another security firm. In the last month of 2019, that jumped to \$190,946, with several organizations facing ransom demands in the millions of dollars.

Security experts say that even these numbers underestimate the true cost of ransomware attacks, which have disrupted factories and basic infrastructure and forced businesses to shut down.

"Anything of value that is smart and connected can be compromised and held for ransom," said Steve Grobman, chief technology officer at McAfee. "If critical infrastructure systems are held for ransom, what is our policy going to be for dealing with those?"

The data from the security companies and the number of recent ransomware incidents show a dramatic escalation for a type of attack that, just a few years ago, was mostly directed at individuals, who had to pay only a few hundred dollars to get their files back.

The Coast Guard said in December that ransomware had forced a cargo transfer facility to shut for more than 30 hours after attackers took control of “the industrial control systems that monitor and control cargo transfer and encrypted files critical to process operations.” The Coast Guard did not reveal the location of the facility.

The city of New Orleans, one of dozens of cities hit by ransomware over the last year, was attacked with similar ransomware late last year and is still conducting many operations on paper, with police officers recording incidents manually.

Cities appeared to be high on the target list because they are among the only victims who have to report the attacks. In reality, public sector organizations represented only around 10% of all victims last year, Coveware said.

Barclays and several other banks are still unable to make foreign currency conversions for customers more than a month after Travelex, the company that provides them with cash, was targeted by ransomware known as Sodinokibi, or REvil. The BBC reported that the hackers demanded \$6 million.

Ransomware attacks have also caused a number of small and medium businesses to shut altogether, like Colorado Timberline, a printing company with a few hundred employees near Denver, and Brookside ENT and Hearing Services in Battle Creek, Michigan, a 10-person medical office.

“I was suddenly retired and I didn’t want to be,” said Dr. William Scalf, one of two doctors at Brookside, which closed in April after failing to recover its medical files from hackers who demanded \$6,500.

U.S. authorities have not released statistics on the broad changes in ransomware attacks, but the FBI noted in its latest warning that the attacks were becoming “more targeted, sophisticated, and costly.”

The agency said an online portal for reporting incidents received 1,493 reports in 2018. But officials think that number was likely “artificially low” because it did not include reports from field offices or agents or any number of other sources.

“What we find most concerning is that it causes not just direct costs, but also indirect costs of lost operations,” said Herbert Stapleton, cybersection chief at the FBI. “We certainly view it as one of the most serious cybercriminal problems we face right now.”

Europol, the European Union’s law enforcement agency, has gone further, calling ransomware the “most widespread and financially damaging form of cyberattack.”

“We have had success stories, but to be honest, it is becoming more and more complicated,” said Fernando Ruiz, acting head of Europol’s European Cybercrime Center. “This is a garden for them, and we need to change that.”

Government authorities and security experts say the problem will get worse before it gets any better. In the last month, two security firms have identified a new form of ransomware, known as Snake or Ekans, that appears to be focused on freezing the software responsible for industrial processes at big oil and petroleum companies.

The assailants carrying out ransomware attacks have proved hard to identify because the technology they use, like bitcoin and anonymous messaging platforms, allows them to communicate and transact with victims without being easily tracked.

Many of the criminals operate from countries outside the reach of U.S. law. The Justice Department has indicted hackers in Iran, North Korea and Russia, but none appear to face any threat of extradition.

U.S. authorities have suggested that several of these attackers have operated with the protection of their governments, and have helped their governments by passing along hacked files.

Security experts said ransomware has evolved into an industry, with hundreds of gangs vying for the most lucrative victims. Some hackers have specialized in “ransomware as a service,” writing the victim-facing software and selling it to others through the so-called dark web. They have even built out customer-service centers to deal with victims and their payments.

In recent attacks, the hackers often spent months quietly scouting out the innards of the computer networks of potential victims to ensure they have every important file tied up.

They are often eager to prove to victims that they will return the files when they are paid, to ensure a prompt transaction. When victims don’t pay, some gangs have begun publicly releasing private files to ratchet up the pressure — as was the case with Southwire, one of the world’s largest electrical wire and cable manufacturers that operates out of Georgia.

Southwire filed a lawsuit against its attackers, unknown hackers, asking for the site where the company’s files had been published to be taken down. But the hackers soon moved their operations to a new site and released even more files.

Some businesses and city governments are taking out insurance to be ready for ransomware demands. Bryan Sartin, head of global security services at Verizon, said he encourages clients to create a slush fund with bitcoin.

“Almost everyone says we will never pay the ransomware, but when push comes to shove, probably two out of three will,” Sartin said.

Law enforcement officials have warned against giving attackers more confidence that they will get paid. But the attacks have become widespread enough — and the ransom payments frequent enough — that cybersecurity insurance rates are rising.

Ransom costs aside, the worst outcomes can come when dealing with gangs that wipe the files they locked down.

The medical practice that Dr. Shayla Kasel had built over 20 years in Simi Valley, California, was hit last August by ransomware. After her malpractice insurance connected her with a ransom negotiator and a forensic expert, she was told that even if she paid \$50,000 for each of the digital keys that could unlock her different servers, there was only a 15% chance she would get her files back.

Kasel said she limped along for a few weeks, seeing the patients who happened to come through her door and recording everything on paper. But she ultimately decided it wasn’t worth trying to rebuild her files and business from scratch and risk facing lawsuits and fines. She shuttered her practice in December after incurring around \$55,000 in expenses.

“The hardest part after 20 years was to suddenly tell patients ‘Yep, I’m quitting,’” Kasel said. “It was an agonizing decision.”