

## The Oregonian

### Portland police chief argues against cuts to command staff

*By Maxine Bernstein*

Portland Police Chief Mike Reese plans to challenge any proposed cuts to police command staff, as recommended in a recent study by two city commissioners.

The study, by Commissioners Steve Novick and Nick Fish, recommended that the Police Bureau eliminate 23 command management positions to reach a span of control of one supervisor for every four employees.

The study, done in partnership with the city's Bureau of Human Resources and City Budget Office, indicated there were 33 police command staff members who each supervise three employees or less.

"These findings show that there is redundancy at the lieutenant and captain levels," the study said.

Reese responded that the study "mischaracterizes" the work that some bureau supervisory positions are responsible for and cited the bureau's operations branch executive officer, professional standards lieutenant and the force inspector as jobs that require a commander's experience and "executive-level oversight."

"The study's proposed reductions in supervisory positions will severely impact accountability and oversight of Bureau operations," Reese wrote in a Feb. 28 memo to Fish and Novick.

The chief also said the study's proposed elimination of supervisory positions runs "directly counter to" recommendations by the U.S. Department of Justice, which called for increased oversight of street officers.

Mayor Charlie Hales on Thursday released the chief's memo, thanking Fish and Novick for their work and thanking the police chief and his staff for their response.

"Obviously, more debate is called for in regards to the Portland Police Bureau and other bureaus as well," wrote Dana Haynes, Hales' spokesman. "The Mayor thanks Chief Reese and his command staff for responding to the technical specifics of the study, and for efforts to explain supervisory roles that pertain to the Department of Justice settlement, accountability, fiscal management and public safety."

### Portland City Club calls for stronger oversight of utilities but says proposed water district too risky

*By Brad Schmidt*

The Portland City Council has all but lost the trust of ratepayers, according to a new study by the City Club of Portland, but that doesn't mean voters should approve a May ballot measure that would strip away City Council oversight of the water and sewer bureaus.

The City Club report warned that an upcoming ballot measure to create a new Portland Public Water District causes too much uncertainty, could be challenged legally and provides no guarantee that utility bills would actually drop.

That doesn't mean the status quo is working, according to the report. Far from it.

The civic organization's report instead recommends creating a new, semi-autonomous board of experts appointed by the city that would govern utilities, hire bureau administrators and recommend rates, which would be approved by the City Council.

Friday's report is just the latest to blast utility spending – from the Portland Rose Festival Foundation headquarters to the Water House to Portland Loos – as decisions that have eroded ratepayers' confidence, requiring a new check on power.

"Perception is everything," said Lori Irish Bauman, an attorney in Portland who authored the study. "It's important, I think, to have confidence in the rate-making process."

Portland Mayor Charlie Hales said he's pleased the City Club's report opposes the May ballot measure. Hales said he plans to ask the City Club to present its report to the City Council in April, although he was non-committal about heeding specific recommendations.

"I'm certainly interested in that discussion," Hales said.

Kent Craford, one of the petitioners behind the May ballot effort, said he's not surprised the City Club report panned the measure. He returned the criticism.

"It's a proposal that only a committee of City Hall insiders could love," Craford said of the club's report. "These people are so out of touch."

Under the City Club's proposal, the city of Portland would create a Water and Sewer Authority. The Authority would consist of an odd number of board members appointed by the city commissioner who currently oversees the Portland Water Bureau and the Bureau of Environmental Services.

The City Council would continue to set policy for the bureaus but administrative functions would be handled by the Authority. The Authority would recommend annual billing increases that would either be approved or rejected by the City Council, eliminating the ability to meddle with line items.

Portland Commissioner Nick Fish, who oversees the city's water and environmental services bureaus, was out of the office Thursday and unavailable for comment.

Craford's proposal, meanwhile, calls for creating a new utility district with an elected board of directors, completely stripping away City Council oversight.

The City Club report notes a variety of concerns with the ballot measure, ranging from sweeping exclusions on who could serve as a board member to questions about how east Portland voters would be represented.

Craford asserted back in October that the measure wouldn't get a fair shake and his group subsequently refused to be among the 31 people interviewed by the City Club study committee. Craford is involved in a separate lawsuit accusing the city of improper utility spending; a judge is expected to make a ruling any day.

The City Club proposal could end up being even worse than the existing system, Craford argued, because board members would be appointed by a city commissioner and therefore insulated from ratepayers at the ballot box.

The City Club report will now be forwarded to the organization's entire board, which must vote to accept it.

The club has said that Sam Adams, who served as mayor during much of the questionable utility spending and is now the organization's executive director, has no part in any study process.

Members met nearly every week to ensure the report's timely release, two months before the May 20 election.

## The Portland Tribune

### City Club report against water district, for more oversight

*By Jim Redden*

A study committee of the Portland City Club is recommending a "no" vote on the proposed Portland Public Water District measure on the May 20 Primary Election ballot.

But the committee is also calling for changes in the way the city's water and sewer systems are managed, including the creation of a Portland Water and Sewer Authority that would remain part of City government, but would provide independent management and oversight of the Portland Water Bureau (PWB) and the Bureau of Environmental Services (BES), which manages the city's sewers and stormwater management programs.

"While changes are needed in oversight and management of these bureaus, this ballot measure is not the solution," the committee said about Measure 26-156 in its report. "More modest steps can improve the process of setting (bureau) budgets and rates and enhance the effectiveness and efficiencies of the bureaus."

The measure would amend the City Charter to create an independently-elected commission to manage the water and sewer bureaus. Their assets would still belong to the city.

The committee gave numerous reasons for voting against the measure. Among other things, the committee found the measure is poorly structured, likely to face legal challenges, and unlikely to save money.

"Your committee sees nothing in the measure that will guarantee (lower rates.) Rates will continue to be subject to upward pressure, regardless of the utilities' governance," the report says.

Report says new governance needed

At the same time, the committee also found problems with the current management of the bureau that have contributed to public resistance to increasing water and sewer rates. It termed spending ratepayer money on such controversial projects as the Water House and new Rose Festival "unacceptable."

"The City's budget-setting process bears much of the blame for the diversion of funds," the report said. "Often, short-term political expedience substitutes for long-term planning, and the temptation to tap ratepayer dollars for projects unrelated to utility services can be too much to resist."

In response, committee is recommending the creation of a water and sewer authority that would remain part of city government, but would provide independent management and oversight of the two bureaus. A single commissioner selected by the mayor would appoint members of the authority, who should have experience in utility finance, engineering and fields relevant to utility management.

According to the recommendation, the authority would propose budgets for the bureaus to the council and set utility rates. It would also appoint an administrator for each utility who would oversee and manage the bureaus. While the council would continue to set policy for the utilities and approve their overall budgets, it would not engage in any administrative functions related to the utilities.

The goal of establishing the authority is to "promote independent, accountable, sustainable and effective management and oversight," the report says. "The Authority will better insulate the utilities from political and special interest pressure and help ensure accountability for long-term planning and efficient management."

The report found that Portland water and sewer rates have been increasing faster than inflation, but the committee could not reach any firm conclusions about whether they were out of line with other municipalities.

"PWB's rates have increased steadily over the past 10 years," the report says. "PWB's typical residential monthly bill was \$15.91 in 2003-2004, compared to \$27.61 in 2013-2014. This represents an increase of approximately 73 percent in 10 years. As a comparison, the consumer price increase for that period was approximately 24.7 percent.

"BES's residential rates have increased approximately 79 percent since 2003-2004. BES's average monthly bill in 2003-2004 was \$35.05 compared to \$62.74 in 2013-2014. Projected future rates show similar increases."

Town Hall set, campaigns underway

A public town hall of the report will be held from 5:30 p.m. to 7 p.m. on Wednesday, March 12, at the Green Dragon, 928 SE 9th Ave., Portland. The full City Club will vote on the report before the annual State of City Speech by mayor Charlie Hales at noon on Friday, March 12, at the Governor Hotel, 614 S.W. 11th Ave., Portland.

The measure was put on the ballot by a petition drive primarily supported by large water users upset by increasing water and sewer rates. Portlanders for Water Reform reports raising over \$172,000. major contributions include \$50,000 from the Portland Bottling Company, \$25,000 from American Property Management, \$5,000 from Hilton Worldwide, and \$5,000 from the Siltronic Corporation.

A new campaign committee to support the measure, the Portlanders for Water Reform Committee, was just formed and has not yet reported any contributions.

The measure is opposed by the Stop the Bull Run Takeover PAC. It reports raising just over \$23,000 so far. Major contributions include \$10,000 from AFSCME Local 189, \$10,000 from the Audubon Society of Portland, \$2,000 from Depave. and \$200 from Urban Greenspaces Institute.

Committee interviewed 31 witnesses

The draft research report and recommendations are titled "Rising Rates and Customer Concerns: Assessing Governance of Portland's Water and Sewer Utilities." It will become the official position of the City Club of Portland if a majority of its members vote to approve it by March 19.

The committee interviewed 31 witnesses, including supporters and critics of the City's water and sewer bureaus. The committee also studied the governance, of water, sewer and wastewater utilities in other municipalities.

The committee was chaired by Christopher Liddle, Manager, Regulatory Affairs for Portland General Electric. Lori Irish Bauman, attorney with Ater Wynne LLP, wrote the report. Brodi Ayers, Leonard Bergstein, David Cook, Michael Dougherty, Pete Farrelly, Don Francis, Michael Greenfield, Catherine Howells, Jim Jackson, Charlie Makinney, Peg Malloy, Chris Stadler, Ted Wall and Larry Wolf were also committee members. Elizabeth Friedenwald, Mark Knudsen, Pat McCormick, Patty Farrell and Greg Wallinger advised the committee.

## **Willamette Week**

### **City Hall Study Says Portland Utilities Crowded with Managers**

*By Aaron Mesh*

Portland commissioners have released a study showing which city bureaus have the lowest ratio of employees to managers—and two of the three worst offenders are the water and sewer utilities that could be removed from City Hall in a May vote.

The study, conducted by City Commissioners Nick Fish and Steve Novick, examines how many bureaus have managers who oversee three or fewer employees.

The recommendations in the "span of control" study were released Wednesday. Most media attention has centered on the Portland Police Bureau—Novick and Hales suggested 22 command positions couldn't be justified, and the cop brass pushed back Thursday.

But a closer look at the data in the report shows that while police have 33 supervisors who oversee three or fewer employees, the Water Bureau also has 33, and the Bureau of Environmental Services has 29. No other city bureau has more than 14.

Fish tells WW the glut of supervisors in utilities is a result of the water and sewer bureaus trying to keep their most talented engineers by offering them higher-paying jobs that automatically come with a managerial title.

He says the report shows that tactic needs to change.

"It's as simple as, by designating somebody a supervisor you could pay them more, Fish says. "It may be a laudable goal to attract and retain the best talent. But it's probably a misuse of the supervisory designation."

While the study suggests eliminating 23 police command jobs, it suggests that most management overload in other bureaus could be resolved by reclassification and changes in pay structure. Fish and Novick have recommended another study to find those changes.

These results arrive as Fish and Mayor Charlie Hales are fighting a May ballot initiative that would strip control of the water and sewer bureaus from City Council.

City Hall's cause got a mild boost this morning with the release of a report by Portland City Club recommending against the creation of a Public Water District—a ballot initiative backed by businesses paying high water bills. (The City Club report can be found [here](#).)

But the managerial numbers in the city's own study aren't likely to help.

"Your questions about the utilities I think prove that we were open and transparent," Fish says. "We ought to have clear rules that apply to every bureau."

## **The Mercury**

### **Police Chief: Cutting Command Positions Would Hurt Reforms**

*By Denis C. Theriault*

Police Chief Mike Reese has been pushing back hard against a controversial city council staffing study that suggested, as a worst-case scenario, cutting 23 police command positions as a way to save the city \$2.5 million.

The study, overseen by Commissioners Steve Novick and Nick Fish, looked at supervisor and employee ratios in the city's workforce, a statistic also known (wonkily) as the city's "span of control"—but focused heavily on the Portland Police Bureau. It was first published yesterday, by the Mercury, though it's been a touchy subject in city hall and in the Portland Police Bureau for several weeks.

Reese, in a memo (pdf) sent to Novick and Fish last Friday, said he wanted to wait for a separate, independent, and police-focused staffing study before making any changes. That study, he wrote, is close to starting—with a contractor about to be hired. The chief didn't pull punches when warning what would happen if the city council moved forward on the current report before then. He says it would imperil federally mandated reforms currently sitting in front of a federal judge.

Several Bureau sworn command positions require command officers due to the experience, scope and complexity of the positions, and the need to provide executive-level oversight and accountability. Examples of such positions include (but are not limited to): the Operations Branch Executive Officer, the Professional Standards Lieutenant and the Force Inspector. The nature of this work is critical in our law enforcement agency. The study's proposed reductions in supervisory positions will severely impact accountability and oversight of Bureau operations.

The elimination or demotion of supervisory positions in the City's span of control study is also directly counter to several of the recommendations in the settlement agreement between the City and the DOJ. A key focus area of the DOJ agreement is increased oversight and accountability.

Reese's memo was released today by Mayor Charlie Hales' office, following reports on the staffing study by the Mercury and then the Portland Tribune. Reese appears to have some backing from the mayor, who oversees the police bureau as police commissioner. A statement released by Hales' spokesman, Dana Haynes, thanked Fish and Novick for the report. But it also thanked Reese for providing such a detailed response. And, most importantly, it included the following line:

Obviously, more debate is called for in regards to the Portland Police Bureau and other bureaus as well.

The council report included a request for position-specific reorganization plans from the police bureau by April 1—after making a point of saying the bureau hadn't seemed interested in talking about staff reductions. Yesterday, a police spokesman, Sergeant Pete Simpson, said providing that information was the plan. That seems to be less clear right now.

Reese, in his memo, spends some time detailing recent ups and downs in the bureau. Cutbacks in 2009-10 brought the bureau from five precincts and four "executive" branches down to three and three, respectively. He also lays out—never mind that crime continues to hover at historic low levels, a point he likes to make in front of community groups—that staffing has dipped from 1,251 in 1994, to our current level of 1,171 positions. Over this same time frame, the population of Portland has grown from 495,000 in 1994 to 592,000 today."

His suggestion, before making cuts to command positions, is to wait a year. He expects the bureau's staffing study, part of its marching orders during last year's budget haggling, to be finished in December.

"In light of the public safety challenges our community faces, the significant changes already undertaken by the Bureau, and the settlement agreement between the City and the Department of Justice, we recommend using the planned organizational study as a guide for any changes to our supervisory to employee staffing ratios.

## **City Club Committee Says Vote 'No' on a New Water District in May. But Change is Needed**

*By Dirk Vanderhart*

The question of whether the city's water, sewer and stormwater utilities are mistreated is endlessly complex—far more nuanced than the talking points you're likely to hear as a vote on the management of the utilities draws closer.

Those will include the city's bad decision to build a Water House with utility money, and the fact that rates have shot up — 73 percent for water bills, 79 percent for wastewater—in the last decade. Not that those things shouldn't be considered. It's just they're not the only things.

Which is a long way of saying: If you've got a little time to burn and an urge to better understand the issues surrounding this debate, you could do worse than to read the report just released by a City Club of Portland committee.

Over the course of six months, the 16-person committee says it reviewed "volumes" of material and interviewed 31 sources. And after all that—beyond forming a cogent, helpful summary of where Portland's public utilities stand—it came up with some firm conclusions.

Among them:

- The proposed Portland Public Water District up for a vote this May isn't the answer.

The measure would create a new seven-member board to assume control of the Portland Water Bureau and Bureau of Environmental Services. That board would remove cronyism from the rate-setting process, advocates claim, and ease the strain on consumers. But the City Club committee says that's probably not the case.

"While the proponents appear to believe that a new governing entity independent of the City will be able to lower rates, your committee sees nothing in the measure that will guarantee that," the report reads. "Rates will continue to be subject to upward pressure regardless of the utilities' governance structure"

That's because the big jumps in rates have been primarily dictated by unfunded federal mandates like the Big Pipe project that keeps sewage out of the Willamette River and Columbia Slough. Exasperating expenditures like the Water House play a role, too, but it's vastly smaller, the committee says.

Certainly the cost of projects such as the Water House has had an effect on customers' bills. And your committee questions whether the full scope of the misuse of funds has come to light. But the non-mission-critical expenses identified in the past few years are small in comparison to the price tag of massive projects such as the Big Pipe and LT2 (the so-called Long Term 2 requirements forcing the city to cover its open drinking water reservoirs) compliance. The Big Pipe project by itself cost more than \$1 billion, and the cost of building covered reservoirs will run into the hundreds of millions of dollars. These are among the major drivers of rate increases.

A Multnomah County judge is expected to rule in the near future whether certain projects partly funded with ratepayer money were inappropriate. A 2011 civil suit against the city has asked that money be paid back.

- And Portland's sewer and water systems are old. Like the city's streetscape, we're probably not replacing the pipes below it at a fast enough clip. But those projects cost money, which necessitates debts that we—the ratepayers—have to pay off over time. And so the rates have risen, and they're anticipated to continue to rise.

- Importantly, though, the committee also found Portland's rates aren't as wildly divergent as some would suggest. The report notes "a recent independent survey of combined water and wastewater rates for both residential and commercial customers shows that Portland's rates are generally comparable to those in other large cities on the West Coast." (Edit, 10 am, Friday: It should be noted this survey actually found Portland's combined sewer and water bills were well above the national average for big cities. This, again, is largely due to the city's sewer/stormwater rates, which shot up because of the Big Pipe.)

- But the committee, like the Portland Business Alliance recently, says the status quo is due for a change. Portland's water and sewer rates have theoretically no upper limit—unlike the property taxes that help fill city coffers in fat times and leave us scrounging in the lean—and so are prone to potential abuse as city leaders look for money, the report says.

So the committee recommended the city establish a "Portland Water and Sewer Authority," a body of experts that's answerable to council, but which has final say on how the water and sewer bureaus spend their budgets. City Council would still have power to approve or reject utilities' budgets, and a city commissioner would be charged with appointing members of the new authority. But individual line items would be up to the group, not council.

"City Council members may advocate for particular projects during the budget setting process and before the Authority submits a budget for approval," the report says. "The Authority will be responsible for determining whether each such proposed project meets the stated criteria for delivery of utility services."

It's a different solution than that offered by the PBA, which suggested the formation of a "municipal corporation" in which all five city council members have equal control of the utilities.

The report was released to reporters on Thursday, with the understanding nothing would be published until Friday (a pretty standard ask from the City Club when it releases these things). But the Portland Tribune mistakenly published a story about the findings online briefly on Thursday. It was the only account of the report Kent Craford, a chief proponent of the new water district on the May ballot, had seen (his group, Portlanders for Water Reform, refused to be interviewed by the City Club committee).

Craford didn't want to talk about the report without reading it himself, but did critique the new "water and sewer authority" it proposed. To understand his comments, you need to know the committee was chaired by Chris Liddle, a manager at Portland General Electric, and that former Mayor Sam Adams is now the City Club's executive director (though the group makes a point of noting he does not influence its research).

"You've got a committee of city contractors, chaired by a monopoly utility executive, staffed by a former mayor, recommending a committee of City Hall appointees oversee our water and sewer bureaus," says Craford. "That to me is not a recipe for reform. I appreciate that they're acknowledging the problems, but establishing a PDC (Portland Development Commission) for water and sewer—that doesn't address the issues."

You can find a list of all the committee's conclusions after the jump.

- Portland's recent rate increases are apparently commensurate with those experienced in other cities.
- Pressure for significant rate increases will continue in Portland and elsewhere, due to aging infrastructure, the costs of compliance with clean water laws and other statutes and regulations, and declining water use.
- Portland will face additional upward pressure on water rates as suburban municipalities terminate their wholesale contracts with PWB (Portland Water Bureau).
- Limits on increasing property taxes create pressure to use ratepayer funds for purposes other than providing water and sewer services.
- Portland's charter prohibits using ratepayer funds for purposes other than water and sewer services.
- Portland ratepayer funds have been spent for projects unrelated to water and sewer services.
- Those projects have not been the major driver of recent rate increases.
- There are no criteria in place to draw clear distinctions between expenditures that are for the delivery of utility services and those that are not.
- The current budgeting and ratemaking systems do not provide adequate and efficient checks against use of ratepayer funds for non-mission-critical purposes.
- The current budgeting and ratemaking systems are at times influenced by the priorities of the commissioner(s) in charge. Those priorities are often addressed by last-minute budget amendments whose timing precludes citizen input and oversight.
- Members of PURB (Portland Utility Review Board), and the BES (Bureau of Environmental Services) and PWB BACs (Budget Advisory Committees) often lack expertise in rate setting, utility finance, engineering and other disciplines that would equip them to play an effective role in budgeting and rate setting.
- Thanks to its expertise as a utility watchdog, CUB (Citizens' Utility Board of Oregon) will add a valuable perspective to the bureaus' planning, budgeting and ratemaking. CUB will help educate the public on issues related to water and sewer services, but CUB will not change the institutional defects identified in this report.



- Green infrastructure is widely recognized as a proper means to reduce the burden on the gray infrastructure wastewater system, and can be a means of reducing overall costs to ratepayers.
- PWB's rate structure uses a single base charge and commodity charge for all classes of customers. This practice is inconsistent with AWWA (American Water Works Association) recommendations.
- BES does not use a base charge as part of its rates structure. This practice is inconsistent with industry standards.
- PWB and BES do not currently employ public least cost, least risk planning processes for long-term capital projects.

## **The Portland Business Journal**

### **City Club says 'no' to water utility district, 'yes' to oversight**

*By Wendy Culverwell*

The City Club of Portland says voters should reject a May 20 ballot measure that would remove water and sewer operations from the city of Portland. But the civic club isn't happy with the status quo — in a new report today, it recommends significant changes to how the city operates the utilities.

Portland water and sewer rates, among the highest in the nation, have emerged as an issue not just for homeowners but for businesses and property owners who wrestle with double-digit increases in utility costs.

Appraiser Mark Barry estimates water and sewer fees service costs \$80 to \$100 per month per apartment unit.

“Utility expenses have superseded property taxes as the biggest operating expense at most apartments,” he said in a new report on the multifamily market this week.

In its new report, the City Club, which is helmed by ex-Portland Mayor Sam Adams, calls for a quasi-independent review board to oversee the Water Bureau and the Bureau of Environmental Services.

Pointedly, it recommends Portland voters say “no” to a May 20 ballot measure calling for a separate Portland Public Water District.

Instead, the civic group recommends creating a “semi-autonomous” Portland Water and Sewer Authority. The authority would operate under the auspices of the city but “would provide independent management and oversight” of the city-owned utilities.

A single commissioner selected by the mayor would appoint members of the authority.