

## The Oregonian

### Portland street fee: City presents business group with potential sunset clause, referral option

*By Andrew Theen*

*August 26, 2014*

Portland transportation officials continue to reveal new alternatives in the quest for a funding mechanism to pay for street maintenance and safety work.

All funding options are still on the table as work groups meet to consider ways to tweak or improve on the monthly street fee for residents and businesses proposed by Mayor Charlie Hales and Commissioner Steve Novick in late May.

On Monday, the city revealed a new wrinkle: a six-year street maintenance and safety program that would include a sunset clause to ensure the new tax or fee doesn't continue in perpetuity. The program would also address another criticism levied at Novick and Hales, presenting the possibility after three years to refer the street funding program to voters for an up or down vote.

The proposal, outlined in a memo sent by Chief Administrative Officer Fred Miller on Aug. 21, calls for specific project lists for two three-year periods. Those projects have yet to be finalized or presented publicly.

According to Miller's memo, the City Council would appoint a citizen oversight committee to meet three years after Portland started collecting money from the yet-to-be approved revenue source.

At the three-year mark, the committee would decide whether to continue the program for another three years, refer the street funding plan to voters for another three-year approval, or defer the issue to City Council which can decide to let the fee "sunset." After six years, the committee could kick-start the process again.

The city's proposal didn't gain much traction Monday from the 20-person business working group tasked with advising the city on how to improve the business portion of the street fee plan.

"It doesn't feel like a sunset to me," Heather Hoell, executive director of Venture Portland said.

One representative described the program as "toothless" because the Citizen Oversight Committee would be appointed by the City Council and could only recommend the council terminate the new funding program.

"It's a little fox in the hen house deal," Greg Goodman, co-president of Downtown Development Group, said of the arrangement.

As with any option discussed during the last month of work group meeting, transportation officials said nothing is finalized.

But Portland Bureau of Transportation officials hinted at a couple additional possibilities: that any fee could be collected on an annual basis rather than each month, and nonprofits could see a 50 percent discount, depending on their size.

In early June, Hales and Novick pulled the monthly street fee proposal on the eve of a City Council vote. They've planned to return to City Council in November with another proposal.

Transportation officials continue to offer various revenue expectations

On Monday, the city presented options calling for either \$20 million or \$13 million in annual gross revenue from business owners.

Miller said he didn't think the \$13 million business option was enough money.

PBOT has said for months they planned to scale up the revenue to raise as much as \$53 million per year in the third year of the new fee, split evening among residents and businesses owners.

Earlier this month, city officials pledged to find more money within its own budget, by transferring the estimated \$4.5 million in Portland Streetcar operations to the general fund and dedicating more utility license fees to road maintenance.

On Tuesday, another PBOT committee, the transportation needs and funding committee, will meet to discuss the latest developments.

Miller said the needs and funding committee will be the ultimate messenger to city council, offering a recommendation of how to proceed.

That didn't sit well with Goodman and several other business work group members, who said they want to know what the residential portion of a fee will look like and how much that will cost business owners. "You're asking us to agree on something, but then say, 'Oh, but don't pay attention to what's happening on the other side of the curtain,'" Goodman said.

The needs and funding committee meets at 3:30 p.m. Tuesday in the Portland Building.

## **Portland could settle lawsuit with Jack Graham, chief administrative officer fired by Mayor Charlie Hales, for \$40,000**

*By Andrew Theen  
August 22, 2014*

Jack Graham, the former chief administrative officer of the city of Portland fired by Mayor Charlie Hales, could settle his lawsuit against the city.

The City Council will vote Wednesday to approve a \$40,000 deal.

If approved, the agreement would end the dispute with Graham, fired by Hales last November after financial management questions and personnel issues in Office of Management & Finance.

In April, during a rare name-clearing hearing at City Hall, Graham and his attorneys told Hales he planned to sue the city for racial discrimination, defamation and a lack of due process related to his firing.

In the tort claim, Graham accused City Commissioners Nick Fish, Amanda Fritz and Steve Novick of making misleading public statements about his job performance. The document alleged Graham faced racial discrimination almost immediately after he took the position in July 2011.

The settlement would be another step toward closing the book on a situation that began in 2012 with a questionable transfer of water and sewer funds authorized by Graham despite the warnings of city staff.

In April, Graham's attorney informed city officials the former top financial officer expected "substantial economic damages" as a result of the pending lawsuit.

Portland's risk management investigation didn't substantiate Graham's allegations against the city included in the 11 page tort claim, city documents said, but elected to settle the lawsuit to avoid a potentially larger jury award.

"Given the history of events leading up to Mr. Graham's termination and the disruption to city business that would be entailed in defending such a lawsuit," documents read, "settling the claim early and avoiding the expense of litigation is a reasonable and prudent course of action."

The city's Insurance and Claims Fund would foot the \$40,000 cost.

Hales eventually brought in Fred Miller, a former state executive and longtime Portland General Electric leader, to replace Graham.

Dana Sullivan, Graham's attorney, declined to comment on the settlement, saying she'd wait until after the City Council's scheduled vote on Wednesday.

## Affordable housing planned for inner SE Portland park in nonprofit's attempt to combat gentrification

*By Melissa Binder  
August 22, 2014*

A private park in inner Southeast Portland that serves as a daytime haven for the homeless appears destined for development.

Catholic Charities is purchasing the property adjacent to St. Francis of Assisi Catholic Church for roughly \$2 million, said Trell Anderson, the organization's director of housing and community development. The church owns and manages the property, known as St. Francis Park.

The Buckman neighborhood park is bordered by Southeast 11th and 12th avenues and Southeast Stark and Oak streets.

The sale is expected to be finalized in the next 30 days. Anderson said it's been an "ongoing conversation" for about three years.

The non-profit has submitted a development proposal and application for monetary assistance to the city's housing bureau. Catholic Charities hopes to build 102 affordable studios and one-bedroom apartments.

Most units would be "workforce housing," which is an increasingly popular term meaning the units are affordable for families earning 60 percent of the median income. Ten units would be set aside for those earning only 30 percent of the median income.

"That neighborhood is gentrifying rapidly," Anderson said. "Our intent here is to provide the affordable option for people working in the neighborhood."

Catholic Charities plans to reserve 25 units for women transitioning out of homelessness or abusive homes through the organization's assistance programs. (Those reserved units include the 10 priced for people earning 30 percent of the median income.)

Anderson said he expects to hear back from the city early next month. If the charity is awarded funding, Anderson hopes to break ground in the next year.

The park will remain open until construction begins.

The proposed J-shaped building is four stories high along Southeast 12th Avenue, and three stories along Southeast Stark Street and part of 11th avenue.

Anderson said the non-profit hopes to "activate" Oak Street, which is a pedestrian right-of-way through the block, by designing welcoming gardens in the courtyard. Creating a hospitable environment is one of the charity's guiding principles for the project.

St. Francis Park has been a popular site for respite among the homeless population for several years. Taking that space away is "hard," Anderson said.

"It absolutely provides some peace and some sanctuary for people who are really struggling," he said. "We hope that is mitigated in some way by dedicating 25% of the units to homeless women."

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## **The Portland Tribune**

### **Mark Edlen to join PDC board**

*By Steve Law  
August 21, 2014*

Mayor Charlie Hales has tapped Portland developer Mark Edlen to join the Portland Development Commission board.

Edlen, the chief executive of Portland's Gerding Edlen Development, would replace Scott Andrews, a senior executive with the Melvin Mark companies whose term expired in early July.

"Mark is one of the smartest, most innovative individuals working in the real estate development industry," Hales said.

Since Gerding Edlen's founding in 1996, it has developed about \$5 billion worth of real estate, including the Brewery Blocks at the former Blitz Weinhard brewery. Before that, Edlen was a top commercial real estate broker for Cushman & Wakefield in Portland.

"His work has played a significant role in establishing Portland as the epicenter of green development in the U.S.," said Tom Kelly, who recently replaced Andrews as PDC board chairman.

## **The Mercury**

### **Milepost 5-Years-Later**

#### **Sam Adams' Vaunted Affordable Arts Community May Finally Get Legit**

*By Dirk VanderHart  
August 20, 2014*

IT WAS in April 2011 that then-Mayor Sam Adams used a pair of regular-size scissors to cut the ribbon on a big idea. In a city already wringing its hands over rising rents and a lack of affordable housing, the new Milepost 5 artists' community the mayor inaugurated that day was potentially a huge step forward.

The development—a converted Baptist nursing home on NE 81st—was Adams' brainchild, he said. One building of the two-structure complex, called "The Studios," offers dozens of cheap apartments to Portland artistic types who don't mind sharing a kitchen and bathrooms (rents start around \$300). The other, known as "The Lofts," has provided relatively inexpensive condo living since 2008. Milepost 5 has ground-floor art studios, a theater, a community garden, and more.

Problem is: Much of this artist's paradise has never quite been legal by the city's lights.

Even as Adams snipped and glad-handed that spring day—explaining how the idea for the development had struck him as he drove up NE 82nd—the Milepost 5 "Studios" building had been out of compliance with building codes for more than 18 months, city records show. It's still out of compliance nearly five years later, though that might be changing after city code enforcers found a heap of permitting problems at the development in June.

"We were unaware that we were in violation," says Brad Malsin, cofounder of Beam Development, which created Milepost 5 in partnership with the Portland Affordable Housing Preservation Trust. "Some of this stuff does slip through the cracks."

Back in 2007, the city's Bureau of Development Services (BDS) agreed to allow Beam two years to develop and use the "Studios" building for residential living. But because the building wasn't coded residential, BDS said, Beam would need to secure the proper permissions to come into permanent compliance by the time that window closed. Instead, the city says, Beam just let it lapse.

It's been operating at odds with city regulations since October 12, 2009.

It wasn't just the use permit. City records show six additional permits since 2009—dealing with issues like signs, kitchen remodels, fire alarms—never received final inspection approval. And Beam installed a theater in the old nursing home several years ago "without the required permits, inspection, and approvals," according to a June 20 violation notice.

It's symptomatic of what some people familiar with Milepost 5 say has been a disinterest on the part of managers in a project unlikely to yield high profits. Beam's Malsin, meanwhile, says the permitting confusion is an unfortunate side effect of running an experimental community. And Malsin doubted, recently, that the development was as far behind in paperwork as the city says, suggesting BDS might have lost certain forms.

"Listen, I'm a fairly large real estate developer who tries to do everything by the book," he said. "I have too much to jeopardize."

It wasn't until May, after a resident complained about noise coming from the on-site theater company, that BDS learned of many of the changes at Milepost 5. The development had been flagged in 2012 as out of compliance—three years after its use permit had run dry—and BDS had put a hold on any further permits.

Now, Malsin says, Milepost 5 is on track to compliance at long last.

"We've tried to do everything on a little bit of a shoestring to keep the cost down for the tenants," Malsin says. "I have really suffered a lot of financial difficulty in trying to bring this thing up. This is not us trying to run some kind of flophouse where we're not paying attention."

The development has until the end of the month to make the required changes, says Ed Marihart, who manages enforcement for BDS. If not for the noise complaint, "it'd probably still be sitting there," he says.

It's not the first trouble Milepost 5's seen in its short existence. Months after Adams cut the ribbon on the project, a group of apartment dwellers brought a list of maintenance concerns to Beam—things like brown water from the taps—and said the company had misled them about providing some amenities ["Mutiny at Milepost 5," News, July 28, 2011]. The clash prompted a meeting that included a mayoral staffer and a professional mediator.

At Milepost 5 on a recent Monday, it was hard to tell how successfully those concerns have been addressed in the years that followed.

Two people chatting outside the development refused to give their full names. And though clearly informed about past controversies at the complex, they wouldn't discuss the situation, saying residents and surveillance cameras might see them talking to the Mercury.

Then there was Jon Krebsler, a tenant who was happy to comment as he brought a set of golf clubs up to his apartment. Krebsler's lived at Milepost 5 since November, he said, and has no complaints about management, though he's aware other residents might.

"I haven't had any issues at all, actually," said Krebsler, 27, who pays \$300 a month for his place. "It's nice. It's exactly what I was looking for."