

The Oregonian

Audit: Portland fails to comply with credit/debit card protections

*By Andrew Theen
November 18, 2014*

The city of Portland is not following the credit and debit card industry's standards for protecting users from security breaches and fraud, according to a city audit released Tuesday.

Last year, the city processed more than 9.6 million card transactions at parking garages, community centers, parking meters and online to collect the arts tax and other fees. Yet none of the city's systems fully follow the guidelines outlined by the Payment Card Industry Data Security Standards.

The PCI standards don't guarantee that card users' data won't be hacked, but City Auditor LaVonne Griffin-Valade and Chief Administrative Officer Fred Miller are concerned.

Auditors determined that Portland's failure to follow the guidelines could put residents and the city at risk of a data breach, while also increasing the potential for legal challenges and "significant costs" to the city. Noncompliance could subject the city to industry fines of as much as \$500,000, according to the audit.

Portland is the rare large entity failing to comply. According to the audit, 97 percent of organizations with more than 6 million transactions per year follow the rules.

Credit card security made national headlines this year, with high-profile security breaches at Home Depot and Target affecting millions of cardholders. Those security issues prompted Visa to say it would step up enforcement of PCI compliance starting in January 2015.

Drummond Kahn, Audit Services Director, said he's not aware of the city ever being fined or reporting a security breach, but scrutiny is increasing. "This would be a good time to redouble city efforts to comply with the standards," Kahn said.

Auditors found the city hasn't followed PCI's 12 standards (which include some 275 subcategories) since outside groups began tracking compliance in 2009.

Guidelines include regularly testing security systems, restricting access to cardholder data, and regular updates to anti-virus programs.

"Although compliance with the standard does not guarantee that payment systems will not be breached," auditors wrote in a report, "the standard offers a baseline of technical and operational requirements to protect cardholder data."

Miller, in an interview, said PCI categories change each year, making them a bit of a moving target. "It's not that people have paid no attention," he said, "it's just that all 275 things haven't been done."

Still, Miller, in a memo to City Council offices and bureau heads last week, he said the city is taking the issue "very seriously." Miller said the Bureau of Technology Services "may need to suspend other technology projects in order to focus resources on remediation."

He dismissed any talk of fines given the city's plans to fix the situation.

According to the audit, Portland has three payment programs that are subject to the PCI standards: city parking garages, parks and recreation facilities, and the payment system for water and sewer bills, the arts tax and other programs.

Beyond the compliance issues, the technology bureau has cut five positions in its security division since 2011, leaving just 4 four full time jobs today.

The auditors recommend that the technology bureau establish a citywide effort to address the issue and work with bureaus. They also call for the city treasurer to work with City Council and the city's bank on full compliance.

Miller, in a formal response, said his office agrees with the recommendations.

Auditors plan to re-examine the issue in one year.

Portland Street Fund: What businesses would pay the most under \$46 million plan? (list)

*By Andrew Theen
November 19, 2014*

Portland's Transportation Bureau continues to release more details of who would pay what under a \$46 million street tax-and-fee plan headed for a public hearing before the City Council on Thursday.

Putting the residential portion of the Portland Street Fund aside for a moment (reminder —that's a progressive income tax on residents), city officials posted a list of the 75 businesses and other organizations with the largest estimated monthly bill.

Organizations would be charged according to a number of factors, including gross revenue, number of employees, square footage and type of business.

So who tops the list?

The city of Portland. Portland's bill would be roughly \$58,860 a year.

The only other organization with an annual bill greater than \$50,000 is Kroger Co., the grocery chain.

Under the previous street fee plan, released in May and tabled in early June, Portland Public Schools expected to pay roughly \$610,377 per year. According to the new estimates, PPS would pay \$15,840.

Back in May, The Oregonian talked to the Port of Portland, which owns and operates Portland International Airport, a marine terminal, and more than 45 other properties, about its estimated costs. The agency declined to comment on specific costs, but it was widely expected to be among the hardest-hit by a street fee.

According to the latest figures, the port would pay \$6,336 a year.

We still have questions about this list, but we wanted to post the document while we wait for answers.

What sticks out to you on the city's list of top payers? Share your thoughts in the comment section, and take a look at the list below.

Portland Street Fund: What you need to know ahead of Thursday public hearing (links)

*By Andrew Theen
November 19, 2014*

Portland residents and business owners will have their first opportunity Thursday afternoon to comment publicly on the revamped proposal to collect millions of dollars for street maintenance and safety projects.

Mayor Charlie Hales and Commissioner Steve Novick's newly christened Portland Street Fund was released last week. The plan calls for \$46 million a year to pay for street maintenance and safety projects, with half of the money coming from a proposed progressive income tax and the other half from a fee on business owners (charged based on square footage and number of employees, among other factors).

Does this ring a bell?

Thursday's public hearing is the first since a May meeting drew five hours of testimony from residents and business owners, the vast majority in opposition to Hales and Novick's idea.

Here's a quick list of links from last week, in case you missed The Oregonian's coverage of the \$46 million plan:

- Hales and Novick call the \$46 million plan 'bearable'
- Plan split means twice the votes needed to refer to voters
- Spending plan would include 59 new positions in PBOT
- How \$46 million nets \$33.8 million
- Would the city dedicate enough money to paving streets?
- All you need to know about the plan

Do you have more questions about Thursday's meeting? Here are some bare-bones details:

I want to go. Where is it?

The public hearing is at the City Council Chambers on the second floor of Portland City Hall, 1221 S.W. Fourth Ave #110, Portland.

How can I watch online?

Have a few minutes to duck away from work? You can watch all Portland City Council meetings (and work sessions, if you want to geek out) by bookmarking this page.

What exactly will happen?

Hales and Novick will debut details of their proposal (read more about it by clicking on the City Council documents, Items 1212-1214) then welcome public comments.

Who will/can speak?

Novick and Hales are likely to speak briefly, but they plan to keep testimony from Transportation Bureau officials to a minimum, before opening up the microphone to public comments. Public comments are typically three minutes long, but occasionally the City Council limits testimony to two minutes.

I want to speak in favor/against the street fund. How do I sign up?

The city clerk will open the signup sheet, outside City Council Chambers, at 1 p.m.

Portlanders should prepare to sign tax-referral petitions: Editorial Agenda 2014

*By The Oregonian Editorial Board
November 19, 2014*

Portland residents who'd like the opportunity to vote on new taxes must have been disappointed last week when a street-funding package under development for months was suddenly split into two ordinances. One would create a fee for businesses and the other an income tax on residents. The split will require opponents to collect twice as many signatures to refer the entire package to the ballot, where Mayor Charlie Hales and Commissioner Steve Novick do not want to send it.

Opponents include the Portland Business Alliance and lobbyist Paul Romain, who represents gas stations and convenience stores. Should Hales, Novick and their colleagues do their constituents a disservice by imposing these taxes and fees without voter approval, bringing taxpayers into the loop will now require about 42,000 signatures. The Council will hold a hearing on the ordinances Thursday and, perhaps, vote to approve them at its Dec. 3 meeting.

Assuming Novick and Hales get their way, taxpayers who want to vote should keep their eyes open in December for petitioners. In addition, those backing the referral effort should make electronic petition sheets available, which registered voters may print, sign and submit on their own. Should public-vote advocates take advantage of this option, we'll promote the website as well as we can.

The residential tax is particularly problematic, for reasons we've noted before and will again. First, it exempts a huge number of people who use and derive benefit from the city's roads. To pay even a penny, single filers would have to make at least \$25,000 per year, and married people filing jointly would have to make at least \$35,000. Sticking other people with the cost of maintaining shared services in this manner is civically corrosive. Everyone should have some stake in this, no matter how small.

To make matters worse, the city may not tax the income of state and federal public pension recipients, exempting thousands of additional people who otherwise would pay the tax.

Despite these problems, Novick seems to assume that the "tax the other guy" argument would settle a vote in the Council's favor. To that end, he has raised the specter of the bitterly contested 2010 measure that boosted taxes permanently on wealthier Oregonians. "In a Measure-66 style fight, in Portland, they're on the wrong side," he said last week. "They" is the PBA, whose "rhetoric prompted me to bring it up," Novick said via email Monday of his Measure 66 reference. The PBA objects to the establishment of a city income tax.

Novick drove his point home in a Nov. 5 email to members of the city's business community, including a representative of the PBA. "I'm writing to ask, 'would you contemplate a tax you'd like even less in order to really improve pavement conditions?'" He then laid out the details of a progressive income tax that would generate upwards of \$100 million per year. "So – not wanting to assume anything," his email concluded, "I'm asking: Is that a proposal you would prefer to the kind of package we've been talking about?"

Translation: Say "yes" to an unfair income tax, or you'll get a supersized Measure 66.

It's hard to tell sometimes whether Novick is more interested in fixing streets or sticking it to people with six-figure incomes, but voters should remember a couple of things if he and others try to whip up a Measure 66-style class war. First, as Novick himself acknowledges, the street tax kicks in at a much lower income level than the 2010 measure, which ratcheted up taxes for individual filers making more than \$125,000. Second, it would establish the income tax as a favored local mechanism. Anyone who thinks protecting low-income people is a higher priority for Portland City Council than collecting money hasn't been paying attention.

Those who escape local income taxes now shouldn't take free-rider status for granted.

If making money were a lesser priority for Portland City Council than taxing progressively, it wouldn't have asked voters to approve an arts tax that collects \$35 from almost every income earner in households above the federal poverty level. But Council did, and then it compounded the problem by adjusting the tax in a way that exempted many public pension recipients. The botched tax is now regressive and unfair, but City Council has refused even to send the mess back to the ballot. Why? Because commissioners want to collect the money a whole lot more than they want fairness or sound policy.

Think about that before giving this gang an opportunity to tax your income.

Portland Bureau of Transportation paying nearly \$150,000 for 'vision' of its 'transportation future'

*By Brad Schmidt
November 19, 2014*

On the cusp of a divisive \$46 million street-tax vote, the Portland Bureau of Transportation is quietly plotting its future.

Will today's political priorities – paving and safety – match the vision for tomorrow's transportation system?

The answer, at least for now, is unclear.

That's because the Portland Bureau of Transportation has not fully released public documents requested by The Oregonian two months ago that would help shed light on city transportation priorities.

On March 12, the City Council unanimously authorized a contract with Nelson/Nygaard Consulting Associates to develop a two-year work plan for the Transportation Bureau.

The contract pays up to \$149,911, with consultants earning between \$77 and \$197 an hour.

The creation of the work plan is being driven by Leah Treat, director of the Bureau of Transportation. Treat made the two-year plan a high priority on the day her hiring was announced in June 2013.

"I would like to see us aligned around a vision that we can talk to the community about," she said at the time. "Everybody will understand what we're trying to achieve, how we're going to achieve it, and in what time frame."

The work plan is expected to provide a "vision for Portland's transportation future." It would define the bureau's vision statement, mission statement and no more than eight guiding principles.

The consultants are supposed to guide the bureau through an "analysis of what processes and services it must do differently or not at all" based on financial forecasts.

And Nelson/Nygaard, with offices in Portland, also is supposed to supply a plan providing "performance measures with distinct deliverables."

Those details can be gleaned from the city's solicitation request and the City Council's authorization.

On Sept. 19, The Oregonian requested the Transportation Bureau's contract with Nelson/Nygaard, a list of payments made under the contract, and all work product and deliverables produced as part of the contract.

On Tuesday evening, the Transportation Bureau provided its contract with Nelson/Nygaard but not other requested documents.

According to the newly released contract, Nelson/Nygaard was supposed to deliver its work plan "final document" to the city by Sept. 4. The contract expires Dec. 31.

Dylan Rivera, a bureau spokesman, said in a Nov. 12 email that the city has a reasonable time to release records.

Rivera noted that the Transportation Bureau fields many formal records requests, or informal information requests, from the public and media, including The Oregonian.

"A reasonable time to respond depends on the nature of the request, the volume of records that need to be examined, the need for attorney review, and the amount of time City staff can devote to responding to the request," Rivera wrote.

On Thursday, the City Council will consider a new tax-and-fee proposal that would charge residents and businesses \$46 million a year to pay for maintenance and safety projects. A vote is expected Dec. 3.

If the new taxes and fees are approved, the Bureau of Transportation is expected to hire 59 more full-time employees, increasing staffing by about 8 percent.

The Portland Tribune

Portland out of compliance for data security

*By KOIN 6 News
November 18, 2014*

The City of Portland has been out of compliance with the industry standard on data security for payments, an audit released Tuesday shows.

The debit and credit card payments made to the city for, among other things, taxes, license fees, permit fees, inspections, parks and rec programs, water and sewer bills, parking garages and parking meters, are covered in this report from city auditor LaVonne Griffin-Valade.

The risk to consumers is that data could be compromised by fraud or breach. The international security standard is meant to reduce those risks.

"Some of them are technological, specifically protecting cardholder data," said Drummond Kahn, the director of audit services. "Some of them are organizational."

The city's own policy and banks requires the city to follow the international standards, and there can be penalties for not following them. The fines can be as much as \$500,000 a year for non-compliance.

Ben Berry with the Bureau of Technology Services said there are 275 initiatives under the data security standard.

"Each year since 2009 we've had remediation plans, be it changing the architecture, updating policies and procedures," Berry told KOIN 6 News. "Resourcing has been a consideration for getting through all of those through each of those years, and the standards tend to change."

But Berry added there is one clear goal.

"We will get this city into payment card industry standard compliance," he said.

Below is Ben Berry's full statement about the non-compliance report by the City Auditor:

We take the City's responsibility of securing your information very seriously. PCI compliance does not guarantee your information will be safe, but it is a security measure we will meet.

There have always been measures in place to keep your personal information secure. We encrypt our data at rest and in transit, we use access control measures and network segmentation on a need to know basis.

This issue is about compliance with Payment Card Industry Data Security Standards, NOT a security breach. The report is saying that we do not meet this industry standard, NOT that your information was compromised.

Compliance with this standard is not a guarantee that your data is safe; just the same as non-compliance does not mean your information is at high risk.

The City has a plan to meet PCI compliance requirements. As the plan is implemented, the City will continue to maintain and improve the security features that have always been in place at the City of Portland.

City outlines options for Mt. Tabor reservoirs

*By KOIN 6 News
November 19, 2014*

At a crowded meeting Tuesday night, commissioners Nick Fish and Amanda Fritz outlined options for the Mt. Tabor reservoirs after the city stops using them for water storage.

Many of those who attended the meeting at Warner Pacific College said they oppose disconnecting the reservoirs and complained the City Council isn't listening to them.

Fish is in charge of the Water Bureau, which is pursuing a plan to switch to underground storage tanks to comply with federal regulations banning open reservoirs by the end of 2015. Fritz is in charge of Portland Parks & Recreation, which could finance and administer the changes.

The three options presented at the meeting are:

- In Option 1, water would be kept in the reservoir at a cost of about \$90,000 a year.
- In Option 2, the water would be drained and the reservoir would be left empty. There is no estimate on the maintenance cost for this option at this time.
- In Option 3, water would be kept in the reservoir, improvements would be made to the park and a plan to come up with \$40 million to do this would need to be found and agreed upon.

Fish and Fritz said they are open to other ideas, but plan to announce the city's decision at a Dec. 10 meeting.

Fish said he understands the connection the reservoirs have "to a different time, a different place, a different century."

According to Fish, if the community decides to keep the reservoirs as historic structures and have the city make the appropriate investments, "that is something Commissioner Fritz and I could support."

Before the meeting, Fish said the city has no choice but to replace the open reservoirs with underground storage tanks. Portland previously went to court to get out from under the regulations, but lost.

"The federal government has mandated that we disconnect our reservoirs and Portland and every city in the country has had to grapple with this," Fish told KOIN 6 News. "Tonight begins our process of asking what happens to the reservoirs once they are no longer functioning as reservoirs. This is a very important question and needs to be completely discussed with the community."

Eduardo Herrera, who lives in the Mt. Tabor neighborhood, said he goes there about three times a week.

"I love it. It's just one of the best places in Portland," he said. "I think it's really said if they take the water away."

Residents April and David Truhlar agree.

"I would think leave the water in. I'm sure there are geese and birds that use it," April Truhlar said, suggesting "ice skating in winter" as a possibility.

Resident Scott Fernandez complained the city was not listening to residents.

The next meeting on December 10 will also be held at McGuire Auditorium at Warner Pacific College.

The Mercury

Park Rangers' New Contract: Another Step on the Road to \$15 an Hour

*By Denis C. Theriault
November 19, 2014*

Portland City Council this morning unanimously approved its first-ever union contract with the city's park rangers—genially ending an occasionally bitter labor feud that sprung up some 18 months ago and, perhaps more consequentially, adding heat to the city's still simmering debate over a \$15 minimum wage.

Under the deal, full-time rangers will see their starting pay jump from \$17.47 an hour to \$18.99, on the way to a max of \$25.16. Seasonal rangers, meanwhile, come out even better. They'll start receiving city health benefits starting next year. When they reach their maximum number of annual hours, they'll actually have some official priority when it comes time to fill out next year's ranger roster. And they'll see their starting pay jump from \$12 an hour to \$15.83—putting them just ahead of the \$15 discussion.

"We need to make sure the public understands there's nothing overly generous about this contract," Mayor Charlie Hales said. "It's fair and reasonable."

A handful of commissioners, in fact, tied this morning's contract vote to an explicit promise to continue Portland's larger conversation around the minimum wage. That could start as soon as next month, when the city council takes up its legislative wish list ahead of next year's regular session in Salem. (Multnomah County's also just signed a \$15 contract, along with Home Forward.)

"These are issues I hope we make a part of our legislative agenda," said Commissioner Dan Saltzman, who embraced working toward a minimum wage increase (if not precisely up to \$15) after his top re-election rival this spring, professor and activist Nick Caleb, made it his top campaign issue.

Saltzman said he wants to lobby Salem to either hike the state's minimum wage, which is indexed to inflation but set right now at just \$9.20, or lift the state's pre-emption on letting local governments set their own. (There's a better chance of that happening now that Democrats have an 18-12 majority in the Senate. The Business Journal has reported State Representative Rob Nosse's interest in floating a \$15 bill.) He also suggested finding money next year to raise wages for more of the city's own workers and contractors.

"I hope we will look at the upcoming budget process for ways to help employees earning less than \$15 an hour," Saltzman said.

The deal will cost the city \$900,000 over the next three years—a cost that commissioners strongly defended as worth it for the work the rangers perform in sometimes difficult straits. They work with campers and people in crisis—helping them as a kinder, gentler option before the cops show up—and also smile and help tourists and others find their way.

Commissioner Amanda Fritz, who said it was "unconscionable" that part-time workers employed by the city for years might retire without benefits, called the added spending "the right thing to do" even if it's also "expensive." Fritz, as parks commissioner, has been among the loudest advocates for recognizing the rangers and increasing their pay. During last year's budget talks, she secured funding to make several temporary positions in the parks bureau permanent.

"As we have those ongoing discussions about 15 dollars an hour," she said, "my preference is to create good union jobs or other positions that provide proper benefits."

It's worth repeating that the exuberance on display this morning—including some gracious remarks by outspoken ranger Sam Sachs welcoming the city as a partner—is still a somewhat recent development.

The rangers' contract, ratified in late October, came together only after a long bureaucratic fight. Rangers first tried unionizing in March 2013, joining up with Laborers Local 483. But Hales' office refused to bargain with the rangers and Local 483, as the Northwest Labor Press has reported, until officials were ordered to do so by the state Employment Relations Board this spring.

"We got to the right result," Hales said before casting his vote, somewhat understating the tense road that led to the dropping of his gavel. "Well done."

The Daily Journal of Commerce

Contractors sought for Portland park projects

By Inka Bajandas
November 18, 2014

Portland Parks & Recreation officials are preparing to hire design teams and seek general contractors for two new parks in east Portland.

Requests for proposals from general contractors will likely be issued by early next month for Gateway Park & Plaza off of Northeast Halsey Street between 104th and 106th avenues and Beech Park near the intersection of Northeast 126th Avenue and Beech Street.

Today, Portland Parks & Recreation will host a fair for contractors interested in learning more about the projects. The fair will take place from 3 to 5 p.m. at Oregon Association of Minority Entrepreneurs offices, at 731 N. Hayden Meadows Drive in Portland.

City officials are especially interested in hiring general contractors that will partner with minority-owned, woman-owned or emerging small businesses.

Contracts are being finalized for 2.ink Studio to design Beech Park and for PLACE Studio to design Gateway Park & Plaza, according to parks officials.

The 3.2-acre Gateway Park & Plaza will become the outdoor "living room" for the neighborhood, said George Lozovoy, a landscape architect and project manager with Portland Parks & Recreation. Plans call for a plaza that can accommodate farmers markets, festivals and other events; a picnic area; and a playground accessible to children with disabilities.

"It's an urban plaza and a neighborhood park," he said.

The 16-acre Beech Park will be adjacent to the Parkrose School District's Shaver Elementary School in the Argay neighborhood. It will feature views of the Columbia River, Mount St. Helens and Mount Hood; a sports field and a basketball court; playground and picnic areas; a community garden; and an off-leash dog park, said Britta Herwig, Portland Parks & Recreation capital project manager.

The aim is for both projects to fill a void in a part of Portland where residents are underserved, Herwig said.

"East Portland is not park-rich right now," she said.

Construction is scheduled to start in early 2016; both parks are expected to open in spring 2017.

The Portland Business Journal

Portland auditor: City's card payment systems lack security

*By Andy Giegerich
November 19, 2014*

The city of Portland isn't complying with payment card security standards.

So says Portland's auditor LaVonne Griffin-Valade, whose department issued a scathing report Tuesday revealing concerns about debit and credit card payments made to the city for taxes, license fees, inspections and permit fees, among other charges.

That could mean a profound effect on contractors and business operators who rely on the city to keep their information safe.

The city also takes electronic payments for its parks and recreation programs, water and sewer bills, parking garage services and parking meters.

"We found that since 2009, the city has remained out of compliance with the payment card industry data security standard," Griffin-Valade said in a release.

"The city has never complied with all of the standard's requirements, and the city has not fully implemented recommendations or remediation steps to secure payment card processing."

Griffin-Valade recommended that the city's Bureau of Technology Services work with city bureaus to comply with payment card industry standards.