

The Oregonian

Charlie Hales considers bureau shakeup: Portland City Hall Roundup

*By Andrew Theen
January 23, 2015*

Portland Mayor Charlie Hales may temporarily take over supervision of all the city's bureaus.

Hales acknowledged in an interview that he is considering a City Hall shakeup, the second since he took office in 2013. "I haven't made up my mind," Hales said last week. But he confirmed he's "starting to" broach the idea with his colleagues.

Taking control of the city's 27 bureaus -- which include transportation, water, sewer, planning and sustainability -- is one of the few power moves held by the mayor in Portland's quirky commission form of government.

Each of the four commissioners is elected citywide and oversees a portfolio of bureaus assigned by the mayor. Those assignments can be contentious. Mayor Sam Adams took a lot of heat in 2009 after he assigned the Police Bureau to Commissioner Dan Saltzman instead of keeping it in his own portfolio. (He took it back the next year.)

Hales last took over the bureaus for five months in 2013, upsetting Commissioner Nick Fish by taking away the parks and housing bureaus and giving him the more politically contentious water and sewer bureaus. Commissioners also grumbled about being left with little to do during the interim.

Hales' staff said the experience gave him invaluable knowledge of how each bureau works. It also enabled him to shake up the status quo after the final lame-duck months of Adams' term.

"Commissioners tend to get rooted in with their bureaus and become the cheerleader for them," Hales said. "In many ways that's great because they get things done because of that, but it also means that there could be a turf war."

This time, Hales could reassign bureaus to mend fences with Fish or to deflect attention from his controversial and ultimately shelved effort to pass a street fee.

The budget outlook in 2013 was dire, with a \$21.5 million deficit projected. This time, the mayor could have \$19 million in new discretionary cash for the next budget.

Hales has already made some major staff changes, including hiring Police Chief Larry O'Dea. When asked whether he would shake up his own office, Hales said he has "an amazing team" and doesn't plan any changes.

The mayor's proposed budget will be released in late April. (See the rest of the budget calendar).

Hales also discussed a few other budget topics in his interview, in addition to saying he's not ready to announce re-election plans. Answers have been edited for brevity and clarity:

Will he commit to spending some of the expected \$19 million in new money to repair streets?

"I try to keep all the options open until I can look at the whole picture and compose my proposed budget, and hopefully the rest of the City Council behaves likewise. We don't [need to] start pre-committing this dollar or that dollar on what we really love or what we think would be most popular without any regard to the whole question. Some of the things that we have to spend money on are less obvious and perhaps less popular, like preparing the city for earthquakes. ... It could prove to be a life-and-death matter if we have those investments made or not made at the time an earthquake happens."

You and Commissioner Steve Novick have discussed whether to shift spending on the Portland Streetcar to the city's general fund, which could free millions of dollars for street paving and safety projects. Is that still on the table?

"It's a goal. What budget we get to do that in, I'm not sure. I think when people are not quite ready to face the problem, it's easy to point to some bogeyman and say, 'That's the problem! The reason we can't pay for our streets is we fund the streetcar, or some other pet project.' We've heard that critique a time or two."

Talk about transportation funding overall and the "pause" in the street funding discussion to see what transportation package legislators in Salem come up with.

"I will keep looking for ways to address the transportation problem, but no one should be under the illusion that either the Legislature or penny-pinching are going to solve that problem. They'll help; the Legislature will help. Moving money around within the existing city budget can help, but when you've got a nearly \$1 billion problem that grows by \$1.3 million a month -- every month that we wait, the size of the unfunded maintenance liability grows by \$1.3 million.

We're not going to find enough money in one-time variations of the city's budget to solve that problem. We're not, probably, going to get enough from the Legislature to solve that problem."

Back to the basics? Amanda Fritz wants millions more for Portland transportation, parks, emergency management

*By Brad Schmidt
January 22, 2015*

It's the basics, stupid.

Next week, the Portland City Council is set to adopt a policy that would dedicate half of the money from annual windfalls to pay for basic maintenance of city transportation, parks and emergency management.

If the City Council follows through, Portland would most likely dedicate millions more dollars a year from its discretionary general fund to basic maintenance instead of steering that money to other priorities.

The proposal, championed by Commissioner Amanda Fritz, comes as city leaders wrestle with how to pay for huge maintenance backlogs – most notably in street paving. Mayor Charlie Hales and Commissioner Steve Novick spent the past eight months unsuccessfully trying to pass a controversial tax or fee to make a dent in a paving backlog estimated at nearly \$1 billion.

The policy would "prioritize things that need to be done but often don't seem as exciting as other things that are on the budget" wish list, Fritz said Thursday.

Fritz said she has already lined up support from Hales, Novick and Commissioner Nick Fish. If approved, the proposal would go into effect for the budget that begins July 1.

Now, City Council policy directs that 25 percent of any discretionary money carried from one fiscal year to the next be spent to maintain or improve city assets.

Fritz's plan would double that to 50 percent. That would have amounted to about \$3 million more per year over the past two budget cycles.

Perhaps more importantly, the policy would also dedicate 50 percent of annual "one-time" spending to maintenance or infrastructure improvements. Now, the council has no such rule.

Portland's Budget Office is forecasting \$14.4 million in "one-time" money for the 2016 budget. That means at least \$7.2 million would have to be spent on transportation, parks or emergency management.

Fritz, who oversees Portland Parks & Recreation, said the proposal stems from work by the City Budget Office.

"It's good for the city to invest its one-time resources in infrastructure, and this is an effective way to ensure that happens," said Andrew Scott, the city's budget director.

Fritz's proposal would also erase a transportation funding policy that the City Council has long since disregarded -- and allow Novick and Hales to avoid a difficult political conversation in the months ahead.

In 1988, the City Council approved a "target" that 28 percent of utility license fees should be steered to transportation to pay for, among other things, street paving.

A recent analysis by The Oregonian/OregonLive found that Portland could have dedicated about \$50 million more to paving had the policy been followed, and that those investments could have slashed today's paving backlog by one-fifth to one-half.

Instead, the City Council consistently found millions of dollars for arts, downtown beautification and school bailouts, the review found.

By rescinding the 1988 policy, neither Hales nor Novick would have to fight for the 28 percent "target" or explain why the City Council is unwilling to dedicate the money to transportation.

"I want to have a reasonable policy and then stick to it," Fritz said.

For the first four years, the policy would restrict half of all one-time and carryover funding to parks; transportation; and emergency management, an independent bureau focused on issues such as earthquake preparedness. The City Council would decide what portion much each bureau gets.

The money isn't intended for public safety agencies such as police, fire or emergency communications.

"After four years, the council will have another discussion: Are these three bureaus still the ones that need the most infrastructure and maintenance funding?," said Fritz, who helped persuade voters to approve a \$68 million parks bond last year to maintain parks properties.

Fritz said the budget office -- which reports to each member of the City Council, not any one of them -- would be tasked with monitoring spending under the policy.

Would the City Council stick to it?

"Yeah," Fritz said.

Affordable housing advocates want better deal with Zidell; city focused on building units at RiverPlace

*By Brad Schmidt
January 22, 2015*

Affordable housing advocates pressed Portland's urban renewal agency Wednesday to guarantee that low-income housing will be developed in the South Waterfront District even as city officials shifted their focus to the nearby RiverPlace.

At issue is Portland's failure to transform the area south of downtown into the mixed-income community promised in 2003, when the City Council set a goal that 582 of the first 3,000 units built would be affordable to individuals or families of modest means.

"I think everybody recognizes we've fallen short on our goals for affordable housing," Commissioner John Mohlis said Wednesday during the Portland Development Commission

But affordable housing advocates and city officials disagree about how to best increase the number of affordable units above today's tally of 209.

City leaders are negotiating to redevelop about 30 acres held by the Zidell family. Portland is expected to spend about \$27.4 million to aid in the redevelopment but advocates aren't satisfied with provisions for affordable housing.

Under terms of the deal, Portland could spend more money to subsidize some units in market-rate properties or buy land from Zidell, if progress isn't made by 2019. But there's no requirement that Zidell

develop affordable housing, and officials have privately expressed concern that Zidell has "no desire" to develop affordable housing.

"We really need to see strengthening and improvement in the plans," said Ruth Adkins of the Oregon Opportunity Network.

City leaders, meanwhile, are focused on developing affordable housing about a half mile north of Zidell's property. If they build enough units, the city's option to buy Zidell land would be wiped away.

Officials have zeroed in on a 2 acre city-owned parcel in RiverPlace. They envision a mixed-use project with up to 450 units – not all of them restricted to low-income renters – atop some sort of retail business, ideally a grocery store.

"I think it's a killer site," Commissioner Mark Edlen said. "If we could attract a grocer there, it would just light it on fire."

The property is next to a power substation and the land is contaminated, although the latter shouldn't pose development or health problems so long as underground parking is limited to two levels.

Adkins said that opportunity to develop affordable housing on the site is exciting but also expressed some concern.

"Concentrating poverty in one building is less than ideal," she said.

Patrick Quinton, executive director of the development commission, said staff will move "quickly" to find a developer interested in building a mixed-use project on the site.

Tom Kelly, the newly named chairman of PDC's board of commissioners, said he can't remember another instance of such community "consternation" about affordable housing.

The Portland City Council is expected review the Zidell deal as early as next week.

Redevelopment of property held by Zidell and Portland State University, in conjunction with changes to the North Macadam urban renewal district, could provide the Housing Bureau with \$40 million to \$60 million to spend on affordable housing in the decades ahead.

"Everyone is committed to affordable housing and developing those units," said Commissioner Charles Wilhoite.

But he also added that putting up to \$60 million more into affordable housing "may not be realistic," given other priorities.

"We're always making tradeoffs," he said.

The Portland Tribune

Fritz wants more infrastructure funding

*By Jim Redden
January 22, 2015*

Commissioner Amanda Fritz is proposing the City Council increase its commitment to infrastructure maintenance by agreeing to commit half of all year-end balance and one-time funds to such projects.

Fritz said Thursday she will submit a resolution for such a commitment to the council for a Jan. 28 public hearing. The submission follows a lengthy and ultimately unresolved debate over street funding that took place during the last eight months.

"The Council must show discipline in assigning resources to the most urgent capital repair needs, particularly in being good stewards of the buildings, streets, and other infrastructure owned by the people of Portland," Fritz said when announcing the resolution. "Fiscal responsibility, basic services, and stewardship of our infrastructure must continue to be primary drivers of all budget decisions."

According to Fritz, Mayor Charlie Hales, Commissioner Nick Fish, and Commissioner Steve Novick have agreed to support the resolution.

Passage of the resolution would increase the set-aside for capital projects from 25 percent to 50 percent of the ending fund balance, which was recommended by a task force last year. Fritz asked city Budget Office staff to begin drafting the new policy in November 2014.

The 2013 Citywide Assets Report reveals that the Portland Bureau of Transportation alone has annual funding gap for infrastructure maintenance and replacement of existing assets of \$153.4 million per year. It also says Portland Parks & Recreation's annual funding gap for infrastructure maintenance and replacement of existing assets is \$28.1 million per year.

The policy, if adopted, would apply process for adopting the annual budget that takes effect in July 1, 2015. It would sunset after four years, with the council deciding whether to renew it in 2019.

Demolition controversy continues

*By Jim Redden
January 22, 2015*

Some neighborhood activists have claimed the residential demolition issue is the next street fee.

By that they mean a controversy the City Council will have a hard time resolving because it pits impassioned citizens against powerful special-interest groups — upset neighbors and historic preservation advocates on one side, and developers on the other.

But now it seems the two issues have something else in common: last-minute changes to proposals being considered by the council.

The Bureau of Development Services has proposed several code changes in response to growing neighbor outrage over the increasing number of older homes being torn down and replaced with one or more new houses. The council had a hearing on the proposal on Dec. 17 that was continued to Feb. 12 because so many people had signed up to testify.

But BDS now wants to amend its original proposal to address complaints raised at the first hearing. And like the shifting street fee proposals, many of the original critics are not satisfied with the new changes, either.

The original proposal included a mandatory 35-day delay on all demolitions and increased neighborhood notification requirements. But BDS also wanted to end an existing 120-day delay automatically granted to neighborhood associations who request it. That change was opposed by preservationists and United Neighborhoods for Reform, a grassroots organization that formed over the summer around the demolition issue.

Among other things, UNR wants the council to appoint a citywide task force to consider a wider range of demolition-related issues, including limiting the size of the replacement homes to maintain neighborhood character.

The new BDS proposal would still end the existing 120-day delay. However, it would allow a 60-day delay to be added to the mandatory 35-day delay — if anyone requests it — stretching the total potential delay to 95 days.

The new proposal also would require that whoever requests the delay pay a \$1,318 fee, submit a plan for saving the property, and prove they have the financial means to carry it out.

United Neighborhoods for Reform met Sunday evening to review the amendments. According to co-founder Al Ellis, the group reluctantly agreed to accept the 90-day delay and requirement for a plan showing how the property can be saved.

But Ellis says the group rejected the \$1,318 fee as too high, and also the requirement that whoever requests the additional 60-day delay prove they can pay for their plan.

“From our perspective, such a requirement contradicts the underlying purpose of the 60-day demolition delay — that is, to provide sufficient time for alternatives to be pursued, especially to raise money, find a buyer, and so on. We will recommend that the requirement language should simply read as follows: ‘Evidence of the ability to follow through on the pursuit of alternatives to demolition,’” says Ellis, a former chairman of the Beaumont-Wilshire Neighborhood Association, which represents a neighborhood where many of the demolition and infill projects have occurred.

Before the Dec. 17 meeting, UNR began scheduling appointments with council members and staffers to discuss the issue. Ellis says such efforts will continue up until the Feb. 12 hearing so that members can explain their objections to the new amendments and press for the appointment of a citywide task force on the larger issues.

At the same time, the historic preservation group Restore Oregon is eager for the council to adopt at least some changes so their effectiveness can be evaluated.

“While some individuals and organizations are likely to ask for more changes, Restore Oregon is eager to see new code language adopted so that we can begin to evaluate what works and what will need changes after adoption,” says Brandon Spencer-Hartle, senior field programs manager.

Residential demolition and infill projects are increasing as the economy improves. Accordingly, around 300 projects occurred last year and more than 400 are predicted in 2015. In addition, city code currently allows major remodeling projects that can significantly enlarge an existing house without requiring a demolition permit.

The Portland Mercury

Making Infrastructure Sizzle? Fritz Sells Colleagues on New Plan to Spend City Surpluses

*By Denis C. Theriault
January 22, 2015*

Portland City Council's oft-ignored policies on infrastructure spending and maintenance are about to be refreshed, and with great fanfare—another sign of the weird political times we're living in almost a year after Mayor Charlie Hales and Commissioner Steve Novick embarked on a troubled campaign to raise millions in new transportation revenue.

Commissioner Amanda Fritz, backed by Hales, Novick, and Commissioner Nick Fish, has proposed a sweeping resolution (pdf) that would begin diverting millions in city funding toward infrastructure fixes as soon this summer. Fritz, taking a bold step on an issue of citywide significance that might normally be fronted by the mayor, is planning a hearing January 28. (And, no, it's not yet clear why Commissioner Dan Saltzman wasn't included...)

First, Fritz's plan would double the share of unspent city cash, after each budget year, that council's required to invest in maintenance—up to 50 percent from 25 percent. It also would, for the first time, bind how the council spends "one-time" funding available in a given budget year, also requiring 50 percent for maintenance.

Most consequentially, her plan would require her colleagues focus that newly freed-up money on just three areas: transportation, parks, and emergency management (the bureau that handles earthquake and disaster preparations). That emphasis would sunset after four years, in 2019, with the council free to determine if other needs have since become more pressing.

The whole thing would rescind a little-regarded 1988 resolution that compelled transportation staffers to continue seeking new revenue (a la the street fee) while also merely suggesting council allocate 28 percent of the city's utility license revenue on transportation. Fritz's resolution, notably, doesn't include a call to seek new sources of revenue.

"The Council must show discipline in assigning resources to the most urgent capital repair needs, particularly in being good stewards of the buildings, streets, and other infrastructure owned by the people of Portland," Fritz says in a statement. "Fiscal responsibility, basic services, and stewardship of our infrastructure must continue to be primary drivers of all budget decisions."

The recommendations spill from a capital projects task force report (pdf) prepared in October by the city's budget office—plucking some of the low-hanging fruit from a list that includes some less palatable choices like requiring each bureau to start carving out a portion of its revenue for maintenance costs.

- ✓ **Reestablish General Fund Capital Set-Aside.** Council should reestablish a Capital Set-Aside using a portion of one-time General Fund identified in the five-year forecast, and newly available ongoing Public Safety Systems Revitalization Project (PSSRP) resources. These resources should be allocated using the project prioritization process during the annual budget process.
- ✓ **Policy Revision.** Council should revise financial policy to set aside at least 50% of excess General Fund beginning balance. Resources made available through this policy change should be added to the Capital Set-Aside starting in FY 2016-17.
- ✓ **Incremental Rate Increases for Internal Service Funds.** Council should direct the City's internal service funds to submit decision packages to phase-in closing the gap that exists for funding major maintenance and replacement of the City's internal service fund assets. The packages will be funded by rate increases to customers. The phase-in will be over a number of years.
- ✓ **Debt Finance Fueling System Infrastructure Replacements:** Council should direct the City's Fleet Services Fund to submit two decision packages regarding the replacement of fueling stations. The first package would debt finance all stations currently in need of replacement. The debt service on this would be paid by the Fleet Services Fund and funded through interagency agreements with all fuel consumers. The second package would authorize the Fleet Services Fund to increase its fuel rate to include a fuel station replacement component so that when the new stations need to be replaced in the future, adequate funds are available.
- ✓ **Develop Ongoing General Fund CAL Target Options:** Beyond operations and maintenance requirements and before major renewal or replacement, there are known and predictable recurring major maintenance requirements for many assets. Rather than having these known and predictable requirements compete with other major capital needs in order to keep facilities open and operating, consider funding these through increased Current Appropriation Levels. Council should direct infrastructure bureaus to identify and quantify these requirements. This same workgroup, led by the City Budget Office, should bring to Council options and recommendations regarding phased CAL target adjustments to fund these requirements for FY 2016-17 budget development consideration.

Fritz's announcement cites some of the dismal backlog numbers contained in that report: a \$153.5 million gap for the Bureau of Transportation, based on paving needs as well as the cost of upkeep for assets like signals and bridges; and a \$28.1 million gap for the Parks bureau, which saw voters approve a bond last year worth \$68 million, but spread over 20 years.

Parks receives just \$1.7 million from the city's discretionary general fund specifically for maintenance and construction, with PBOT bringing in just about \$9 million overall from the general fund. The city's Bureau of Emergency Management, Fritz notes, receives no ongoing general fund support for maintenance and construction needs. Portland's looking at \$14.4 million in onetime money during the budget year that starts July 1, meaning those bureaus would have at least \$7.2 million to carve up among themselves.

That new money, of course, would still be just barely be enough to slow the city's bleeding. It also won't pay for major projects like the much-discussed dream of replacing the Portland Building. That's one reason, at least when it comes to transportation, why the city's capital report still endorses a push for new money.

That fight's on hold for now while lawmakers and the governor work up a transportation package in Salem that could see a hike in the statewide gas tax. Hales was planning to schedule an advisory vote on revenue options this May, but that effort ran aground in part because of conflicts with the Legislature's agenda but also because, sources say, it wasn't clear Hales had the support to move forward.

The council, under Hales, has taken advantage of an improving economy and spent a bit more on maintenance and debt-clearance than in previous years.

In the fall of 2013, he used one-time money to vanquish debt payments on city hall renovations ahead of schedule, freeing up some ongoing money a few years earlier than anticipated. Then, last fall, the council spent \$4.2 million out of \$10.1 million in surplus cash on maintenance and capital projects sought by PBOT, parks, and the city's bureau in charge of 911 dispatchers.

(Worth noting: the budget office's report also urged the council to follow Fritz's 50 percent edict on leftover cash last fall, instead of waiting. If the council had done so, it would have allocated an additional nearly \$1 million to maintenance.)

Fritz, in her statement, addressed concerns that council might veer from this proposed policy the same as it did with the policy passed in 1988. She talked up her efforts to create an independent city budget office, a function that once sat solely within the grasp of the city's mayors—and which sometimes served as a tool for their personal political will.

Fritz explained that the independent City Budget Office she worked to establish in 2012 has more authority and responsibility to call out non-compliance with binding City Policy and brings a new level of transparency and accountability, being responsive to the entire Council. "I want to set a realistic policy, and then follow it," she said.

Update 3:51 PM: Saltzman's chief of staff, Brendan Finn, reminded me that Saltzman has a policy of not joining unanimous co-sponsorships but otherwise wasn't able to comment on where his boss stands. It's well-known that Saltzman, who oversees the Portland Housing Bureau, is planning a sizable request for affordable housing construction this year—after trying and failing twice to persuade more of his colleagues, before budget season, to back a plan tapping newfound revenue from short-term rentals.

We'll update with comments as we get them. Read the full statement [here \(pdf\)](#).

GoLocalPDX

NEW: Amanda Fritz Proposes Banking Portland's Existing Cash for Streets, Parks Repairs

*By Cornelius Swart
January 22, 2015*

City Commissioner Amanda Fritz is proposing a resolution that the City of Portland put its surplus cash into a dedicated lockbox to fund street, parks, and other infrastructure maintenance projects.

Fritz announced Thursday that she would push the resolution out for comment at the Jan. 28 City Council meeting.

"She is proposing that 50 percent of all money left at the end of each fiscal year, and 50 percent of all projected "one-time" funding identified annually in the Budget process, be allocated to maintenance of capital assets owned by the City," stated Fritz's Chief of Staff Tom Bizeau in a media release.

The move might address two issues that have preoccupied City Hall throughout 2014 -- parks maintenance, currently being funded by a recently approved parks bond, and the yet-to-be-resolved Portland street maintenance fee.

Increasing the amount of money set aside for capital projects from 25 percent to 50 percent was recommended by a city task force last year. Commissioner Fritz asked City Budget Office staff in Nov. to draft the new policy based on the findings, according to Bizeau.

Meeting budget shortfalls

The Bureau of Transportation's annual funding gap for infrastructure maintenance and replacement of existing assets is \$153.4 million per year, according to a Portland City Auditor's 2013 report.

That backlog has prompted a more than ten-month-old public battle over how to pay for it. While Mayor Charlie Hales and Transportation Commissioner Steve Novick have fanned the public with almost a half dozen proposals, while opponents have said that the City should reprioritize the money it already has.

In the meantime, voters approved a \$68 million parks bond in Nov. The bond would raise money over 20 years to pay for maintenance and repair. In the past, Parks Commissioner Fritz has said the city would need \$28.1 million a year just to keep up with its existing assets.

Critics say the bond is an example of how the city fails to budget for repairs and maintenance. Some \$10 million of the current parks bond will go just to rehab Pioneer Courthouse Square. The park generates \$2 million a year revenue, but none of the money is set aside for maintenance.

The new formula would also contribute to emergency management resources and other capital assists, according to Bizeau.