

## The Oregonian

### Portland to delay final payment on overbudget Sellwood Bridge: Portland City Hall Roundup

*By Brad Schmidt  
February 11, 2015*

The city of Portland will delay its final multi-million-dollar contribution to Multnomah County's overbudget Sellwood Bridge project by as long as two years so officials can pinpoint Portland's share of the costs.

But Portland isn't agreeing to pay more as part of a revised deal headed to the City Council for approval Wednesday.

County officials say the \$307.5 million Sellwood Bridge replacement could finish up to \$10 million over budget. Multnomah County's budget included an unusually small contingency cushion, magnifying overruns that experts say aren't out of line for such a large project.

Under a 2012 agreement, Portland pledged to pay Multnomah County up to \$86 million to replace the Sellwood Bridge, with \$74 million guaranteed. Of that, \$50 million was due by June 30, 2014 - which Portland paid. Additionally, at least \$24 million, but as much as \$36 million, was due Feb. 28.

Under the new deal, Portland will pay \$20 million by April 30 and up to \$16 million more by June 30, 2017.

Portland's deal with Multnomah County contains a complicated payment structure.

Portland originally agreed to pay at least \$74 million. The city also agreed to cover half the costs between \$306 million and \$330 million, exposing the city to as much as \$12 million more.

That put Portland's total outstanding tab at \$24 million to \$36 million depending on final costs. But because county officials don't have a final tally, it's not clear exactly how much Portland will have to pay.

Under the new deal, Portland will pay \$20 million this year and up to \$16 million more by 2017.

In 2009, then-Mayor Sam Adams pledged to pay for some of the project by tapping new revenue raised by House Bill 2001, approved by the Oregon Legislature the same year, which increased the state gas tax among other things.

The Portland Bureau of Transportation collects about \$17 million a year because of the legislation. The city would dedicate about \$6.25 million a year for 20 years to cover Sellwood Bridge debt, if Portland's tab hits for the project hits the full \$86 million.

### Portland City Council should (but hasn't) set priorities for budgeting, audit finds

*By Brad Schmidt  
February 11, 2015*

A new city audit is calling out Portland's elected officials for failing to set clear priorities that guide annual spending.

The Portland City Council should set citywide priorities, create meaningful performance measures and link budget decisions back to priorities and past performance, according to an audit released Wednesday.

The recommendations in the report - the first under newly elected Auditor Mary Hull Caballero - aren't exactly rocket science but instead resemble Budget Basics 101.

Still, auditors found, those core concepts aren't being followed - despite efforts by Mayor Charlie Hales to turn Portland's fiefdom-producing commission form of government into a board of directors amenable to the same priorities.

That disconnect may come as no surprise to Portlanders familiar with the work of city auditors, who in recent years have criticized the City Council for its lack of stewardship in failing to prioritize money to pave city roads.

Auditors have been calling on the City Council to set clear goals to help make funding decisions since at least 2002.

"Clearer goals and robust measures tracking the city's progress toward those goals would go a long way toward improving this important process," Drummond Kahn, Portland's director of audit services, said of the city's annual budget effort.

The audit calls attention to the 2014-15 budget, noting that there was discussion about setting City Council priorities as early as September. But Hales didn't unveil his priorities until late December.

"According to the Mayor, Council did not agree on priorities," the audit reads, "so he issued his own."

The audit also recommends that the City Council consider shifting from an annual budget process to a two-year budget. Portland used two-year budgeting in the 1990s under then-Mayor Vera Katz but later dropped it.

Auditors described Portland's current budget process as too time-consuming, with some bureaus reporting that officials spend 10 months working on the upcoming year's budget. The process requires bureaus to submit budget requests in February, the mayor releases a proposed budget in late April and the City Council adopts it in June.

The audit also noted that the role of the City Budget Office - formed by the City Council in 2012 with autonomy from the Office of Management & Finance - needs greater clarity.

Some bureau leaders told auditors that budget analysts overstep their roles and shouldn't question or evaluate policy decisions. In response, Hales and Andrew Scott, the city's budget director, wrote that budget analysts would continue to critically review policy issues.

In an interview, Scott said his office provided Hales and city commissioners with options two years ago about switching to a two-year budget cycle and it remains under consideration. Scott said officials need to be sure that a switch wouldn't create other problems, such as fewer opportunities to respond to economic downturns.

He said his office has also been pushing to improve performance metrics used in the budget.

"We're always looking for ways to improve the budget process," Scott said, "and these recommendations validate some of the things we're already doing."

## **City Council aims to amend code governing home demolitions, trim proposed delay**

*By Mike Francis  
February 10, 2015*

Portland's City Council again will take up the politically charged issue of regulating the proposed demolition of the city's houses.

Commissioners are scheduled Wednesday to consider a building code amendment that would extend an initial 35-day delay to add 60 more days for residents seeking an alternative to a planned demolition. That represents a reduction from an earlier proposal to impose up to a 120-day waiting period before demolition.

The amendments, drawn up following discussions with stakeholders over the last two months, also clarify other points of the code, such as requirements to notify neighbors when a homeowner applies to tear down a house.

The city has seen a wave of such home demolitions, generated by developers and homeowners capitalizing on the rising values of their properties. The demolitions have triggered a backlash from concerned neighbors.

The demolition discussion is scheduled for 2 p.m. Wednesday at City Hall.

# How did we get here? The Portland Building's costly fix: Editorial Agenda 2015

*By The Oregonian Editorial Board  
February 10, 2015*

If you want to know what a land opportunity looks like, consider the celebrated Portland Building, at 1120 SW 5th Avenue. If City Hall wanted to unload the leaky lemon, it would cost the city up to \$14 million to demolish it before selling you the land, worth about \$10 million. That means Portland taxpayers would have to eat the difference to make you a happy buyer.

But that's not in the cards. The Portland Building has value, too, even though it is defective and its designer, the celebrated architect Michael Graves, is reported to dislike the gloomy interior - this after value-engineering the structure to completion for less than \$30 million a little more than 30 years ago. The multicolored building's exterior is by now iconic, signaling to the nation and world that Portland's architecture boasts the contemporary and bold. Coupled with the hammered copper sculpture *Portlandia* over its entrance, the Portland Building is its own shrine of civic aspiration.

For that and other reasons, the city appears ready to embrace a plan to reconstruct the building for \$100 million or more. If it does so, it will finally warrant to taxpayers that they will own a 100-year structure to house city workers instead of a short-term loser.

Short shelf life is the sad history of the Portland Building, which opened in 1982 and within its first decade needed a lobby remodel. It subsequently has shown itself to import rainwater, insufficient daylight and untold tax dollars in patch-it-here, patch-it-there efforts. While under construction, too, the structure was found to be seismically compromised, for which a quick fix was ordered, but to this day the building cries out for further seismic girding. The bitter truth is that tearing the building down and creating a new office tower of long-term service would cost Portlanders even more than a \$100 million redo.

Short-term, the Portland Building will no longer be a repair work money suck. "Putting new skin on the lemon won't help us," Fred Miller, the city's chief administrative officer, told *The Oregonian's* editorial board. Miller's calculations are turning out to be crucial for the City Council, which must this year solve the riddle of the architectural darling that could sink the treasury. "No one really thought about tearing it down," Miller says. "Our concept is to reconstruct it, to redo its heating and ventilation systems. ... The goal is to preserve its architectural integrity."

Fine. Miller estimates the council will need to immediately budget \$3.7 million from the city's building maintenance funds - the same dollars that would otherwise purchase more sealants - to pay a contractor to design an overhaul from which real costs can be calculated. Then it will become the task of the City Council to see how it would finance such a huge project - this as the city struggles after a year of failure to raise revenue to repair its streets.

Previous estimates of a \$95 million Portland Building rehabilitation did not include heating and ventilation systems, Miller said, and up to \$28 million of that figure was to move and lease temporary space for more than 1,000 city workers displaced by work crews. Miller's calculations, released only recently following meetings last year with prominent developers and preservationists, are rooted in a wholly different approach: Preserve the building's postcard exterior by gutting and replacing the interior, strengthening the structure seismically, and phasing all work so that only three floors' worth of workers are displaced at any one time. Fine again: This, at least, is a tack that shows a long-term solution to a challenge that won't go away. Miller noted, meanwhile, that Graves could be involved in an upcoming overhaul "to the extent he wishes to be." Graves visited Portland last year and was dismissive of any suggestion his building might be demolished.

The council should move forward quickly. Deferring action will only make things worse, like roadway potholes. The Portland Building's future should not depend upon drawn-out public hearings about what to do next. The thing is a colander. City workers need to be housed. The city owns it. The city owns the downtown block upon which it stands. And the city owns every gloomy, wet failure in its day-to-day performance. If current estimates are right, the daunting solution is to throw \$100 million or so at it and be done - for a century.

Call it bad luck, project mismanagement, political denial. No matter: Nobody at this point gets a sweet deal out of the Portland Building. But everybody should be able, eventually, to smile at the building's postcard, knowing the shrine won't be needy for a century or more.