

## The Oregonian

# Portland's fossil-fuels grandstanding will kill thousands of jobs (OPINION)

*By Guest Columnist*

*11/20/2015*

Life is complex. But opportunistic politicians are happy to ignore this reality and instead present difficult problems as a spurious choice between "good" and "evil."

Case in point: Portland Mayor Charlie Hales and Commissioner Amanda Fritz recently sponsored resolutions that could restrict the transportation or storage of fossil fuels in Portland and its adjacent waterways. The City Council unanimously acquiesced.

Call it "greenstanding" -- a grandiose gesture playing to environmentalist concerns but doing nothing to address the real environmental problems facing the planet.

Yes, we need solar, wind and hydro power. We need biofuels. We may even want nuclear power. But we also need oil, natural gas and coal.

Modern society depends on fossil fuels. We need them to grow and transport our food, and heat and cool our homes. We need them to travel, whether by car or airliner, and we need them to provide the electrical energy necessary for every segment of the global economy, from steel production to digital technology.

Consider the cost efficiencies. Electricity produced from unsubsidized solar sources is about 34 times more expensive than electricity generated from natural gas. Electrical power produced from unsubsidized wind projects cost about 12 times more than fossil fuels. The International Energy Agency predicts that global energy demands will grow 37 percent by 2040. At this point, there is no practical substitute for fossil fuels.

As it happens, we also need fossil fuels to keep Americans -- including Oregonians -- working. The oil and natural gas sector supports 9.8 million jobs in the United States and accounts for 8 percent of the nation's economy. The industry is projected to generate an additional 1.3 million jobs through 2030.

Oil and gas provide 60,400 direct and associated jobs in Oregon at an average annual salary of \$70,178; by comparison, the average salary for all sectors in Oregon is \$45,900. Oil and gas contributed \$5 billion to the state's economy, or 3 percent of state GDP.

Further, we benefit both economically and environmentally by exporting fossil fuel resources. A study led by Duke University researchers determined that exporting U.S. coal to South Korea and burning it in that country's technologically sophisticated power plants would result in a 21 percent reduction in carbon emissions compared to burning the same coal in American plants.

Because we must continue to use fossil fuels, we must provide the means necessary for their production and transport. That includes oil-by-rail projects, coal depots and LNG export facilities.

We can't allow knee-jerk reactions to disrupt the essential underpinnings of our economy and society.

Yet Mayor Hales, Commissioner Fritz, and the City Council seem happy to ignore such facts.

Consequently, Oregon will forego an estimated 2,000 construction jobs and \$300 million annual addition to the economy from the Port of Morrow. Oregon will also lose out on about 800 construction jobs and \$92 million in property taxes over the next decade from the Pembina LNG project.

This is especially distressing since the real source of environmental progress over the past decade has been natural gas. America has been able to reduce carbon emission to its lowest point in 20 years because of our broad transition away from coal. Advances in fracking technology have allowed vast quantities of cheap natural gas to flow to the market. Power plants shifted from burning coal to gas, and our carbon emissions spiraled downward as a result.

Contrary to the environmental fear-mongers, there has been no depletion of aquifers, no despoliation of landscapes, no flouting of air quality standards, and no contamination of potable groundwater.

These Portland anti-fossil fuel resolutions ignore the bedrock truth that our public policy goals can be met more efficiently through market-driven, private-sector initiatives. Restricting the flow of fossil fuels through Portland will do nothing to stop climate change. All it will do is damage Portland's economy and deny working people good jobs.

Oregonians need rational discourse, not political greenstanding.

## **The Portland Tribune**

### **Governments face big jumps in pension contributions**

*By Peter Wong*

*11/20/2015*

PERS releases estimates, will set 2017-19 rates next fall.

State and local governments now have more precise estimates of how much more they will have to pay into Oregon's public pension fund in the 2017-19 budget cycle.

Those projected rate increases range around 4 or 5 percentage points, depending on the government and the nature of the workers who are covered. But the rate increases will translate into actual cost jumps of 20 to 30 percent — or greater — that are likely to eat into money available for other programs.

The overall cost is estimated at \$800 million more on top of the \$2 billion that government employers pay into the system in the current two-year cycle.

Given an Oregon Supreme Court decision barring retroactive reductions in cost-of-living increases — and investment earnings not keeping pace with expectations — there appear to be few alternatives.

“If we are looking for relief, there isn’t one,” says Steve Rodeman, executive director of the Public Employees Retirement System.

The projections were released Friday as the PERS governing board heard the system’s actuarial consultant, Milliman, explain how various factors are driving up rates.

The rates PERS just released are only advisory to state and local officials, based on 2014 data. The board will set the actual rates for the 2017-19 cycle at its meeting on Sept. 30, 2016, based on 2015 data analyzed by Milliman.

The 925 government employers in PERS cover about 95 percent of the 200,000 public employees in Oregon. About 130,000 retirees receive benefits.

The system’s unfunded actuarial liability nearly doubled to an estimated \$18 billion over the next 20 years, \$5 billion of that increase resulting from an Oregon Supreme Court decision April 30.

The court ruled that while lawmakers can pare cost-of-living increases paid to retirees, those reductions cannot apply retroactively to benefits earned before 2013. PERS just paid out cost-of-living increases owed to about 119,000 retirees who earned all their benefits before the 2013 legislation passed.

“The decision by the Supreme Court and changes in our methods and assumptions mean that we are going to hit the top of the column,” Rodeman said afterward.

The court decision did not affect rates for the current budget cycle, which the PERS board set back in fall 2014.

Among the other factors that added to the system’s unfunded liability are a decrease in the assumed rate of return on PERS investments from 7.75 to 7.5 percent for the next two years, updated mortality assumptions for retirees living longer, and a below-assumption performance on investment earnings for 2014. They account for an estimated \$4.4 billion more.

“A year has made a big difference,” says Milliman’s Matt Larrabee.

After the 2013 legislation, the system was funded at 96 percent, but that dropped to 84 percent at the end of 2014, and is expected to drop still further — although Oregon’s system is in better shape than its counterparts in other states.

### **More jumps ahead**

Earnings from the \$70 billion invested by the PERS fund account for more than 70 cents of what the system pays out in pension benefits. But with investment earnings running below the assumed rate of return, and the Supreme Court decision restoring cost-of-living payments, Rodeman has said that the gap has to be filled through greater contributions from participating governments.

Spreading the projected increases over two or more budget cycles may moderate the higher projected rates for 2017-19. But Rodeman has warned that government employers are likely to see similar jumps of 20 percent or greater through the 2021-23 budget cycle, given the increased unfunded liability.

While all government employers face rate increases, they are not equal. Governments with large numbers of workers hired before August 2003, when the Oregon Legislature overhauled the system, will see the highest projected jumps.

Although post-August 2003 hires now constitute the largest share of Oregon's public workforce — they are slightly under half the 200,000 employees — the higher pension costs are incurred for those hired before 2003.

Under the post-2003 system, which blends defined contributions with defined benefits, the projected rates for governments with general service workers are less than for those with public safety workers who qualify for earlier retirement and greater benefits.

School districts as a group will pay more because their combined payroll is less than for other governments, and they cannot spread their costs as readily as other governments.

### **A call for change**

As House majority leader and chairman of the House PERS panel in 2003, Sen. Tim Knopp, R-Bend, helped reshape the system. On Friday, he called on the majority Democrats to act in the 2016 session, which starts Feb. 1.

"We cannot ask our schools to shoulder an even greater PERS burden while legislative leaders continue to ignore the looming \$5 billion liability local governments and school districts will be forced to pay," Knopp said in a statement.

"The Legislature must fix PERS now and protect our greatest asset — our children and their education."

Among the changes Knopp called for — and advocated back in 2003 — is a purely defined-contribution plan, such as 401(k) accounts, that puts the burden onto workers of managing retirement funds.

But that plan failed to advance in a split Legislature in 2003, and experts say it will do nothing to lessen the system's liability for pension benefits to workers hired before the 2003 overhaul.

Rodeman and the PERS staff have conducted 22 town-hall meetings with officials in all parts of Oregon to explain the factors behind the rate increases.

"We determined that we needed to communicate with our employers about what is happening with the system," says PERS spokesman David Crosley. "The road shows have been a good tool to let employers know where the system stands."

# Hales looks for more affordable housing funds

*By Jim Redden*

*11/20/2015*

Mayor Charlie Hales has raised the possibility of the city spending general fund dollars to build affordable housing.

Until now, the city's contribution to affordable housing projects has come primarily from dedicated funding sources, such as urban renewal dollars or pass-through federal housing funds.

But on Nov. 19, Hales sent a memo to all general fund bureau heads asking them to prepare budget requests for next year with 5 percent reductions. The memo says one reason is to identify money that could be spent to address a number of pressing issues, including "an affordable housing and homelessness crisis that requires additional resources to invest in the most effective approaches."

The only general funds bureau spared from the requirement is the Portland Housing Bureau.

The memo can be read [here](#).

In the memo, Hales says the council has already set aside \$10 million of additional money to respond to the housing state of emergency it has declared, adding, "I will call on every bureau to help us find solutions to the housing crisis."

The council has the most discretion over how general fund dollars are spent. Because of that, it has historically been reluctant to spend them on programs for which there are dedicated sources of funding.

Top priorities for general fund dollars in the past have been public service agencies, such as the Portland Police Bureau and Portland Fire & Rescue. One exception happened in the current budget when the council allocated some surplus general fund dollars to the Portland Bureau of Transportation for street repairs.

In the memo, Hales says he plans to continue those priorities.

"I will look to preserve core public safety functions so that we can respond to the epidemic of gun-related violence and proactively engage with the community. And I will continue to ensure that City resources are allocated to programs that have a direct impact on the lives of our citizens and that we focus on maintaining our assets and infrastructure," it reads.

Although new revenue projections will not be available for a few more weeks, the memo says the city's financial outlook is good.

"The City's fiscal condition is good. However, in FY 2016-17 we may need to make some difficult budget decisions in order to ensure that resources are available to address the most pressing issues that our city is facing. I believe that, working together, we can make real progress in this budget and keep Portland on a fiscally sustainable path now and into the future," the memo reads.

## Go Local PDX

### Hales Calls for Additional Funds to Solve Homelessness Crisis

*By Brendan Murray*

*11/23/2015*

Mayor Charlie Hales asked directors and managers of more than 20 city bureaus and departments to find five percent of cuts in their fiscal year 2016-2017 so that general fund dollars can be diverted to solving the city's ongoing housing and homelessness crisis in a memo sent on Friday.

"This will allow me to determine if there are budget realignments that should be made within bureaus and between bureaus to fund the priorities outlined above, as well as other City needs," Hales wrote. "Given the State of Emergency in Housing and Homelessness and the recent addition of \$10 million to the Portland Housing Bureau's budget, I am not asking PHB for reductions. However, I do expect that PHB will submit a budget request that clearly delineates their proposed uses for the additional funding, and the metrics that will be used to track whether the additional investment is achieving its intended outcomes."

Hales also wrote that he will ask bureau managers to find ways to align their missions and resources to helping to solve the homelessness and housing crisis. In October, Hales and the Portland City Council made homelessness a focus, declaring a state of emergency over the issue.

"I am asking bureaus that have a direct or indirect role in housing and homelessness to propose realignments that will assist us in addressing the crisis," Hales wrote. "To the extent that we can redirect existing resources to this urgent problem, it will mitigate the need to find those resources through program reductions."

#### **Businesses Say It's Time For Action**

The homeless population of Chinatown has deterred potential business due to the volatile nature of specific individuals, according to business owners, who said they are tired of the abuse and fed up with the lack of help from the City Council.

"They've been ignoring it for five years now," Kurt Huffman, owner of Chef's Table, told GoLocal about the City Council. "The problems are showing up to work and having your door used as a bathroom all night long. We have to wipe human waste off our property each morning."

Karen Bowler, owner of Tube and Fortune in Chinatown told GoLocal she was glad to see Hales attacking the root problem, rather than going after homeless individuals.

"We don't have a problem with homeless people; we have a problem with homelessness. We need someone down here who is able to distinguish who needs what," Bowler said.

## **Experts Praise Hales**

Michael Withey, a long-time advocate for the homeless and founder of Micro Community Concepts, a Portland non-profit that creates affordable housing in the city, told GoLocal he was pleased with how Hales has handled the issue of homelessness during his term.

“I’ve been working on low-income housing for a year now, and the last mayor didn’t help much, and a lot of the other people who were running for mayor seemed indecisive,” Withey said. “He’s willing to sacrifice politically for the homeless. I think he has done an amazing job so far.”

Rebecca Tweed, Political and Communications Director for State Street Solutions, told GoLocal that she believes Hales is responding to the wishes of Portland residents in his actions surrounding the issue of homelessness.

“From talking to people in Portland, I think it’s on top of the list of priorities for voters,” Tweed said of Hales’ handling of homelessness. “I think Mayor Hales is recognizing how much of an issue it is to citizens.”

## **Emphasis on Homelessness Should Remain**

State Treasurer Ted Wheeler (D), the lone declared candidate to replace Hales as the city’s chief executive after Hales announced his decision not to seek re-election has said repeatedly throughout his campaign that he intends to make homelessness a focus point during his potential term.

Jake Weigler, Wheeler’s campaign spokesperson, told GoLocal that “when Ted declared his candidacy, he named homelessness and housing affordability as top priorities. We expect to release multiple proposals on the subject as the campaign continues.” He declined to share details about any of the proposals.