

The Oregonian

Auditor: Portland grants should be competitively awarded

*By Brad Schmidt
January 21, 2016*

The Portland City Council should end its practice of handing out millions of dollars of grants each year with no competitive process, according to a city audit released Thursday.

Auditor Mary Hull Caballero found that the mayor and city commissioners award money without setting criteria for grants and fail to consistently monitor whether contractual work is performed. The audit found that Portland officials handed out between \$9 million and \$17 million in each of the past five fiscal years.

Auditors recommended that money should be granted through a competitive process based on specific objectives. They also called for better oversight of grant work, and a plan for reporting back to city leaders.

In response to the audit, Portland Mayor Charlie Hales wrote a letter stating that work has already begun to make improvements.

Grants are often approved from the city's special appropriations budget. As The Oregonian/OregonLive reported last year, city leaders spent more than \$200 million on special appropriations over two decades as Portland's roads crumbled into disrepair.

The Portland Tribune

Audit: City Council awards millions in grants with no competition and little oversight

*By Jim Redden
January 21, 2016*

The Portland City Council awards millions of dollars worth of grants every year without competitive bidding and mostly does not verify that the money is spent as intended or achieves the intended results, according to an audit released Thursday by City Auditor Mary Hull Caballero.

The audit found grants totaling \$9 million to \$17 million a year for the past five fiscal years that went to outside organizations for activities ranging from arts performances to social service programs. Many of these grants are for activities that don't fit comfortably into the city's bureau structure, and are administered out of the offices of the mayor and commissioners, where the staff is not trained to oversee them, according to the audit.

"The City Council does not conduct any upfront planning to define the program objectives for grants they fund, but instead provides grants directly to specific organizations and activities. There is no competition to ensure that public money is provided to organizations best able to provide the services. "Transparency of these grant awards is also limited, and it is difficult for the public to track who receives grants," reads the audit, titled, "City Council Grants: No competition and limited oversight."

The audit can be read at www.portlandonline.com/auditor/index.cfm?c=69674&a=560518.

Examples of recent grants include: \$1.3 million for a downtown sobering station; \$561,000 for community college scholarships; \$190,000 for the Symphony in the Park program; \$75,000 for tax preparation assistance; \$50,000 for a community learning center for sustainable food systems; and \$40,000 for youth work force development.

"The organizations receiving grants directly from City Council may be excellent organizations providing critical services to Portlanders. But there are many excellent organizations providing critical services in Portland. Without a competitive grant selection process, Council can't know if they are funding the most effective organization — and if an organization doesn't know to request grants directly from Council, it would never have an opportunity to receive a grant. Once funded, the inconsistent approach to contract monitoring leaves the City at risk of paying for activities that are not fully delivered, or not delivered well," the audit reads.

According to the audit, although all grants over \$5,000 must be approved by the council, requesting them is an informal process between the mayor and commissioners and not always accompanied by self-explanatory paperwork. In addition, once grants are approved, they are frequently added to the base city budget and the expenditures continue for years without further review.

The audit says some grants may have been missed and the total spending may be higher because of problems identifying all of them.

To help resolve the problems, the audit recommends the council and City Budget Office issue new rules and guidelines for awarding them, develop new procedures for tracking them better, and approve a system for reporting outcomes to the council.

In a Jan. 15 letter of response, Mayor Charlie Hales and Budget Director Andrew Scott say the council is aware of the problems and has taken steps in recent years to assert more control over the grants. They did not say, however, that the council will end such grants.

According to the letter, recent steps include the drafting of a Special Appropriations Grant Management Guide and the creation of a Special Appropriations Request Form to better manage and track such grants.

"Please express our gratitude to your staff for their work on this audit. We appreciate the opportunity to improve the transparency and management of City Council grants. We look forward to working with our valued grantees to forge an even better partnership in order to provide the most efficient, effective, and equitable services for our community," the letter says.

City Council authorizes no-bid contact for Portland Building renovation

*By Jim Redden
January 20, 2016*

The City Council approved an exemption to the city's contracting procedures Wednesday to authorize a contract to renovate the Portland Building without seeking competitive bids.

The council authorized what is called a Progressive Design Build Relocate (DBR) contact for the \$195 million project that will cover designing the needed renovations, carrying them out, and

relocating city workers in the building to rented quarters during the project, which is scheduled to be completed by the end of 2020.

According to the ordinance unanimously approved by the council with Mayor Charlie Hales absent, DBR contracts are becoming increasingly popular for large and complex construction projects in the United States because they are believed to reduce construction time and save money. Recent local examples include the federal Edith Green Wendell Wyatt building in downtown and the OHSU Collaborative Life Sciences building in South Waterfront.

The ordinance says the DBR team will be selected through a competitive Request for Proposals (RFP) process under the guidance and direction of the city's Procurement Services department. A selection committee will review and rank the written proposals, hold interviews if necessary, and recommend a DBR team for the contract award.

You can read the ordinance at www.portlandonline.com/auditor/index.cfm?c=50265&a=560381.

The council agreed last October that the total cost of the project — including relocating employees in the building during the construction phase — will not exceed \$195 million.

The Portland Building was designed and built in 1982 to be the city's primary office building. It was designed by architect Michael Graves to be the first major Post Modern building in America and was placed on the National Register of Historic Places as a building of "exception importance" in 2011.

But the building has been plagued by problems not related to its design since it opened, including water leaking past its distinctive blue exterior tiles and complaints from city workers about poor lighting and uncomfortable conditions. The renovation concept approved in October will remove and reinstall the exterior with waterproofing, increase the size of some interior windows, tear the interior down to the studs and rebuilding, and replace the heating and air conditioning system. Despite the amount of work to be done, a committee of experts appointed by the city to help with the project determined it would be cheaper than replacing the building with an equivalent one anywhere in town, including on the original site.

The Office of Management and Finance will report back to the council periodically during the project for contract amendments to hire the DBR team and to request financing for the project as it proceeds.

You can read a previous story about the renovation project at portlandtribune.com/pt/9-news/276791-152117-new-plan-emerges-for-future-of-aging-portland-building.