

Willamette Week

Auditor Slams City Hall for Tens of Millions in Uncompetitive, Untracked Grants

City gave money away without criteria or accountability, audit finds.

By Nigel Jaquiss
January 21, 2016

City Auditor Mary Hull Caballero today released a scathing review of the city's practice of doling out tens of millions of dollars in discretionary grants and awards without a process for deciding who should get the money or tracking the results of such spending.

Here's a summary of the audit's findings:

Portland City Council grants funds to outside organizations for activities ranging from arts performances to social service programs. The grants may be 'special appropriations' or funded directly through a City bureau's budget. These amounts ranged from \$9 million to \$17 million in each of the last five fiscal years. Because the budget approach to these grants varies, the total is hard to quantify.

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.

Once the grants are issued, grant monitoring is inconsistent and cannot ensure that intended results are achieved. Many of the grants are for arts, education, or social service activities that don't fit into the City's bureau structure. Instead, these grants are often managed in a Commissioner's Office. Commission staff receive no training in grant management and have no procedures to follow, so monitoring is minimal. Only very rarely are grant results reported or used to inform the next year's budget decisions.

In a Jan. 15 letter to Hull Caballero, Mayor Charlie Hales and city budget chief Andrew Scott agreed past practices were unacceptable and pledged improvement.

"In response to concerns noted in the audit," Hales and Scott wrote, "the City Budget Office has drafted a Special Appropriations Grant Management Guide outlining policies and procedures for allocating, monitoring and evaluating special appropriations grant funding."

The Portland Mercury

Uncle Phil's Buying Portland Upgraded Bike Share Bikes

By Dirk VanderHart

January 21, 2016

Weeks after announcing a hefty \$10 million bike share sponsorship deal with Nike, the Portland Bureau of Transportation finally released documents that lay out the agreement this morning. Those include a revamped contract [pdf] with Motivate, the company that will procure and run the forthcoming Biketown system here, and an agreement with Nike over its rights as a title sponsor.

Not too much has changed, but some things certainly have. So as we did when the city unveiled its tentative plans for bike share in September, we're offering you the salient takeaways from the new arrangement.

- Better bikes! Well, bikes with more speeds at least. When Portland officials announced their plans last year, they envisioned a fleet of 650, three-speed bikes. Now, the city's got 1,000 eight-speed bikes on order. That added gearing cost \$75,000 more than 1,000 three-speed bikes would have. The city's also opting for fancy "upgraded skirt guards" at a cost of \$85,000. Total cost for the system, including bikes, kiosks, docking points and other doo-dads: \$3,103,250 (shipping included).
- Portland officials sat on the deal with Nike for over a month. The city's agreement with Nike makes clear an accord was reached over the \$10 million sponsorship all the way back on December 1. The city didn't announce anything until January 6. People within PBOT say the particulars of the deal were kept hush-hush even among staff.
- Nike gets to decide where you park. Sort of. Under the sponsorship agreement the company has the right to pick the location of up to three racks for the Biketown system, "subject to logistical and safety considerations."
- Motivate's guaranteed at least \$2.2 million a year to run the system. The new contract says the company will charge \$184 per bike, per month, in operational costs, which adds up to \$2,208,000 a year. That's at minimum. The company can also charge \$350 for putting new "wraps" on the bikes, which is another one of Nike's options. Obviously, that \$2.2 million outstrips the \$2 million a year Nike's agreed to pay for the next five years—particularly since a chunk of that money will be needed to purchase the system, and Motivate gets to take \$2 million off the top just for landing the sponsorship. I've asked PBOT for any estimates that exist for how much revenue the system will rake in via user fees.
- Valet stations are in the works. These are temporary locations, staffed by Motivate, where people can check out bike share bikes. The contract says the city can direct Motivate to set up three of these for free over the course of the contract, provided they last no longer than four hours. After that, the city will have to pay for the service.