

## The Oregonian

### Macy's reportedly trying to sell downtown Portland store

*By Anna Marum*

*July 12, 2016*

Macy's is exploring the possibility of selling the five floors it owns in the historic Meier & Frank Building in downtown Portland, multiple sources have told The Oregonian/OregonLive.

Three commercial real estate brokers said Macy's has hired a local broker to gauge interest in the location at the heart of Portland's downtown core.

It's unclear whether the store itself would close: The retail chain could sell the floors and lease them back, keeping the store open. Or it could occupy one or two floors of the building, rather than five.

It could close the downtown location altogether, though local officials said they haven't heard anything to that effect. "Macy's has not alerted our office of any intention to close," said Sara Hottman, spokeswoman for Mayor Charlie Hales.

If it were to close, the departure of Macy's would spell the end of an era for the historic building, which has housed a department store -- first Meier & Frank and later Macy's -- since 1909.

News of the potential sale and closure of the Portland store comes as retailers like Macy's, Sears, J.C. Penney, Kohl's and even Walmart strategically close stores throughout the country.

As Americans increasingly shop online and investors push for retailers to cash in real estate holdings, retail chains are under pressure to unload valuable spaces like the one in downtown Portland. Some in the industry have claimed that Macy's portfolio of real estate throughout the nation is worth far more than its retail operation.

Macy's would not confirm the store's sale, but company spokesman Jim Sluzewski said the retailer is constantly evaluating store performance and that no decisions have been reached.

"Every year, we're opening stores and closing stores," he said.

Sluzewski said there's no timetable for announcing store closures. The chain's last announcement came in January, when Macy's, citing lackluster 2015 sales, said it would close 40 of its 770 stores.

Macy's announced disappointing first-quarter earnings in May, saying the company is "seeing continued weakness in consumer spending levels for apparel and related categories." It warned analysts to lower their projections of the company's sales and earnings.

Seattle still has a downtown Macy's, but the retailer closed its downtown Spokane store in March. Macy's closed downtown stores in Pittsburgh and St. Louis in recent years, too.

Portland has scrambled before to avert a shutdown of the downtown department store. City officials have repeatedly said that preserving the store is vital to the health of the city's downtown.

In 2005, when former operator Meier & Frank complained its downtown building was too large and expensive, the Portland Development Commission helped put together a deal to convert the upper stories into a 300-room luxury hotel.

Sources said a potential sale of the Macy's space now would not affect that hotel -- The Nines -- owned by Pebblebrook Hotel Trust.

Pebblebrook did not return requests for comment.

Macy's has been under pressure by activist investor Starboard Value LP to extract more money from its real estate holdings, which the fund valued at \$21 billion in a January report.

(Starboard's campaign to break up TriQuint Semiconductor in 2013 ultimately resulted in the Hillsboro company's \$5 billion sale.)

In 2015, Multnomah County determined that Macy's portion of the Meier & Frank Building was worth \$46.89 million.

Gerard Mildner, who directs PSU's Center for Real Estate, wondered whether nearby competition from Pioneer Place, Target and even the Lloyd Center might be putting pressure on Macy's.

"It may be that Macy's felt that downtown was too squeezed for their kind of retail," he said. "...It's also true that the big stores are yesterday's retail model."

In January, Macy's announced its partnership with real estate broker Eastdil Secured to help the retailer form "partnerships or joint venture(s) for the company's mall-based properties, as well as Macy's flagship real estate assets in Manhattan, San Francisco, Chicago and Minneapolis."

The brokerage joined a team of advisers who were focused on "monetizing real estate assets in a manner consistent with Macy's overall strategy," the retailer said in a statement.

In March, Macy's announced it was adding a real estate executive to its board of directors, just days after chief executive Terry Lundgren said he was hiring a real estate specialist to negotiate new deals, Fortune reported.

Whether it sells off stakes in its stores or sells the stores flat-out, Jan Rogers Kniffen, a retail analyst based in New York City, expects Macy's to announce another rash of closures early next year.

"Macy's -- and most retailers -- have too many stores," he said.

As of April 30, Macy's had 732 stores, not counting its 144 stores under other brand names, like its quickly-expanding cosmetics shop Bluemercury, its new off-price concept Backstage or Bloomingdale's.

In order to optimize performance, Kniffen said, Macy's should bring its store count down from 732 to 550 or 600 over the next few years.

The vast majority of Macy's stores are located in malls. In the Portland area, Macy's anchors each of the major shopping centers except downtown's Pioneer Place: the Lloyd Center, Washington Square, Clackamas Town Center and Vancouver Mall all have a Macy's. The store in the Meier & Frank Building is one of the retailer's few remaining downtown stores.

"It's seldom that downtown stores have remained profitable over the years," Kniffen said.

City officials said Portland's downtown is thriving and would survive the loss of Macy's. "We believe downtown is strong and could recover from an anchor store like Macy's store leaving," said Hottman, of the Mayor's office. "That said, we want Macy's to stay."

Central city department stores like Macy's, sometimes a century old, have been on the decline since the first suburban mall opened around 1950, Kniffen said.

"It's harder to make a living downtown," Kniffen said. "None of those (old department store) names exist anymore. They're either Macy's or broke. This is not a new thing. This has been a very gradual rejiggering of retail."

## **How Portland police, with help from the city auditor, reduced shootings (opinion)**

*By Guest Columnist Gary Blackmer*

*July 12, 2016*

Sadly, police officers around the country will continue to be involved in shootings, either as the shooters or as the victims. Law enforcement leaders have a mandate to make those incidents as rare as possible. It seems they never succeed.

Many members of the public think the solution is the criminal justice system, yet judges and juries rarely find the officers acted criminally. When the tragedies repeat and officers are found not guilty, community frustrations turn to anger. Even if cellphone videos help the courts find more individual officers guilty, it doesn't give the other officers the means to improve the quality of their policing. Changing the practices of the police agency is really the first important step to reduce shooting incidents.

Portland had a serious problem — nine or 10 shooting incidents a year in the late 1990s. Then the numbers dropped to two or three, and zero in one year, through the efforts of the auditor's office, the Citizen Review Committee and, especially, the Portland Police Bureau's leadership and line officers.

The auditor's office hired national experts to examine 34 prior shooting incidents and deaths in police custody. They found patterns of problems: weak policies and procedures, inadequate training, insufficient investigations of the incidents, and lack of follow-through by leadership to impose discipline and improve procedures and training. In all, the consultants made nearly 90 recommendations to the Police Bureau.

Portland was the first city ever to issue this kind of a report to the public, and we delivered 500 copies to the precincts so the officers could read it and learn. That first 2003 report is still available on the auditor's website.

Police Bureau leaders enacted nearly all the recommendations, and the Auditor's Police Review Division and the Citizen Review Committee continue to monitor their actions. Periodically, experts analyze the past shooting incidents, which include situations when officers are shot at — because their safety is just as important.

No other city in the country has an independently elected official monitoring the police with sustained professional attention, working with citizens to change the practices of the nearly 1,000 police officers.

Portland's solution had no courthouse drama. Instead, it was composed of many parts, took many years and, as the U.S. attorneys also concluded, is still not done. In fact, these attorneys see Portland's police oversight system as a key component to improve police actions involving people with mental health problems.

Many more actions are needed to address the racial and cultural discord in our country. Yet the obvious first step is to reduce the grief and distrust that can arise from shootings by the police, wherever possible.

## **The Portland Mercury**

### **A New Lawsuit Says Covered Water Reservoirs Will Poison Portlanders**

*By Dirk VanderHart*

*July 11, 2016*

As the city moved ever closer to shutting down its open air drinking water reservoirs in recent years, lots of opponents offered a steady refrain: They argued the shift to covered reservoirs would result in the harmful gas radon being released via Portlanders' tap water.

Now, with the reservoirs formally disconnected from the water system, those claims are poised to get a day in court for the first time.

Scott Fernandez, a credentialed microbiologist who's long railed against closed reservoirs, has sued to get the reservoirs at Washington Park and on Mt. Tabor back into use—or at least disrupt their demise. In a 10-page complaint [PDF] filed last week, Fernandez argues the city is trespassing against him by potentially forcing radon—a radioactive gas and carcinogen—into his home. And he argues the city's causing a public nuisance by doing the same thing citywide.

Fernandez has asked a judge to put the brakes on any existing work to further destroy Portland's celebrated open reservoirs. He says officials need to be stopped from "degrading, demolishing, or further impairing the open reservoir system until such time as this case can be adjudicated."

Kristian Roggendorf, the Lake Oswego attorney representing Fernandez, tells the Mercury his client wants what a great many activists in Portland have clamored for over the years: For the city to continue fighting for a waiver to federal rules that require open-air reservoirs be capped. After seven years of pushing for that waiver, officials announced in 2013 they'd give up the fight and move forward with covering the reservoirs.

Advocates like Fernandez say the city hasn't fought hard enough, and is imperiling citizens by storing water in enormous underground tanks beneath Powell Butte.

"He's a scientist—he's not some wild-eyed crazed hippy living in a camper somewhere," says Roggendorf. "Microbiology and water chemistry are his fields."

The city has two central sources of water: The pristine and jealously guarded Bull Run Watershed and a collection of groundwater aquifers known as the Columbia South Shore Well Field. It's the second one that Fernandez says will wreak havoc this summer (when water from the well field is tapped in the largest amounts). He argues that radon levels in that groundwater won't have the chance to dissipate in the city's closed reservoirs, as they would naturally in open reservoirs.

"In open reservoirs, radon is naturally off-gassed into the atmosphere in a safe and unconcentrated form," the suit says. "In covered reservoirs, the radon cannot escape efficiently....The State of Oregon recognizes and advises that 'there is no safe level of radon.'"

According to its 2016 Drinking Water Quality Report, Portland water had an average of 202 picocuries (a measurement of radioactivity) per liter of radon in 2015, with a maximum reading of 370 picocuries per liter. Roggendorf says the upper levels came from the Columbia South Shore Well Field, and that they're concerning.

But in an FAQ about radon in water, the city downplays those levels.

"Although no standard has been adopted, the Environmental Protection Agency has proposed regulating radon in drinking water at 4,000 pCi/L," it says. "This level is approximately 10-30 times higher than what the Water Bureau has recorded from the Columbia South Shore Well Field."

It continues: "The EPA has proposed to regulate radon in water, but since a major portion of the associated risk with radon is due to soil under homes, the EPA has not determined how regulating radon in drinking water would lower health risks."

With that said, radon's unquestionably a health concern. Portland Public Schools—amid a scandal over crisis in drinking water—is also scrambling to fix high radon levels at some schools.

The new lawsuit isn't Fernandez's first attempt to kill the covered reservoirs. He recently challenged the land-use decision that will enable the city to demolish two reservoirs in Washington Park and replace them with new water features. When the state Land Use Board of Appeals agreed with the city in that matter, Fernandez pressed his case with the Oregon Court of Appeals, and lost.

"Mr. Fernandez has brought numerous legal challenges to the City's efforts to comply with" federal rules, Commissioner Nick Fish, who oversees the Portland Water Bureau, said in a

statement to the Mercury. "None have been successful. While we admire Mr. Fernandez's tenacity, the City has an obligation to comply with federal law and to ensure that our water supply to Westside customers survives the 'Big One.'" (Fish is referring to a finding that the Washington Park reservoirs were unsafe in an earthquake.)

It's hard to lump the latest lawsuit with Fernandez's wonky land-use challenges, though. This will be the first time the long-held concerns over radon get a hearing in court. Roggendorf—who's made fights against the Water Bureau something of a specialty in recent years (see [here](#) and [here](#))—says people will be concerned when they learn the facts.

"I don't want to be alarmist, but this is alarming," he says. "It is so counterintuitive and backwards what the city is doing, it's amazing."