

The Oregonian

New Portland police contract will drive up pension costs by at least \$6.5 million in first 5 years

By Maxine Bernstein

November 16, 2016

The new Portland police contract that boosts starting officer pay and delivers substantial raises to veteran officers will drive up retirement benefits by an estimated \$6.5 million to \$7.5 million over its first five years, a city financial assessment predicts.

Officers will make about 9.3 percent more by the end of the three-year contract. Because their retirement benefits are calculated based upon pay, the pension costs will grow as well.

It's not clear yet how the increased pension costs will affect the city property tax levy that supports the Portland Fire and Police Disability and Retirement Fund.

"I'm as curious as you guys are to see how this shakes out," Stacy Jones, the fund's financial manager, told the fund's board of trustees Tuesday.

The fund's pension costs, which includes retirement benefits for both Portland police and firefighters, have been over \$100 million a year since 2012 – up to \$115 million in fiscal 2015-16.

The fund, unique among public pension funds, is financed by Portland taxpayers through annual property taxes. Each year, the city sets the tax in an amount equal to the fund's administrative expenses and benefit costs.

The fund's tax levy for fiscal year 2015-16 was \$1.30 per \$1,000 of real market value.

One factor working in the fund's favor is the significant growth in real market value due to the city's "explosive growth" in home values, said the fund's director, Sam Hutchison.

The three-year police contract, approved Oct. 12 by City Council, will raise starting pay from \$49,837 to \$60,840 and deliver three steps of pay raises to experienced officers. The first pay increases kick in Jan. 1, 2017.

Mayor Charlie Hales, who serves as police commissioner, and others billed the contract as a way to add officers while keeping veterans from leaving.

The mayor and police chief have argued that Portland's inability to offer competitive pay has created a "crisis" of too few officers on the force. The city's human resources director, Anna Kanwit, said the salary increases over the course of the contract, not including cost-of-living adjustments, would cost the city \$6 million, for a force with authorized strength of 950 officers.

There are now 87 vacancies in the bureau.

In exchange for the raises, the police union agreed to eliminate a controversial 48-hour waiting period for internal affairs investigators can interview an officer about the use of deadly force. The Portland Police Association also agreed to drop 11 grievances against the city. The union overwhelmingly approved the contract.

The deal also allows officers eligible for retirement to retire and then be immediately rehired at the top of their pay grade while still drawing their pension to help fill bureau vacancies. Their return to work won't affect their pension benefits, Hutchison said.

The retired officers hired back will not be considered active members of the public safety fund. That means if they get hurt on the job, they'll be covered under the city workers' compensation system and they'll likely accrue some pension benefits under the state's public employee retirement system.

The fund will view the officers as retirees working for another entity. "It's just like they're out working for the city of West Linn," Jones said.

Officer Daryl Turner, president of the Portland Police Association, said about a dozen officers have been approved to retire and be rehired by the bureau.

Jones also reported to the board of trustees on the state of the fund's disability claims and costs:

-- In fiscal 2015-16, 3.4 percent of the fund's members – including Portland police and firefighters -- were collecting disability payments. That's a significant drop from pre-voter-approved reforms in 2007, when the percentage of the fund's members on disability ranged between between 9 and 12 percent.

-- The number of disability claims filed by Portland police has grown over the last three years, from 168 in fiscal 2013-14 to 228 in 2015-16. In contrast, disability claims from city firefighters dropped, from 175 in 2013-14 to 151 in 2015-16. The fiscal year runs from July 1 to the end of June.

The fund has approved more than 90 percent of disability claims over the last five years, with 93 percent approved in 2015-16. The fund's annual disability costs have stabilized at about \$6 million.

-- Most firefighter disability claims resulted from back injuries sustained at the scene of a fire or medical call resulting from lifting or over-exertion, according to the fund. Most police officer disability claims resulted from various injuries during altercations or assaults on the scene of a call, according to the fund.

Audit finds problems inside Portland's Office of Neighborhood Involvement

*By Brad Schmidt
November 16, 2016*

City auditors have found a trifecta of problems inside Portland's office promoting neighborhoods and civic engagement, including poor oversight, unequal funding and unfinished plans.

Portland's Office of Neighborhood Involvement is responsible for helping the city's 95 neighborhood associations, and it also gives grants to nonprofits that promote diversity.

But a city report released Wednesday by Auditor Mary Hull Caballero found the office lacks clear direction. Commissioner Amanda Fritz, an outspoken proponent of public involvement, has led the office for more than five of the past eight years.

Auditors found Portland spends about \$4.8 million annually for community and neighborhood involvement, with more than half that money awarded as grants. But the office doesn't require

groups that receive the money to provide annual plans documenting expected work or benchmarks for success.

"We found that the office does not provide adequate oversight of grant recipients," auditors wrote.

The office itself is also rudderless, according to the audit. Office leaders are supposed to create an annual action plan, but none has been written since 2005. Amalia Alarcón de Morris has directed the office since 2006.

"Without a plan, staff struggle to accomplish tasks and much remains incomplete," auditors wrote. "Many staff members said they were hindered by a lack of strategic planning or priority setting."

Auditors also found problems with funding decisions.

In the last fiscal year, officials doled out \$2.1 million to the seven district coalitions that serve as umbrella groups for various neighborhood associations. Of that, the East Portland Neighborhood Office and the Central Northeast group each received nearly the same amount of money -- just under \$300,000. But the east office represents nearly 150,000 people, three times as many residents as Central Northeast, meaning it received about \$2 for every person in its dominion compared to about \$6 for the other group.

The City Council could make changes. But a group of citizen budget advisers has said Portland should not take money from one coalition to fund another, and instead should provide more money overall.

"This approach effectively locks current disparities in place," the audit concluded.

Over the years, city officials have also lumped more responsibilities on the Office of Neighborhood Involvement, including Elders in Action and a New Portlanders Program to reach immigrants. But there's been no vision for how those programs fit together, auditors noted, and managers complained that employees are overworked.

The Office of Neighborhood Involvement has about 55 full-time employees and an annual budget of \$10.3 million. It represents a small fraction of the city's \$501.4 million discretionary general fund.

In a response letter, Fritz said she believes the office is making progress. But she generally agreed with the audit's findings and pledged improvements, although it's not clear if she'll maintain oversight of the office in 2017, when Mayor-elect Ted Wheeler takes over.

"Your recommendations can help improve our city's nationally recognized community engagement programs," Fritz wrote, "and have a real impact on Portlanders' lives."

The Portland Tribune

Mayor's office challenges higher homeless count

By Jim Redden

November 18, 2016

Mayor Charlie Hales office is questioning a new federal report that says homelessness increased in the Portland area this year.

On Thursday the U.S. Department of Housing and Urban Development said the number of homeless people in the Portland-Gresham-Multnomah County area increase 1 percent in 2016. According to the department's 2016 Annual Homeless Assistance Report, the number jumped to 3,915 homeless people, an increase of 113 since 2015.

But Hales' spokesman Brian Worley says the 2016 number is only based on a one-day count of homeless people in shelters, not all homeless people in the area. Worley says more shelters were opened this year under the Housing State of Emergency the City Council declared in October 2015.

"The increase in the sheltered count is primarily because of the increase in opening hundreds of new shelter beds in the Portland area in 2016 under the [Housing] State of Emergency, it doesn't necessarily reflect an increase in the overall number of people experiencing homelessness," says Worley, who believe a number of homeless people were "double-counted" in the new HUD report.

According to Worley, complete homeless counts in the Portland area are only conducted in odd-numbered years, with the next one schedule for January 2017.

HUD spokesman Leland Jones confirms the Portland area numbers in the new report are not based on a complete count, but only by adjusting the sheltered count to the one conducted in January 2015.

"Many communities do even-year counts as well. Portland-Gresham-Multnomah County area has not. In even-year counts it only counts folks in sheltered settings," Leland says.

In fact, Hales believes the number of homeless people in the Portland area decreased in 2016. Earlier this month, he told the Portland Tribune the total likely went down because of a concerted effort by the city and Multnomah County to house all homeless veterans.

Many city residents probably disagree with Hales, however, because of the visible increase the number of homeless people camping outdoors over the past year. Complaints to the city about homeless camping have rising dramatically in recent months. Hales says that is largely the result of the redevelopment of underused properties where the homeless use to camp unnoticed.

The question of whether the number of homeless people actually increased in the Portland area will not be resolved until the next complete count is conducted, however.

The 2016 total in the HUD report is far less than it was in 2010. That year the report said there were 4,235 homeless people in the area — 32.1 percent more than now. HUD attributes that to a strategic plan to end homelessness established by the Obama Administration in 2010 called Opening Doors. It coordinates the efforts of the 19 federal member agencies of the U.S. Interagency Council on Homelessness.

Also involved are local Continuums of Care that receive the bulk of the approximately \$1.9 billion in annual funding to end and prevent homelessness awarded by HUD. They are comprised of local governments, social service providers and homeless organizations responsible for establishing the priorities of how the funds they receive are most effectively used in their communities, HUD says.

City might mandate a Home Energy Score when a house goes on market

By Steve Law

November 17, 2016

When Americans go to an appliance store to buy a refrigerator or dryer, or an auto dealership to shop for a car, posted energy usage or gas mileage stickers let them evaluate the cost of operating their would-be purchase. But there's no such thing available for the biggest purchase consumers make—a house.

Portland Mayor Charlie Hales and other city officials want to change that.

On Wednesday, the Portland City Council will consider an innovative proposal to require a Home Energy Score whenever most houses are sold in Portland. The score, which helps buyers get a sense of future electricity and heating bills, uses a system devised by the U.S. Department of Energy.

Home sellers would have to pay roughly \$150 to \$250 to hire a certified contractor to do a home visit, estimated to take about one hour. The inspector would rate the home on a scale of one to 10 and suggest energy-saving improvements such as insulation, patching leaky ducts and new water heaters or furnaces. The results would be available to potential home buyers and the general public in an accessible database.

In the long run, the program will aid Portland's housing affordability crisis by lowering the monthly costs to maintain a home, says Andria Jacob, a senior manager for energy programs at the Portland Bureau of Planning and Sustainability. "The benefits outweigh the costs," she says. "We think base energy costs are a significant monthly expense for homes, and right now this information is completely hidden from the market."

Hales, who is championing the proposed policy, reasons it will help shave energy bills in Portland and carbon emissions that lead to climate change.

The city/county Climate Action Plan, which first proposed a similar mandate back in 2009, calls for reducing carbon emissions from buildings 25 percent by 2030. Most of that would have to come from cutting energy use.

The Portland Metropolitan Association of Realtors is leading opposition to the proposed policy. "The mandate is unnecessary, costly, and intrusive," says Kerri Hartnett, the trade group's president-elect. "If the City adopts the proposed mandate, they are burdening the seller — and in some circumstances the buyer — with having to pay for the same information available through a home inspection and creating more government bureaucracy and red tape at taxpayer expense."

In response to concerns raised by critics, city staff have created a deferral for lower-income home sellers who'd have trouble coming up with the \$200, Jacob says. In such cases, the home buyers would have to provide the Home Energy Score.

The City Council will hold a public hearing on the proposal, set to start at 9:45 a.m. Wednesday at City Hall. A final City Council vote on the policy is expected on Dec. 7.

City vows to get tough on Airbnb and hosts who fail to follow law

By Steve Law

November 17, 2016

In a one-two punch, two Portland bureaus are cranking up enforcement actions against Airbnb and its local hosts, along with other laggards who fail to comply with the city ordinance allowing residents to rent out spare rooms on a nightly basis.

More than 2,500 local hosts have failed to secure required city permits. All but one of the listing companies have failed to assure their hosts have permits before advertising the homes on their websites.

In response, the city Revenue Division sent an enforcement letter to Airbnb on Nov. 10 demanding the names and addresses of all its estimated 3,200 Portland hosts, says Thomas Lannom, Revenue Division director. Airbnb, which has strongly resisted sharing that information in the past, has until Dec. 12 to comply or face a \$1.6 million fine — \$500 per listing.

In a parallel action, the Bureau of Development Services will hold a Dec. 16 public hearing on its proposal to levy stiffer fines for local hosts — most of them listed with Airbnb — who fail to get required city permits. The bureau also wants to toughen sanctions on hosts whose overnight guests disrupt neighbors, who rent out more rooms than permitted, or who ignore the requirement that they live in their homes while renting to short-term guests.

“I think that it’s long overdue,” said Steve Unger, who owns the Lion and the Rose Victorian Guest House bed and breakfast in Northeast Portland. He also tracks the industry via his blog, *The Airbnb Analyst*.

Hundreds file complaints

Getting a permit to rent out rooms by the night requires a cursory home inspection and a \$178 fee. Yet only 656 of the estimated 3,200 hosts have sought permits, according to the Bureau of Development Services (BDS). That means only about one in five hosts are complying, more than two years after the city first legalized nightly rentals in private homes.

The BDS doesn’t enforce city codes unless and until someone files a complaint. But the city has been getting a steady stream of complaints about short-term rentals, ranging from hosts failing to get permits to a short-term rental property becoming a “party house,” says Mike Liefeld, BDS enforcement program manager.

“From September 2014 to September 2016, we had 324 complaints just for this issue,” Liefeld says. “That’s a very high number.”

Liefeld has concluded that short-term rental hosts are gaming the system, fully aware of the city’s requirements but failing to get permits until a complaint is filed.

The stiffer fines are meant to send a message, he says.

Hefty fines loom

Currently, BDS gives hosts working through Airbnb or other short-term rental companies 30 days to comply when a complaint comes in. If uncorrected after a month, the bureau can levy a

fine of \$707. It may issue monthly fines if the hosts still aren't complying, doubling to \$1,414 by the third month.

Some local hosts are playing "cat and mouse" with the bureau, Liefeld says. After BDS investigates a complaint of, for example, someone renting out multiple rooms when they are only permitted to rent one, the host starts to comply. But after the heat is off, they revert to their former business practices, Liefeld says.

The current enforcement system was designed in part to be "educational," he says, based on the premise that folks didn't know about city rules.

"That's just not very effective," he says. "We're trying to switch it up here."

Now it's clear hosts have had ample opportunity to learn about the city's requirements.

The new proposal would enable BDS to dispense with the 30-day compliance period and immediately issue a \$1,000 citation. If the host remains noncompliant, the agency could issue daily fines, with the second one rising up to \$3,000 and the third up to \$5,000.

After the Dec. 16 hearing, the bureau can adopt its proposal, amend it or drop the idea. No City Council approval is needed.

Suing companies as well

So far, Portland-based Vacasa is the only short-term rental company requiring its local hosts obtain permits before they are listed on their website, Lannom says.

Airbnb and other companies are flouting the city requirement.

The city has had better success getting the companies to collect lodging tax on behalf of the city and Multnomah County. So far, Airbnb, StayAlfred, TripAdvisor, Flipkey, Vacasa and Misterbnb have agreed to do that, Lannom says.

Several other companies have refused to collect the revenues.

Last October, the Revenue Division filed a \$2.5 million federal lawsuit against Austin, Texas-based HomeAway Inc. and its affiliated VRBO.com, seeking their compliance with the city ordinance. The city also sought civil penalties of about \$200,000, combined, against other companies deemed to be noncompliant.

So far, "No short-term rental platform has paid an assessment," Lannom says. The HomeAway lawsuit is still tied up in court. "It's probable that at least some platforms are waiting for clarity from the court in *City of Portland v. HomeAway* before complying," he says.

The Revenue Division also has mailed about 880 letters to hosts that haven't complied with the city ordinance, assessed them, collectively, about \$95,000 in civil penalties. Of that amount, about \$44,000 in penalties have been paid by the hosts, Lannom says.

Airbnb response

In response to a request for comments last Wednesday, Airbnb spokeswoman Laura Rillos sent a written statement. "We will continue to encourage all of our hosts to comply with local laws," Rillos wrote. "We remain committed to helping Portland hosts register with the city; and will continue to proactively remove unwanted commercial listings from our platform."

In a letter sent the prior day to the mayor and city commissioners, Airbnb claimed it is "constantly working with hosts to ensure they are in compliance with the city's regulations."

The letter states that Airbnb has called more than 2,000 of its most active hosts to urge they register with the city.

Several cities around the world also are attempting to rein in Airbnb and other short-term rental companies that are flouting their ordinances.

Airbnb is apparently softening its stance in San Francisco, home to its corporate headquarters. According to a Nov. 14 article in the San Francisco Chronicle, Airbnb said it is now willing to provide its local hosts' names, addresses and guest stays, in a system it would craft with the city.

Airbnb's action followed comments from a federal judge saying they'd likely rule against the company in a lawsuit over San Francisco's law, the Chronicle reported.

The city of Portland, under Mayor Charlie Hales, has enjoyed a sweetheart relationship with Airbnb. Portland was Airbnb's first market where it agreed to collect lodging taxes on behalf of a municipality. The company also maintains a major corporate operations center in Old Town. Though derided by some critics as a glorified call center, the company announced in January it was opening a product and engineering center here, its first outside of San Francisco. The company says it now employs more than 350 here.

But now that special relationship appears to be frayed.

Tightening the rules

- To read the Bureau of Development Services' proposed new enforcement powers: www.portlandoregon.gov/bds/index.cfm?&a=617907
- Portlanders may testify on the proposed stiffer fines from noon to 2 p.m. Friday, Dec. 16, at 1900 S.W. Fourth Ave., Room 4a.
- Written comments also may be sent to Mike Liefeld at michael.liefeld@portlandoregon.gov.

Outgoing Mayor Hales: 'Undaunted by the noise'

By Jim Redden

November 17, 2016

To many Portlanders upset with Hales on homelessness, affordable housing and police accountability issues, it might seem as though he is in denial. Based solely on the complaints, it's easy to assume those issues are out of control. But Hales doesn't see it that way. He believes all three are national problems affecting all major metropolitan areas - and that Portland is doing a better-than-average job of dealing with them because of his leadership.

As Mayor Charlie Hales nears the end of his final year in office, it sometimes seems like he is under constant siege from irate Portlanders.

Residents throughout the city complain that Hales' homeless policies have encouraged tent camping along their streets. Homeless advocates camped outside his Eastmoreland home to protest the sweep he ordered along the Springwater Corridor. Affordable-housing activists have marched in support of rent control. Police watchdogs and others tried to occupy City Hall to prevent the City Council from approving the contract Hales negotiated with the union representing police officers. Some homeowners say recommendations to increase density that

he set in motion will destroy their neighborhoods. And the chairman of the Oregon Republican Party called for him to resign because of the anti-Trump protests.

But on an early November morning, all was calm in Hales' suite of offices. Sunlight seeped through the windows of his private quarters as he reviewed a five-page, single-spaced list of his accomplishments as mayor. Hales talked hopefully about adding to them during the final weeks of his administration, with council votes or deliberations on a number of items already scheduled for consideration by the end of the year.

"After 14 years on the council, I've stayed undaunted by the noise," Hales said, combining his 10 early years as a commissioner with his four years as mayor.

As Hales reflected on his time in the mayor's office, the only disturbance that morning was a pre-arranged visit from a delegation of Lincoln High School students who support one of his final initiatives, an official ban on new fossil fuel terminals. Although the students thought the proposed ban could be tougher, the visit was congenial, not confrontational, and they posed for pictures with Hales outside his office before leaving.

City's problems not unique

To many Portlanders upset with Hales on homelessness, affordable housing and police accountability issues, it might seem as though he is in denial. Based solely on the complaints, it's easy to assume those issues are out of control. But Hales doesn't see it that way. He believes all three are national problems affecting all major metropolitan areas — and that Portland is doing a better-than-average job of dealing with them because of his leadership. Among other things, Hales says the council approved the most money ever for homeless and affordable housing programs during his administration. And no African-American — armed or unarmed — has been shot by city police since he took office.

More than that, Hales argues that he has done many things in partnership with other council members that have been good for the city but don't get much if any publicity because they are too "wonky." They include reforms to the budget process that have increased transparency, eliminating the yearly criticism of utility fund misspending, increasing crisis-intervention training of police officers, and even bringing the monthly Last Thursday street party on Northeast Alberta under control.

"I'm very happy with the things we've gotten done," Hales said.

Despite that, Hales said he is done with elective politics and will not run for another public office again. Asked about his plans after Mayor-elect Ted Wheeler takes office on Jan. 1, Hales said he plans to "take a long sabbatical, do a lot of traveling, and not pick the next gig for while."

Much disappointment

A little more than a week later, after days of anti-Trump protests that resulted in extensive property damage and at least 113 arrests, Hales was equally confident he and the police had handled the situation well by cracking down when the situation got out of hand.

"Look, in the last 30 days the police bureau and I have been castigated from one side for being too harsh on protesters and arresting too many people. And we've been castigated on the other side for not declaring martial law," Hales told OPB.

Although Hales is prepared to argue at length that he has been a good mayor, many Portlanders feel otherwise. During informal chats at different events on the night of the general

election, several political insiders said Hales had been a disappointing mayor. Although all agreed he was well intentioned, they felt he had lost focus as his term went on, eventually falling victim to the same crisis-of-the-day mentality that crippled previous Mayor Sam Adams.

“Mayors are remembered for major reforms and building things, and Hales hasn’t done either,” said Jim Moore, a political science professor at Pacific University. “Maybe something he started will come to fruition in a few years and he’ll get credit for it.”

Moore said it is important to remember that Hales abandoned his race for re-election after Ted Wheeler, the state treasurer, announced for the office with a lengthy list of endorsers, including the three previous mayors. Hales said it was too difficult to run the city and run an effective re-election campaign, but leaked polls showed Wheeler either nearly tied or well ahead of Hales at that point.

Misteps

Hales admits he made some missteps in office, most notably by trying to push an unpopular street fee proposal through the council without submitting it to the voters. The initial version, co-sponsored by Commissioner Steve Novick, floundered for months when they couldn’t line up the third vote needed to pass it. Novick eventually proposed asking voters to approve a temporary 10-cents-a-gallon city gas tax to fund street maintenance and improvement projects. It was easily approved at the May 2016 election.

After Novick was defeated by first-time candidate Chloe Eudaly on election night, one insider, who asked not to be identified, blamed Hales for his defeat. According to this theory, Hales had persuaded the less-experienced Novick to partner with him on the original street fee proposal, then withdrew from it when the going got tough.

Hales also concedes that one of his homeless policies backfired. After the council declared a housing state of emergency in October 2015, Hales announced that small groups of homeless people would be allowed to camp on unused city property overnight. In the wake of the announcement, homeless camping became increasingly visible throughout the city. Most of the tent and tarp clusters were not taken down during daylight hours, as Hales’ new policy required, prompting a growing number of residents to complain that Hales had sanctioned quasi-permanent homeless camps in their neighborhoods. At the end of six months, Hales said the experiment had been misinterpreted and he was reimposing the existing ban on homeless camping. But the situation hasn’t changed much in many parts of town.

Today, Hales insists that allowing homeless camping is more humane than prohibiting it when there are not yet enough shelter beds and affordable housing units to accommodate everyone living on the streets. He says the six-month experiment did not increase the number of homeless people in Portland, arguing that ongoing development of areas like the Pearl District, South Waterfront and the Central Eastside Industrial District is eliminating the out-of-the-way places they used to live unnoticed.

“There are fewer and fewer places that people don’t care about anymore, fewer and fewer places for the homeless to be unobtrusive,” Hales said.

Back-to-basics successes

Hales ran for mayor in 2012 after first serving on the council from 1993 to 2003. He still keeps a memento from the mayor’s race on a window ledge in his office, a tool belt he wore at some public events and in campaign ads to emphasize his “back to basics” campaign theme. Hales says there were a lot of problems that needed fixing at the time just to get Portland back on an

even keel — including eliminating a looming \$21 million deficit, increasing the upkeep of city streets after the Portland Bureau of Transportation sold its paving equipment, confronting years of deferred maintenance at the city-owned Portland Building and at Memorial Coliseum.

According to Hales, most of those problems have either been solved or are on the way to being solved. For example, city finances are in good shape, thanks in part to his work to reduce the number of urban renewal districts and return more than \$800 million in assessed property back to the general tax rolls. Street paving has increased from 35 miles a year to over 100 miles a year, and will grow even faster with new gas tax money. And a \$195 million renovation of the Portland Building is finally underway.

Work has been delayed on the coliseum, however, because it needs more than \$100 million in upgrades and the city has identified only \$20 million in urban renewal funds for those.

Police reform agenda

Some efforts are ongoing, such as police reforms. Hales talked repeatedly about the need to reform the police bureau when he ran for mayor, calling for an emphasis on community policing after a series of controversial shootings of minorities and the mentally ill.

He had his opportunity by negotiating a settlement with the U.S. Department of Justice, which had begun investigating whether Portland police had a history of using excessive force against the mentally ill. A federal court approved the multiparty settlement, which Hales set about implementing. He says the city is meeting most of its requirements, including increasing crisis-intervention training for officers and helping to fund a regional mental health crisis center. He says the biggest failure is the requirement over which the city has the least control, the creation and operation of a Community Oversight Advisory Board intended to give citizens more influence over police policies and operations.

“We’re not perfect, but there’s been real reform in the use of force,” Hales said, reaching for a chart that shows use-of-force incidents by police dropping during his administration from 1,140 in 2012 to 775 last year. He also noted that he has successfully fired 12 officers who violated bureau policies. The few officers fired by previous mayors were reinstated by state arbitrators through the union grievance process.

“The police settlement is one issue where Hales may deserve to get credit down the road,” said Moore, the Pacific University professor.

Unfinished business

The biggest current issue Hales did not originally campaign on is the affordable housing crisis. Hales has long advocated so-called smart growth policies to make cities more livable by creating denser mixed-use neighborhoods connected by alternative forms of transportation, including public transit.

“That’s what interests me, how do you change the world by changing cities? People are moving to cities all over the world. How do you make them livable?” Hales said.

But Hales seemed slow to react to the growing popularity of such neighborhoods, which resulted in increased housing values, controversial demolition and infill projects, and oversized replacement houses and apartment buildings.

Renter and homeowner complaints grew very loud before Hales reacted, and even now some proposed solutions — such as rezoning two-thirds of existing single-family neighborhoods — are splitting the city. It is one of the recommendations proposed by the staff of the Residential

Infill Project, which Hales created within the Bureau of Planning and Sustainability last year in response to community concerns.

Although Hales' checklist says it will be completed in December, the actual City Code changes will not be drafted and presented to the council until next year, when there will be a new mayor.

Council postpones vote on controversial density plan for 'tuning'

By Jim Redden

November 17, 2016

A divided, short-handed City Council delayed taking action on a controversial proposed density plan Wednesday evening after listening to five hours of conflicting public testimony.

The council will take the proposal prepared by the Residential Infill Project up again on Dec. 7, when they will deliberate and potentially vote on it. Additional written public testimony will be accepted through Nov. 23.

Only three members of the council were present for the two Wednesday hearings on the proposal. Mayor Charlie Hales and commissioners Amanda Fritz and Steve Novick all agreed the staff should revise the numerous recommendations within the proposal to address issues raised during the testimony, but they did not provide much specific direction.

"There's a reasonable likelihood that a significant portion of this will have enough support on the council to move forward, but what exactly that is remains to be determined," said Hales.

Recommendations include limiting the size of new houses and rezoning two-thirds of single-family neighborhoods to allow smaller multi-family housing units, including duplexes, triplexes, four-plexes, small apartment buildings and cottage clusters.

Novick said he is generally supportive of them, explaining they will encourage more lower-priced homes for the estimated 240,000 more people expected to move to Portland by 2035. Fritz was concerned about the impact on neighborhoods without the infrastructure to support the additional housing, and worried many Portlanders will not be able to afford even such smaller homes in the future.

"We're not going to get consensus [tonight], Novick said at the end of the hearing.

Commissioners Nick Fish and Dan Saltzman were absent for both the 2 p.m. and 6 p.m. hearings.

The project is staffed by the Bureau of Planning and Sustainability. At the end of the second hearing, Hales said all five council members should meet with them and discuss their concerns with the proposal by the end of November. Hales, Novick and Fritz agreed generally with reducing the size of future houses, but split on the details and whether all or just some single-family neighborhoods should be rezoned for multi-family housing.

BPS Director Susan Anderson said that at the Dec. 7 hearing, the council could give general direction to the staff about changes to the proposal, which would then be redrafted and

presented to the public next year before being considered by the Planning and Sustainability Commission, which advises the bureau. It would then return to council in more detailed form.

"We've never done a process quite like this before," said Anderson. "If you give us general direction, we can take it back out to the community."

Hales wants the council to finish this phase of the proposal before he leaves office on Jan. 1. He said 700 homes have been demolished during his four years as mayor, with most replaced by a single house that is larger and more expensive than those near it.

"I feel a sense of urgency about this," said Hales, arguing that more and more people are being priced out of Portland by such residential infill projects.

"If the choices are doing nothing, passing [the proposal] as is or tuning it, I'm in favor of tuning it," Hales said.

For an early Portland Tribune story on the proposal, visit tinyurl.com/jzxntp9.

For more information on the project, visit www.portlandoregon.gov/bps/67728.

Willamette Week

Chloe Eudaly's Rise to City Council Casts Doubt on How Much Money Matters in Portland Politics

By Beth Slovic

November 16, 2016

Portland Commissioner Amanda Fritz wants to spend \$1.2 million a year in public money to pay for City Council candidates' campaigns. Part of her reasoning: First-time, female and minority candidates can't raise enough money on their own to challenge incumbents or beat wealthy white men who've dominated City Hall elections since Portland's founding.

But Election Day—and Chloe Eudaly—shredded that narrative.

Eudaly's upset of Portland City Commissioner Steve Novick on Nov. 8 shows again that an outsider candidate with a modest budget but a strong message and a creative campaign can break through to Portland voters. Novick outspent Eudaly 6 to 1, but mostly squandered his \$600,000 budget on polling, consultants and mailers.

Eudaly won by 10 percentage points, upending the conventional wisdom that her squadron of door-to-door canvassers and fliers hand-drawn by cartoonist Joe Sacco couldn't get her enough name recognition to oust Novick.

Now her victory raises fresh questions about the need in Portland for public campaign financing—a concept that Portland voters narrowly rejected in 2010.

It may also make reform seem less urgent and raise anew the question of whether voters themselves should decide whether to enact the program or whether the City Council can implement the program unilaterally, as Fritz would like.

Even critics of public campaign finance, though, say it would be a mistake to ignore the political winds behind Eudaly, the same desire for change that helped President-elect Donald J. Trump. "She is a function of something very large that was happening in the election," says veteran

lobbyist Len Bergstein. "The financing of the election is not the thing that is the fundamental driver behind that."

The program Fritz now hopes to enact is different from Portland's previous experiment in campaign financing.

Its aim is to amplify the voices of small donors by providing \$6 in matching funds for every \$1 in individual contributions, up to \$50 per donor. Candidates who volunteer to participate also would agree to limit individual contributions to \$250 and accept an overall cap on contributions as well.

Election results last week suggest Portland voters are eager for campaign finance reform. Almost 90 percent of voters in Multnomah County approved a charter change that limits campaign contributions in county races.

Eudaly backs Fritz's plan, and says her win doesn't undermine the need for change: "My circumstances were not remotely typical and are unlikely to be replicated—even for me."

It's true that she ran against a vulnerable incumbent, signed on a onetime aide to former Commissioner Erik Sten to guide her campaign, and already had successfully organized a community of supporters concerned about the housing crisis.

But it remains to be seen whether voters would again spend taxpayer money on city campaigns if given the chance.

"I don't think there's any harm in asking, what does this race tell us?" says Debbie Aiona of Portland's League of Women Voters, speaking as an individual. "I just think there's something different about this year that allowed her to run and win against an incumbent."

Rewind to five days before Election Day and a Eudaly victory seemed unfathomable, even to her. The owner of Reading Frenzy bookstore, Eudaly is a single mom, a high school dropout and a renter who says she's never paid herself more than \$36,000 a year. She'd never run for office before but felt inspired to fight for more affordable housing and better tenant protections in Portland.

Mayor Charlie Hales, speaking at City Hall on Nov. 3 about why he thinks Portland needs public campaign financing, said much had changed in Portland politics since he won a position as a city commissioner in 1992— the last time a newbie ousted a Portland incumbent.

"It was possible then for a new candidate who hadn't run for office before to run a shoe-leather campaign on a modest budget and win," he said. "Can anyone say that's still true?"

Eudaly herself testified, saying her campaign should be a case study. "I have struggled to raise enough money to run a competitive campaign," she said.

Five days later, she beat Novick.

Eudaly's victory isn't without precedent. Tom Potter beat then-Commissioner Jim Francesconi for the job of Portland mayor in 2004 after limiting donations to \$25 in the May primary. Bud Clark, a barkeep, famously swept Mayor Frank Ivancie from office in 1984.

Advocates for public campaign finance say three upsets do not an effective system make. Two of those wins still went to white men, for example. No woman of color has ever held office at Portland City Hall.

Kate Titus, executive director of Common Cause of Oregon, says public campaign finance also would reshape candidates' focus. "The current big-money system incentivizes most candidates to spend their time reaching out to a narrow set of wealthy interests," she says.

Yet Fritz's proposal hasn't received an entirely warm reception at City Hall. Mayor-elect Ted Wheeler, who raised about \$1 million for his campaign, has said he has different priorities. Commissioner Nick Fish has wondered aloud whether commissioners should be tapping taxpayer funding to pay for their own campaigns. And Commissioner Dan Saltzman has said he supports sending the question to voters.

Meanwhile, City Hall's top watchdog has raised concerns about proposed management of the program.

Portland's independently elected auditor, Mary Hull Caballero, oversees Portland's elections. But those responsibilities are minor, and Hull Caballero says her office isn't in the position to take on a complicated, highly visible and politicized bureaucracy.

"The city has no room for error," she says.

Fritz says she's taken into account the failings of Portland's old system, which got its start in 2005. That system gave \$145,000 to candidates for commissioner, mayor and auditor in the May primary who collected signatures and \$5 contributions from at least 1,000 voters. Candidates who advanced to a November runoff got more.

The system was subject to abuse, most famously by candidate Emilie Boyles, who used public money to pay her teenage daughter \$12,500, and Boyles' consultant, Vladimir Golovan, who faked voter signatures for Boyles.

It was also subject to ridicule, including in 2010, when a publicly financed candidate named Jesse Cornett got just 8 percent of the vote after spending \$160,000.

The old system, sometimes called "voter-owned elections," also scored a victory. Fritz tapped the system in 2006 for her own failed bid to unseat Saltzman. She used it again in 2008—this time successfully—to win an open seat left by then-Commissioner Sam Adams.

Fritz declined to comment for this story.

At the Nov. 3 hearing, Novick revealed another motivation for supporting the proposal, which heads back to the City Council for a second hearing in December.

Speaking on behalf of other candidates, Novick said he needed more of a financial incentive to talk to regular voters, acknowledging he spent most of his time fundraising among homeowners who could write big checks because it wasn't worth his time to collect small checks from renters. "We spend too much time talking to people with money and not enough time talking to people without money," he told his colleagues. "This would even it out."

Portlanders' vote for Eudaly was a signal they wanted change. The same kinds of forces could come together to propel another outsider to City Hall, says Portland pollster John Horvick. But that won't be the norm, he says.

"Over the long term, well-financed campaigns with strong name recognition are going to be more successful," he says.

Having waited until after Novick's election to force the issue, Fritz gave Portland voters a fuller picture of what's possible in Portland politics.

"People who believe in public campaign finance think it's a cure-all," says former Commissioner Randy Leonard, "and I don't think it is."

The Portland Mercury

Chloe Eudaly Just Pulled Off an Exceedingly Rare Win

By Dirk VanderHart

November 16, 2016

IN PERHAPS the most surprising local election Portland's seen in at least 24 years, the winner almost forgot to vote for herself.

Chloe Eudaly showed up to her campaign party at Holocene on November 8, thinking the place would be near empty. In fact, the bar was already bustling, but Eudaly noticed a sad energy. Glum attendees pointed her to the increasingly worrisome results of the presidential race.

"That's when I realized I still had my ballot in my purse," Eudaly tells the Mercury. It was 20 minutes before the polls would officially close.

The candidate hustled to the nearest ballot drop, but the vote wouldn't make a difference in her race. When initial results came out at 8 pm, Eudaly had a commanding lead over incumbent Commissioner Steve Novick. As of the latest count, she'd bested Novick by more than 24,000 votes.

"I had a really hard time feeling a sense of joy or success [at the time]," Eudaly said Monday. "It's really just the last few days that it's begun to sink in."

With her win, the bookstore owner and affordable housing advocate accomplished an exceedingly rare thing in Portland politics. A challenger hasn't defeated an incumbent commissioner since 1992, but many observers say you've got to look farther back than that to find a race where such an underdog found success. They point to the 1984 mayoral contest, when tavern owner Bud Clark soundly defeated conservative mayor Frank Ivancie. And it's true the similarities are hard to deny.

Eudaly, like Clark, bristled at questions about her qualifications, pointing to decades of connections she's forged in the city as owner of Reading Frenzy, founder of a Special Education PTA, and, most recently, a renters' rights advocate. Eudaly also ran on a platform of inclusion like Clark, and her overtly "Portland" campaign—complete with a housing-themed comic from decorated local cartoonist Joe Sacco—echoed the offbeat campaigning Clark used to set himself apart.

"People have been underestimating me and dismissing me since the primary," Eudaly says. "I've lived and worked here for 25 years."

In any other election, Novick's ejection would have been a signature story from November 8. But as the country—and Portland—grappled with the reality that Donald Trump will be president of the United States, it was easy to lose track of the upset.

Still, the outcome has important ramifications, and interesting takeaways.

While Novick edged out his nine challengers in nearly every city precinct during the May primaries, last week's results suggest Portland is somewhat divided by its central river. Eudaly

took most of the precincts east of the Willamette—with particular strength in ultra-lefty inner Southeast.

Novick, on the other hand, won in most precincts on the city's west side, though he also had modest leads on the city's eastern edge.

“This was the most shocking thing anywhere in Oregon politics,” says Jason Kafoury, a local attorney who advocates for campaign finance changes that would let grassroots candidate like Eudaly take a valid shot at office. “I think this will lead a lot more people who are outsiders—who never thought they had a chance—to run.”

Particularly notable about Eudaly's victory: It came without the big money that typically fuels success in Portland politics. Novick raised more than \$440,000 this year for the race. Eudaly raised just over \$100,000.

Eudaly is careful when she talks about winning despite the cash disadvantage. On the campaign trail, she'd been a vocal supporter of Commissioner Amanda Fritz's push for a new publicly financed elections system in Portland. She says that such reform is still necessary.

“We won in spite of a system that is heavily biased in terms of the incumbents, and favors the affluent and politically connected,” Eudaly says. “I'm really afraid of the media using me as an excuse not to do campaign finance reform.”

Given the financial disparity, people the Mercury spoke to were inclined to think Eudaly's win had a lot to do with Novick tarnishing his reputation with voters—a factor the commissioner himself has acknowledged.

“Steve Novick was someone who led with his chin,” says Jim Moore, a political science professor at Pacific University and director of the Tom McCall Center for Policy Innovation. “He stuck to his principles, pushed things, and the voters pushed back.”

It didn't help that plenty of Portlanders already distrust city governance.

“Novick probably had to carry the burden of all the people who were pissed off at City Hall,” said Len Bergstein, a longtime Portland lobbyist and political observer.

Bergstein, who readily admits to being part of the city's political establishment, was honest about the fact he didn't know quite what to make of Eudaly's victory. Was it a perfect storm of factors—missteps by Novick, smart messaging by Eudaly, citizens panicked over rents? Or has the city changed in a more fundamental way, such that being a four-to-one fundraising underdog without political experience is suddenly not a death sentence for a candidate's chances?

“I'm still trying to digest it,” he said.

Eudaly says people should give her more credit.

“You could say it was a referendum on Steve, but we have a lot of really engaged people right now,” she says. “I had connections to thousands of people across the city.”

She also had help. Both Eudaly and political observers point to Marshall Runkel, a local campaign veteran and her campaign's leader. Runkel will serve as Eudaly's chief of staff when she takes office next year.

Together, they'll face an uncertain task. Eudaly says she met with Mayor-elect Ted Wheeler last week, and that she's told his office what bureaus she feels qualified to lead (she declined to say which).

She's up front about the fact she doesn't believe she'll get control of housing, her core competency. She's not ruling out the possibility of being assigned the Office of Neighborhood Involvement, often seen as a comparatively easy lift compared to other bureaus.

Whatever happens, Wheeler has some tricky decisions to make. Novick's workload includes the large Portland Bureau of Transportation, along with the city's 911 dispatch and its emergency management agency. If the new mayor doesn't think the rookie commissioner can handle those jobs, he'll have to find someone who can.

"Now Ted has to do a little rearranging," Eudaly acknowledges. "Everyone assumed that Steve would win, so this is a bit of an upset for the whole council."

Hall Monitor—A Baby Step in Trump's Shadow

By Dirk VanderHart

November 16, 2016

IT'S WEIRD to say, but last week's presidential devastation came at a poignant time for Portland. Just as the nation braces for the leadership of a man who's promised to ramp-up fossil fuels' role in American life, City Hall is setting to work clamping it down.

Fulfilling a pledge made a year before, Portland City Council on Thursday took up a set of zoning changes that would make the city a national leader in nixing new fossil fuels terminals within its bounds.

The ordinance before council would create special zoning rules for terminals that store two million gallons of fossil fuels or more—about the amount of oil that can be transported in one train. Additional terminals of that size wouldn't be permitted in Portland.

The rule change would also restrict expansion of the massive "tank farms" that already line the riverbank in Northwest Portland. They're facilities that supply fuels to the entire region, but which aren't built to withstand our inevitable earthquake. (They could make the recent natural gas explosion that rocked Northwest 23rd Avenue look like a firecracker, city staffers say.)

The city's willing to allow existing terminals some expansion, provided they commit to seismic upgrades, but what the final rules will look like is in flux.

Portland's been working up this rule change since late last year, when Mayor Charlie Hales and Commissioner Amanda Fritz introduced resolutions opposing fossil fuels facilities in the city. Even so, the specter of Donald Trump's presidency loomed large over last week's hearing.

"Now more than ever, we need local action," Susan Anderson, director of the Portland Bureau of Planning and Sustainability, told City Council. "We can't rely on a future president who doesn't believe climate change is real."

Which is correct! But opinions on the rules are all over the place.

Climate activists packed council chambers last week to implore the city to outlaw any and all new fuels facilities. Energy industry reps came to predict dire woes if Portland cracks down on their operations.

The rules are "short sighted and very self-centered," Rob Mathers, an employee of energy giant Kinder Morgan, told the council. "It's going to lead to disinvestment and it's going to lead to these facilities being stranded."

Hales didn't bother to pretend he cared about Mathers' opinion.

"We're not going to agree with the industry on this," he said.

The city's own account of the rule changes does make clear there could be negative impacts. They speak of tax revenue and jobs that could be lost, including "middle wage, industrial job growth that disproportionately benefits workers of color."

It won't be enough to dissuade City Council, which figures to make the changes final early next month.

Nor should it be. At a time when we have a president plotting to gut the US Environmental Protection Agency, tweeting that man-made climate change is a Chinese hoax, and actually appointing a fucking climate change skeptic to lead his EPA transition, this is the least we can do to stand up for the direction in which our country should be headed.

It's a baby step, sure. But these days, that feels like all we've got.

Daily Journal of Commerce

City Council aids Portland Building relocation effort

By Garrett Andrews

November 17, 2016

The Portland City Council on Wednesday took action to expedite the work to secure temporary space for the 1,300 employees who will be displaced during a major project to renovate the city's administrative hub.

The Portland Building, completed in 1983, requires major seismic and structural fixes. A "progressive" design-build-relocate plan was approved by the council to give the Office of Management and Finance flexibility needed to execute the project. On Wednesday, the council passed a resolution tying project leaders in OMF to a budget of \$195 million and a completion date of the end of 2020.

The team of DLR Group and Howard S. Wright Construction won the bid in July.

HSW has been working with commercial real estate broker Jones Lang LaSalle to locate and negotiate leases for office space in the Central Business District. Wednesday's resolution authorized JLL to negotiate multiple contracts with landlords so that it doesn't have to return to council for each. The matter was passed as an emergency ordinance.

In other business on Wednesday:

- Portland Parks and Recreation received authorization to replace the disused wading pool and aging restrooms at Colonel Summers Park in the Buckman neighborhood. It will cost \$576,242 to add a splash pad water feature and Portland Loo amenities. The money will come from the bureau's 2017 budget. The project is partly paid for by System Development Charges. It was identified in the \$68 million bond passed by Portland voters in 2014.

A contract with DAO Architecture for the design of Colonel Summers Park gates was updated to reflect about a \$10,000 increase. The city will now spend about \$36,000 for the designs of the pavilion gates at Colonel Summers Park. The decorative gates will aid with safety, according to Lauren McGuire, capital projects manager for the 2014 bond program.

The project was delayed earlier this year when the bid for fabrication and installation of the gates yielded no proposals. So DAO performed additional design work to ensure subsequent bids. The city approached metal fabricators in the area, and the new proposal received three bids.

The gates will be installed next spring, and the other park improvements will be in place by the middle of next year, McGuire said.

- Portland Parks and Recreation transferred ownership of a \$1.2 million parcel of land in the Tabor neighborhood to the Housing Bureau for development of affordable housing. The Housing Bureau will contribute \$1.2 million into the parks bureau's Parks Memorial Fund.

The site at 511 S.E. 60th Ave. is the home of Mt. Tabor Annex, now occupied by Y's Choice Child Development Center; it's operated by the YMCA of Columbia-Willamette.

Housing Bureau Director Kurt Creager said the building, which is made of unreinforced masonry, will likely be torn down.

"Hopefully we can move quickly enough that it doesn't have to be reinforced," he said. "It does have kind of a neat facade, but the building itself can't really be retained."

To that, Mayor Charlie Hales said, "You can't save 'em all."

- The Water Bureau will pay \$2.3 million for design, engineering and construction management of the Sandy River Engineered Log Jam Placement Project, which is intended to restore habitat for native fish. The project is recommended under the Habitat Conservation Plan for the Bull Run Watershed. The plan calls for improvements to the Bull Run River, where the city draws the majority of its drinking water.

A professional services contract was awarded to Wolf Water Systems.

Water rates are expected to increase to help pay for the project.

"Normally governments don't try to actually create log jams, but in this case it makes sense," Hales said.

The contract requires a second reading.

Park Square property sells for \$94.35 million

By Chuck Slothower

November 17, 2016

A property converted into creative office space has sold for \$94.35 million – the latest high-dollar sale in Portland's active market.

The asset, known as the Park Square campus, comprises two buildings and 295,767 square feet at 100 S.W. Market St.

Built in 1969 and 1983, Park Square has two midrise towers that in 2015 were transformed into creative-office buildings.

Holliday Fenoglio Fowler LP (HFF) marketed the property on behalf of New York-based Clarion Partners LLC, while acting as an adviser to a separate account client. A separate account client

advised by CBRE Global Investors purchased the asset and was assisted by HFF in securing a fixed-rate acquisition loan from Deutsche Bank.

The HFF investment sales team representing the sellers was led by senior managing directors Nick Kucha and Michael Leggett.

HFF's debt placement team was led by managing director Casey Davidson.