

The Oregonian

Portland to sell Terminal 1 site to Lithia Motors; Portlandia not included

By Elliot Njus

December 23, 2016

Portland has reached a deal to sell Terminal 1, a riverfront site once eyed for a large homeless shelter, to Lithia Motors.

The Medford-based car dealership network would pay \$12.5 million for the site, located on the west side of the Willamette River just north of the Fremont Bridge. The Portland Business Journal first reported news of the sale Friday.

The sale could close in five months, after a four-month period for the company to evaluate the site. Its plans for the site weren't immediately clear; representatives for the company couldn't be reached Friday morning.

The deal doesn't include the Portlandia statue, which Lithia included as an apparently winking request in its initial bid. The city's Bureau of Environmental Services, which owns the site, said it doesn't have jurisdiction over the statue.

Six other potential buyers submitted bids. The city said Lithia's offer, which climbed in subsequent negotiations, ended up nearly \$1.4 million higher than its nearest competitor.

The city bought the terminal for \$6.33 million in 2004 and used it as a staging staging for the Big Pipe sewer-stormwater project. Upon that project's completion, the project was declared surplus and put on the market. Property records put the property value at \$8.6 million in 2015.

Developer Homer Williams proposed using the site and its 96,000-square-foot warehouse for a homeless shelter modeled after a similar project in San Antonio. The plan was scrapped in October after the city and Williams failed to reach an agreement.

The Portland Tribune

Ted Wheeler promises to reshape city

By Nick Budnick

December 27, 2016

Mayor-elect Ted Wheeler intends to set and control the direction of city government when he takes office in January through a staggered bureau assignment process.

During an interview with the Portland Tribune editorial board last Wednesday, Wheeler appeared focused on wasting no time when he formally takes over, laying out a muscular and activist approach toward the city's top job. And he did not shy away from suggesting the previous mayor and council might have made better decisions.

Wheeler said he has had many meetings with the continuing members of the City Council, Commissioner-elect Chloe Eudaly, and city bureau directors since being elected mayor at the May 2016 primary election. Wheeler said he has specific ideas for the directions he wants many

agencies to take which he has discussed with them, and will announce his initial bureau assignments on Jan. 3, 2017.

In April, Wheeler will assume control of all the bureaus while the council process for adopting the next budget is underway. In May, after the budget that takes effect on July 1 is approved, Wheeler intends to reassign bureau responsibilities to council members.

The reassignments might change in May, Wheeler said, depending on the progress he sees each commissioner make toward achieving his goals.

"Depending on how things have been going, there might be changes if there are problems of leadership," Wheeler said.

Assigning bureaus is one of the few powers of the mayor under Portland's system of government, where each member of the council oversees a set of bureaus. Although it is not unusual for mayors to assign themselves all bureaus during at least their first budget process, making an initial three-month assignment may never have happened before.

Although rumors are swirling within City Hall about Wheeler's initial assignments, he declined to discuss most of them. Wheeler said he would assign himself the Portland Police Bureau because he made improving the relationship between the police and the community a top priority of his campaign.

He also suggested he will take the Portland Housing Bureau from Commissioner Dan Saltzman because it is essential to addressing the issues of homelessness and housing affordability, which were also top priorities of his campaign.

Wheeler said he plans to take a different approach to the homeless crisis than the current administration. During his campaign, he promised to provide shelter space for half the people living on the streets by the end of his second year in office. Conceding that promise may be hard to keep, he said it will involve offering more housing options, such as emergency shelters, tiny home villages and triage centers, such as the one proposed by developer Homer Williams as part of his aborted homeless multi-service project at Terminal 1.

"Allowing people to camp outside is not a humane solution, and it's hated by neighborhoods and businesses," Wheeler said.

In response to a direct question, Wheeler declined to say whether he would allow Commissioner Amanda Fritz to keep the Office of Neighborhood Involvement. A recent audit by the City Auditor's Office found it riddled with administrative and management problems, in part because it has been given many unrelated responsibilities.

Even if Wheeler keeps all the bureaus currently under Mayor Charlie Hales, who is leaving the council at the end of the year, two other important bureaus will need to be initially reassigned. They are the Portland Bureau of Transportation and the Portland Office of Emergency Communication, which operates the 9-1-1 system. Both are currently overseen by Commissioner Steve Novick, who was defeated by Eudaly and is also leaving at the end of the year.

On the subject of the budget, Wheeler said he was concerned by the recent forecast from the City Budget Office that said the council is spending money faster than it is coming in, despite record revenue growth because of the strong local economy. The forecast said the council will have to cut \$4 million in annual spending over the next five years to balance its books, in part because it has recently approved approximately \$12 million a year in new unfunded programs.

"I have some very deep concerns about the state of the budget. We need to focus on what works and fund it, not just on what is popular," Wheeler said.

Work locally on global issues

Wheeler indicated he is not so inclined to fill Mayor Hales' shoes on the international front to counter climate change.

Hales has been a leader in the C40 Cities Climate Leadership Group, which recently honored Portland for its innovative Climate Action Plan.

The C40 cities' work is viewed by environmentalists as more crucial than ever, given the incoming Trump administration's indifference or outright hostility to addressing climate change.

Wheeler said he'll stress more local issues, such as improving transit in East Portland. More residents are being pushed out of close-in neighborhoods to get affordable housing in East Portland, but the jobs are increasingly on the west side, Wheeler said.

"That is contributing to carbon emissions," he said. "We have a lot of work to do right here at home."

Wheeler said he's largely in sync with the current council's approach to infill housing and the newly updated Comprehensive Plan, which is intended to guide how the city grows during the next 20 years. The Portland area agreed to promote density in urban and suburban communities when it opted decades ago to support an urban growth boundary that restricted growth in rural, forest and farm belts, Wheeler said.

"I support density," he said. "It will not be a comfortable conversation" with opponents of that in the city, he added.

Wheeler favors more accessory dwelling units, or ADUs, as a way to add infill housing in a relatively low-impact fashion. And he favors promoting "missing middle" housing in existing neighborhoods, such as duplexes, triplexes and small garden apartments.

Some of the neighborhood opposition to those can be addressed via good designs, Wheeler said, citing one example of an apartment in his West Hills neighborhood.

Wheeler also appears keen on experimenting with "tiny house villages" as a way to promote more affordable housing and density.

Plans for police

On public safety, Wheeler said he plans to go forward soon with his pledge in May to hold a national search for the job of Portland police chief, despite the fact that the city already has one in Mike Marshman.

Two months after Wheeler went public with his plan to fill any vacancy with a search, Hales instead replaced retired chief Larry O'Dea by naming Marshman the city's permanent chief, rather than an interim.

Wheeler said that if he were Hales, he wouldn't have named Marshman a permanent chief, since Hales was a short-timer.

"I would not have done it," he said. "It's important that I have somebody who is my police chief who has my values, who agrees with the reforms that I will seek to impose over the course of my administration."

Wheeler said Marshman may in fact may be that chief, but a national search would boost the credibility of whoever ends up holding the job.

"He has not stated he will be part of the process. I would encourage him (to apply)," Wheeler said of the chief.

Wheeler also addressed the city council's handling of the controversial police contract in the fall. Critics had attacked the deal as being too generous with raises without finding the money to pay for them, while asking for too little in return.

Wheeler, discussing the city's financial situation, appeared to echo some of that criticism. "Why on earth would you negotiate a contract to increase wages" without making other adjustments to avoid "eviscerating" non-public safety programs, Wheeler asked.

He noted that the main police union concession during the contract talks, to end the controversial rule shielding officers from having to talk about uses of force for 48 hours, was only one of 10 reforms he laid out during the campaign.

After his election, Wheeler expressed no concerns publicly during the contract negotiations and public hearings despite some advocates' calls for him to weigh in. Asked if he regretted keeping his silence, he said, "I do not regret it and I was not silent. I had plenty to say behind the scenes." He said he spoke to the chief, the police union, Hales and City Council members about the contract privately, rather than opine publicly.

"I chose overtly after I was elected in May not to be a shadow mayor," Wheeler said, "because there would be no end to people asking my opinion on every single subject in front of the City Council at a time when I needed to focus on my transition."

He then appeared to walk back his earlier apparent criticism of the council's fiscal decisions around the contract, saying, "I don't know that I would have negotiated a different or better contract."

Judge will say who pays city's Superfund bill

By Jim Redden

December 27, 2016

The question of who will pay the city's share of the Portland Harbor Superfund cleanup cost is now in the hands of Multnomah County Circuit Court Judge Stephen Bushong.

That issue is potentially the most expensive part of the long running utility ratepayer lawsuit against the city of Portland that Bushong has been hearing. Portland has already paid over \$50 million in Bureau of Environmental Services ratepayer funds to prepare its defense against the U.S. Environmental Protection Agency naming it as a responsible party in the cleanup. The EPA has released a cleanup plan estimated at \$746 million, although some harbor-related businesses believe the final cost will be \$1.5 billion or more.

The suit was filed in December 2011 by lawyers representing BES and Portland Water Bureau ratepayers who charge the City Council spent hundreds of millions of their payments on projects not authorized by the City Charter. Bushong has already ruled such spending must be "reasonably related" to the missions of the bureaus. He has found the council spent up to \$19 million illegally by that standard, although he ruled that a far larger amount of challenged spending was legal.

Closing arguments on the Superfund spending were presented last Tuesday. Bushong has promised a ruling on it and the remaining unresolved challenges by mid-January. They include approximately \$10 million in ratepayer funds spent on such things as system development charge waivers to encourage affordable housing projects and grants to nonprofit environmental organizations and environmental-related events.

The trial on the Superfund spending included testimony by Mayor Charlie Hales and Commissioner Dan Saltzman, who was in charge of BES during much of the time it worked on the cleanup process, although it is now assigned to Commissioner Nick Fish.

Ratepayer attorney John DiLorenzo argued that the entire city is responsible for any Superfund liability, not just BES ratepayers. Assistant City Attorney Karen Moynahan argued the city would only be liable because of the sewer system that empties into the harbor currently operated by BES. Any other bureau held liable would reimburse BES for spending beyond an additional \$11 million in general fund dollars already spent on the process.

One focus of DiLorenzo's questioning concerned approximately \$25 million in BES funds spent on the Lower Willamette Group, a coalition of harbor-related business interests that produced a report on contaminants in the harbor. Although the city was only one member, it agreed to pay 25 percent of the group's costs. Moynahan said that was intended to give the city a bigger voice at the table. BES also paid the CH2M consulting firm up to \$1 million a year to review the Lower Willamette Group's work.

Bushong repeatedly questioned Moynahan about the lack of clear authorization by the council for the BES spending on the cleanup process in the initial resolution that designated it the lead agency. Subsequent ordinances and BES budget approved by the council authorized specific cleanup-related expenses. The only ordinance that mentioned reimbursements from other agencies was passed after the ratepayer lawsuit was filed, however.

Hales and Saltzman testified the council understood BES ratepayers would be paying for the cleanup process because they finance almost all of BES's services. They said the council members were briefed on the progress on a one-on-one basis and not in public to prevent disclosing the city's legal strategy in case the EPA cleanup plan ends up in court. The spending was authorized during the regular budget process, they said, and the reimbursements were always intended to occur.

DiLorenzo said the secrecy prevented ratepayers from knowing how their money was being spent. In fact, few details of the spending would have been revealed except for the lawsuit filed more than five years ago. The spending figures were released only as a result of record requests approved by Bushong.

Although the EPA hopes to release a cleanup plan by the end of the year, some fear the entire process could be derailed if Donald Trump is sworn in as president and appoints a new EPA administrator before it comes out.

City attorneys have already said they will appeal the final ruling, arguing the charter gives the council broader authority to spend ratepayer funds than Bushong's interpretation.

Terminal 1 to be sold to Lithia Motors for \$12.5 million

By Jim Redden

December 23, 2016

The Bureau of Environmental Services has decided to sell Terminal 1 to Lithia Motors for \$12.5 million — \$2.5 million more than the company's original offer.

The purchase will allow Lithia, a nationwide auto dealership network based in Medford, to consolidate its Portland operations, said the company's agent, Richard Baranzano.

"They now have cars parked all around town and this will allow them to store them all at one location, among other things," Baranzano said.

Commissioner Nick Fish praised the sale as an opportunity to create hundreds of family-wage jobs on the industrial parcel at 2400 N.W. Front. Fish is in charge of the Bureau of Environmental Services, which owns the property.

"I am pleased that Terminal 1 will be home to an Oregon-based company. This sale aligns with our commitment to maintaining Terminal 1 as prime industrial land and to the city's economic development strategy for the next 20 years," said Fish, noting that the proceeds will be used to hold down future BES rate increases.

Six other bids were submitted for the Northwest Portland property, which had been declared surplus by the City Council. A bidding war ensued while BES, which owns the property, was conducting its due diligence, prompting Lithia to increase its bid, Baranzano said.

Lithia is a Fortune 500 company and the seventh-largest automotive retailer in the United States. It began in 1946 as a single dealership in Ashland. It now operates 139 stores in 14 states across the contiguous United States, Alaska, Hawaii.

The sale was a long time coming. After a lengthy process, BES put it on the market earlier this year, but the council voted 3-to-2 to allow developer Homer Williams to open a temporary homeless shelter in a vacant warehouse there just before the bids were due in August. They ranged from \$6 million to \$10 million.

That was less than Fish thought they would be. Fish, who voted against the shelter proposal with Commissioner Amanda Fritz, argued the vote for the shelter suppressed interest in the sale of Terminal 1, one of the last large pieces of industrial property in the city.

The shelter never was opened at Terminal 1, however. Williams had trouble finalizing his project and raising all the private funds needed to complete it. Commissioner Dan Saltzman, who is in charge of the Portland Housing Bureau and introduced Williams' proposal to the council, pulled the plug on the project in October.

The bidding process for Terminal 1 was then restarted in the hope of receiving higher bids. When they came in, the new bids mostly were in the \$10 million range. The highest initial bid was from Tandem Development Corp., a Portland development firm, at \$10.5 million. The final Lithia bid is \$1.375 million higher than any of the others.

Willamette Week

Ted Wheeler Plans to Roll Back Portland Cannabis Regulations, But He Won't Support a Rent Freeze

By Rachel Monahan

December 28, 2016

Ted Wheeler is tackling a job that keeps ending Portland's political careers.

So we figured he could handle a few fill-in-the-blank and multiple-choice questions.

Wheeler, a former Multnomah County chairman and Oregon state treasurer, takes office Jan. 1 as Portland mayor. That makes him the city's fourth new mayor in four election cycles. Not a single officeholder has even sought re-election since Vera Katz won a third term in 2000.

Outgoing Mayor Charlie Hales leaves behind a legacy of false starts, alienated colleagues and abandoned projects. Wheeler inherits a police force under scrutiny, a housing market in which rents continue to rise, and voters itching for new blood.

As Wheeler made the rounds of entrance interviews with newspapers, we decided to give him a pop quiz: more than a dozen questions in about five minutes to get decisive answers on pressing policies. He proved agile, informed and quick to challenge the premise of our questions.

WW: Fill in the blank: The one ordinance the City Council passed this fall that I wish it had waited for my arrival in office is _____.

Ted Wheeler: The CEO tax. I don't fully understand it or how it's enforceable.

On marijuana, the city should roll back:

(a) the fees for business, (b) the regulations, (c) neither, (d) both.

(d) Both.

Yes or no: Should marijuana be under the purview of the Office of Neighborhood Involvement?

No.

True or false: ONI is the city bureau most in need of reform.

It's tied for first place.

With?

The Police Bureau.

Charlie Hales pulls a North Carolina on you, decreeing the mayor can no longer oversee police. To whom do you give the bureau?

I keep it. I would and am going to keep it.

But in this scenario it's not allowed.

In this fake scenario, who would I give it to? [Mayoral aide] Michael Cox.

We want to know which commissioner you would trust with that duty.

On the fly, there's one commissioner who has served as police commissioner previously. That's Dan Saltzman. If I'm forced into this hellish game you've created for me.

Yes or no: Will you consider public financing of campaigns for a budget cut next year?

Everything is on the table.

Fill in the blank: The political establishment underestimated Chloe Eudaly because _____.

I think that's a story yet to be written, and I don't know why. As an aside, I really enjoyed getting to know her. She's going to be a great addition to City Council.

Yes or no: Do you support Chloe Eudaly's call for a rent freeze?

No. It is clear that we do not have the authority to impose a unilateral rent freeze and that it would be a violation of state law. I cannot in good conscience say we're going to violate state law.

Yes or no: Would you have voted for the inclusionary zoning policy if you were on the City Council today?

Yes.

Yes or no: How did you ultimately vote on corporate tax Measure 97?

I'll leave that for future generations.

How is that leaving that for future generations? We're not going to get your voting record.

Isn't that great? That's convenient, isn't it? I was well on the record with Measure 97.

It's a yes or no question.

I voted no. But now you have to listen to why I voted no. Measure 97 was a very blunt instrument. It was not well thought out. I said early on—and I think it was borne out—that people would pretty quickly figure out that a gross receipts tax can get passed down to the people who can least afford to pay it, with no protections in place for them. It's not that we didn't need the revenues. God knows we need the revenues for public education.

Fill in the blank: Being elected mayor is like _____.

The silly answer is that it's like having your outer layer of skin burned off. The serious answer: It's like a good friend handing you their baby and saying, "Please take care of my baby; I'll be back in five hours."

Daily Journal of Commerce

City sells Terminal 1 property for \$12.5 million

By Garrett Andrews

December 27, 2016

The north Pearl District industrial parcel eyed by developers this past fall for a potential emergency homeless shelter has been sold by the city of Portland to another interest.

The Bureau of Environmental Services announced Friday that the 14.48-acre parcel known as Terminal 1, at 2400 N.W. Front Ave., had been sold for \$12.5 million to Lithia Motors.

Terminal 1 became the subject of scrutiny in late summer when a band of business interests tried to acquire it for use as a massive homeless shelter, to be operated jointly by public agencies. The plan was the brainchild of developers Dike Dame and Homer Williams, who were inspired by a similar shelter in Texas.

After the plan fell apart due to concerns about the shelter and other issues, the City Council voted in November to put the land up for sale. Portland developers project[^] and Winkler Development were among the parties that submitted offers to buy the land.

Medford-based Lithia Motors – the fifth-largest auto retailer in the country, according to its proposal – plans to use the site to unite its scattered operations under one roof.

Lithia Motors stated in its proposal that it wished to have the Portlandia statue relocated from its current location at the base of the Portland Building to the Terminal 1 site, so it could “(welcome) seafarers and the world to our city. Portlandia could finally find a place to project both her strength and the confidence of the community.”