

## **The Oregonian**

# **Portland development commission failures bode ill for its balance sheet, equity promises, audit finds**

*By Jessica Floum  
November 28, 2017*

Portland's development commission is looking to get into operating real estate in a big way, but it does a poor job of making money and protecting city assets on properties it now owns, a new audit shows.

The agency's new real estate strategy is not on track to make the future revenues it's counting on to spur equitable economic growth in the city, an audit released by the Portland Auditor's Office Tuesday found.

The agency pays outside firms to operate most of its properties expected to generate significant income, including a hotel, parking garages, retail spaces and Union Station. But auditors' checks on four of the most significant properties found that the agency failed to get reliable financial information from its contractors, to adequately forecast finances and plan for upkeep at each property.

The market rate for a firm to operate the city-owned Inn at the Convention Center would be \$125,000, the audit said, but the commission paid operator Trek Ventures \$600,000 for that work in 2016. The city handed Trek Ventures the contract to "babysit" the hotel on a temporary basis 15 years ago and has never sought competitive bids, it said.

Established in 1958 to help drive economic and urban development in the city, the commission for years has used a property tax diversion technique to pay for infrastructure improvements in parts of the city it designates as ripe for upgrades. That funding technique paid for much of the agency's activity, making up 50 percent of the agency's revenue last year.

But that revenue stream is expected to go away in the next 10 years. So the agency has drafted a business plan that relies on increasing its real estate revenue from about \$2 million per year to \$16.2 million per year by 2031, making real estate the commission's primary source of revenue.

The commission plans to accomplish that by treating its properties as financial investments and setting goals to make returns ranging from 2.5 percent to 6 percent each year, commission director Kimberly Branam said.

But the audit found the agency isn't ready.

The development commission didn't set strategic goals for its existing properties, did not document equity considerations, failed to evaluate each property's risk and did not adequately oversee properties managed by third parties, it said.

The agency, which recently rebranded itself Prosper Portland, acknowledges that its decades of past activity contributed to gentrification and the displacement of African American, Jewish and Italian communities. It pledged to become an "anti-racist multicultural organization" by applying an equity plan to manage all investments as well as how it spends the proceeds.

But it did not actually implement an equity plan for its real estate activities, the audit found. Nor did it document any discussions concerning equity in real estate.

## **ADVERTISING**

"Staff members said they did not complete equity plans for real estate management decisions because the equity procedure did not apply to real estate decisions," the audit said.

Branam said that the commission requested the audit to get a third party to weigh in on her new strategy. Since Branam started in August 2016, the development commission has hired three new employees with real estate expertise, purchased new software to help track real estate agreements, goals and operations and has started consulting with outside firms to review its real estate policies, she said.

"We asked the city auditor's office to focus their next audit on this so we could have an extra set of eyes scrutinizing how property management has been done in the past," said Chief Financial Officer Faye Brown. "We view this audit as being very helpful to us."

In 2016, the development commission owned or controlled 80 properties ranging in value from \$116,000 to \$25 million.

It owns lots at Northeast Martin Luther King Boulevard and Alberta Street, parking spaces at Old Town Lofts that it got when a developer defaulted on a loan and the hotel at the Convention Center.

## **FINANCIAL FAILURES**

Last year, the development commission made \$5.9 million in gross operating income from 26 properties, at least four of which it paid third-party operators to manage. Its net profits from real estate holdings were just \$1.7 million.

Its failure to get accurate records, or in the case of Union Station, records period, contributed to its problems. "In all cases, reports were either inadequate, inaccurate, or operator procedures led us to question the validity of operator reports," the audit said.

Prosper Portland barely monitored the activities of their operators. The commission staff did not go on-site during any of their weekly monitoring. Instead, they conducted "drive-by visits" where they looked at the outside of the building.

The audit found problems at the convention center hold and two other of the city's largest real estate assets in terms of revenue generated.

At Union Station, which generated \$1.4 million in revenue but zero profit for the city, the operating agreement was out of date and the development commission did not pay the operator a percent of net profit per the operating agreement. Instead, the city paid the operator for all its costs. The agreement did not require the station operator to give the city financial reports.

The audit said the city should renegotiate the Union Station agreement.

The agency also owns a large parking garage in the Pearl District that has entry and exit gates that the operator called "non-serviceable" and "antiquated," the audit said. When the Station Place Garage had missing revenue in budget reports, neither the city nor the operator looked into it. Parkers were also able to use the garage without paying, the audit said.

Branam and Mayor Ted Wheeler wrote in their response to the audit, "Prosper Portland takes its stewardship of public resources seriously and the audit helps identify areas of improvement that would benefit the agency's operations and delivery of services to the public." Wheeler oversees Prosper Portland.

The 2015-2020 strategic plan has yet to go before the development commission's board. The board will consider approving the plan in early 2018.

## **The Portland Tribune**

### **The State of the Press: Fewer Reporters, Bigger Government**

*By Shasta Kearns Moore  
November 28, 2017*

Information about government increasingly comes from well-paid government employees - what does that mean for the reporters who are left and the democracy we all live in?

As Oregon newsrooms have gotten smaller, less experienced and more demanding, the ranks of well-paid government communications staff have swelled — a trend that is only expected to continue.

Many journalists laid off from or leaving the industry are now often acting as media gatekeepers for public agencies and officials, and even producing news-like content for the government agencies that now employ them.

Lee Shaker, a researcher at Portland State University, says this has become a necessary part of the government information cycle, as the old system of news has fallen apart over the past two decades.

But there is a risk to democracy when the news environment is so fractured, he says. Government still needs to get information out to the public, the public is now bombarded with information, and politicians find it advantageous to attack the independent press, Shaker says.

"That creates a lot of uncertainty and uncertainty is grounds for distrust, grounds for disagreement," he says.

Shaker argues city Commissioner Chloe Eudaly was elected because of this sort of "low-information" environment. Eudaly's opponent, incumbent Steve Novick, was endorsed by several Portland newspaper editorial boards.

Certainly, some of this conflict was at the heart of Eudaly's attacks on journalists who cover her and her bureaus — exposed Nov. 10 by freelancer Mike Bivins when he posted screenshots of Facebook posts she thought were private. In them, she suggested repeatedly that she felt the mainstream media were irrelevant.

#### **Are news standards eroding?**

Dave Austin, a reporter at The Oregonian from 1986 to 2002, now leads a new communications team under Eudaly at the Bureau of Developmental Services. He says the team was mischaracterized in the Nov. 10 story in The Oregonian that inspired Eudaly's rant, which was leaked via Twitter.

"The expectation ... that I have of the media is that people get things right and that they provide context for readers," Austin said, criticizing the current news environment for being too quick to publish stories. "I think there's a lot of pressure on the media to post first and then go back and clean things up."

"I think," says Eudaly's Chief of Staff Marshall Runkel, whose father was a journalist, "this incident is kind of a good manifestation of exactly the problem associated with declining newsrooms."

Oregonian editor Mark Katches stands by the report and did not respond to a question about the current size of his newsroom.

Several anecdotal accounts say The Oregonian's reporting staff is between 100 to 120, about a quarter of its heyday.

The Portland Tribune and Pamplin Media Group's news staff has also shrunk in size, though the reporting staff has grown since the 2007-09 recession, says company President Mark Garber. Garber estimates there are close to 100 reporters, photographers, copy editors and other news-side staff at the more than two dozen Pamplin newspapers.

Damian Radcliffe, a researcher at the University of Oregon, says the news environment is not as bad as some ex-journalists may think.

"There are a lot of rose-tinted spectacles in looking back on how journalism was versus how it is now," Radcliffe says. "What is clear is that there are fewer resources but ... I think the quality of reporting that we see on a daily and weekly basis remains incredibly robust."

Radcliffe, who recently published a paper on the state of local journalism in the Pacific Northwest, says news organizations are diversifying with new revenue streams and new partnerships between former competitors.

"You didn't have the resources you once did, but there are still a lot of people interested in government reporting, but you have to work together," he says.

### **The 'official line'**

Radcliffe also says public affairs reporting has changed now that government has many channels to communicate with constituents.

Being a "stenographer" for government meetings and the like is now redundant, he says.

"I think that should be seen as an exciting opportunity for journalists in that regard," Radcliffe adds, because news organizations can concentrate on investigative and enterprise work.

Chris Broderick, a former Oregonian staffer and now head of a major government communications team, says the tension between journalists and the "official line" from politicians and public officials is not much different than it used to be.

"That's been going on forever," Broderick says. "I think what's changed is the media side."

Broderick spent 32 years in journalism before leaving The Oregonian in 2010. While he says individual journalists are still doing good work, he joins other ex-staffers in worrying about the loss of in-depth coverage.

"I think a lot of people are less informed, no question about that in Oregon," he says. "I think people are still doing a good job of hustling news and being watchdogs and doing what they can, but it's just a matter of resources."

Broderick now leads 15 full-time staff and three part-timers in his communications office at Portland State University. The office handles myriad duties, from an alumni magazine with 120,000 copies, crisis communications, marketing, internal communications and a website with approximately 30,000 pages.

Broderick says he is not worried about news-like products on government written by government communications staff.

"Those resources (from private news organizations) are gone and they're not coming back, and I think that's unfortunate for the community," he says.

### **An obligation to communicate**

Kelly McBride, a media ethics expert at The Poynter Institute journalism school, says the role of news organizations is to answer the public's questions.

"If a public official feels that 'You are not covering the whole of what we do,' that public official is mistaken about what the news media is supposed to be doing," says McBride, vice president of the Florida institute.

Despite the advent of social media and government communications teams — such as Eudaly has — public officials still have an obligation to talk to the press, McBride adds.

"There is really very little excuse for a public official being unresponsive to other organizations just because they have their own news organization," McBride says. "Open government is open government."

She adds that government has an obligation to communicate with the public despite smaller newsrooms.

"So it makes sense that they would have to create their own news machines," McBride says. "The problem is when they don't necessarily serve the public's interests and become spin machines and propaganda machines."

When that happens, she says, "The only check and balance on that is the responsibility of the public official in charge."

### **Hungrier for news**

Julie Sullivan-Springhetti is a Pulitzer Prize-winning former Oregonian reporter. She now does communications for Multnomah County, leading a nine-member team that produces emergency communications, stories, photos, video and other content for 18 websites and several print products across the county.

Though her communications team hasn't expanded since the early 2000s, they are filling a huge information void, Sullivan-Springhetti says. She joins Broderick and Austin, her former boss, in lamenting the loss of a large body of in-depth journalism.

"The newspaper of record disappeared," Sullivan-Springhetti said, alluding to The Oregonian's contraction. "If print reporters are a fraction of the number that they used to be, and they aren't covering things, then there's no way for the public to have" a rounded picture of government activities, she said.

"Nobody is more distressed about what's happened in the industry than I am," Sullivan-Springhetti continued. "The role of the press in government is literally essential."

But she also sees signs of change.

"The hunger for sort of that neutral, accurate and thoughtful news reporting is rebounding," she says.

Sullivan-Springhetti says the news industry will never go back to the way it was, but she has recently seen more people with newspapers in their driveways or reading a print product on the MAX.

"They're kind of back, and that gives me hope," she says.

Radcliffe also feels that there is no need to despair.

"The journalistic landscape is different and will change and evolve, but I think fundamentally the tenets will remain as strong and as similar today as they have been for a very, very long time."

### **Jobs in journalism**

Judging by enrollment in journalism programs, many students are still interested in becoming journalists.

However, those jobs are getting harder to find. The state of Oregon's Employment Department expects just 14 openings annually in Portland-area reporting jobs from 2014 to 2024. All of those job openings are expected to be created by retirement.

Meanwhile, the state expects 74 annual openings in Portland-area public relations — which often requires a similar skill set. More than half of those are projected to come from industry growth.

Statewide, Oregon institutes of higher education graduate about 260 journalism students per year.

Public relations professionals, including those in the private sector, make a national median wage of \$27.89 per hour, according to U.S. Bureau of Labor statistics for 2016. Reporters, correspondents and broadcast news analysts, meanwhile, make a national median wage of \$18.69 per hour.

## **City Hall Update: Police Crack Down on Camping in Retail Core**

*By Jim Redden  
November 28, 2017*

### **Plus affordable housing in wooden high-rise and off-road bike plan released**

Police are increasing patrols and enforcing the city's no-camping ban in the retail core following a meeting Nov. 21 between business owners and Portland and Multnomah County leaders.

The invitation-only meeting at City Hall was held in response to growing complaints from business owners that aggressive homeless people are scaring employees and driving away customers. Among those in attendance were Mayor Ted Wheeler, Multnomah County Chair Deborah Kafoury, Police Chief Danielle Outlaw and Marc Jolin, director of the city/county Joint Office of Homeless Services.

The increased patrols could be expanded to the Lloyd District and other retail areas if they are successful.

### **Affordable housing in wooden high-rise**

The Portland Housing Bureau has awarded \$6 million for 60 units of affordable housing to be included in the Framework building currently under construction at 430 N.W. 10th Ave.

The award came through the bureau's Fast Starts program, which is designed to get shovel-ready affordable housing units built as quickly as possible. The rental units will be priced so that households earning 60 percent of the area's median income pay no more than 30 percent of their monthly income on housing.

Framework is being developed by project^ in partnership with Home Forward, and designed by LEVER Architecture, on land currently owned by Beneficial State Bancorp. The building is the first high-rise in the nation made largely from wood.

### **Off-road bike plan released**

The Bureau of Planning and Sustainability has released a discussion draft of the controversial Off-road Cycling Master Plan for public comment before final recommendations are forwarded to the City Council in 2018.

The plan is meant to increase off-road and single-track cycling opportunities for mountain bikers, but critics say new proposed trails will hurt habitat, especially in Forest Park.

Local wildlife biologist Marcy Houle is a prominent critic, saying that in Forest Park, the plan violates special Forest Park Natural Resources Management plan protections. The city says it won't be violating the plan with its approach to developing new trails.

There is an online open house to learn more about the master plan, and people can comment through an interactive map, an online form or in person through Dec. 31. Find out more: [portlandmaps.com/bps/offroadcycling/](http://portlandmaps.com/bps/offroadcycling/)

## **Willamette Week**

### **State Elections Complaint Filed on Loretta Smith Campaign Fundraising**

*By Rachel Monahan  
November 27, 2017*

**The charge: Smith is violating the county charter on running for another elective office and taking donations larger than \$500.**

A formal elections complaint, filed today with the state of Oregon and Multnomah County, argues County Commissioner Loretta Smith is campaigning for City Hall in violation of the county charter and has blown past the limits on campaign donations approved by county voters last year.

Seth Woolley, secretary of the Pacific Green Party of Oregon, filed the complaint.

Smith is toeing the line set by the county charter, WW first reported last month.

The charter doesn't allow her to run for another office until Jan. 1, the final year of her term as county commissioner. Smith, who announced in September that she plans to run for retiring City Commissioner Dan Saltzman's seat next year, hasn't officially filed to run, but is fundraising and has a website up.

But Woolley says that fundraising amounts to running for office, and that Smith is violating the county charter.

"Given the significant recent campaign activity to Ms. Smith's candidate committee campaign account, it is reasonable to determine that she is running as a candidate for some elective office other than the one the campaign account is filed for, as she is term limited out of that seat," Woolley writes. "It is also reasonable to assume that she has been telling potential and actual donors to her candidate committee that the funds would be used to run for some other elective office."

Smith's state campaign finance committee is also still registered for her last county race. Woolley says that's a violation in itself since she can't run for reelection because of term limits. And it also makes her subject to the county campaign finance limits imposed by voters last year. The limits place a cap of \$500 on individual donations in county elections.

Woolley alleges \$14,000 in improper donations.

Those include \$1,000 from The Standard, given since WW story on the issue. That donation could cost both Smith and The Standard up to \$20,000 in fines alone.

A representative for The Standard defended the donation.

"We have supported Loretta Smith and her MLK Women's Equity Luncheon since its inception years ago, and I would hope many other businesses and individuals are supporting this important event," says spokesman Justin Delaney. "As you know, Smith is not a candidate for the County Commission as she has reached her term limit for that office."

Smith's campaign manager defended her campaign practices.

"This is a rehash of the same baseless accusations Mr. Woolley has already made in the press, reflected by the fact he sent this to the media as soon as it was filed," says campaign manager Jake Weigler. "We have consulted with legal counsel, as well as the County and State, and are confident we are in compliance with the law. We hope Mr. Woolley will join us and focus his energy on solving problems for the most vulnerable in our community. There's no time for political posturing when so many of our neighbors continue to sleep on our streets. Our focus is on offering solutions to these problems—not responding to baseless claims."

## **The Portland Mercury**

### **County Commissioner Loretta Smith Faces Election Law Complaints in her Bid for a City Council Seat**

*By Doug Brown  
November 27, 2017*

Multnomah County Commissioner Loretta Smith is facing two complaints today that she's violating both state and county campaign law in her bid for a Portland City Council seat that's up for grabs next year.

The complaints to the Secretary of State and Multnomah County were filed by Seth Woolley. Woolley is the state secretary of the Pacific Green Party and a longtime advocate for stricter laws for political fundraising. The complaints accuse Smith of improperly holding on to her county seat while running for Portland City Council (January 1 is when she can run for the city seat without having to resign from her county seat), of violating the county's strict campaign donation law that kicked in on September 1, and of improper record-keeping with the Secretary of State.



Smith's campaign spokesperson, Jake Weigler, essentially calls Woolley an attention seeker. The campaign has done nothing wrong, he said.

"This is a rehash of the same baseless accusations Mr. Woolsey [sic] made in the press, reflected by the fact that he sent this to the media as soon as it was filed," Weigler said in a statement. "We have consulted with legal counsel, as well as the County and State, and are confident we are in compliance with the law."

We've asked Weigler for copies of correspondence with legal counsel and officials with the county and state that said her campaign is legal, and we'll update this story if that comes in.

Many of the allegations in Woolley's complaints today were included in the Mercury's November 1 story ("Loretta Smith is Raking in Cash for a City Council Run: Is She Allowed to Keep Her County Job While Campaigning?"):

The two-term Multnomah County commissioner announced last month she'll be running for Commissioner Dan Saltzman's seat in the May primary. Smith has campaign logos and slogans on her Facebook page, and a website: [lorettaforportland.com](http://lorettaforportland.com). Her candidate committee is raking in thousands of dollars in contributions from deep-pocketed developers. She's got a campaign staff.

But to hear Smith's campaign consultant tell it, she is not currently running for city council.

"She's indicated she intends to run for Portland City Council," consultant Jake Weigler told the Mercury last week. "She has not formally filed for office."

Weigler—and Smith, who referred all questions to him—have reason to be cautious. Under Multnomah County rules, Smith would need to give up her current position if she begins a formal run for City Council before January.

But the current limbo the commissioner finds herself in comes with fraught questions—especially after voters enacted strict campaign finance limits for Multnomah County elections last year. Smith's raising money as if she were running for city office, and disregarding those new county limits in the process. But she's not technically filed to run for city office.

Woolley told us at the time "There appears to be violations. Once you start behaving like a candidate (for another elected office before the final year of the term's up), you have to resign" from the Multnomah County Board of Commissioners. He said in October he was investigating Smith for campaign violations and may file complaints. Today he filed those complaints.

"In the attached complaint, I allege that Ms. Smith's campaign violated multiple sections of the Multnomah County Charter and Code in two ways related to the elections," he said to the county elections office and county attorney. "First, the County forbids running for certain other offices while serving midterm as a County Commissioner. Second, the county forbids big money donations for the County elections, which Ms. Smith is formally recording in her ORESTAR account for County Commissioners."

He asked the Secretary of State to "order Ms. Smith's candidate committee return all contributions received since January 1, 2015, and then order the candidate committee resolved... Ms. Smith is apparently running for Portland City Commissioner and has been receiving large contributions for that purpose without creating a candidate committee that correctly identifies the office she is seeking."

Like in the Mercury story earlier this month, her campaign is not backing down.

"We hope Mr. Woolsey [sic] will join us and focus his energy on solving problems for the most vulnerable in our community," Weigler said today. "There's no time for political posturing when so many of our neighbors continue to sleep on the streets. Our focus is on offering solutions to these problems—not responding to baseless claims."

**OPB**

## **Complaint Accuses Loretta Smith of Violating Campaign Laws in Portland Council Race**

*By Amelia Templeton*

*November 27, 2017*

A campaign finance reform activist says Multnomah County Commissioner Loretta Smith is violating the county charter and state election laws in her campaign for Portland City Council.

Smith is serving her second term as a Multnomah County commissioner and is barred by county term limits from seeking a third. She's announced plans to join the 2018 race to replace retiring Portland City Commissioner Dan Saltzman, and she's already acting like a candidate, including raising money.

Campaign finance activist Seth Woolley says that puts her in violation of a county charter rule voters approved last year. It bans commissioners from running for other elected offices until the last year of their term.

Woolley has filed formal election law complaints with Multnomah County and the Oregon Election's Department.

"She's apparently decided that these laws, which she was clearly aware of, don't apply to her," said Woolley, who is also state secretary for the Pacific Green Party.

The complaints are available on Woolley's website.

Smith has stopped short of filing the paperwork to make her candidacy official; candidates have until March 6 to file for the 2018 election.

But she has raised more than \$22,000 since October in an account registered with the state as being for her county commission campaign. Several of those donations were over \$500, the maximum candidates for county commission can receive under another charter change that took effect Sept. 1.

When questioned about the donations, Smith's campaign consultant, Jake Weigler, said he does not believe county contribution limits apply to donations Smith plans to use to run for a different elected office.

"The County charter defines the limits currently under review by the courts as applying to 'Multnomah County Candidate Elections,'" Weigler said in an email exchange. "Commissioner Smith has made clear she is term limited and is not seeking office as a Multnomah County candidate."

County voters approved strict limits on political contributions last year, with 89 percent of those who voted in support. A judge is in the process of reviewing whether those limits violate free speech protections in Oregon's constitution.

Woolley contends that by delaying amending her filings to clarify for which office she's fundraising, Smith has violated state-level election laws.

"You can't just raise money into the wrong campaign account," he said.

Smith's consultant, Jake Weigler, also forwarded an email from county attorney Jenny Madkour.

In it, Madkour confirms that Smith would have to resign if she filled for another office before Jan. 1. But the county attorney didn't discuss whether other campaign activities, such as fundraising, violate county rules.

"I recommend that you seek private counsel to discuss the impacts of the county code and charter on your personal or campaign related matters," Madkour wrote.