

# Wheeler says energy loan program needs bailout

By HILLARY BORRUD  
Capital Bureau

SALEM — State Treasurer Ted Wheeler sent a letter to Gov. Kate Brown Thursday morning calling on the governor to stop the state Department of Energy from issuing any new small scale loans because the loan fund has a \$20 million deficit and will require a taxpayer bailout.

The program was supposed to be self-sustaining, but loan defaults and delinquent payments have left it without enough money to cover its costs.

The bailout will likely begin in 2019 and could cost taxpayers at least \$15.3 million, according to the Oregon State Treasury. The cost could increase if more loans go into default.

“As a result, to cover loan payments, money will be allocated away from vital public

services such as education, public safety and human services programs,” the Oregon State Treasury wrote in a press release.

Chris Pair, Brown’s press secretary, said Thursday that the Governor’s Office was examining the loan program as part of a broader review of the Department of Energy.

“Gov. Brown has concluded that lingering residual issues have interfered with the Department of Energy’s ability to focus on Oregon’s future energy-related needs,” Pair wrote in an email. “The agency review currently being conducted by the Governor’s Office is assessing the Small Scale Energy Loan Program and, along with the Legislature’s recently-formed

joint committee, will ensure that these issues are addressed responsibly and carefully. As Gov. Brown has said before, while we want to move expeditiously, we must ensure that we do it right.”



Treasurer Ted Wheeler

Wheeler asked Brown to suspend the loan program so the state can review it and issue recommendations to the Legislature on how to proceed.

### Created in 1981

The state created the small scale energy loan program in 1981 to provide low-interest loans to governments and businesses. The program’s problems are not new and despite its name, the loans were not what many people would consider small.

Wheeler pointed to the

default several years ago of an \$18 million loan to an ethanol plant in Clatskanie, which went bankrupt, as an example of why the program now requires a bailout. Other large loans have since gone into default and been written off as non-collectible, “which has further deteriorated (the program’s) balance sheet and reserve balances,” Wheeler wrote in the letter to Brown.

The State Debt Policy Advisory Commission, which includes members of the state House and Senate, repeatedly raised concerns about the loan defaults, including last year, when the commission warned in a report that payments by loan recipients might not cover debt. Wheeler said in his letter to Brown that he asked former Gov. John Kitzhaber three years ago for money to offset losses from defaults in the program.

“In 2012, after a review of

projected loan payments versus debt service requirements, I recommended to Gov. Kitzhaber that the program’s depleted loan-loss reserve be replenished to safeguard the State against future potential defaults,” Wheeler wrote. “Instead, the program continued without augmented reserves.”

### Recommendations pending

Wheeler, who is an ex-officio member of the commission, will formally present recommendations on the energy loan program at the commission’s scheduled Jan. 19 meeting.

The Treasurer’s Office sent the letter to the governor a week before the first scheduled meeting of a new legislative committee which will consider whether to overhaul or eliminate the Department of Energy, following years of news reports about problems

at the agency. The governor also announced in December that she planned to pursue a review of the agency.

The state Department of Justice has an ongoing criminal investigation into the energy agency’s handling of tax credits. In September, a top administrator at the Department of Energy who was brought in to run the loan program and other renewable energy and efficiency incentives resigned.

Wheeler wrote that the Department of Energy has committed to “tightened loan underwriting standards and pursued delinquent borrowers,” but those actions would not affect the need for a bailout of existing bad loans.

*The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group. Hillary Borrud can be reached at 503-364-4431 or hborrud@eomedia-group.com.*



Dwight Caswell/For The Daily Astorian

Darren Orange works on a painting in his studio.

## Art a la carte benefits Liberty Theater

Artwork by renowned and emerging artists all priced at \$99

The Daily Astorian

Works by emerging Astoria and Cuban artists will be among the art gracing the walls of the Columbia River Maritime Museum’s Barbey Center Jan. 16 for the Liberty Theater’s Art a la carte sale.

All works are priced at \$99, and some 75 pieces of art will be for sale. Doors will open at 2 p.m., and buyers are urged to make an early appearance. The works are unsigned, which adds to the adventure of the sale. Many of

the artists will be at the event to sign their work following purchase.

In addition to the art, there will be food, wine and music by Acústica World Music.

Prominent local artists such as Noel Thomas, Eric Weigardt, Darren Orange and Carol Riley have given works for the sale.

The Cuban aspect of the event was generated by Christine Lolich, vice president of Liberty Restoration, Inc. On her December trip to Havana, Lolich purchased art, which she has donated to the sale.

Emerging artists also are participating in the Artist in Residency program, sponsored by Astoria Visual Arts. During the artists’ three-month term here, their com-

munity responsibility includes a weekend open studio event. This program is currently limited to visual artists of the greater Astoria area.

Renowned Astoria artist Darren Orange is the Artist in Residency committee chair. Orange was elected to the Liberty Board in December, and he is helping organize the Art a la carte event.

This term’s artists in residence are Sarah Henrickson, H. Elizabeth Koch, David Coyne, Liz Harris, Kinzi Gordon, Blaine Verley and Annie Eskelin.

Art a la carte is 2 to 3:30 p.m. Admission is \$15 and tickets are available at the door or in advance at the Liberty Theater Box Office.

## Rental regulation on the menu in Gearhart

Officials recognize need for rules

By R.J. MARX  
The Daily Astorian

Gearhart city councilors teamed with planning commissioners Wednesday at a work session to consider steps to regulate short-term rental properties.

“They need regulations,” Mayor Dianne Widdop said. “There are certain things that need to be adhered to.”

The first steps, officials said, will be to adopt state definitions and to begin collecting lodging taxes on the books.

To do so, they must repeal a city code exemption for rental of single-family homes from the necessity of a business license.

The city may also seek to identify “low-hanging fruit” — health, safety and parking rules — and address those issues by the summer season.

“This is a menu,” Chad Sweet said. “You get to choose your appetizer, your entrées and your aperitifs.”

### Septic problems, speculators feared

Officials unanimously supported regulation of short-term rental proper-

ties, stressing homeowner accountability and the need for a balance “between community and privacy.”

City Councilor Kerry Smith referenced the city’s comprehensive plan, which makes the need for regulation “quite apparent.”

“We need to set the standard, because this has been going on forever,” Planning Commissioner Richard Owsley added.

Septic woes garnered much discussion in a city where most homes rely on septic systems, but some still rely on cesspools for waste processing.

“If you’re going to rent here, you have to know we have septic systems here,” City Councilor Paulina Cockrum said. “If you want to take three showers a day, go to the Sunset Empire Recreation pool.”

“Letting 16 to 20 people stay in a home with a 1,000-gallon septic tank — it’s a disaster waiting to happen,” Widdop said. “It could end with us needing a sewage treatment plant. It’s money out of our pocket.”

In addition to potential health hazards, Widdop and others said they feared speculators who may purchase sin-

gle-home properties with the intention of turning them into short-term rentals.

“I have a great problem with transient rentals, the rentals that are one or two nights,” Widdop said. “There’s no continuity. Those kind of rentals belong in a hotel in Seaside or somewhere else. It’s not part of the Gearhart thing. People are buying homes like crazy to make vacation homes because it’s a money-making thing. It’s like buying a chain of motels, and I’m totally against it.”

### In case of fire

Sweet presented options requiring a contact number for each short-term rental, a 24-hour owner representative or someone available within 30 minutes to respond within an emergency. The city could also require homeowners to notify all neighbors of their intent to rent out their property, or to post contact information on the exterior of a building.

“That would be very helpful for police or fire,” Sweet, a Gearhart Fire Department volunteer, said. “Maybe the vacation home is not occupied. There’s a big leak or fire. That could go a long way to address that.”

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