



[Home](#) / [Audit Services](#) / [News](#)

Audit Update: Little progress on City review of Enhanced Services Districts

News Article



This is the two-year follow-up to our 2020 report *Enhanced Services Districts: City provides little oversight of privately funded public services*

Published: February 6, 2023 10:00 am

This is our second follow-up on the recommendations from our 2020 audit *Enhanced Services Districts: City provides little oversight of privately funded public services*. In that report, we assessed the City's role in creating the districts and monitoring their activities. We found its hands-off approach:

- may contribute to disparate law enforcement outcomes within districts; and
- limits community members' ability to influence activities and monitor the results.

We found limited City oversight of services in the districts and no guidelines for their formation or governance.

At the one-year follow-up, in March, 2022, the Office of Management and Finance had hired a coordinator to review governance and oversight of the districts. This was consistent with the review recommended in our first recommendation. However, by September 2022, the coordinator no longer worked for the City. The position has yet to be re-filled. Our other two recommendations largely hinge on the review stemming from our first recommendation.

Contact

KC Jones
Audit Services Director

✉ kenneth.c.jones@portlandoregon.g

☎ [503-823-3544](tel:503-823-3544)

Related

[View our follow-up dashboard](#)

Recommendation in process



Without a dedicated coordinator, the Office of Management and Finance's review of Enhanced Service Districts has slowed

We recommended the City review the status of districts, their purposes, and City's responsibility for them. If the review determines that districts continue to provide services in public spaces, the Office of Management and Finance should propose City Code for Council approval governing:

- A. District formation
- B. Scope of allowed services in public spaces
- C. Inclusive district governance
- D. Accountable and transparent reporting

After the 2020 audit was released, City Council directed the Office of Management and Finance to review the status and purpose of the enhanced service districts program with the goal of developing new City Code. At the one-year follow-up, the Enhanced Services Districts coordinator expected to complete their review by September 2022 and make recommendations for changes to City Code and district agreements. The coordinator no longer works for the City, the review was not completed by September 2022 and the Office of Management and Finance has not recommended any changes to City Code.

In September 2022, the City asked each district leader to complete an environmental scan. Office of Management and Finance staff identified several issues, including:

- The pandemic and associated safety concerns continue to impact the districts;
- Districts provide advocacy, although some ratepayers disagree with the managers on a wide range of issues and positions they take with the City;
- Districts need to improve communication and transparency with their ratepayers;
- Districts and ratepayers both questioned the City's performance of basic services; and,

- The armed security component of Downtown Clean and Safe continues to be a challenging issue.

These issues underscore the need for the review recommended by our audit recommendation.

Recommendations not implemented



Improved oversight depends on the Office of Management and Finance's review of Enhanced Service Districts

We made two other recommendations in the audit: to revise the agreements between City and ESD's to align with code changes; and, to develop processes for effective oversight of district agreements. Both hang on the first recommendation being implemented.

[View the original 2020 report and recommendations.](#)

Visit our online dashboard to track the status of recommendations from other reports