May 1, 2024

Urban Alchemy
c/o Lena Miller and Bayron Wilson
DELCIVERED ELECTRONICALLY
tenam@urban-alchemy.us
bayronw@urban-alchemy.us

Notice of Determination
Warning and Letter of Education
Complaint No. 2023-3-UrbanAlchemy

Dear Urban Alchemy:

The City Elections Office is located within the City Auditor’s Office and is responsible for regulatory oversight of the City’s campaign finance and lobbying regulations.

On June 28, 2023, the City’s Fraud Hotline referred a complaint to the City Elections Office alleging lobbying violations during the 2022 calendar year by Urban Alchemy under Portland City Code Chapter 2.12 (Regulation of Lobbying Entities). The City Elections Office investigated potential lobbying activity by Urban Alchemy occurring between January 1 and December 19, 2022, the time leading up to the City’s December 20, 2022 solicitation of bids for a temporary alternative shelter provider.

Following its investigation, the City Elections Office determined Urban Alchemy violated Code Section 2.12.030 (Registration for Lobbying Entities) and Section 2.12.040 (Quarterly Reporting Requirements for Lobbying Entities) by failing to register and file a report with the City of Portland as a lobbying entity for the fourth quarter of 2022. I concur with this determination.

As a result, Urban Alchemy is issued this warning and letter of education. We further recommend Urban Alchemy participate in training to ensure future compliance with the City of Portland’s lobbying regulations.
I. Case Overview

City Code requires lobbying entities to register with the City Auditor within 3 working days of spending at least $1,000 or 8 hours (or estimated 8 or more hours) lobbying City officials within a calendar quarter. See Code Section 2.12.030 (Registration for Lobbying Entities). Lobbying is defined as “attempting to influence the official action of City officials,” and, with some exceptions, includes, “time spent preparing emails and letters and preparing for oral communication with a City official.” See Code Subsection 2.12.020 G. (Definitions). “Official action” is defined to include “any matter, including administrative action, that may be the subject of action by the City.” Attempting to influence City action on the award of a contract—outside of time spent on a competitive bid—falls within the definition of lobbying. See Code Subsection 2.12.020 G. (Definitions).

For each calendar quarter in which a lobbying entity reaches or exceeds the threshold of $1,000 or 8 hours lobbying City officials, the lobbying entity must not only register with the City Auditor, it must also file a quarterly report with the City Auditor. Code Section 2.12.040 (Quarterly Reporting Requirements for Lobbying Entities).

The focus of this investigation was to determine whether Urban Alchemy’s activity constituted lobbying and, if so, whether lobbying occurred at a level that required Urban Alchemy to register and report under the City’s lobbying regulations. The evidence obtained in the course of the investigation—which included review of documents and interviews of City and Urban Alchemy employees—supports the conclusion that Urban Alchemy did lobby, did cross the registration and reporting threshold, and did not register or report. This violates the City Code.1

II. Factual Background

Urban Alchemy is a California-based nonprofit organization that administers temporary alternative shelters and houseless service programs. The City Elections Office’s investigation focused on Urban Alchemy’s contacts with the City in the period between (a) Urban Alchemy’s initial communications with the City on April 1, 2022, and (b) the City’s December 20, 2022 public issuance of a request for proposals seeking a service provider to manage temporary alternative shelters for houseless Portlanders. The evidence shows that throughout the nearly nine months of communications between Urban Alchemy and the City leading up to the City’s public request for proposals, Urban Alchemy devoted substantial resources in an effort to convince City officials that it was best positioned to be awarded the alternative shelter contract. Urban Alchemy was successful in its efforts, and the City ultimately awarded Urban Alchemy a five-year

1 The investigation found no evidence that any City official violated the City’s lobbying Code by failing to report contacts with Urban Alchemy.
contract estimated at $20 million, but not to exceed $50 million, to operate temporary alternative shelters (City Ordinance No. 191247).

A. Preliminary Conversations Between City and Urban Alchemy

On April 1, 2022, Urban Alchemy and Mayor Wheeler’s Senior Policy Advisor, Skyler Brocker-Knapp (a City Official under the City’s lobbying code), were connected by a third party at the request of the City. (Ex. 1 at 8–9) The parties agreed to speak later in April and Ms. Brocker-Knapp informed Urban Alchemy that she was excited about a potential “partnership” opportunity between the City and Urban Alchemy. (Ex. 1 at 7) On April 30, 2022, following at least one conversation between the City and Urban Alchemy, Jeff Kositsky, Urban Alchemy’s Chief Growth Officer sent Ms. Brocker-Knapp a “rough draft” of a budget for Urban Alchemy operating a “Portland Safe Sleeping” program. (Exs. 2A, 2B.) Ms. Brocker-Knapp met with Urban Alchemy about the proposed budget in early May 2022. (Exs. 2A, 2B.)

B. Urban Alchemy Provides the City Increasingly Specific Details About How It Would Approach Operating Portland Sites

Urban Alchemy and the City continued conversing after May 2022, with discussions about the services that Urban Alchemy could provide the City—and the cost for doing so—becoming more detailed and specific. For example, on September 14, 2022, Jeff Kositsky of Urban Alchemy emailed Ms. Brocker-Knapp a new budget for Urban Alchemy’s “Portland Safe Sleeping Village” proposal. (Exs. 3A, 3B.) As reflected in the email, Urban Alchemy was, at this point, positioning itself as a likely contractor with the City of Portland. For example, Urban Alchemy’s email stated:

I am attaching the budget for a safe sleeping village (sanctioned tent encampment) in Portland. This budget represents our best thinking on how to meet the needs of 225 people living in 150 tents on the site… Urban Alchemy would like input into the design, but we did not include start-up or capital costs as we assume the city will develop the site. This will include infrastructure and site improvements as well as the rent or purchase of office trailers, showers, restrooms, etc. The city would need to purchase computers, furniture and other items at the start up. Urban Alchemy would also need about $100k for start up expenses and a 2-3 month advance on the contract to get started.” (Ex. 3A.)

Later that month, on September 29, 2022, Jeff Kositsky of Urban Alchemy emailed the City again (Ms. Brocker-Knapp as well as the Mayor’s Deputy Chief of Staff). This email attached yet another budget, but for three sites “per our discussion.” (Ex. 4A, 4B.) Urban Alchemy informed City officials in the cover email that they
were “able to lower the cost but it is still about $100/person/day. Please note that this not only includes a place to sleep, it includes meals, hygiene services, social services, direct client assistance and housing funds, as well as a team to work around the perimeter and the surrounding neighborhoods 16 hours per day 7 days per week.”

More communications followed, including:

- An October 17, 2022 email between the City, Urban Alchemy, and a Portland-based third-party service provider, in which Ms. Brocker-Knapp stated: “we are so excited to bring [Urban Alchemy] to Portland.” (Ex. 5.)
- An October 24, 2022 visit by Mayor Wheeler and staff (Bobby Lee, Sara Morrissey, Skyler Brocker-Knapp), Commissioner Rubio and staff (Jillian Schoene), Commissioner Mapps’s staff (Katie Meyer, Adam Lyons), and Commissioner Ryan’s staff (Kellie Torres) to Urban Alchemy in Los Angeles, California. (Exs. 6A, 6B.) All of these City personnel are “City officials” as defined by the City’s lobbying code. Urban Alchemy provided a tour of its sites. City officials went to learn about Urban Alchemy’s potential as a Portland alternative shelter site manager. (Ex. 1 at 3.).
- Before the October 24, 2022 site visit, Jeff Kositsky of Urban Alchemy advised Ms. Brocker-Knapp not to publicize that the City was meeting with Urban Alchemy because “all you’ll get from that is every bad press item about us and that’ll make things harder for everyone.” (Ex. 7.)² As one news outlet reported in July 2022: “Reporting from West Coast outlets including the Pacific Sun, San Francisco Chronicle and San Francisco Examiner detail multiple lawsuits and complaints faced by Urban Alchemy ranging from a UCLA Luskin Institute report on the group’s ‘mercenary’ behavior to allegations against its employees such as drug distribution and sexual assault.”³
- During the October 24, 2022 site visit, Urban Alchemy shared information with the City on its infrastructure and services. (Ex. 8 at 2.) The following week, the City shared information with Urban Alchemy via email on the development of its site plans. (Exs. 9A, 9B.)

² Mayor Wheeler and Commissioner Rubio nonetheless reported the meeting on their public calendars.
Following the October 24, 2022 site visit, Urban Alchemy expressed even greater commitment to securing a formal relationship with the City of Portland.

For example, on October 27, 2022, Jeff Kositsky wrote to Ms. Brocker-Knapp that: “It is very exciting that things seem to be moving forward! [Kirkpatrick Tyler] will be managing our government and community affairs in Portland and I will be responsible for managing our possible move to Portland. Bayron is the decision maker on all programmatic and community issues. It might make sense for us to set up regular meetings (e/o week?) to keep things moving forward.” (Ex. 10; see also Exs. 11A, 11B, 12A, 12B, 13A, 13B.) The parties were also clearly discussing a potential contract at this time. (See, e.g., Exs. 1 at 5, 14 (November 19, 2022 text from City to Urban Alchemy stating City had a “quick contract update”).) In addition, Urban Alchemy’s demonstrated interest in expanding to Portland at this time is consistent with statements that Jeff Kositsky, Urban Alchemy’s Chief Growth Officer, is reported to have contemporaneously posted on his LinkedIn page, stating that he intended to focus on Urban Alchemy’s “national expansion.” (Ex. 15.)

C. Urban Alchemy Visits the City for Two Days to Pave the Way for Its Move to Portland

The months of conversations between the City and Urban Alchemy culminated in a two-day trip by four Urban Alchemy representatives to Portland on December 7-8, 2022. During this trip, Urban Alchemy employees met with the Mayor, City Commissioners, County leadership, and local service providers—all in an effort to pave the way for Urban Alchemy to be selected as Portland’s alternative shelter service provider.

Jeff Kositsky of Urban Alchemy and City staff worked together to set up the December 7-8 meetings. For example, on November 21, 2022, Mr. Kositsky emailed Ms. Brocker-Knapp a “list of folks we might want to meet,” including personnel from the City’s Office of Finance and Management, Joint Office of Homeless Services, and several local service providers. (Ex. 16.) The City then scheduled several meetings on Urban Alchemy’s behalf. In one scheduling email with a local third-party service provider, a City official suggested the purpose of the meeting was assuaging local service provider concerns about Urban Alchemy, stating that “I am hoping [Urban Alchemy] could add to our current service landscape and not pull talent from our local service providers.” (Ex. 17.)

During the December 7-December 8 visit, Urban Alchemy staff had several meetings with key stakeholders. These include, but are not limited to, the following (see Ex. 18C):

- December 7: one-hour meeting with Mayor’s at-will staff to visit three site locations that might be safe camping areas.
December 7: 95-minute meeting with County commissioners and staff; discussed Mayor’s homeless services efforts.
December 7: one-hour meeting with local service provider; discussed “Mayor and the tent-related plans.”
December 7: 45-minute meeting with Ms. Brocker-Knapp and third-party service provider; Urban Alchemy assessed that the third-party “[s]eemed okay with UA.”
December 7: 30-minute meeting with Ms. Brocker-Knapp and another third-party service provider; Urban Alchemy also assessed this organization “[s]eemed okay with UA.”
December 8: one-hour meeting with County Chair-elect Jessica Vega Pederson.
December 8: 30-minute meeting with Ms. Brocker-Knapp, a member of Commissioner Mapps’s at-will staff, and Multnomah County Sherriff’s Office regarding “helping UA recruit.”
December 8: 45-minute meeting with Commissioner Rubio, Commissioner Mapps, and their at-will staff; Urban Alchemy recorded that the meeting “[w]ent fine.”
December 8: One-hour meeting with Mayor Wheeler and Commissioner Ryan, as well as other City officials. Urban Alchemy recorded that it was an “[e]xcellent meeting. Wheeler and Ryan will be strong supporters and are on the same page with U/A.”
December 8: 30-minute meeting with Safe Rest Village team and Ms. Brocker-Knapp. Urban Alchemy noted about this meeting that it was a “[g]reat meeting” and that the City “[w]ill be issuing an[] RFP later this month.”

Moreover, in interviews with Urban Alchemy, Jeff Kositsky described the purpose of meeting with “some Commissioners and the Mayor” as “giving a presentation about Urban Alchemy and our model as an organization.”

Table 1 below includes information provided by Urban Alchemy detailing how much it spent on its trip to Portland, Oregon, to meet with City officials on December 7 and December 8, 2022. The table reflects Urban Alchemy’s spending exceeded $1,000 for the trip.
### TABLE 1: 2022 Fourth Quarter Spending (Urban Alchemy Visit to Portland, OR)

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III. Conclusions

It is our conclusion that Urban Alchemy engaged in lobbying. It is also our conclusion that this lobbying passed the $1,000 threshold for registration and reporting, and that Urban Alchemy violated City Code by failing to register and report with the City Auditor. We reach this conclusion as follows:

• **Urban Alchemy lobbied.** Urban Alchemy attempted to influence the official action of City officials, including, but not limited to, the Mayor, Commissioners, and at-will staff of City elected officials. Specifically, Urban Alchemy sought to convince City officials that it would be the best choice for operating City alternative shelter sites, interacted with at least one City official to produce a budget that would be acceptable to the City before the RFP was issued, and expended significant efforts to position itself favorably with City officials prior to the formal RFP process. The City’s lobbying regulations include “administrative action” in its definition of “official action,” which plainly includes actions such as awarding or recommending the award of a contract to a particular vendor. See Code Subsection 2.12.020 F. (Definitions).

• **Urban Alchemy made efforts to convince the City it was the best choice to be the alternative shelter contractor.** While the City and Urban Alchemy’s conversations started out with Urban Alchemy providing information to the City at the City’s request, as the months went by, Urban Alchemy became more and more invested in securing a partnership with the City and convincing the City that it would be the best choice for the ultimate contract. This is evidenced by, among other things, Urban Alchemy making efforts to provide draft budgets and descriptions of how it would approach working in Portland in the months leading up to the RFP; Urban Alchemy devising a “lower” proposed budget to be more palatable to the City (and similar to what it ultimately bid in the RFP process); Urban Alchemy asking for regular meetings with the City before the RFP was issued to “keep things moving forward”; Urban Alchemy’s concern that publicizing its involvement in the City’s alternative shelter development would make it “harder” for “everyone”; and Urban Alchemy and the City discussing contract updates before the RFP was issued. (See Exs. 2B, 3B, 4B, 13B, 4B, 22, 10, 7, 14, 1 at 5.)

• **The purpose of Urban Alchemy’s December 2022 trip to Portland was to influence the action of City officials.** The meetings were the culmination of months of conversations, discussions about a contract, efforts to provide the City

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5 “City Official” is defined in Portland City Code 2.12.020 D. as “any City elected official; the at will staff of a City elected official; any City director as defined in this section; or appointee to the Portland Development Commission, the Planning Commission, the Design Commission, and the Fire and Police Disability and Retirement Board.”
a budget the City would find acceptable, and coordinating with the City to set up
meetings with key stakeholders. Urban Alchemy admits that it presented its
model to the Mayor and Commissioners during the December trip. In addition,
Urban Alchemy recorded in a shared document that the outcome of its meeting
with Mayor Wheeler and Commissioner Ryan was that they would be strong
supporters of Urban Alchemy—a notation Urban Alchemy is highly unlikely to
have made if that were not a significant and desired outcome from its
perspective. Assessing the totality of the evidence, it is more likely than not that
the primary purpose of the December 2022 meetings was shoring up support for
Urban Alchemy from City officials and other key stakeholders (including by
establishing to the City that Urban Alchemy had local service provider support)
before the RFP was issued to influence Urban Alchemy’s chances of winning the
contract. Moreover, for a nonprofit organization to spend thousands of dollars on
travel and lodging for top officials to engage in these discussions is inconsistent
with merely providing educational information to the City. Instead, these actions
align more with attempts to position Urban Alchemy favorably for award of the
contract.

- It is undisputed that Urban Alchemy spent over $1,000 on the Portland trip in
  December 2022. This required Urban Alchemy to register with the City Auditor,
  and report lobbying activity.
- It is undisputed that Urban Alchemy has not registered as a lobbyist after
  expending the funds on the December 2022 Portland trip or filed reports with the
  City Auditor.

IV. Urban Alchemy’s Response

In a February 27, 2024, letter to the City Elections Office, Urban Alchemy admits that it
traveled to Portland in December 2022, admits that it engaged with the City throughout
2022 “in its capacity as a potential contractor,” and concedes that it spent over $1,000 in
traveling to Portland. (Ex. 1.) Nonetheless, Urban Alchemy denies it engaged in
lobbying. (Ex. 1.) The main reasons Urban Alchemy contends it did not lobby and our
resulting analysis are summarized here:

1. Urban Alchemy mistakenly contends that because initial
   communications occurred at the request of City officials, it did
   not engage in lobbying.

Urban Alchemy argues that because meetings and communications that the Elections
Office identified in its investigation occurred at the request of City officials, its activity did
not qualify as lobbying. (Ex. 1 at 2.) Lobbying, however, may occur at any point during a
conversation or meeting, regardless of who convened the meeting. City Code does not
require activity be initiated by a lobbying entity to conclude that such activity contained
attempts to influence City official action.
Moreover, Urban Alchemy admits that it was aware the City was seeking a contractor for its temporary alternative shelter project and that prior to the solicitation of bids, the City was trying to identify whether Urban Alchemy could manage its sites. (Ex. 1 at 2–3.) Urban Alchemy also admitted it responded to City requests for information “in its capacity as a potential contractor....” and that “[a]lthough the RFP was not issued until December 20, 2022, the meetings and communications in the preceding weeks...helped the City identify the parameters of the RFP.” (Ex. 1 at 2, 6 (emphasis added).) The City’s lobbying regulations include “administrative action” in its definition of “official action.” See Code Subsection 2.12.020 F. (Definitions). Administrative action clearly includes actions such as developing RFP criteria that dictates scoring and the ultimate award of a contract by City Council.

As discussed above, based on Urban Alchemy’s statements and the evidence cited herein, we find it is more likely than not that Urban Alchemy attempted to influence the eventual award of the contract by providing information to City officials, highlight its own model, create a budget that would be acceptable to key decisionmakers, and raise its legitimacy as a future City partner. This is lobbying as defined in the City Code.

2. **Urban Alchemy mistakenly contends that its activities are exempt from the lobbying definition because they relate to a bid.**

Urban Alchemy also argued that its meetings and communications did not constitute lobbying because this activity was exempt under the City Code lobbying definition’s exclusion as “[t]ime spent submitting a bid, responding to related information requests, and negotiating terms on a competitively bid contract or intergovernmental agreement.” See Code Subsection 2.12.020 G.4. (Definitions). However, Urban Alchemy misconstrues this exemption. The lobbying activities that this determination is based on occurred before the City’s request for temporary alternative shelter proposals was released on December 20, 2022. As a result, there was no competitive bid process in place and Urban Alchemy’s activities could not have been negotiations or information requested in responses to a bid submitted in a competitive process.

3. **Urban Alchemy mistakenly contends that as a direct services provider it cannot be a lobbying entity.**

Lastly, Urban Alchemy argued it does not qualify as a lobbying entity because it is a direct services provider and it did not engage lobbyists to lobby. The fact that it characterizes itself as a direct services provider and not an advocacy organization is immaterial. Urban Alchemy acknowledged it is a nonprofit organization. (Ex. 1 at 2.) A “lobbying entity” means “any individual, business association, corporation, partnership, association, club, company, business trust, organization or other group who lobbies either by employing or otherwise authorizing a lobbyist to lobby on that person’s behalf.” See Code Subsection 2.12.020 H. (Definitions). We find Urban
Alchemy is an organization subject to the City’s lobbying regulations under this definition.

Moreover, a “lobbyist” is broadly defined as “any individual who is authorized to lobby on behalf of a lobbying entity.” See Code Subsection 2.12.020 I. (Definitions). In this case, we find Urban Alchemy authorized certain individuals, predominantly Jeff Kositsky (Chief Growth Officer) and Kirkpatrick Tyler (Chief of Government and Community Affairs) to represent its interests with the City. Because Urban Alchemy is an organization that authorized lobbyists to lobby on its behalf, we conclude Urban Alchemy was a lobbying entity.

V. Result

As confirmed by Urban Alchemy's response and the City’s lobbying portal records, Urban Alchemy is not currently, nor has it ever, been registered as a lobbying entity with the City Auditor. (Ex. 1 at 1–2, Ex. 23.) At the time of this determination, Urban Alchemy remains unregistered as a lobbying entity with the City Auditor.

We find that in the fourth quarter of 2022, Urban Alchemy spent a minimum of $3,949.91 on lobbying activity. Urban Alchemy violated Code Chapter 2.12 (Regulation of Lobbying Entities) in the fourth quarter of 2022 by failing to register as a lobbying entity and file a lobbying report with the City Auditor after spending over $1,000 lobbying City officials. We reach this determination of a violation irrespective of whether Urban Alchemy successfully won the contract or crossed the time threshold (of eight hours) lobbying in the fourth quarter of 2022. As for the remainder of the time period reviewed based on the complaint, the evidence did not support a conclusion that Urban Alchemy spent at least 8 hours or $1,000 on lobbying during quarters 1, 2, or 3 of 2022. Therefore, we find no other violations.

Mitigating factors in this case include:

- No prior warnings or violations for Urban Alchemy.
- Urban Alchemy’s cooperation with City Elections Office staff during the investigation and in response to all requests for information.

Based on these mitigating factors and facts of the case, the City Auditor is not issuing a monetary civil penalty for violations of the City’s lobbying code. Instead, Urban Alchemy receives this warning and letter of education along with a recommendation for future training.

VI. Additional Training Recommended

It is our recommendation that Urban Alchemy staff and officials review lobbying regulation requirements and participate in training provided by the City Elections Office. Lobbying regulation resources are available on our Report Lobbying
Activities and Lobbyist and Political Consultant Resources webpages. Virtual training sessions may also be coordinated by contacting the City Elections Office.

VII. Reconsideration and Appeal

Any individual or entity against whom a civil penalty has been issued may request a reconsideration and appeal a decision on reconsideration as provided for in ARA 15.03(H) (Regulation of Lobbying Entities: Enforcement and Civil Penalties).

If you have any questions, please contact City Elections Officer, Louise Hansen, at your earliest convenience.

Sincerely,

Simone Rede
City Auditor

Please note that the information in this matter will be retained and may be considered in future reviews of compliance with the City’s lobbying regulations.