

## The Oregonian

### Portland Mayor Charlie Hales calls fired administrator Jack Graham a 'dedicated public servant'

*By Brad Schmidt  
August 27, 2014*

Portland Mayor Charlie Hales has signed a letter of reference for Jack D. Graham, the chief administrative officer he fired in November.

The Portland City Council on Wednesday agreed to a \$40,000 settlement to end legal claims brought by Graham. Here's the letter of reference that Graham also received:

*July 16, 2014*

*To whom it may concern:*

*Jack Graham was employed by the City of Portland for over 12 years. From June 2001 to July 2011, Mr. Graham served as the Senior Business Operations Manager for the Portland Fire & Rescue Bureau (PF&R). During Mr. Graham's tenure he was recognized as a key leader at PF&R, both internally and across the City and performed his duties extremely well. He demonstrated strong strategic thinking skills, worked effectively within the political environment, provided critical leadership and managed a complex budget process. Mr. Graham was highly respected by his subordinate employees and was recognized by the Fire Chiefs he worked for as the most vital manager within the organization.*

*Based upon his exceptional performance at PF&R, Mr. Graham was appointed by Mayor Sam Adams to be the Director of the Office of Management and Finance in July, 2011. In that position Mr. Graham served as the Chief Administrative Officer (CAO), the highest ranking administrative position at the City of Portland. Mr. Graham was an extremely dedicated and hard-working CAO. Notwithstanding any speculative coverage by the press, to my knowledge at no time during his employment with the City did he commit any financial improprieties.*

*The CAO serves at the pleasure of the Mayor. I took office in January 2013 with my own priorities and vision for the City. In November 2013 I determined that achieving those priorities would be best supported by selecting a new CAO. Mr. Graham accordingly left the City's employ in January of 2014. Mr. Graham is a dedicated public servant and I am grateful for his years of exemplary service to the City of Portland.*

*Sincerely,*

*- Mayor Charlie Hales  
City of Portland, Oregon*

### Jack Graham calls letter from Portland Mayor Charlie Hales 'a major step in clearing my name'

*By Brad Schmidt  
August 27, 2014*

Portland's fired chief administrative officer, Jack D. Graham, agreed to drop his legal claims against the city in exchange for a \$40,000 settlement approved by the City Council on Wednesday.

Here's a statement provided by Graham's attorney, Dana Sullivan:

*On August 27, 2014, the Portland City Council approved a settlement with former Chief Administrative Officer (CAO), Jack Graham. In April, Graham had notified the City of his intention to pursue legal claims against the City, including claims for denial of due process, race discrimination and defamation arising from false allegations made publicly by City representatives*

*that created the false impression that Graham had been responsible for financial improprieties. After the City opted to replace Graham in January, the City granted Graham's request for a name-clearing hearing. During the hearing, which was held in March, Graham presented evidence to Mayor Charlie Hales, City Attorney Tracy Reeve and members of the press that countered allegations that he had engaged in financial mismanagement during the preparation of the City's 2012-13 fiscal year budget.*

*As part of the City's settlement with Graham, Mayor Hales, on behalf of the City, issued a letter clearing Graham of any wrongdoing. Mayor Hales stated in the letter that at no time during Graham's employment with the City did he commit any financial improprieties. The Mayor thanked Graham for his years of exemplary service to the City of Portland. He also clarified that the termination of Graham's employment contract was unrelated to any concerns about his performance. Mayor Hales explained that the CAO position serves at the pleasure of the Mayor and Graham, who was appointed to the CAO position by former Mayor Adams, was replaced by Mayor Hales with his hand-picked appointee.*

*According to Graham, "The letter from Mayor Hales, on behalf of the City, is a major step in clearing my name and reaffirming that I provided over 12 years of excellent service to the City. I am also encouraged by Mayor Hales' action to provide diversity training to white male City managers and I am hopeful that the other City Commissioners will follow the Mayor's lead to make City government a more fair, tolerable and equitable place for all employees to work regardless of their race, religion, national origin, disability, sex or sexual orientation."*

## **Portland City Council approves \$40,000 settlement with fired administrator Jack Graham**

*By Brad Schmidt  
August 27, 2014*

Portland's former top administrator won't file a lawsuit against the city alleging racial discrimination and defamation under terms of a \$40,000 settlement unanimously approved by the City Council on Wednesday.

Jack D. Graham served as the city's chief administrative officer, overseeing the 625-employee Office of Management & Finance, until being fired by Mayor Charlie Hales in November.

Graham's dismissal came after a string of controversies involving his office, including a 2012 investigation prompted by whistle-blowers who claimed that Graham disregarded their warnings about a proposed budget transfer that involved nearly \$200,000 in utility funds held in a reserve account.

A city investigation concluded that there was "credible evidence that Mr. Graham was explicitly warned that the transfer" of water and sewer money "was improper but he consciously chose to ignore the warnings."

Gail Shibley, Hales' chief of staff, told whistle-blowers in a letter that the investigation "substantiated that Mr. Graham was clearly warned about the impropriety" of the transfer before he directed it.

The investigation also concluded that Graham likely told a city employee to stop asking questions about the transfer and likely told another employee he would claim ignorance if asked about it.

Graham denied making the statements to employees and later said publicly that he made a "judgment call" about the transfer. He said the employees never provided any specifics about why the proposed transfer would be improper.

The whistle-blowers' complaints blocked the transfer and Graham faced no discipline. The investigation didn't become public until a June 2013 report in The Oregonian.

In November, The Oregonian reported that Graham and the city's top accountant had an email dust-up over an accounting issue. Two weeks later, Hales fired Graham, saying that "controversies involving OMF have become a distraction."

Graham, who had a three-year employment contract, received one year's salary as part of his dismissal. In April, Graham notified the city that he planned to sue and would seek "substantial economic damages."

On Wednesday, the City Council voted with no discussion to approve a settlement with Graham. According to city documents, the \$40,000 will cover Graham's legal bills.

Settlement money comes from a \$5.2 million city fund that includes contributions from various bureaus and offices.

"Given the history of events leading up to Mr. Graham's termination and the disruption to City business that would be entailed in defending such a lawsuit, settling the claim early and avoiding the expense of litigation is a reasonable and prudent course of action," the city wrote in supporting documents.

As part of the settlement, Hales wrote a letter of reference for Graham and described the former chief administrative officer as a "dedicated public servant."

"Mr. Graham was an extremely dedicated and hard-working CAO," Hales wrote. "Notwithstanding any speculative coverage by the press, to my knowledge at no time during his employment with the City did he commit any financial improprieties."

In a statement provided by his attorney, Graham said the letter of reference "is a major step in clearing my name and reaffirming that I provided over 12 years of excellent service to the City."

Graham, who is African American, also praised recent diversity training for white city leaders including Hales.

"I am hopeful that the other City Commissioners will follow the Mayor's lead to make City government a more fair, tolerable and equitable place for all employees to work regardless of their race, religion, national origin, disability, sex or sexual orientation."

## The Portland Tribune

### New brownfield map pinpoints opportunities

*By Jennifer Anderson  
August 28, 2014*

Is that vacant site across the street an old gas station or dry cleaner, by any chance?

Now there's a way to find out.

The city's Bureau of Planning and Sustainability has just updated its inventory maps of every brownfield site in the city — all 910 acres of those that had been used for commercial or industrial use dating back to the 1930s.

Prior to this, there was no such comprehensive guide for the public to access, says Tyler Bump, economic planner for the planning bureau.

Anyone can now pin-point these sites, putting an up-close-and-personal face on something that exists in every neighborhood and business district in the city.

In all, the city's inventory of brownfields is 910 acres. And city officials have an ambitious goal of redeveloping 60 percent of that land in the next 25 years.

That goal is articulated in the proposed Comprehensive Plan and a 2012 report on brownfields in the city.

One of those sites is a vacant parcel of land at Southeast 124th Avenue and Division Street that has sat empty for three years, the only potential buyer being McDonald's.

At the urging of neighborhood leaders, the mayor's office has reached out to the property owner to see what redevelopment alternatives he'd consider.

"If I can learn more about what his business needs are, then I can brainstorm some ideas," says Jillian Detweiler, a policy director in Mayor Charlie Hales' office. "If he's already past the point of no return, that's not something the mayor can turn around."

The property owner of the site, Steve Sosa, did not return a phone request for comment from the Tribune last week.

Typically, it's not the city's business to get involved in a site that is privately owned and is not part of an urban renewal area, Detweiler says: "We're generally not in the position of being able to plan the city site-by-site."

But neighborhood leaders with the Division-Midway Alliance and the nonprofit Groundwork Portland have been calling on the city to help redevelop the site in a way that will serve that neighborhood's best interests.

"There's no community support for another fast-food option in the neighborhood, given the fact that we have eight to 12 restaurants at that intersection," says Kem Marks, a Southeast Portland resident and Division-Midway Alliance volunteer. "We think something better can go on that property."

The alliance is proposing a multistory mixed-use development of commercial, retail, office space and residential space.

"What we need in that area is people who are going to frequent the other establishments there," Marks says. "We need office professionals in our area."

Marks says the alliance has talked with the property owner, who indicated that if the McDonald's deal didn't go through, "he'd be interested in opening a dialogue with us at that time."

But Marks says there's too much at stake, with plans for a bus rapid transit along Division, and 124th Avenue being a prime location for a major transit stop.

"It would be a real shame to have a real piece of developable land taken off the market by something like McDonald's, when something else could have been there," he says.

Marks points to other parts of town where city leaders took a hit to try to develop prime parcels of land.

He cites the failed bid to develop Trader Joe's on Northeast Martin Luther King Jr. Boulevard as one example. "A lot of people in East Portland are bordering on angry at the fact that they can do these things in affluent parts of town and not here," he says.

Marks wonders why the city can't do a land swap, trading one parcel of land for another like what is being done with the New Copper Penny property in Lents, part of the urban renewal area.

Detweiler, in the mayor's office, says the difference is that 124th and Division is not part of an urban renewal area, so the same redevelopment tools don't exist.

Instead, she points to the Prosperity Initiative, which that business district has access to, which can give up to \$1 million in development help for 10 years.

She has posed the land swap idea to the property owner but hasn't gotten a response.

Detweiler says from her experience in urban planning, she doesn't feel the time is right to redevelop the site.

"I'd wait for the plans for bus rapid transit to have been realized," she says. "I'd address some of the vacancy rates in the neighborhood. Then I'd propose an office or other higher-wage job kind of place. The market would be able to support that. I think there are better days ahead for a higher and better use of that property."

### **Fear is a stumbling block**

Jenn Bildersee, coordinator of the city's Brownfield Program, says it's a shame there's so much stigma attached to sites that might have been contaminated from past use.

Often, brownfield sites have many advantages over other pieces of land, she says, such as being located in a prime spot with good connections and existing infrastructure.

"The fear around brownfields can sometimes be a real obstacle," she says. "Sometimes that fear is justified, but sometimes it's about not having familiarity with a way through these obstacles. ... Sometimes with a former gas station it's a matter of pulling a tank out of the ground. Then you have a site that's basically good as new."

The city's Brownfield Program provides resources for landowners who need to assess and clean up the contamination. Since it began in the late 1990s, it's provided financial help to 70 sites.

Two of the recent projects include the Dharma Rain Zen Center, a Buddhist community center in Northeast Portland that is being built on an old construction landfill site that had been vacant for decades;

and the June Key Community Center in Northeast Portland, an old gas station that was redeveloped as Oregon's first commercial living building.

Currently the city is limited to EPA grants and a revolving EPA fund, but the city is actively pursuing other revenue streams to help redevelop brownfields, which are a universal issue, Bildersee says.

### **Wider discussions underway**

There's a lot of brownfield redevelopment discussion happening statewide. A Brownfield Task Force organized by Metro formed in 2013 and has been meeting regularly to look at what more can be done to help redevelop brownfield sites in the state. The group includes about 35 nonprofits, business groups, environmental groups and local governments.

Miranda Bateschell, a Metro senior planner coordinating that process, says the group is looking into potential changes, such as incentives to their redevelopment program, changes to the regulatory process, and best practices from other cities and states that have led to successes.

One idea, she says, is to enable a land bank authority in the state — a legislative change that would allow a public authority to manage and develop tax-foreclosed property. Cities like Detroit and Cook County in Chicago have land bank authorities. The Metro coalition is looking deeper into how they've made it work: what their statutory language says, how many properties have been revitalized, to "better understand if it's worthwhile here or not," Bateschell says.

## **The Mercury**

### **Coming Out Ahead?**

#### **Letter, Modest Payment Persuade Fired Finance Boss to Drop Bias Claims**

*By Denis C. Theriault  
August 27, 2014*

LAST NOVEMBER, Mayor Charlie Hales seemed reasonably clear about why he was firing Jack Graham, who'd worked for years as the city's top administrator and finance official.

Noting the din of unwanted headlines—led by the Oregonian's scoop that Graham had been investigated over an attempted transfer of protected utility reserve funds, but also including tiffs between Graham and his subordinates—Hales signaled he wanted a bit of peace and quiet.

"I want this city to do its work without distraction," Hales, who oversees the Portland Office of Management and Finance (OMF), wrote in a statement. "Controversies involving OMF have become a distraction."

Graham officially left his job early this year, giving notice this spring that he planned to sue the city—on accusations of racial discrimination (Graham is black; his employees and superiors largely white), defamation, and a lack of due process. And in light of that threat, Hales has since clarified his official reasoning.

The mayor has written a letter formally declaring that "to my knowledge, at no time during his employment with the city did [Graham] commit any financial improprieties." And in return, as soon as this Wednesday, August 27, Graham will agree not to press his claims in court.

The Portland City Council, as of press time, was expected to approve a legal settlement with Graham that includes \$40,000 for his legal fees, but not any actual damages, along with the previously mentioned "letter of reference" from Hales.

Beyond saying that Graham did nothing wrong, Hales' letter, obtained by the Mercury, praises Graham's "exceptional" work in a former post as the fire bureau's business manager, and calls him an "extremely dedicated and hard-working" chief administrative officer (CAO). It also blames Graham's firing on Hales' desire to focus on his "own priorities and vision for the city." The distractions mentioned in November are instead chalked up to "speculative coverage by the press."

"In November 2013, I determined that achieving those priorities would be best supported by selecting a new CAO," Hales now writes. "Mr. Graham accordingly left the city's employ in January of 2014."

Hales' office has declined to comment on either the settlement or the substance of the mayor's letter. Sources, however, say city commissioners were fully briefed on the details.

Hales eventually replaced Graham with Fred Miller, a 72-year-old former state department head and PGE executive—and promptly handed Miller the keys to some major projects.

Miller ran point on an effort to shake up OMF's organizational structure, shepherding through a consultant's report that called for the restoration of a (slightly altered) chief financial officer position after Hales, during budget negotiations, cut the job in 2013. The über-bureau's back-office mission is as unsexy as it is important, overseeing things like building maintenance, investment, human resources, and the city's fleet of vehicles.

Miller's also taken the lead this summer on another of Hales' major priorities: tweaking this year's controversial push for new road maintenance and safety revenue.

Graham kept quiet about his announced sacking until January, when he finally stepped down.

In March, he and his attorneys found themselves across a table from Hales and City Attorney Tracy Reeve—for a rare, public "name-clearing hearing" where Graham submitted evidence in his favor and called witnesses in a bid to reclaim his reputation.

Graham railed against reports that in 2012 he tried, despite his subordinates' warnings, to improperly spend \$200,000 in reserve funds from the city's sewer and water bureaus.

Some of those employees filed whistle-blower complaints, and the transfer never went through. But an independent investigation, finished in late 2012, found "credible evidence" that the accusations were correct.

Graham insisted, in the hearing, that he was never warned his transfer would have violated policy, and argued it would have been technically permissible.

He also wondered why a similar transfer, done by one of the whistleblowers, wasn't ever investigated. Those arguments were crystallized in April, when Graham formally sent the city notice that he planned to sue. Graham, who had been the city's highest-ranking African American employee, wrote in his tort claim notice that city officials and his subordinates had used his race as grounds to question his competency. He said employees had questioned diversity hiring in OMF, complaining about Graham's "agenda" and reverse discrimination. One employee, according to the tort claim, wrote an email asking why "colored" was an unacceptable way to refer to someone who's African American.

Graham also accused Commissioners Steve Novick, Amanda Fritz, and Nick Fish of besmirching him in media reports.

It's not clear whether Graham's race allegations—drawn from easily referenced documents like emails and letters—ever resulted in internal discipline. Anna Kanwit, the city's human resources director and a former subordinate of Graham's, did not return messages seeking comment.

But an analysis from the city's risk management office, which helps vet tort claims, would seem to suggest otherwise.

In recommending the \$40,000 payout, far less than what Graham said he was seeking, it makes clear that sum is meant only for Graham's legal fees and that "the allegations in the tort claim have not been substantiated."

Reeve, the city attorney, declined to comment on the settlement agreement. Graham and his attorneys, however, say there was more at stake than money. They've declared victory.

"The letter from Mayor Hales, on behalf of the city," Graham said in a statement, "is a major step in clearing my name."

# Hall Monitor

## A Collision with the Calendar

*By Denis C. Theriault  
August 27, 2014*

IT WAS MAY 29 when Commissioner Steve Novick confirmed the first major concession in his and Mayor Charlie Hales' epic quest to raise \$53 million in revenue for road maintenance and safety projects.

Owing to ballot referral threats and outright rage, a vote on the business side of the proposed "transportation user fee" would wait until November 14—giving everyone a lot more time to work out kinks.

That fallback came just days before the fee was supposed to head before Portland City Council. And it was just the beginning. The day before that planned June 4 hearing, Novick and Hales abruptly announced they'd also be tabling the other half of their proposal, the part that applied to residents and property owners.

The delays made sense. And November seemed to provide enough time to devise some kind of revised fee that not everyone would hate.

But maybe you've been watching the calendar. Labor Day's suddenly upon us. School's starting back up. Summer's almost over. Time's running out.

Hales and Novick are now about halfway through their self-appointed window for (1) figuring out the finer points of a new street revenue plan, and (2) rallying sufficient public support to avoid a voter rebellion. And neither appears close to happening cleanly and neatly.

So far, the volunteer work groups asked to help refine the street fee can't even agree on basic concepts—how much to raise from whom, and how to do it—let alone any of the devilish details that could very well doom whatever proposal emerges this fall.

Consider the questions that have yet to be definitively answered:

Will smaller businesses get to pay a flat fee? (Maybe.) Will nonprofits get some kind of a break? (Probably.) Will the residential part of the fee actually become an income tax? (Seems likely, but not if business lobbyists have their way.) Will the \$53 million revenue target be lowered? (Probably, even if no one knows by how much.) Will voters have a chance to kill the program after a couple of years? (That all depends.)

Each of those questions, once settled, will come with several more questions just as difficult to answer. How will businesses be sorted? How much money will the city shift from other priorities over to maintenance? How long until any so-called sunset provisions take effect?

The only thing city hall does seem to know? Even if the street fee morphs into an income tax, city attorneys say it still won't have to go before voters first.

More difficult (an understatement if ever there was one) will be finding political support.

Hales and Novick desperately need buy-in from business owners and lobbyists, one reason they got their very own work group. But at that group's most recent meeting, on Monday, August 25, it was clear that the loudest voices in the room remain just as skeptical and outraged as ever.

They're worried that a residential income tax—more popular with voters than a street fee—will hurt small business owners. They're even more worried they won't have a final say on whatever heads before city council.

"We're spinning our wheels," said Heather Hoell, director of the small-business lobbying group Venture Portland.

And with so many variables and so little time, it seems like they could be getting ready to pull the emergency brake.

## Special Forces

### Oregon's Prison Reform May Partly Hinge on a New Police Squad

*By Dirk VanderHart  
August 27, 2014*

IN OREGON'S QUEST to slash prison growth, Portland is a keystone.

Multnomah County alone typically accounts for upward of one-fifth of the state's prisoners, so any attempt to save millions on prison beds and avoid an expensive new prison—as lawmakers tried to do with a piece of sentence reform legislation last year ["Out of the Frying Pan..." News, Oct 9]—goes partly through the city.

That's why the coming months may be vital for the fate of state prison reform.

After hashing out a plan for months, officials in May unveiled a strategy they're hoping keeps Portland's criminals local. Now, they'd like to borrow some cops.

On Wednesday, August 27, county justice officials are slated to appear before Portland City Council to ask to commandeer two Portland police officers and a sergeant through June 2015.

In exchange for officers' part-time help keeping tabs on offenders who, absent last year's changes, would have been locked in prison, the county will pay the police bureau \$152,000 in state funds earmarked for prison reform. Justice officials will make similar pitches throughout the county in coming weeks, eventually forming something known as the 3194 Offender Law Enforcement Supervision and Support unit.

"There is an urgent need to execute this agreement," reads an ordinance headed before the Portland City Council, noting that offenders will be "returned to the community imminently."

Under 2013's House Bill 3194, criminals who'd almost certainly have gone to prison on specific drug, robbery, and identity-theft crimes are supposed to receive probation and local jail stays in increased numbers. That would cut strain on the state's 14 prisons, and delay the need for a costly new hoosegow in Junction City.

At least that's the plan.

As the Mercury's reported, early results of the sentencing tweaks have been mixed, with prison intakes from some counties actually going up ["Sentence Structure," News, May 14]. Even in Multnomah County, which had the largest net reduction in prisoners in May, more people—not fewer—were sent to prison on some affected drug offenses (a new analysis is due out in September).

To help the process along, the county is using around \$2.5 million in state funds to more thoroughly vet people charged with HB 3194-affected crimes. By assessing criminals' likelihood of reoffending early on, officials think they can figure out who should be in prison, and who can cool their heels in county jail or under the supervision of a probation officer.

The first batch of assessments is underway, and the county won't see the effects of the changes until late September at the earliest, says Scott Taylor, director of Multnomah County Department of Community Justice, which handles probation and former prisoners.

"Those folks are still, most of them, in jail," Taylor says, but they'll be out soon enough. Which is why officials need cops, they say, who can specifically deal with problems that might arise in this group.

According to the prospective agreement between the county and city, cops dealing with HB 3194 offenders will serve warrants, visit offenders in their homes, and "provide proactive patrol in geographic areas where offenders live and/or commit crimes."

Of course, the true mark of whether the county's prison reform experiment works will be how busy the cops are.

The county might excel at divining which released convicts are least likely to reoffend or violate their probation. Or it might struggle to judge who's a good bet or not.

And some convicts who wind up running afoul of the authorities wouldn't stay on the streets. They'd be shipped to prison, just like the days before sentencing reform.

"When we need assistance picking up someone on a warrant," time is of the essence, says Taylor.  
"When we want to see why someone didn't show up for an appointment, we want to reach out to them real quick."