

The Oregonian

Portland Public Water District: Truth-squadding risk to environmental programs and link to utility lawsuit

By Brad Schmidt

On May 20, voters will decide whether the Portland City Council should maintain control of utility operations and rate setting or shuffle those functions to a new Portland Public Water District with new elected leaders.

The proposal would eliminate the existing Water Bureau and Bureau of Environmental Services, as they're known today, merging them into a new water district. The district would be governed by a board of seven directors elected from districts throughout the city.

With ballots due in about a month, The Oregonian took a look at some of the murky claims kicked around by proponents and opponents. We found assertions based on nuances, overstatements and flat-out falsehoods.

Is the ballot measure an attack on Portland's environmental programs?

The Audubon Society of Portland gets right to its point: "Measure 26-156 is an industry-financed attack on Portland's most important environmental programs," according to its Multnomah County voters' guide argument.

But even Bob Sallinger, conservation director for the group, admits the purported attack is anything but direct.

"Anyone who says they're against the environment in Portland is done," he said.

That's why Sallinger says he can't produce any direct evidence from the water district campaign calling for the elimination of environmental programs.

Still, he said anyone one who puts two and two together can see that the ballot measure is closely aligned with a 2011 lawsuit led by Craford that attacked utility spending, including some environmental programs.

Last month, a Multnomah County judge ruled that the City Council overstepped its authority by spending nearly \$1.2 million from dedicated water and sewer funds to operate outdoor public restrooms and pay for candidates' political campaigns. But the judge ruled that city leaders had the authority to spend \$10.4 million to move water pipes for a new light rail line and to buy hillside property for stormwater management.

"You don't come at it facially," Sallinger said. "You attack it from the side. 'It's not that we're against the environment, it's that these programs were illegal.'"

Backers of the ballot measure insist that they're just fine with green programs.

"We don't have any problem with stormwater management. That's the mission of the bureau," Floy Jones, a co-backer with Craford, said during a March 6 forum.

But when asked why Audubon would oppose the measure if that were true, Jones shot back: "Because Bob Sallinger has an interest in expanding the mission of the bureau."

Are the groups bankrolling the ballot measure the same ones that paid for the lawsuit?

Portland Mayor Charlie Hales clearly thinks so.

"The anti-environment funders behind this suit are also behind a ballot measure to create a new layer of government to run the environmental services and water utilities," Hales was quoted as saying in a press release issued by his office.

And that's true, at least in part.

Kent Craford, who co-sponsored the ballot measure, created Citizens for Water Accountability, Trust and Reform in 2011 to sue Portland for utility spending.

The nonprofit 501(c)(4) organization has reported nearly \$100,000 in cash contributions, according to tax returns. But under federal tax rules, such groups don't have to disclose their donors and Craford isn't willing to lift the curtain.

Craford acknowledged that there is some overlap between the money for the lawsuit and the ballot measure. How much overlap?

"Not very much," he said.

"We were able to raise so much money for the lawsuit because we could guarantee anonymity," he added, saying contributors are fearful that the city will retaliate if their identities are revealed.

Here's what we do know: Portlanders for Water Reform, which supports the ballot measure, has reported cash contributions through April 15 of \$55,000 from Siltronic Corp., \$50,000 from Portland Bottling Company and \$25,000 from American Property Management.

The companies have some of the biggest utility bills among commercial and multi-family residential customers.

To find out whether Portland's utility bills have really skyrocketed, or if the water district could really lower rates, read Wednesday's coverage. Return on Friday to find out whether corporate customers will be able to escape their Superfund liabilities or whether union employees will lose representation.

Portland city employee accused of accepting thousands in kickbacks for abandoned car scheme

By Maxine Bernstein

A Portland city employee is accused of tipping off an unauthorized tow truck driver to abandoned vehicles and getting thousands of dollars in cash kickbacks since last summer, according to investigators.

Portland detectives Wednesday arrested Barbara Lorraine Peterson, 53, a city parking code enforcement officer, as she arrived at work. She's accused of seven counts of official misconduct, three counts of unauthorized use of a vehicle, and four counts of conspiracy to commit unauthorized use of a vehicle.

In an interview with detectives, Peterson told them what she did was "stupid," that it was "easy money" and the cars she tagged for crushing belonged "mostly to poor people," according to documents obtained by The Oregonian.

Peterson, who has worked for the city for 23 years, placed green warning tags on abandoned cars in Portland. The tags alert vehicle owners that the vehicle has to be moved within 72 hours or it'll be towed by a contract tow company, which is required to hold them in a secure location for at least 15 days.

Instead, Peterson would call the unauthorized tow driver, alerting him to the locations of the tagged cars, police said. The tow truck driver would rush to steal the cars before the city's contractor Retriever Towing rolled around, and would remove items from the vehicles, such as catalytic converters and wheels, before hauling the cars to West Coast Car Crushing on North Columbia Boulevard. There, the stolen cars would be crushed and sold as scrap metal, police said.

The tow truck driver, who cooperated with investigators after his arrest last fall, told police that West Coast Car Crushing would direct him to A-1 Light Truck and Van Parts, a business about one-quarter mile away on North Columbia Boulevard, to get paid, according to the documents. The transactions were done without any paperwork on the vehicles, in violation of state regulations, investigators said.

After A-1 Light Truck and Van Parts paid the tow truck driver cash for a stolen vehicle, the tow driver told investigators that he'd then pay the city employee. Sometimes he'd pay her in person at her North Portland home, or he'd leave the cash in her mailbox, investigators said.

The tow truck driver told police he had paid the city employee, who he knew at first only by her first name, about \$10,000 since late summer. Peterson, after her arrest, estimated that she received between \$300 and \$600 from the tow truck driver for each of the estimated 15 times she informed him about vehicles, according to the police investigation.

Portland police had obtained the information from the tow truck driver in November, as they were investigating an alleged auto theft ring in North Precinct and the improper crushing of stolen vehicles by two North Portland businesses. The driver had outfitted his pick-up truck with a homemade tow apparatus, and had met Peterson through one of her family members, investigators said.

On March 27, police recorded a phone call between the tow truck driver and Peterson. During the recorded call, Peterson gave the driver locations of several cars she had tagged as abandoned. The driver, under watch by detectives, towed the vehicles to a secure location, and then arranged for a time to pay Peterson. Later that day, detectives videotaped Peterson leaving her home and walking up to the police informant's tow truck and taking \$450 in cash from the driver, according to the documents.

Police also examined the tow truck driver's cell phone records, and found more than 200 calls between him and Peterson since late summer.

Peterson worked for 20 years for the city Bureau of Transportation's Abandoned Autos section, making about \$45,000 a year. "We're in touch with the police and cooperating with the police investigation," said Dylan Rivera, PBOT spokesman. Previously, she had worked for the city's Bureau of Buildings.

Peterson was being held at the Multnomah County Detention Center on \$55,000 bail, before her release Wednesday night. She's set to be arraigned in court Thursday afternoon.

Michael Scott, Peterson's friend and former boyfriend, said he was surprised to hear of her arrest. "She's been a very conscientious worker. I would doubt that very much. I've never known her to step sideways," he said. Scott said Peterson moved in to live with her dad, who he said suffers from Alzheimer's.

On April 8, police raided West Coast Car Crushing and A-1 Light Truck and Van Parts on North Columbia Boulevard. They're continuing to investigate allegations that the businesses were buying stolen cars, crushing them and reselling their scrap metal without obtaining the required titles or ownership documents.

Police ask that anyone with information about the ongoing investigation, contact Detective Jeff Sharp at 503-823-9773, or at jeff.sharp@portlandoregon.gov or Det. Angela Hollan, at 503-823-3761, or at angela.hollan@portlandoregon.gov.

The Portland Tribune

City employee arrested in auto theft investigation

By Jim Redden

Portland police have arrested a city employee as part of an ongoing auto theft investigation.

Barbara Lorraine Peterson, 53, was arrested after arriving at work today at the Portland Bureau of Transportation's (PBOT) Abandoned Auto Section.

Detectives interviewed Peterson then booked her into the Multnomah County Jail on seven counts of Official Misconduct, four counts of Conspiracy to Commit Unlawful Use of a Motor Vehicle (UUMV) and three counts of UUMV.

Detectives are conducting a significant auto theft investigation involving several people and locations, including West Coast Car Crushing. As part of that investigation, they learned that a city employee was providing information on abandoned vehicles to an illicit tow driver, who would then steal the cars by towing them to West Coast Car Crushing, where they would be crushed and sold as scrap metal.

Detectives opened a secondary investigation into these allegations and identified Peterson as the employee. Police say they learned Peterson was accepting cash payments for providing information on vehicles to the tow driver.

Based on the investigation, detectives believe that Peterson was acting alone and without the knowledge of the city or any other city employees.

This arrest will be presented to a Multnomah County Grand Jury to consider charges.

If anyone has information about this investigation, they are asked to contact Detective Jeff Sharp at (503) 823-9773, jeff.sharp@portlandoregon.gov; or, Detective Angela Hollan at (503) 823-3761, angela.hollan@portlandoregon.gov

This remains ongoing investigation involving the following agencies: The Portland Police Bureau's North Precinct and Detective Division, the Oregon Department of Justice, the Multnomah County District Attorney's Office, the Oregon State Police, the Oregon Department of Environmental Quality (DEQ), the Oregon Department of Motor Vehicles (DMV), the Internal Revenue Service (IRS), the National Insurance Crime Bureau (NICB), the Oregon Department of Human Services, the Clark County (WA) Sheriff's Office, and the Clackamas County Sheriff's Office.

Sources Say: Cash washes in to buck, back water measure

By Jim Redden

Money is beginning to pour into the campaign to defeat the proposed Portland Public Water District on the May 20 primary election ballot.

The Stop the Bull Run Takeover political action committee now reports raising more than \$151,000 in cash and in-kind contributions against Measure 26-156. Recent major contributions include \$5,000 from CH2M Hill Engineering and \$1,000 from David Evans and Associates, two companies that frequently work on large public construction projects. The largest recent contribution, \$20,000, came from a public employees union, Oregon AFSCME Council 75.

In the meantime, measure supporters report raising just under \$50,000 to pass it, so far. Recent major donations include \$5,000 from lumberman Andrew Miller, who has underwritten much of the conservative movement in Clackamas County, and \$20,000 from Siltronic Corp., which also gave \$55,000 to place the measure on the ballot. The R.B Pamplin Corp., which owns the Portland Tribune, also donated \$1,000 to Portlanders for Water Reform, even though the newspaper editorialized against the measure.

Does the utility watchdog need watching?

The City Council has contracted with the Citizens' Utility Board to provide additional oversight of water and sewer ratepayer spending. CUB is not scheduled to weigh in on the proposed budgets for the Water Bureau and Bureau of Environmental Services until next month. But it turns out CUB supported ratepayer spending that later was ruled illegal back in 2006.

At the time, the statewide consumer advocacy organization was supporting the city's now-defunct public campaign financing program against a ballot measure referral drive supported by large utility companies. CUB was founded as a utility watchdog and argued that public campaign financing provided a balance to big money politics. But before the Voter Owned Elections program eventually was repealed by Portland voters, it gave \$547,438 in water and sewer ratepayer funds to qualifying candidates, along with money collected from all other city agencies.

In February, Multnomah County Circuit Judge Stephen Bushong ruled that was illegal. The ruling came in a lawsuit challenging many water and sewer spending programs approved by the City Council. Although Bushong ruled the council has broad authority when it comes to spending ratepayer money, he said the VOE program did not qualify because it had nothing to do with the delivery of water and sewer services. The spending had been approved by the city attorney's office.

Some people just don't like parties

Disillusioned former Democrat Jeffrey Rempfer isn't the only nonaffiliated voter who has started a website for others who refuse to commit to Portland parties. So has Hillsboro attorney and business owner Robert Harris, who launched OregonOutpost.com around 18 months ago.

Like Rempfer, Harris intends his website to be a forum where nonaffiliated voters can share ideas about how to reform the political system. His proposed changes include allowing nonaffiliated and minor party voters to participate in primary elections, making the offices of Oregon attorney general and secretary of state nonpartisan, and providing public campaign funds to candidates on a matching basis.

"Sometimes a solution to a public issue is the Democratic one, sometimes the Republican one, and sometimes neither of the major parties has the best solution," Harris said.

Willamette Week

Police Charge PBOT Employee in Car Theft Conspiracy

By Kate Wilson

Portland Police have arrested a city Transportation Bureau employee for her alleged role in a wide-reaching conspiracy to steal abandoned cars and crush them for scrap metal.

The arrest was first reported this afternoon by The Oregonian.

Barbara Lorraine Peterson, 53, was arrested after she arrived at her job this morning at the Portland Bureau of Transportation Abandoned Auto Section.

The arrest comes after police raided the West Coast Car Crushing company earlier this month, as part of an 11-agency investigation. They learned Peterson was allegedly tipping off a car thief to abandoned vehicles. The car thief would in turn tow the cars to West Coast Car Crushing, where they would be crushed and sold for scrap.

Peterson is being held on charges of official misconduct, unauthorized use of a motor vehicle and conspiracy to commit unlawful use of a motor vehicle.

The Mercury

Hall Monitor

Playing the Race Card

By Denis C. Theriault

WHEN JACK GRAHAM, Portland's longtime chief administrative officer (CAO), was fired last November as head of the Portland Office of Management and Finance (OMF), it wasn't for any one sin in particular.

Rather, officials were very careful to say, the ax fell over a string of foul-ups—many of which played out embarrassingly (for Mayor Charlie Hales) across the front page of the Oregonian.

First that summer, there was an accusation that Graham, back in 2012, had tried, and failed, to improperly transfer water and sewer money out of a reserve account. Then there was a claim Graham had planned to say "oops" if he was caught trying for the transfer. Then there was word of a similar, successful, transfer under Graham's watch the year before.

And, maybe most fatal, there was word that tension between Graham and the city's controller, one of his employees, had grown so thick the treasurer had to take a leave of absence. It wasn't long after that Hales made up his mind.

"I want this city to do its work without distraction," Hales said at the time. "Controversies involving OMF have become a distraction. As the commissioner in charge of OMF, I believe it is now time to make a change."

Of course, that's not the way Graham sees it. Never has been.

And that difference of opinion, whether it's true or not, seems destined to cost the city some money.

Last month, at a strange "name-clearing" hearing—a rarely invoked ritual where fired employees can publicly defend themselves against accusations of misconduct—Graham and his lawyers made clear they thought he was fired because of the botched water and sewer transfer, which they argued was perfectly legal.

But that was just the warm-up.

On Wednesday, April 16, Graham's legal team formally gave word he was planning to sue over his treatment. And while they mentioned the machinations over the money transfer, they mentioned something else: Graham's race. Graham is black. The people he tussled with, above and below him, largely were not.

"From the moment that Mr. Graham was promoted to the position of CAO, thereby becoming the city's first African American CAO and the most senior African American employee of the city," the tort claim notice reads, "city officials have questioned his competency and have permitted his subordinates to do the same due to his race."

The claim goes on to argue that those questions "caused the city to treat him less favorably than his white peers and subordinates and contributed to the city's decision to terminate him."

Graham's lawyer alluded to a few examples in the claim—in one case mentioning anonymous employees complaining of "reverse discrimination." She threatened to bring about a bigger cudgel during trial.

It's a headline-grabbing claim sure to roil a city government that prides itself on its progressive values, never mind its troubled past and still-sensitive present when facing race issues. It also skips over some more clear-cut problems for Graham, like the email exchange with the controller that seems to have tipped Hales' hand.

But maybe that's the point. A trial on Graham's claims would be astoundingly ugly for the city—again, whether they're true or not. And it might be worth the city paying up to make them go away.

Portland Police Lieutenant Files \$300,000 Civil Rights Suit Against Chief Reese

By Denis C. Theriault

A Portland police lieutenant filed a federal civil rights lawsuit against Chief Mike Reese and North Precinct Captain Chris Davis this afternoon, lobbing harsh claims about retaliation over a misconduct investigation she led against the captain nearly a decade ago—punishment, she says, that included capricious discipline and culminated in an unfairly denied promotion last year.

It's the latest legal headache for a bureau that's seen arguably too many emerge from its command staff over the past year and a half—including a text messaging scandal that snared controversial Nazi Germany history buff Captain Mark Kruger. It also marks another complaint against Reese alleging retaliation. The city settled with Officer Thomas Brennan in 2010 over his banishment to the property warehouse by former Chief Rosie Sizer, after he complained to Reese about Sergeant Kyle Nice.

The lieutenant in this case, Rachel Andrew, is seeking \$300,000 in damages for lost pay and emotional distress, according to a copy of the complaint (pdf) obtained by the Mercury. Andrew is represented by attorney Sean Riddell, who's also representing Kruger and another controversial cop, Todd Wyatt. The lawsuit follows a Bureau of Labor and Industries complaint filed last year and obtained by the Mercury in a public records request.

Because the Mercury obtained the legal complaint after business hours, the city attorney's office could not be reached for comment. Reese, however, declined to comment, citing pending litigation.

The BOLI complaint (pdf) made the same claims about retaliation, but also included some more shocking allegations. Among them:

Reese, during a 2012 discipline hearing attended by his assistant chiefs and a representative from Mayor Sam Adams' office, twice asked Andrew to "demonstrate a male masturbation gesture" that had come up in her case. And that Reese's director of services and discipline czar, Mike Kuykendall, had offered Andrew a lighter punishment, 40 hours unpaid instead of 80, if only she'd agree not to press any retaliation claims in court.

But the allegations in the lawsuit, which stretch back to 2008, are far less salacious. They start about a year after Andrew says she recommended disciplining Davis over a complaint that he and a subordinate in the bureau's detectives division improperly used an informant.

She was applying to become a lieutenant on the detectives division that year. And she alleges Reese, then just commander of Central Precinct, had taken "exception with the depth of her investigation" of Reese and his subordinate. "Defendant Reese also informed Plaintiff that if she was selected for promotion that she should decline the promotion," the complaint says.

A few years later, the legal complaint says, Davis had moved to internal affairs and in 2010 began his own investigation into Andrew on a harassment claim and also a claim of untruthfulness—a potentially fireable offense.

The BOLI complaint makes clear that came from a struggle Andrew had with one of her subordinates, Sergeant Doug Justus. She'd accused Justus of yelling at her and sought an investigation of Justus—and Justus' denial that he yelled spun off into Davis' investigation of Andrew.

Both complaints say Ed Brumfield, the retired detectives division commander, wrote a memo clearing Andrew of untruthfulness after reviewing Davis' investigation. They then claim, however, that Davis—"without precedent"—wrote his own memo directly to Kuykendall suggesting the chief's office sustain the untruthfulness charge. The BOLI complaint says Davis never told Kuykendall about his history with Andrew when he took that action.

"Defendant Davis' decision to investigation or recommendation to discipline Plaintiff in 2010 were motivated by Plaintiff's 2006 and 2007 investigation and discipline recommendation of Defendant Davis," the legal complaint claims, accusing Davis of "ignoring critical facts that would exonerate" Andrew and "manipulating" his investigation. The BOLI complaint says Davis used a recording of Justus' conversation with Andrew that was missing a minute of footage.

Reese eventually disciplined Andrew, in June 2012. She filed a tort claim several months after and a pair of BOLI complaints in June 2013. She filed her second after a BOLI investigator said she wasn't specific enough in her claims. BOLI, in January 2014, didn't side with her—instead sending a 90-day "right to sue" letter over the claims Andrew had made.

While Andrew's BOLI complaints were being processed, in September 2013, the lawsuit says, she applied for a promotion to captain. The complaint says Andrews scored fifth out of 13 lieutenants—and that Reese passed her over for two officers who'd scored lower than her. One of those lieutenants, she alleges, was Davis.

The Daily Journal of Commerce

BLOG: Key elements of Portland's new Comprehensive Plan

By Brian Campbell

As I've mentioned before, the city of Portland is currently engaged in the most important planning work for any community: preparing a new comprehensive plan. The last time this was done in Portland was 1980. Parts of the city have had updates over the years, but this is still way too long for a city not to have looked at the big picture and determine its future direction. So this is the time for us to imagine what we want our city to be like in 20 years.

Of course, that process has been under way for a while now, and there are several major initiatives that planners generally agree need to be key elements of the plan. First is to continue to focus development in centers and corridors. This has been a city priority for the last 40 years, but it needs a more sophisticated implementation approach to ultimately be successful in all parts of the city.

The logic here is straightforward – develop the highest intensity uses where you have the most efficient transportation services. This has worked well in central Portland where you have downtown, the focus of the region's transportation network, and the inner neighborhoods that were developed around streetcar lines. Commercial services and higher-density housing developed along these lines within walking distance of the surrounding neighborhoods, which has turned out to be a very efficient form of urbanization.

But in southwest and east Portland the development pattern is more spread out, with a few major auto-dominated commercial streets and few logical locations for uses that serve the neighborhoods. This has proven to be the biggest challenge for Portland's planners – how to create walkable, safe, well-served communities in these very suburban places – and needs to be the most important element of the new Comprehensive Plan.

There are a few other key elements for the Comprehensive Plan, and I'll get to those next time.

BPS commission OKs proposed city code changes that would aid Airbnb

By Lee Fehrenbacher

Airbnb is a step closer to cementing its foothold in Portland's economy.

The Planning and Sustainability Commission on Tuesday night voted 8-1 to approve staff recommendations for amending city code so that it allows short-term rentals in the city. Commission Chairman André Baugh issued the only dissenting vote, citing concerns about the impact that peer-to-peer rentals could have on housing affordability, according to Eden Dabbs, spokeswoman for the Bureau of Planning and Sustainability.

The recommendations next will go before Portland City Council.

In March, Airbnb, a peer-to-peer-driven hospitality company, announced that it will locate its North American operational headquarters in Old Town Chinatown. The company plans to renovate the 27,000-square-foot Blagen Block building on Northwest First Avenue, and move in later this summer.

Ironically, Portland city code doesn't currently allow the type of short-term rentals that have caused Airbnb's explosive growth in other cities around the world. People can rent up to five bedrooms in a house as a bed and breakfast for fewer than 30 days, but they must first go through an expensive and time-

consuming conditional use review process, according to BPS. The proposed code changes would dramatically simplify that process.

Despite the status quo, Airbnb's Portland listings have jumped from 107 in January 2011 to more than 1,550 today, according to BPS. During Tuesday's meeting, Molly Turner, director of civics for Airbnb, elaborated on those numbers with a presentation.

In the past year, Airbnb documented 1,120 total hosts, 33,000 outbound users, and 48,040 inbound guests in the Portland area. That activity supported 660 jobs, and had an economic impact of \$61 million, according to Airbnb. Turner added that 40 percent of hosts earn below the median household income, and that Airbnb provided a valuable means for supplemental earnings.

Some residents gave testimony at Tuesday's meeting, contending that short-term rentals could deplete the stock of long-term rentals. Others disagreed, testifying that short-term rentals typically are offered only as parts of units already occupied by renters or homeowners.

Additionally, Sellwood-Moreland Improvement League members urged commissioners not to approve the code changes – not because they opposed Airbnb, but rather because they believed the Regulatory Improvement Code Amendment Project (www.portlandoregon.gov/bps/article/484884) was the wrong venue. The aim of RICAP is to update building and land-use regulations that hinder “desirable” development.