

The Oregonian

Portland city employee accused of official misconduct arraigned in court

By Maxine Bernstein

A Portland city employee accused of tipping off a tow truck driver to 30 to 40 abandoned vehicles and getting thousands of dollars in cash kickbacks in return was arraigned Thursday on felony allegations.

Barbara Lorraine Peterson, 53, a city parking code enforcement officer, faces seven counts of first-degree official misconduct, three counts of unauthorized use of a vehicle and four counts of conspiracy to commit unauthorized use of a vehicle.

Peterson's lawyer, William A. Meyer, told the court that his client will reserve the right to contest the allegations. Peterson was ordered to have no contact with the tow truck driver or any of the victims, and is expected to remain out of custody pending trial. Her next court date was set for May 8.

Portland detectives Wednesday arrested Peterson as she arrived at work.

In an interview with Detectives Jeff Sharp and Angela Hollan after her arrest, Peterson said, "First of all, it was incredibly stupid to get involved with him. But I thought it was an easy way to make a few bucks. ... It was easy money," according to a probable cause affidavit filed in Multnomah County Circuit Court.

She told investigators that the cars she tagged for crushing belonged "mostly to poor people," the affidavit said.

Peterson also said in the interview that she had told the tow truck driver: "I don't want to jeopardize my job. I've been doing this for 23 years," according to the affidavit.

Peterson placed green warning tags on abandoned cars in Portland. The tags alert owners that their cars must be moved within 72 hours or they will be towed by a contract tow company, which is required to hold the vehicles in a secure location for at least 15 days.

Instead, Peterson would call the unauthorized tow truck driver, alerting him to the locations of the tagged cars, police said. The 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.

Portland police arrested the 45-year-old Portland tow truck driver in October, accusing him of unauthorized use of a vehicle, possession of a stolen vehicle, possession of methamphetamine and criminal mischief. He was booked and released, and has been cooperating with investigators.

The driver told police that West Coast Car Crushing would direct him to A-1 Light Truck and Van Parts, a business about a 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 driver cash for a stolen vehicle, he'd then pay the city employee, he told investigators. Sometimes he'd pay her in person at her North Portland home, or he'd leave the cash in her mailbox, investigators said.

The driver told police he knew the city employee at first only by her first name and paid her about \$10,000 since late summer, the affidavit said. He said he received 30 to 40 vehicles this way, according to the court papers.

Peterson, after her arrest, estimated that she received between \$300 and \$600 from the driver for each of the estimated 15 times she informed him about vehicles, according to the police investigation.

Portland police 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 pickup with a homemade tow apparatus and had met Peterson through one of her family members and set up the "business arrangement," investigators said.

On March 24, police recorded a phone call between the driver and Peterson. During the recorded call, Peterson gave the driver locations of several cars she had given parking citations or tagged as abandoned, including a maroon Geo and a Mazda. The driver, under watch by detectives, towed the cars to a secure location, and then arranged for a time to pay Peterson.

On March 27, police said, Peterson called the tow truck driver and gave him locations where a Mazda and a Ford Bronco were parked. 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 driver's cell phone records and found more than 200 calls between Peterson and him 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, a transportation spokesman. Previously, Peterson worked for the city's Bureau of Buildings.

Peterson was held at the Multnomah County Detention Center on \$55,000 bail before her release Wednesday night. Now that she's out of custody, she's been placed on paid administrative leave, pending trial, Rivera said.

"PBOT will begin a personnel investigation immediately," Rivera said Thursday.

City Commissioner Steve Novick, who oversees the Bureau of Transportation, said he could not comment on the allegations or how the alleged activity apparently went unnoticed by other city workers. He did praise police for their work combating auto theft.

"As transportation commissioner, I congratulate and thank the Portland Police Bureau for conducting a complex investigation involving what appears to be a major auto theft ring," Novick said, in a prepared statement.

Peterson's younger brother, John Canda, a longtime Portland gang outreach worker and the city's former director of its Office of Youth Violence Prevention, attended her arraignment to show his support. Canda said he had no knowledge of the allegations.

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

Portland utility lawsuit: City wants to appeal judge's decision over authority, misspent money

By Brad Schmidt

The lawsuit alleging improper utility spending by the Portland City Council may head straight to the Oregon Court of Appeals if city leaders have their way.

Attorneys representing the city of Portland want to put the 2 ½-year-old lawsuit on hold and challenge a fundamental ruling last month that could impact the rest of the case – namely, what constitutes improper spending by the City Council.

Multnomah County Circuit Judge Stephen K. Bushong ruled March 10 that the City Council overstepped its authority when it spent about \$1.2 million from utility funds for publicly financed political campaigns and outdoor public restrooms.

Bushong determined that water and sewer expenditures need to be “reasonably related” to the water and sewer services provided by the city.

That standard, if it holds, would be applied to dozens of other projects that have yet to be litigated.

But the city now argues that it would be a waste of time to keep fighting, project by project, until a higher court determines whether Bushong’s ruling was correct.

The city already turned over about 10,000 pages of documents for four projects considered by Bushong – and that number could swell going forward.

“Given the likely length of this litigation, the parties and the Court would be greatly benefitted by early appellate direction on the fundamental legal standard applicable to plaintiff’s claims,” city officials wrote.

“If the appeal of that issue is delayed until the end of this case and then the Court of Appeals adopts a different standard than that declared by the Circuit Court, every expenditure reviewed by the Court prior to a final appeal will have to be re-evaluated.”

Portland officials contend that under the city charter, the City Council has broad authority over utility spending and courts should only get involved in instances of fraud or blatant abuse of discretion.

But plaintiffs in the lawsuit – led by former big-industry lobbyist Kent Craford, who is pushing a new utility district outside City Council’s control – have argued that any utility expenditures should be primarily related to utility services.

In parsing out the charter limitations, Bushong established a “reasonably related” threshold.

Using that standard, he found that the City Council was within its authority to spend about \$12.4 million relocating water pipes to make way for a downtown light-rail extension and buying park land to aid in stormwater drainage.

At the same time, Bushong determined that the city’s contributions toward publicly financed political campaigns and the Portland Loos were improper.

When Bushong issued his ruling last month, both sides claimed victory.

Craford praised the judge’s decision to “curb City Hall’s most egregious abuses of water and sewer funds.”

Portland Commissioner Nick Fish, responsible for city utilities since June 2013, praised the ruling for rejecting a blatant attack on environmental stewardship.

“The two items, which the judge ruled were outside the bounds of the charter, are yesterday’s news and have already been fixed,” Fish said at the time.

Bushong will now determine if the case stays in his courtroom or moves to the Oregon Court of Appeals. If Bushong sends it to a panel of three appellate judges, the case could be placed on hold for more than a year, if not two years.

The Portland Tribune

Arrested city employee placed on administrative leave

By Jim Redden

The Portland Bureau of Transportation arrested by police during a car theft investigation has been placed on leave. PBOT has also begun a personnel investigation into the allegations against Barbara Lorraine Peterson, 53.

According to PBOT spokesman Dylan Rivera, the city uses this procedure when employees are arrested for conduct that may be related to their job.

Rivera also said employees who are in police custody are not paid for those hours.

Peterson was arrested after arriving at work Wednesday at PBOT's 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.

The arrest came as 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.

City wants to appeal 'reasonably related' standard in water, sewer suit

By Jim Redden

The city of Portland wants to appeal a Multnomah County judge's ruling that water and sewer spending must be "reasonably related" to services provided by the two city utilities.

City attorneys filed a request with Multnomah County Circuit Judge Stephen K. Bushong on Thursday that he enter an order about his early ruling in an ongoing lawsuit on water and sewer spending. Bushong established the "reasonably related" standard in four examples agreed to by both sides, but has not yet entered a judgement that can be appealed.

City attorneys have argued the City Council has more discretion than Bushong declared. Although attorneys for water and sewer ratepayers who sued the city believe it has less discretion, they want to see the suit proceed through other expenditures before deciding whether to appeal.

Commissioner Nick Fish, who is in charge of both the water and sewer bureaus, says obtaining an appeals court ruling on the standard now will save both parties time and attorneys fees.

"The goal here is to get a clear ruling from an appellate court about the standard for ratepayer spending so there is not a lot of unnecessary spending on legal fees," says Fish.

But John DiLorenzo, an attorney representing ratepayers in the suit, says the potential appeal is merely an attempt to prevent more embarrassing internal documents from being released before the May 20 primary Election vote on the ballot measure to create an independently elected water and sewer district.

"This is just hypocrisy. Mayor Charlie Hales and Commissioner Nick Fish says there's new leadership at the water and sewer board, but they just want to delay the public from learning anything more about how their money is spent for years," says DiLorenzo, adding that he will file a response objecting to the request soon.

In the suit, the city has been arguing the council has the final word in how water and sewer funds are spent, except in cases of fraud and abuse. DiLorenzo has been arguing the primary purpose of the spending must be for the delivery of water and sewer services.

Bushong has ruled that some spending, including ratepayer money spent on the now-defunct Portland public campaign finance program, was not justified. But he has upheld other challenged expenditures, including sewer money spent to help acquire part of an undeveloped cemetery in Southwest Portland for stormwater management.

The Mercury

Better News for Portland's Budget: Surplus Grows Back to \$9 Million

By Denis C. Theriault

A month or so after warning that Portland's projected budget surplus had dwindled to \$6 million and might even fade into nothing—"There is the possibility that there will not be any excess ongoing or one-time resources for FY2014-15," the budget office wrote—the tireless bean-counters at the Portland Building have some good news.

The city's expected surplus has gone back up instead of down. When the forecast for the fiscal year comes out next Wednesday, it'll be something like \$9.3 million—with \$4.6 million available for new ongoing programs and \$4.7 million for one-time needs.

"This is pretty good news," says Mayor Charlie Hales' office, which has been sharing the new data with reporters. "We're not jumping for the rafters. The increase (\$3.3 million) is 1/3 of 1% [of the city's overall discretionary budget]... but still. Good news."

Hales is scheduled to release his first draft of a budget next Wednesday, and that document will rely, necessarily, on the work of the budget office. Commissioners (and Hales) have submitted more than \$30 million in funding requests for their bureaus. Hales' spokesman, Dana Haynes, says discussions over which of those might make the cut—and which won't—are hot and heavy in city hall right now. (Even after Hales issues his draft budget, commissioners will still get to lobby for changes ahead of the mayor's final budget.)

"Now, the funny bit for the last several weeks is: The commissioners have \$32 million of requests on the table for that \$6 million in additional funds," Haynes writes. "And 32 doesn't go into 6. Now it's 9.3, but 32 doesn't go into 9.3 either. So we're still looking at whopping add packages that, mostly, won't get funded. Nothing new there."

That anyone's seeing these numbers this early, whether in the media or city council offices, is a relatively new development. Before last year, the city's budget office was a part of the Office of Management and Finance and overseen directly by the mayor's office. Mayors had historically used their control of the forecasts as a trump card in budget negotiations.

A push by Commissioner Amanda Fritz in late 2012 carved out the separate budget office and made it answerable to the rest of council. Commissioner Dan Saltzman, meanwhile, pushed an ordinance calling for regular and public release of annual forecasts.

Portland's good news puts it just ahead of Multnomah County this year. Interim County Chair Marissa Madrigal has submitted a budget with some \$8.3 million in new revenue, according to the Oregonian.