

The Oregonian

Parking company admits 'serious lapse in judgment'

By Brad Schmidt

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The company that provides parking meter services in Portland says a top executive suffered "a serious lapse in judgment" in 2006 and should have raised concerns about contract manipulation by the city's former parking manager, Ellis K. McCoy.

The acknowledgment comes one month after Cale Group said its employees did nothing illegal and as the Sweden-based company works to retain its multimillion-dollar business with Portland.

City officials have hired an outside legal firm to review findings of an investigation by Cale. But the Portland Bureau of Transportation this week offered no timeline for when the city's review will be complete.

The fate of Portland's high-tech parking meter system hangs in the balance.

Switching parking meter companies could cost the city \$11.6 million, according to city estimates. Leah Treat, the city's transportation director, last month said it would be the "best-case scenario" to find no wrongdoing.

Portland's parking meter scandal began in 2011 when the FBI raided McCoy's office and the Florida warehouse of George Levey, an independent distributor of Cale machines. McCoy later pleaded guilty to accepting bribes from Levey; Levey this year pleaded guilty for his role in the scheme.

City officials insisted McCoy didn't manipulate the process leading up to Levey's 2006 contract. Cale officials insisted that Levey acted without their knowledge.

But facing mounting public pressure, the city reopened its contracting process in 2014. Cale America, a subsidiary of Cale Group, won a new city contract this year worth \$11.9 million.

Not long after, federal prosecutors released emails from 2005 and 2006 connecting Cale America to the scandal. The emails revealed that McCoy leaked city documents and edited Levey's formal bid in 2006.

Levey sent those emails to Edward Olender, whom Cale Group later named president of Cale America.

Anton Kaya, Cale Group's chief executive, in August said he was satisfied that "Olender did not know of any bribes or violate any laws or public contracting rules." Kaya declined to elaborate or say whether Olender acknowledged reading the emails.

But responding to questions from The Oregonian/OregonLive, Kaya said this week that Olender should have blown the whistle in 2006.

Olender's "failure to raise questions about McCoy's involvement ... demonstrated a serious lapse in judgment," Kaya wrote in an email. "Mr. Olender should have, but did not, raise concerns to Cale Group about McCoy's improper involvement."

Kaya said the company's investigation also found ineffective oversight of Levey's company. The failure by employees to raise questions "was totally inconsistent with Cale Group's expectations and high ethical standards."

Olender was disciplined and is no longer involved with Cale America, although he remains president of Cale Systems in Canada.

Cale has declined to publicly release its investigation.

City officials hired Portland law firm Stoll Berne to review Cale's inquiry under a \$30,000 contract that pays up to \$395 an hour.

The scope of work is broad: "provide expert services and advice to the City regarding Cale America's investigation."

Transportation spokesman John Brady said the review will examine Cale's investigation and determine whether its conclusions are valid. "Valid in this case encompasses criteria such as reasonable, thorough, complete and implementable," he wrote in an email.

Brady said city officials are committed to "maintaining the public trust."

"The review should provide the insights and analysis we need," he wrote, "to determine the nature of our future working relationship with Cale."

Records show that city officials have been coordinating with Cale about the investigation since late May.

Portland exchanged draft press statements with Cale and coordinated the release of information shared with The Oregonian/OregonLive, according to documents obtained through a public records request.

City officials originally planned to hire a forensic auditor to review Cale's investigation and settled on what that inquiry would consider.

According to undated notes from one city official, Portland wanted to make sure Cale's investigation was "thorough and complete," and recommendations were "reasonable and implementable."

Regarding accuracy, a Portland official wrote that the review should determine if "the results of the investigation are accurate."

The word "are" was later crossed out, replaced instead with "appear."

GoLocalPDX

Homelessness Divides City Council and Businesses

*By Jack Rushall
September 18, 2015*

Chinatown businesses are suffering due to the Portland City Council's negligence towards the issue of homelessness.

Two prominent business owners from the Chinatown area filed complaints that were taken up during this week's city council meeting. Though the complaints were discussed among the council, no resulting action was taken. For many local businesses, it's no surprise.

"They focused not on the problem, but they didn't focus on the solutions," Karen Bowler, owner of Tube and Fortune in Chinatown and one of the complainants, told GoLocal. "It's all so vague and far off. There's no action and literally nothing we can do."

Complications for Businesses

The homeless population of Chinatown has deterred potential business due to the volatile nature of specific individuals, according to business owners, who said they are tired of the abuse and fed up with the lack of help from the City Council.

"They've been ignoring it for five years now," Kurt Huffman, owner of Chef's Table, told GoLocal about the City Council. "The problems are showing up to work and having your door used as a bathroom all night long. We have to wipe human waste off our property each morning."

Chinatown business owners typically have two options if they wish to remove a homeless person from their doorways. They can put up signs discouraging trespassing and call the police if individuals do trespass. Another option: business owners can call local company Clean and Safe (Portland's Security Guard service) to move a homeless person from the stoop to the curb.

"I have to ask my husband when we drive to work, 'can you pull up so I don't have to step on someone to get to our business'," Bowler said. "One man physically climbed onto a delivery truck and threatened to kill the driver. He is often naked or relieving himself in front of our door. And when he is in a mood and people walk by, he looks for a reaction. It creates an unfriendly business environment."

Bowler noted that she would like to expand the hours of her club, Tube, so that it could be open earlier and increase business. However, Bowler notes that most of her customers do not arrive until, at around 10 p.m. or 11 p.m., out of fear. After 10 p.m. on a weekend, the homeless population are overshadowed by nightlife and there is more of a police presence. However, the police presence is not always positive for local business.

Huffman agreed with Bowler.

"Here is the great irony: the only business that is marketed is nightlife," Huffman said. "The area is inundated with cops and the homeless people just clear out. It's an awful place for homeless people to be after 9 PM on the weekends. There are cops everywhere, lots of people. Both the nightlife scene that creates this perfect environment for bars – and the homeless population – is horrible for bars because of the police presence."

Though the police presence is more active during the weekend and the evening, many business owners wonder what possible resolutions could salvage business during the week.

Potential Solutions

"One thing that they're (the City Council) talking about – that we are rooting for – is a foot patrol in Chinatown," Bowler said. "We don't have a problem with homeless people: we have a problem with homelessness. We need someone down here who is able to distinguish who needs what."

Other business owners have different solutions in mind. Currently, a self-run homeless camp called "R2D2" (Right 2 Dream Too) is the only visible current solution. R2D2 is run on private property, where those running the camp pay a dollar a day to the property owner.

"The property owner is the real villain we don't speak of," Huffman said.

One of Huffman's businesses, a restaurant called Ping, was closed nine months after R2D2 was opened. Huffman proposes an alternative solution.

"For the first four years that the homeless camp was there, you have an empty hotel across the street (temporarily)," Huffman said. "Why don't we put these people inside a city-owned building. The only justification for saying you can't is because the city code doesn't allow it. But we are allowing people to stay in a parking lot that already violates every possible city code there is. It's a terrible argument that it's okay to violate some city codes, but not others."

Since the opening of R2D2, Chinatown businesses have seen a fiscal dip. "Looking year to year from when the camp went in, we saw a 20% drop in revenue versus a 5% increase the month prior. I have continued to see business decline since then," Christopher Handford, owner of the Davis Street Tavern, told GoLocal.

Huffman called R2D2 "the ultimate example of the city allowing a population to run without any rules or regulations. It exacerbates the problem from a business perspective when you don't enforce regulations and allow it to fester. It's anarchy."

Concerns Fall on 'Deaf Ears'

"Do you think a 100 person homeless camp taking over a park in The Pearl would last two days? Do you think that a 100 person homeless camp that decides to post on Amanda Fritz's lawn would last two days?" Huffman asked. "Of course not."

It's possible that the Portland City Council is afraid to tackle the issue of homelessness as it might interfere with reelection campaigns.

"There are solutions to deal with homelessness that are creative and interesting," Huffman said. "The city has not addressed those and I think it's because everybody in the council is petrified to make hard decisions. Politically, it's an unpopular topic."

Other business owners stress the importance of pointing out the apathy of the City Council.

"If our concerns fall on deaf ears, we are going to have to move," Bowler said. "I see it wearing us down at some point."