The Oregonian

# Hit with $18 Million in Legal Payouts, City of Portland Needs to Better Promote Safety, Audit Says

*By Jessica Floum*
*August 29, 2017*

Armando Olivas was crossing Northeast Marine Drive on his bike on a Saturday afternoon in December 2014 when he got struck by a moving vehicle. The impact broke his left shoulder, left ankle, right leg and multiple ribs. He was 17 at the time.

On Wednesday, the Portland City Council will approve paying Olivas $65,000 to settle a lawsuit he brought against the city and Portland General Electric in 2015. He claimed the vehicle hit him because the city and utility failed to turn the crossing safety lights on after doing maintenance.

The payment is one of millions of dollars the city doles out each year after its workers get injured, its vehicles injure people or damage property or its employees file complaints of discrimination.

And the problem is getting worse, in part because city risk managers aren't doing enough to help bureaus see patterns to prevent additional losses, the city auditor's office has found. The number of worker injuries alone rose 15 percent over the past five years, an audit of Portland's risk management division found.

Portland paid almost $1.3 million from 2012 to 2016 to resolve claims that people were struck or injured on a city road, the audit going before council Wednesday found. Overall, the city paid more than $18 million in claims from 2012 to 2016.

The city's risk management division spends almost $16 million annually to help city bureaus reduce injuries, financial loss and liabilities.

But the group has failed to follow best practices for setting safety guidelines and sharing information across bureaus, the audit found.

Sharing information about claims across bureaus can help bureaus reduce accidents, prevent loss and protect their employees, Portland Auditor Mary Hull Caballero said.

"That's good for the public and that's good for the city," Hull Caballero said. "Risk management...has gotten away from doing that."

City code requires that safety information be reviewed by a Loss Control Advisory Committee that includes the city council, the city auditor and "other high-level city officials."

"This risk management relationship with city council is necessary to ensure that (the) council receives adequate information to make cost-benefit decisions about risk when setting priorities and adopting budgets," the audit said.

Auditors found no records that the advisory committee has ever met.

Risk management also failed to prepare an annual report to the council to inform members of activities, results and areas for improvement, the audit found. It only provided a draft 2016 report after city auditors finished investigating the office. That was the first report in 10 years.

The division charged with reducing city liabilities has also failed to establish loss prevention benchmarks and to give bureaus guidelines, auditors found.

It never gave bureaus access to a Risk Management Information System set up in 2013.

Risk managers told city auditors that staffing limitations caused them to fall short of city requirements. They give bureaus driver education, hearing loss prevention services, ergonomics assessments and safety training. They also coordinate a monthly meeting with safety managers from each of the bureaus.

But that's not working, the audit found.

The number of worker injuries increased by 15 percent in the last four years, from 526 in 2012 to 605 in 2016.

• Parks & Recreation worker injuries increased by 50 percent, from 63 to 94.

• Police injuries increased by 30 percent from 165 to 215.

• Fire injuries went up 22 percent, from 139 to 169.

Discrimination claims —cases in which employees file complaints against the city for harassment, retaliation or discrimination — cost the city $1 million from 2012 to 2016. They were among the top three causes of claims in five major bureaus.

Three years ago, the city agreed to pay former Chief Financial Officer Jack Graham $40,000 after Graham sued the city for racial discrimination and defamation.

Incidents involving city vehicles also cost the city almost $3 million in that time. They were among the top three causes of claims for six major city bureaus from 2012 to 2016.

Police use of force incidents were the second leading cause of claims for that bureau, costing the city $1.3 million from 2012 to 2016.

Other costly claim causes included sewer and water system issues and people falling or slipping on city property.

Portland's Chief Administrative Officer Tom Rinehart oversees the Office of Management and Finance responsible for risk management. He wrote in a response to the audit that his bureau plans to better follow city code.

His bureau could also improve how it provides information, consultation and support to bureaus, he said.

Rinehart and City Risk Manager Kate Wood did not respond to requests for comment Tuesday afternoon.

**Willamette Week**

# The Latest Fight Over a Changing Portland? The Fate of a Gritty West End Convenience Store

*By Jessica Pollard*
*August 29, 2017*

**For three decades, Peterson’s helped define downtown. City-funded gentrification could put the store out of business.**

The odor of urine wafts from the parking garage stairwell at Southwest 10th Avenue and Morrison Street on a summer night in Portland.

Vacationers in pressed clothing and rolling elegant luggage hop on and off the MAX train, dodging the young troubadours who loiter outside of Peterson's, a venerable convenience store at 922 SW Morrison St. Middle-aged men rattle by on skateboards, cigarettes dangling. Panhandlers claim they'll settle for human contact, displaying a "Hugs 4 Hugs" sign.

For more than 30 years, Peterson's has been a magnet for MAX riders, transients, and anybody who needs cigarettes, beer or the current hot seller: 99-cent fountain drinks, "any size."

"We're not fancy," says owner Doug Peterson. "We're selling the needs that people need. And we're very popular."

But Peterson's Morrison Street location (he owns three other stores elsewhere in the city) could soon be just a memory. The city's urban renewal agency, Prosper Portland, and the Portland Bureau of Transportation are preparing to renovate the city-owned Yamhill SmartPark garage, which houses Peterson's on the ground floor. Peterson's loyalists think the city wants the store gone. If that happens, they say a gritty slice of the city's identity will be lost.

Ray Tillotson, who for decades ran Ray's Ragtime, a consignment shop near Peterson's, got priced out of downtown last year.

He says the city's west end is losing its flavor. "It was a very vibrant little neighborhood," Tillotson says. "It's been a gradual exodus for the past 30 years."

Peterson's helped shape a generation of Portlanders, even as it faced opposition from city bureaus. In 2008, the upscale clothier Brooks Brothers moved into the Galleria mall across the street. The company's clientele and Peterson's were not the same.

"I fail to see why a disgusting store such as Peterson's is able to stay open," an assistant manager of Brooks Brothers emailed then-Mayor Sam Adams. "It caters to the dregs of society."

The store survived the pressure, but the threat is more serious now. Every business in the Yamhill garage will have to vacate starting January 2018 for a yearlong, $25 million renovation.

Prosper Portland plans to divide the building's ground-floor retail spaces, like the one Peterson's occupies, into smaller storefronts with lower rent for businesses owned by women and people of color.

One of the agency's goals for the renovation is to "improve the environment at the ground-level retail and stairways."

The master lease for the building says when it's renovated, tenants may not sell alcohol to go, an integral part of Peterson's business. The city will also give priority to retailers with three or fewer locations. Peterson owns four stores.

Peterson finds those restrictions suspiciously specific. "I read into that," he says, "that they're making those rules to keep us out."

Customers and some politicians want the store to stay open. "We urge Prosper Portland to see the value of supporting a small business with over 30 years of service downtown and to sign a long-term lease with Peterson's," City Commissioners Dan Saltzman and Chloe Eudaly wrote in a June 30 letter to then-Prosper Portland board chairman Tom Kelly.

"Save Peterson's" stickers are cropping up across the westside, and Peterson has gathered around 2,200 signatures on a petition. One signer called the store a "blessing to the destitute."

Prosper Portland says Peterson's is welcome to apply for a return. "We will have a competitive process for folks who are in the space today as well as others," said Lisa Abuaf, the agency's project manager for the garage renovation.

"Businesses that complement each other will be really important," Abuaf adds, noting her agency is seeking retailers that are "vibrant and can compete."

Tillotson fears the city will trade away part of its soul to encourage diversity.

"Women and minorities need help," he says, "but over the dead bodies of existing businesses?"

# OPB

## Proposals To Cute State Pension Deficit Could Cost Oregonians

*By Jeff Mapes*
*August 29, 2017*

An ambitious attempt by Gov. Kate Brown to reduce the state’s $24 billion public employee pension debt could hit Oregonians in their bank accounts.

That became clearer Monday when the governor’s task force on the pension deficit unveiled several proposals put forth by the members.

Their ideas included putting a surcharge of as much as 10 percent on state fees — which range from hunting licenses to auto registrations — and allowing cities and counties to raise taxes on alcohol and tobacco.

“Economic pain would be felt by every fee-paying individual and entity in the state of Oregon,” said Cory Streisinger, a former state agency director who sits on the commission.

But Streisinger and other task force members said the governor and her staff encouraged them to come up with out-of-the-box ideas for cutting the state’s pension debt.

Brown said her goal is to reduce the unfunded liability of the Public Employees Retirement System by $5 billion. The governor is under pressure to find ways to tackle the deficit as she and legislators have been unable to agree on any changes in pension benefits.

The task force is also looking at ways to generate more money out of two state entities involved in liquor and workers compensation insurance.

Task force chairman Don Blair, a former chief financial officer for Nike, said the state could get out of the liquor business or find ways to wring more profit out of it. Another idea, he said, is to raise beer and wine taxes, which he said haven’t been increased in decades.

He also said that Saif, the state-owned workers compensation insurer, could reduce dividends to policy holders or be spun off to the private sector.

“There may be some impact to workers comp premiums,” Blair said at the meeting, held at Portland State University. “One thing to note, though, is that Oregon has among the lowest workers comp premiums in the United States.”

The task force is also looking at several ways to raise cash that don't involve higher costs to taxpayers. These include such things as selling off surplus property and redirecting a portion of legal settlements and other windfalls toward PERS debt reduction.

In any case, commission members said that lowering the PERS deficit would also help check the increase in employer pension costs, which would in turn help schools and other public agencies.

The task force is slated to deliver its report on PERS to the governor by Nov. 1. Blair said he expects to give the governor a series of options while leaving it to her to decide which proposals to take to legislators.

Scott Winkels, a League of Oregon Cities lobbyist who watched the task force meeting, said it's hard to raise large sums of money without affecting taxpayers and businesses in some way. But he said it won't be easy to get the Legislature to go along.

"This is all a very steep hill to climb," he said.