

Streetcar Profiteering

Follow the money and influence

Excerpts from the Willamette Week, Sep 19th, 2007 (Emphasis added):

Over the past decade, Blumenauer's PAC has raised more than \$1.1 million, much of which has come from the same people who contributed to his reelection campaign, including people who have a direct interest in the streetcar.

They include **Michael Powell of bookstore fame, who has given \$12,000** over the years to Blumenauer and his PAC; **Hank Ashforth, a large Lloyd District property owner, who gave \$7,500**; **Rick Parker, an eastside businessman who, with his wife, gave \$38,000**; **Pearl District developer John Carroll, who gave \$21,000**; and another developer, **Dick Cooley, who with a few of his employees gave a total of \$17,700.**

All sit on the board of Portland Streetcar Inc., the nonprofit that oversees the streetcar for the city. And all have a stake in the streetcar's success, because **having a transit line nearby adds value to their properties.** "Your property will probably be worth four times as much," Powell, who chairs the PSI board, told the City Council this August. "It brings three million customers' eyeballs onto your business."

A number of contractors who have given to Blumenauer and his PAC have already benefited from previous streetcar work and will probably benefit from the eastside extension.

The largest donor was Stacy&Witbeck construction, which also had the single largest streetcar contract: \$34 million to lay track on the west side. **Two of its top executives, John Bollier and Ronald Wells, have given nearly \$70,000** to Blumenauer's funds. (In 1994, Stacy&Witbeck was banned from contracting with the City of San Francisco for overcharging, only to have the ban rescinded after hiring a lobbyist close to the mayor. The company went on to win a \$118 million contract to build a new streetcar line.)

Employees of **LTK engineering and Zimmer Gunsul Frasca architects have contributed \$23,500** to Blumenauer over the years. LTK has overseen manufacture of the cars themselves, and ZGF has helped with planning and design.

Unlike, say, the bus system or light rail, which is operated by TriMet, a public agency, the streetcar has been run, since its inception, by the private nonprofit Portland Streetcar Inc.

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The reasons for this "public-private partnership" depend on who you ask. Some say bringing the private sector in was the only way to pay for the streetcar, and that TriMet had little interest in trolleys. Others say the nonprofit allowed developers to retain more control over the routes and limit their risk. The structure is either "lean and efficient" (says Blumenauer) or "**very corrupt**" (says streetcar critic Charles).

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Gustafson is not paid for his role as PSI's director. But the nonprofit has awarded his firm, Shiels Oblatz, at least \$2.3 million in consulting contracts, according to a May 2007 tally by the city.

Principals at the firm—including Gustafson—have given nearly \$27,000 to Blumenauer and his PAC since 1996.

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"It stinks to high heaven," says Laura Otten, director of the Nonprofit Center at LaSalle University in Philadelphia. She says **a nonprofit director's company benefiting from contracts with the organization is "one of the biggest red flags you can wave."**