

Kitzhaber to offer ideas on Measure 91 implementation

Favors merging recreational, medical systems

By PETER WONG
Capital Bureau

SALEM — Gov. John Kitzhaber plans to release a statement soon about what he wants the Oregon Liquor Control Commission and lawmakers to consider as they implement recreational use of marijuana in Oregon.

Kitzhaber, at a meeting Tuesday sponsored by The Associated Press, said he would present a “series of principles” probably later this week. He said his more specific recommendations are likely to emerge later as the



FILE/Associated Press

A sample of marijuana is shown inside the dispensary at Collective Awakenings in September 2014, in Portland. Gov. John Kitzhaber said he supports merging the medical marijuana system with the newly passed recreational scheme.

OLCC and lawmakers work through the process.

He said staff will be actively involved.

Although Kitzhaber plans a letter for OLCC, he acknowledges that lawmakers will have to be involved in some of the ideas he wants studied.

The five members of OLCC has begun a statewide tour soon to shape its rulemaking process, and lawmakers begin their 160-day session on Feb. 2.

Recreational use will be legal July 1, although OLCC licensing of retail sales is expected in another year or so, after it starts accepting applications Jan. 4, 2016. A special House-Senate committee also will focus on legalization, which voters approved as Measure 91 on Nov. 4.

Kitzhaber said he favors a merger of systems for medical

marijuana and recreational marijuana.

Measure 91 made no changes in the 1998 law allowing marijuana for medical uses, but some lawmakers have said they want to consider changes.

“I think you need to put them together,” Kitzhaber said. “It’s easier to ask questions when you do not have two separate systems operating.”

Kitzhaber said lawmakers have since expanded the list of conditions that qualify for medical marijuana use. Among the conditions in the initial law were glaucoma and nausea associated with chemotherapy.

“It’s strayed quite a bit,” said Kitzhaber, a former emergency-room physician.

Of the almost 70,000 pa-

tients registered with the Oregon Medical Marijuana Program as of Jan. 1, more than 64,000 use it for severe pain; 9,379 for nausea, 3,633 for cancer and 1,074 for glaucoma. There are other qualifying conditions under the law, and patients can indicate multiple reasons for medical use.

Kitzhaber supported the 1998 ballot measure, but opposed Measure 91. Although he called legalization “inevitable,” Kitzhaber said during the campaign that Oregon should await lessons from Washington and Colorado, where voters approved legalization measures in 2012.

Among the questions Kitzhaber will raise is the number of plants the law allows someone to grow for personal use — four — weighed against the eight ounces under

the law that someone can possess at home. Public possession is limited to one ounce.

“Allowing homegrown simply seems to be out of sync with a regulated market,” he said.

Kitzhaber also wants OLCC and lawmakers to show how a regulated market will reduce the black market for recreational marijuana, and what can be done to devise a test — comparable to a breath test for alcohol — for determining whether a driver is under the influence of marijuana.

Supporters have said the state tax set by Measure 91 should be low enough to encourage conversions from the black market, and that the measure requires officials to set under-the-influence testing requirements.

First lady: Hayes’ employment with the Clean Economy Development Center could create a conflict of interest

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Hayes’ job in particular raises questions, such as whether her compensation was reasonable given the amount of work she did and whether Hayes’ employer sought to use the connection to influence state policy.

Hayes was on the Clean Economy Development Center’s payroll from 2011 to 2012, at the same time she served as an unpaid adviser to the governor on energy and economic development policies. For example, the first lady was a named member of the governor’s policy team that produced a 10-year state energy action plan in December 2012. The plan lists the affiliations of other private sector advisers, but it does not mention Hayes’ connection with the Clean Economy Development Center.

Redfield said Hayes’ employment with the Clean Economy Development Center could create a real or perceived conflict of interest, even if Hayes and Kitzhaber already agreed with the organization’s policy positions.

“It may have been the positions were already there, but you should avoid creating situations where people question whether you’re doing something because it’s good public policy or because it benefits you financially,” Redfield said.

While Hayes is vague as to the details of her work, she lists the fellowship in her official state biography and included the center’s logo in her email newsletter through early 2013.

In a response to emailed questions in December, Hayes wrote that the nonprofit paid her \$30,000 in 2011 and \$88,000 in 2012, and that her “primary work was to implement communications strategies promoting clean economy development.”

A spokeswoman for the governor also did not respond to questions about whether Hayes used the governor’s mansion for an event associated with the Clean Economy Development Center. On April 9, 2012, a “Clean Economy dinner meeting” was scheduled at the governor’s mansion, according to public records.

Public records also yield few details about the Clean Economy Development Center, which functioned largely under the radar of the IRS, state attorneys general and other regulators. As a nonprofit it filed just one federal tax return — in 2010, when it reported more than \$900,000 in revenue. In May 2014, the IRS revoked the group’s tax-exempt status due to its failure to file returns for three consecutive years.

California and most other states require charities to register, often with the attorney general’s office, if they solicit contributions. But despite receiving grants from at least one California nonprofit, the Clean Economy Development Center did not register in California.

The organization that paid for Hayes’ fellowship — The Energy Foundation based in San Francisco — did provide a few details about the first lady’s

work. Jenny Coyle, the foundation’s communications manager, wrote in an email that the fellowship “included identifying, writing, and publicizing case studies of successful, local clean energy businesses; making presentations; and conducting email/online outreach.”

After Hayes’ fellowship ended, The Energy Foundation arranged to hire Hayes directly in May 2013 with a contract worth up to \$40,000. Once again, Hayes’ task was to create and implement a communications strategy.

Lloyd Hitoshi Mayer, an associate dean and law professor at the University of Notre Dame who specializes in tax and political law, said it is appropriate to ask what the Clean Economy Development Center accomplished during Hayes’ tenure as a fellow with the group. Although it is common for politicians and people close to them to be involved with policy oriented nonprofit organizations, those jobs also offer opportunities for donors to influence officials.

Hayes was not the only Oregonian with ties to the center.

building retrofits,” Bailey said.

After Bailey won his first election to the state House in 2008, the two men worked together on legislation to create a state low-interest loan program to finance energy efficiency and renewable energy projects.

“When I was a freshman in the Legislature, after I’d been elected, (King) was actually part of the group of people that sort of met to trade ideas on what ultimately became (the 2009 Energy Efficiency and Sustainable Technology Act),” Bailey said.

Although Bailey was also listed as a senior fellow on the Clean Economy Development Center’s website, he denied that he was ever a fellow, and said his consulting firm was hired for a specific project: to determine whether Rhode Island could use pension funds to create incentives for energy efficiency retrofit projects.

After EO Media Group contacted Hayes and Bailey for this story, their names and other information were removed from the nonprofit’s website.

Bailey declined to reveal how much he was paid by the Clean Economy Development Center, but he did provide a report he co-authored as part of his contract with the Clean Economy Development Center. A \$150,000 grant from The Rockefeller Foundation paid for the work starting in August 2011, and Bailey said he flew to the East Coast multiple times to meet with various officials and community members for the project.

“I was kind of working with (the Clean Economy Development Center) in Providence, R.I., advising them on a plan, potentially trying to use pension funds to finance building retrofits,” Bailey said. “Ultimately, we didn’t find a path that worked. But it was part of a project that we worked on for probably, oh I don’t know, six months give or take.”

“I’ve seen in the paper that Cylvia Hayes was a fellow. But I never interacted with her,” Bailey said.

Tracy Westen, founder and CEO of a nonpartisan think tank in California called the Center for Governmental Studies, said that when nonprofits award paid fellowships to elected or appointed political figures, it may create the appearance that the group is lobbying the official. It is not illegal for charities to lobby, but tax-exempt groups face federal limits on lobbying.

“It may suggest that an outside source of income is influencing the independence of their votes or other actions,” Westen wrote in an email. “But again, officials may not care, since their public positions may be identical to those of the employing organization.”

Westen said a simple approach is for elected and appointed officials to be open about who pays them.

“The easiest solution is transparency: full disclosure by the official that he/she is receiving income from an outside source, especially when making a decision that affects them, and by the nonprofit that’s compensating an official,” Westen wrote.

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Tracy Westen

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Coyle wrote that The Energy Foundation “received updates from Cylvia and had ongoing conversations with her” about the fellowship and contract job, but Coyle declined to provide any records of the hours Hayes worked, invoices, receipts for reimbursement or other evidence of work.

She did confirm The Energy Foundation awarded a \$97,500 grant to the Clean Economy Development Center last year, for polling, messaging research, media outreach and organizing a coalition of supporters for an Oregon low-carbon fuel standard.

Multnomah County Commissioner and former state Rep. Jules Bailey also had a contract with the nonprofit.

Bailey said he connected with the Clean Economy Development Center through the group’s executive director, Jeffrey King. King worked for the Portland-based technology investment bank Pacific Crest Securities, and had connections in the Oregon sustainable energy community.

“Jeffrey and I did some work together when he lived in Portland and we continued to collaborate on ideas, around especially

Seafood: ‘We’ve chosen to terminate plans to acquire Ocean Gold’

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“Given the time-consuming and costly objections being raised by outside parties, we’ve chosen to terminate plans to acquire Ocean Gold,” Daniel Occhipinti, Pacific Seafood’s general counsel and director of government affairs, said in an email. “We want to invest our energy in creating opportunities for our fishermen and local team members — not spending our energy on frivolous, discredited litigation and lawyers.

“Pacific Seafood remains

committed to working with our partners and friends at Ocean Gold to grow the seafood industry in the Westport community.”

Michael Haglund, a Portland attorney representing the fishermen, including Dennis Rankin of Rankin Fish in Astoria, said today that the fishermen would press forward with the lawsuit.

“They’re not willing to stipulate that they won’t acquire Ocean Gold,” he said. “They’re just saying the transaction is ter-

minated for now.

“And we believe that we’re entitled to an injunction against them acquiring Ocean Gold or tying up Ocean Gold in an exclusive contract or any sort of other mechanism that’s designed to maintain the control that they’ve had over them for 15 years, and which expires in February, in just a year.”

Pacific Seafood, a dominant fish processor and distributor based in Clackamas, has an exclusive marketing agreement with Ocean Gold — among the largest fish processors on the

West Coast — that runs through February 2016. Frank Dulcich, Pacific Seafood Group’s president and chief executive officer, also has significant stock in Ocean Gold.

“We’re very disappointed that this great opportunity for Ocean Gold, its employees, our community and my family will not proceed,” Mark Rydman, the president of Ocean Gold Seafoods, said in a statement.

“It is disheartening that a Portland law firm and some fishermen that do not deliver

to us, most of whom I’ve never heard of, can affect the Ocean Gold family this way. At the end of the day it’s not about big corporations, it’s about the people this directly affects. Ocean Gold will continue to support our fishermen, employees and community as we have the past 20 years.”

Fishermen had filed a previous class-action lawsuit against Pacific Seafood alleging monopoly business practices that ended in a 2012 settlement. Pacific Seafood agreed to take steps to improve competition,

which included not extending the exclusive marketing agreement with Ocean Gold beyond February 2016.

Haglund has suggested in the latest federal antitrust challenge that Pacific Seafood would not rebuild a fish processing plant that burned down in Warrenton in 2013 if it acquired Ocean Gold.

But Occhipinti has insisted that Pacific Seafood, which is leasing space from the Port of Astoria at Tongue Point, is committed to rebuilding in Warrenton.

PUBLIC NOTICE

CMH ENT/Cosmetic Surgery Clinic to close Feb. 20, 2015

After two years of dedicated service, Dr. Christopher Nyte will be leaving Astoria and the CMH ENT/Cosmetic Surgery Clinic will be closing.

Dr. Nyte will continue to keep scheduled appointments until Feb. 20, 2015, and will ensure that his patients have alternative options if they have been under his care. Any patients who have seen Dr. Nyte in the CMH ENT/Cosmetic Surgery Clinic in the past 2 years will be able to access their records through the CMH Medical Records department; the phone number is 503-338-7528.


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