

The Oregonian

Judge: Portland City Council overreached on Portland Loos, voter-owned elections

By Brad Schmidt

The court ruling carried a damaging reprimand for the city of Portland.

Multnomah County Judge Stephen K. Bushong found Monday that the City Council went outside its charter authority when it spent nearly \$1.2 million from dedicated water and sewer funds to operate outdoor public restrooms and pay for candidates' political campaigns.

But the City Council dodged a huge financial bullet when Bushong, ruling in a lawsuit brought by ratepayers, determined that spending \$10.4 million on two other projects was permissible. The judge said buying parkland and relocating water pipes are "reasonably related" to providing water and sewer services.

The mixed-bag ruling concludes a critical phase of a lawsuit that's played out over the past three years.

It sets the stage for a broader examination of utility spending and provides the latest ammunition for critics who will ask voters in May to strip away the City Council's oversight of Portland's water and sewer bureaus.

It also means that, barring an appeal, Portland's water and sewer bureaus will be reimbursed \$1.2 million: less than one percent of the utility bureaus' \$160 million combined operating budgets.

The judge's decision left both sides claiming victory Monday.

"We applaud the court's decision to curb City Hall's most egregious abuses of water and sewer funds," Kent Craford, one of the players behind the December 2011 lawsuit, said in a statement.

But Craford warned that Bushong's ruling opens a Pandora's box of improper spending in the future.

"I am pleased the court rejected this blatant attack on the city's environmental stewardship," Commission Nick Fish countered in a statement. "The two items, which the judge ruled were outside the bounds of the charter, are yesterday's news and have already been fixed."

Monday's decision marked a key step in the lawsuit over questionable spending. While the lawsuit targeted three-dozen expenditures, the city and the plaintiffs asked Bushong to rule on four contested projects expected to help shape the rest of the case.

The heart of Bushong's 32-page ruling examined what standard should be used to evaluate water and sewer spending.

Lawyers for the city of Portland argued that the City Council had broad discretion that could be exceeded only through fraud or blatant abuse.

Attorney John DiLorenzo, who represents the plaintiffs, argued that city water and sewer expenditures should be primarily related to those services.

After reviewing Portland's charter and various amendments to the governing document, Bushong ruled that a primary-purpose test might be most prudent but Oregon law does not establish that standard.

Given ambiguity in the charter, Bushong attempted to parse out voters' intent.

His decision: Water and sewer expenditures need to be "reasonably related" to the water and sewer services provided by the city.

Using that standard, Bushong determined that the City Council had the authority to spend \$6 million from sewer funds to buy 146 acres from the River View Cemetery Association for a park. That's because the City Council is authorized to pursue "all methods of storm drainage" under the charter, and officials talked up the stormwater benefits when purchasing the forested hillside in 2011.

Similarly, Bushong found that the City Council had the authority to spend \$4.4 million in water funds to relocate water pipes along the light-rail transit mall downtown. Bushong determined that relocation was primarily intended to help the city meet its financial contribution to the light-rail project yet was "reasonably related" to the water system.

But Bushong determined that the City Council exceeded its authority by spending about \$550,000 from the water and sewer funds to fund political campaigns under the city's now-defunct publicly financed campaign system.

Voters approved that program, meant to provide more opportunities to people interested in running for mayor, city commissioner or auditor. Bushong determined that voters never expected water or sewer money to be used that way.

Bushong also concluded that the Portland Loo outdoor public restroom program was essentially a \$618,000 business venture gone bad. Before Bushong's decision, city officials had conceded that the Loos weren't a core utility service and have proposed paying for them with general fund money in the future.

"The voters did not intend to authorize expenditure of ratepayer money to fund a business venture unrelated to furnishing water to city users," the judge wrote.

DiLorenzo said he expects the lawsuit to continue. He plans to use the new standards to determine whether ratepayers should cover \$52 million toward the Portland Harbor superfund cleanup planning and aid trips to New Orleans in the aftermath of Hurricane Katrina, among other things.

"We at least have some sideboards now," he said of City Council spending.

Trader Joe's: Portland Mayor Charlie Hales makes strong push for grocery store, announces \$20 million affordable housing plan

By Andrew Theen

Mayor Charlie Hales summoned dozens of leaders from North and Northeast Portland to City Hall on Monday to reiterate his support for the now-dormant plan to build a Trader Joe's on a long-vacant city-owned property.

Hales and Commissioner Dan Saltzman also announced plans to spend an additional \$20 million in the Interstate Corridor Urban Renewal Area on affordable housing projects during the next five years, according to a press release.

"This historically African-American sector of our city needs jobs," Hales said in a statement. "It needs economic opportunity. And it needs affordable housing. And working together, the community leaders and I are committed to this future."

Willamette Week first reported the meeting.

Hales sent out the casting call to community members Friday. The group of 50 met in City Hall's Rose Room for nearly two hours Monday.

The roundtable discussion comes on the heels of Trader Joe's statement in early February that it wouldn't open a store in Northeast Portland, citing "negative reaction" from the community.

In November, the Portland Development Commission's board signed off on a land deal with California-based Majestic Realty Co., to sell a nearly two-acre parcel on Northeast Martin Luther King Jr. Boulevard at Northeast Alberta Street for roughly \$500,000. The land was recently valued at \$2.9 million, according to a property appraisal.

Trader Joe's surprise announcement set off a flurry of activity in recent weeks, sparking multiple petitions from community groups supporting the grocery store, and two public meetings hosted by the Portland African American Leadership Forum.

"It's been a difficult process for everybody," said Andrew Colas, president of Colas Construction, the firm initially tapped as general contractor on the \$8 million project. "When we look back on it, I think we'll look at this project as a very positive thing for the city."

The affordable housing announcement is a victory for PAALF, the most vocal critic of the subsidized development last year. PAALF criticized city leaders for their lack of transparency in the Trader Joe's talks and cited decades of policies that lead to displacement of communities of color. PAALF leaders also said the project needed to include affordable housing.

PAALF activists were also at the table Monday, and according to Hales' office, the group will have a voice in helping to allocate the \$20 million in tax increment financing.

In the statement, PAALF called Monday's meetings a "start to a path of victory for all who have been displaced and marginalized for twenty years." The \$20 million will be dedicated solely in the Interstate Corridor Urban Renewal Area, which covers a 3,990-acre patchwork of inner North and Northeast Portland, stretching south as far as Broadway and North to Columbia Boulevard. Some \$36 million is already set aside for affordable housing in that area, according to Hales' release.

Monday's meeting isn't the first indication from Hales that he supported efforts to bring back Trader Joe's.

Josh Alpert, Hales' policy director, said the mayor's office has been in constant contact with Trader Joe's and Majestic since the news in February. Hales was "waiting to allow community conversations to continue," Alpert said.

Alpert pointed to a community survey by PAALF, which marked affordable housing and a grocery as community priorities for the vacant land, as "affirming."

In the weeks since Trader Joe's backed out, PAALF's two meetings drew big crowds and passionate feelings on all sides.

Those discussions continued into Monday. Alpert described the meeting as "passionate and civil and incredibly productive."

Everyone got a chance to weigh in, he said.

"This is a necessary step forward," Michael Alexander, executive director of the Urban League of Portland, said in a statement. "This community has not been well served, historically. We need a new history. And we start writing that history today."

Adam Milne, owner of Old Town Brewing Co., said the meeting was "a sigh of relief and a moment of healing." Milne said his business at Vanport Square, just north of the vacant lot, needs the foot traffic of a signature neighbor nearby.

"I do think there was a lot of consensus in the room," he said.

Hales isn't the only person lobbying Majestic and Trader Joe's: Colas traveled to Los Angeles last Wednesday to meet with both the developer and the popular grocery and present Trader Joe's with his online petition, which includes nearly 700 supporters.

"They were actually pleasantly surprised to see the enormous amount of support," Colas said.

He is "cautiously optimistic" Trader Joe's and Majestic may return to the table.

Colas said that if Trader Joe's comes back, it would help spur economic development in the historically black business district. That means construction jobs, other businesses and therefore more employment opportunities.

PDC is also offering a "community benefits agreement" on the property, with goals for minority contractors and hiring, as well as "a commitment that 50 percent of the tenants in a second building on the site would be filled by local businesses"

The urban renewal agency will also work with minority owned businesses nearby to "to create and support a robust business and commercial district," the release said.

Alpert said the process would be transparent: "We're all very serious about making sure as we move forward, we're doing it in the most inclusive way."

Workforce housing and Portland Commissioner Dan Saltzman's 'mantra' for the Housing Bureau

By Brad Schmidt

Portland Commissioner Dan Saltzman isn't mincing words.

The Portland Housing Bureau needs to serve a wide swath of city residents, not focus exclusively on those with the greatest needs.

"Something Portlanders are facing is a housing crisis, both in terms of supply and affordability," Saltzman said. "Part of the Housing Bureau's mission is to address Portlanders' housing needs."

Make no mistake: there's a new housing commissioner in town.

Since taking control of the Portland Housing Bureau last June, Saltzman is slowly pushing bureau leadership to expand or target programs to serve more middle-income families and work more closely with the city's development agency.

Both are notable changes – and he's expecting to be challenged.

It also helps explain why Saltzman is the only city commissioner to come out in favor of a new effort to incentivize "workforce housing" in Old Town Chinatown through development subsidies for apartments that would rent for as much as \$1,563 a month (although Saltzman said such a high rental rate isn't politically attainable).

"It's a meshing of interests," Saltzman said of the workforce housing, pitched by Mayor Charlie Hales and the Portland Development Commission, and his vision for the Housing Bureau.

Under Commissioner Nick Fish, who oversaw the Housing Bureau for four years, officials prioritized investments that would "provide more rental housing for the most vulnerable people."

That largely meant focusing on people earning 60 percent of the regional median family income, \$41,640 for a family of four, if not those earning 30 percent, \$20,800.

Saltzman said he's particularly interested in workforce housing that could serve individuals or families making up to 80 percent of the median income.

"Certainly one of the interests I have as housing commissioner is workforce housing, in addition to lower income housing," he said.

"I don't like to look at it so much as robbing the 0-30 percent to help the 60-80 percent," he added. "It's an issue I look at more holistically."

The Housing Bureau largely funds projects through urban renewal money reserved for people who make 60 percent or less of the median. That money comes from the city's affordable.

Saltzman said he has no plans to push higher income limits for the "set-aside" funds, although some federal money can help incentivize workforce housing.

Officials for the Portland Development Commission, the city's urban renewal agency, would not definitively say if they would spend non-"set-aside" money for workforce housing. Any project would be evaluated for its "potential catalytic impact," they said.

A pragmatic Saltzman noted that no amount of money is going to fill all the needs of the city's most vulnerable populations – yet such housing often costs the most to build, per unit.

So why not focus more broadly?

"It's perfectly legitimate and appropriate to be looking at a broader swath of Portlanders," he said.

And that's part of the reason why he supports waiving development fees to build apartments in Old Town Chinatown. It's one option to help ensure that people of moderate means can live in Portland instead of Gresham or Vancouver, he said.

"Or just watch us become another San Francisco where you have rich and poor and nobody in between," he said.

Saltzman said his "mantra" for the Housing Bureau is mixed-income projects and workforce housing in neighborhoods with strong schools.

But Saltzman conceded that the Old Town Chinatown options seem to be focused on studio and one-bedroom units – not exactly the family housing that would benefit from good schools.

Saltzman said he wants to see some two-bedroom units "in the mix," should any Old Town Chinatown proposal go forward.

"If we could have more kids going to Lincoln High School from those backgrounds, that's going to be better for those kids," he said. "And frankly it'll be better for the kids currently going to Lincoln."

But Saltzman also doesn't have any illusion that everyone will buy into his "mantra."

"I realize I'm not going to get everything I want. I have to go there with some starting position about, this is a little different focus that I want to provide. I know it will be challenged, and it has been challenged and it will be challenged," he said.

"I'll sort of realize I'll have to give and take on it," he continued. "It's not, like, an absolute mantra. But it is a mantra."

The Portland Tribune

Both sides claim victory in water, sewer rate ruling

By Jim Redden

Both sides are claiming victory in a Multnomah County judge's ruling in a case over alleged misspending by the Portland water and sewer bureaus.

Judge Stephen Bushong found the city had misspent ratepayer money in two of the four test examples in the suit, but not in the other two.

An attorney for ratepayers who had brought the suit said that was enough to proceed on a larger number of other spending decisions.

"We are pleased with the court's ruling that, unlike what the city has advocated, there must be a reasonable relationship between spending and water and sewer functions," said John DiLorenzo, an attorney representing a number of water and sewer ratepayers who filed the suit. "Accordingly, our lawsuit will now focus on at least 25 additional categories of spending which were not reasonably related to water and sewer projects. These categories will include \$52 million which the sewer fund has advanced on behalf of other bureaus for Portland Harbor studies."

City officials claimed the ruling upheld City Council decisions on how ratepayer money could be spent, however.

"I am pleased the court rejected this blatant attack on the city's environmental stewardship," Commissioner Nick Fish said. "The two items, which the Judge ruled were outside the bounds of the charter, are yesterday's news and have already been fixed."

The ruling could help influence the outcome of a May 20 Primary Election ballot measure to create an independently elected Portland Public Water District to oversee the Portland Water Bureau and Bureau of Environmental Services, which manage the city's sewer system and stormwater management programs.

Bushong ruled the city should not have spent ratepayer money on the former public campaign finance program and public toilets known as the Portland loos. But he ruled the city was justified in spending ratepayer money to help acquire an undeveloped portion of the Riverview Cemetery and to pay TriMet to replace underground pipes as part of a transit construction project.

Kent Craford, a former lobbyist for large water users and co-petitioner of the ballot measure, says that is why it should be approved.

"We applaud the court's decision to curb City Hall's most egregious abuses of water and sewer funds. But by upholding the city's acquisition of a park and subsidization of light rail using sewer funds, we fear the court has opened a Pandora's box that will lead to higher sewer rates in the future to fund more projects with only a tangential relationship to the sewer system. The only way to close the lid on that Pandora's box is to approve the Portland Public Water District and its stricter limitations on spending water and sewer funds on projects not primarily related to the water and sewer systems," says Craford.

City Attorney Tracy Reeve said the ruling shows the council is managing ratepayer funds wisely, however.

"We are pleased that the court has adopted our interpretation of the charter and recognized the Portland City Council's authority to decide how best to manage the city's sewer, storm water, and water systems," says Reeve.

DiLorenzo has already filed an amended complaint to continue with numerous unresolved spending decisions cited in the suit.

Hales seeks to revive Trader Joe's deal while boosting affordable housing

By Steve Law

Mayor Charlie Hales vowed Monday to ask Trader Joe's to revive its plans for a new grocery store on Northeast Martin Luther King Jr. Boulevard, and he said he'll propose an additional \$20 million in city urban renewal funding in the area for affordable housing.

The mayor announced his plans after sitting down with leaders of the newly formed African-American Leadership Forum, who had criticized the Portland Development Commission's deal to provide land for the Trader Joe's at a sharp discount. The African-American Leadership Forum had demanded more affordable housing in the area as a way to stem gentrification in Portland's traditional black community in inner Northeast Portland.

When the project became controversial, the Southern California-based grocer announced it was pulling out of the project.

Hales and City Commissioner Dan Saltzman sat down Monday with about 50 community leaders to discuss the dispute and seek a way forward.

The city's Interstate Corridor Urban Renewal Area has earmarked \$36 million for affordable housing in the area, but Hales wants to find a way to boost that to \$56 million.

"We're in this together," Hales said after the meeting. "Step one is to get this popular grocer to come back to the table. That will mean jobs. Step two is our commitment for more affordable housing. That will keep people from being displaced. Step three will be a long-term commitment to the economic vitality of the Interstate Corridor area. And that's going to take all of us as a team."

Hales' commitment is a "necessary step forward," said Michael Alexander, executive director of the Urban League of Portland. "This community has not been well served, historically. We need a new history. And we start writing that history today."

Liberals also want 'city that works'

By Jim Redden

Mayor Charlie Hales and Transportation Commissioner Steve Novick are looking for millions of dollars for additional road maintenance. They may decide to put a new fee or tax on the November 2014 ballot. If that happens, passing it should be doable, based on the results of the 2013 Oregon Value & Beliefs Survey.

According to the survey, road infrastructure is the No. 1 issue Portlanders want local government officials to do something about. A full 67 percent of city residents believe government should stimulate the economy through spending on jobs and infrastructure. The same percent say they are willing to increase or reallocate some of their taxes for road and highway maintenance. And a slight majority — 51 percent — say we don't spend enough on public services and should increase some taxes.

But Hales and Novick aren't taking anything for granted. They are conducting a series of town hall in different parts of the city to hear what residents are willing to support. The Bureau of Transportation is also polling city residents on the issue. A scientific survey has already been conducted and an online survey is underway on Novick's website.

Hales and Novick are wise to take it slow. No matter what Portlanders say they believe, the 2013 Oregon Values & Beliefs Survey includes another important finding — most Portlanders don't trust government to spend their money. A majority of Portlanders — 56 percent — think government is wasteful and inefficient with our taxes and cannot be trusted to make good decisions.

That may sound strange, given that the majority of Portlanders identify themselves as liberal on both social and economic issues in the poll — 54 and 56 percent respectively. Many political pundits seem to think that only conservatives distrust government. But according to the survey, many Portlanders have mixed feelings about the proper role of government right now. Fifty-seven percent believe government should stop telling people how to live their lives, 41 percent says it's not government's business to protect people from themselves, and 35 percent believe government interferes too much in our everyday lives.

In fact, the survey shows that other Oregonians are even more distrustful over government than Portlanders. For example, 71 percent of those in the rest of the region and 68 percent of those in the rest of the state believe government is wasteful and inefficient with our taxes and cannot be trusted to make good decisions.

Adam Davis, co-founder of the Portland's DHM Research firm that conducted the survey, believes liberals are disenchanting with government for different reasons than conservatives, however. According to Davis, many liberals are frustrated with government because it is not doing what they want.

"What I'm seeing in Portland and Seattle, which is also liberal, is many people do not think government is creative, innovative or nimble enough," says Hibbitts. "They believe government is needed to solve problems, but it's broken and isn't getting anything done."

Universal concerns

Hales and Novick agree with that analysis.

"Everywhere I go, people tell me they want the city to do more. They want the roads fixed, they want more affordable housing, they better schools. When it comes to roads, people are saying, 'We're tired of waiting. Get on with it,'" says Hales.

As Hales sees it, Portlanders are willing to raise their taxes for government services because they are what he calls "communitarian."

"It's not socialism or communism, it's the belief in the common wheel and support for what government is trying to accomplish, even if they have mixed feelings about government itself," says Hales.

Novick notes that Portlanders have consistently voted to raise their taxes. He points to the repeated passage of the Portland Children's Levy, numerous parks levies, the 2003 Multnomah County I-tax that went to schools and the 2012 Portland Arts Tax that went to schools and arts organizations.

"Concerns about the efficiency of spending are universal. In the past, however, Portlanders have been pretty supportive of revenue measures for public services," says Novick.

No decision has yet been made about a November 2014 road maintenance ballot measure. But Hales and Novick both believe the key to passing such a measure is convincing Portlanders their money will be well spent.

"People have always had a healthy skepticism about government, and I have no quarrel with that. That's why we need to tell them what we plan to do with their money and stick to it," says Hales.

"When it comes to transportation, I think a lot of groundwork has been laid in that the city auditor has repeatedly pointed out that we need to invest more in maintenance and citizens have spent a lot of time identifying and prioritizing specific needs, especially in outer east and southwest," says Novick.

Digging deeper

The 2013 Oregon Values & Beliefs Survey is the third in a series of statewide polls on values and beliefs conducted by Portland's Davis Hibbitts & Midghall Research. The first was conducted in 1992. The second was conducted in 2002.

The first two polls were sponsored by business and labor organizations to gauge Oregonians' views on a variety of issues, including tax reform. The 2013 poll was sponsored by a coalition of public and nonprofit institutions, including the Oregon Community Foundation, the Oregon Health & Science University, Oregon Public Broadcasting and Oregon State University.

The 2013 poll was the most in-depth and far-reaching of the three. It was conducted in April and May 2013 and surveyed more than 9,000 Oregon voters and nonvoters by email, cell phones and landlines, and community outreach. Interviews were conducted in five regions of the state, include the Portland area, Willamette Valley and Central, Eastern and Southern Oregon.

Researchers then used quotas and statistical weighting based on the U.S. Census to ensure valid samples within regions by age, gender and income within each region and statewide.

Results from the 2013 Oregon Values & Beliefs Survey have been presented publicly before, including at a Portland City Council work session. But the Portland Tribune asked DHM to dig deeper into the Portland-area findings, separating it from the rest of the region and the state, something that had not been done before.

Willamette Week

Mayor Charlie Hales is Pushing a Revived Trader Joe's Deal on MLK Boulevard

UPDATE: PDC pledges \$20 million for affordable housing

By Aaron Mesh

Mayor Charlie Hales met today with North and Northeast Portland leaders to discuss reviving a deal for a Trader Joe's grocery on Northeast Martin Luther King Jr. Boulevard, four sources tell WW.

"That was part of the discussion," says James Posey, the co-founder of the Portland chapter of the National Association of Minority Contractors. He attended today's meeting. "It was all positive. Most of the folks in the room were very pleased with the mayor's leadership."

The Portland Development Commission had completed a deal last November to sell a city-owned property at Northeast Alberta Street and Martin Luther King Jr. Boulevard to California-based developer Majestic Realty as the site of a Trader Joe's.

The sale came at a \$2.4 million discount, and the deal sparked backlash about the PDC's role in gentrifying historically African-American neighborhoods.

Sources now tell WW that Hales is pushing a revised plan for the Trader Joe's, this time with a pledge for affordable housing on another site.

UPDATE, 5:30 pm: Hales' office confirms a meeting with nearly 50 business leaders today, including members of the Portland African American Leadership Forum, which scuttled the first deal for the site.

The result? Hales is asking Trader Joe's to come back.

"One of the agreements that came out of the meeting is that the mayor would contact Trader Joe's and say, 'We wholeheartedly want that development,'" says Hales' spokesman Dana Haynes.

"And by 'immediately,'" Haynes adds, "I mean as soon as soon as that meeting ended, our staff began making calls down to Los Angeles."

Haynes says PDC executive director Patrick Quinton has pledged to add \$20 million to the \$36 million in tax increment financing dedicated to affordable housing over the next five years in the Interstate Corridor Urban Renewal Area.

The urban renewal area includes neighborhoods surrounding Northeast Martin Luther King Jr. Boulevard.

The Mercury

Did the City Screw Up In How It's Spent Utility Funds? Yes and No, a Judge Says

By Dirk Vanderhart

The city went too far in spending revenue from Portland's water and sewer customers on public toilets and political campaigns, a judge says. But leaders were justified in two other contested uses of utility money.

That ruling today by Multnomah County Circuit Court Judge Stephen Bushong is an indication that city council doesn't have as much authority as the city attorney's office has argued when spending ratepayer dollars. And, by the city's own admission, the decision could be a bellwether for future decisions from Bushong as a years-old lawsuit crawls through the court.

Bushong—in ruling on just four controversial expenditures—said city council went against the charter's intent by using ratepayer money to help fund Portland's scuttled "Voter-Owned Elections" program and, in using Portland Water Bureau funds for the Portland Loos. But he found two other contested expenses were on the level: \$6 million in sewer money spent on a swath of river front property, and \$3.9 million used to relocate water pipes to make way for the Max. Those two projects will now be excised from the larger lawsuit. The loos and elections spending will stay in.

"The voters intended that monies paid into the funds by water and sewer ratepayers would be spent only on matters that are reasonably related to the water and sewer services provided by the City," Bushong wrote.

Back in mid-February, attorneys gathered in the Multnomah County Courthouse to pitch the judge on their respective cases.

Deputy City Attorney Terence Thatcher said at the time the city has "very broad discretion" where sewer and water funds are concerned. He said the Loos project "furnished" citizens with water, and that Voter-Owned Elections (which offered public financing to people running for city council, mayor, or auditor) helped pick the city leaders who would control utilities in the future. Only things like significant fraud or abuse would be subject to judicial intervention, Thatcher explained. In the meantime, voters are free to vote politicians out of office if they don't like their decisions.

Bushong disagreed. The essential question, he wrote in today's decision, was what citizens intended when creating limitations to the use of sewer and water money nearly 50 years ago.

"When the voters enacted these provisions in 1966, they did not intend to give the Council authority to spend water and sewer fund for anything as long as the City can articulate some relationship or connection, no matter how tenuous, to the water and sewer systems," the judge wrote. "If voters did not intend to limit Council's authority, there would be no reason to require the City to deposit proceeds from the sale of water in the Water Fund, prohibit the transfer of funds to the general fund, and limit the expenditure of water funds to matters 'related' to the water system..."

The judge said the city was justified in using sewer funds to help pay for River View Cemetery, since the land—by not being developed—will ultimately help control stormwater runoff in Portland. And Bushong said it was permissible for the city to use water money to move pipes out of TriMet's way.

City officials were quick to cheer the ruling. By disagreeing with the plaintiffs' proposed standard for what makes a good utility expenditure versus a bad one—that its "primary purpose" involves the utility system—the judge took away much of their rationale for bringing suit, according to the city.

"I am pleased the court rejected this blatant attack on the City's environmental stewardship," said a statement from Commissioner Nick Fish, in charge of both the water and sewer bureaus since last

summer.. "The two items, which the Judge ruled were outside the bounds of the Charter, are yesterday's news and have already been fixed."

The civil case was filed in 2011, by a group of plaintiffs including former City Commissioner Lloyd Anderson and some of Portland's bigger industrial players. Some of the same people are also instrumental in a bid to put the Portland Water Bureau and Bureau of Environmental Services in the hands of a new board.

The city has said in the past Bushong's ruling is an indication of things to come.

"The City's attorneys requested summary judgment on four items in the suit to get a sense for how the court would rule on the other items," said a press release released by Mayor Charlie Hales' office in February.

The Resurrection of Trader Joe's: Hales Brokers Peace with African American Community Leaders

By Denis C. Theriault

Mayor Charlie Hales and Portland's urban renewal agency just announced tonight that they'll renew a controversial push for a new Trader Joe's at NE MLK and Alberta—after convening a meeting with dozens of leaders from the city's African American community today and promising a major expansion of city-subsidized—ffordable housing in the area.

Hales, according to a statement sent out by his office, will basically get on the phone with Trader Joe's ASAP to get them to reconsider last month's decision to pull out of a long-awaited development deal amid an outcry among some community members over gentrification and the city's 20th century record of disinvestment.

The agreement also includes a promise to use minority-owned construction businesses and work to bring minority businesses into the rest project and nearby storefronts, in part to "create and support a robust business and commercial district." The rough outline of the deal—the new Trader Joe's push, and a brief mention of housing—was first reported by Willamette Week.

"We cannot change the past but we can and must learn from it," Hales said in a statement sent by his office. "This historically African-American sector of our city needs jobs. It needs economic opportunity. And it needs affordable housing. And working together, the community leaders and I are committed to this future.

Today's meeting at city hall included the Portland African American Leadership Forum, one of the loudest voices in the debate over the Trader Joe's. PAALF said it was as surprised as anybody when the deal for Trader Joe's collapsed—and insisted that it really wanted a broader conversation about the effects of city development decisions in the face of deep demographic shifts in one of the traditional hearts of the city's black community.

In what appears to be a gesture of peace (coming after some in the black community, including State Representative Lew Frederick, criticized PAALF), Cyreena Ashby, the group's leader, was specifically name-checked as a supportin in the statement sent by Hales' office. So was Michael Alexander of the Urban League of Portland.

The sweetener, at least for PAALF, appears to be a promise to add some \$20 million in affordable housing for the city's Interstate Corridor Urban Renewal Area—beyond the \$36 million already earmarked. The Interstate URA covers much of the city's old African American commercial centers while also looping in far-flung neighborhoods like St. Johns.

PAALF mentioned housing in its critique of the city's plan for the Trader Joe's—which amount to subsidizing all but \$500,000 of a California developer's offer to buy a lot potentially worth as much as \$3 million. It's unclear, however, how the city will define "affordable." In Old Town, as the Oregonian reported today, the city has discussed subsidizing "workforce" housing for people making almost \$60,000 a year.

"PAALF has fought for a crucial conversation about stabilizing displacement, stopping gentrification, and addressing the lack of transparency and community engagement in City of Portland land development," according to the statement by Hales' office. "These issues are now getting the attention they deserve. PAALF views securing an additional \$20M in tax increment housing dollars, and a seat at the table to craft their allocation as the start to a path of victory for all who have been displaced and marginalized for twenty years. PAALF will remain committed to this process and to promoting transparency moving forward."

The Portland Business Journal

Mayor Hales agrees to steer \$20M to NE Portland, woo Trader Joe's

By Wendy Culverwell

Portland Mayor Charlie Hales wants to plow \$20 million into Northeast Portland affordable housing efforts and to woo Trader Joe's back to Portland after the Monrovia, Calif.-based retailer pulled out of a Northeast development project citing neighborhood opposition.

The mayor met with about 50 leaders in the African American community Monday to map a "path forward" on development in the Interstate Corridor Urban Renewal Area after a meltdown led Trader Joe's and its development partner to back out of a high profile project at Northeast Martin Luther King Jr. Blvd. and Alberta Street.

The mayor agreed to add \$20 million to develop affordable housing in the urban renewal area on top of the \$36 million already allocated. The funds must be approved both by the Portland City Council and the board of the Portland Development Commission.

According to the mayor's office, the community encouraged the mayor to begin a campaign to bring the popular grocer back to the stalled project.

Trader Joe's and its development partner, Majestic, pulled out of an \$8 million development deal with the Portland Development Commission after neighbors complained that gentrification has forced Northeast Portland's low-income residents to move away.

Majestic intended to build a store for German-owned Trader Joe's on property purchased from the development commission.