The Oregonian

'No rationale' to spend sewer money on Centennial Mills? Old memo comes to light

By Brad Schmidt
December 23, 2015

Fifteen years ago this month, Portland's newest city commissioner sent a memo to the mayor attaching strings to a nearly $1 million commitment.

Commissioner Dan Saltzman had concerns about using ratepayer money collected from sewer customers to buy a piece of property along the Willamette River. Saltzman wanted to make sure the Bureau of Environmental Services got a big say in redeveloping the city's Centennial Mills property.

"This contribution from BES was made in part so that the bureau could develop an innovative stormwater management facility at the site," Saltzman wrote to Mayor Vera Katz in a December 2000 memo. "Absent such a facility, there is no rationale to justify allocating ratepayer money for this property acquisition."

Flash forward to today, and attorney John DiLorenzo has latched onto that last line in his unceasing lawsuit against the city over questionable utility spending.

Already with several victories in hand since suing in 2011, DiLorenzo is taking an unusual route. Instead of fighting it out in court, DiLorenzo last week asked the city to voluntarily reimburse the sewer bureau $950,000, plus interest.

"My god, how many years has it been now?" DiLorenzo told The Oregonian/OregonLive of the 15-year-old purchase, adding that he hopes "common sense will prevail."

The city's lead attorney on the case declined to comment Tuesday. Saltzman, now in his fifth term on the City Council, didn't respond to a request for comment.

DiLorenzo's request isn't without precedent. In response to the lawsuit, the City Council in 2012 tapped the general fund to repay nearly $1.6 million spent by the Water Bureau to rehab the Portland Rose Festival Foundation's headquarters, a controversial project promoted under then-Commissioner Randy Leonard.

A Multnomah County judge in 2014 ruled that water and sewer spending must be "reasonably related" to providing water, sewer and stormwater service. While several endeavors have withstood scrutiny, the judge found that $4.5 million worth of projects crossed the line.

In his letter, DiLorenzo argued that the city has never offered a plan for stormwater management at Centennial Mills, which remains undeveloped despite two failed efforts to resurrect the waterfront land.

Past development plans haven't included a stormwater facility, DiLorenzo wrote, and there's no evidence that officials plan to build such a facility in the future.

His solution: repay the $950,000 with discretionary general fund money, then move on to the next project targeted in the lawsuit.

City officials have yet to respond, DiLorenzo said.

Portland will spend millions on N/NE housing efforts

By Andrew Theen
December 23, 2015

Portland plans to spend at least $96 million on housing projects and programs in the Interstate Corridor urban renewal area of inner North and Northeast Portland over the next decade. Here's how some of the money will be spent and where to learn more:

Preference policy: Portland's new strategy to give first dibs on new apartments to displaced residents will apply to all new subsidized developments. Housing officials say they will also ask community partners who provide housing to abide by the policy. The policy will apply beyond the urban renewal area, to neighborhoods stretching to Northeast 42nd Avenue.

New apartments

- An 81-unit building, with a $7 million city subsidy, is planned at Northeast Martin Luther King Jr. Boulevard and Ivy Street – what's known as the Grant Warehouse site. Preliminary plans call for the building to open in late 2017 with 16 three-bedroom units, 35 two-bedroom units and 30 one-bedroom units, and with 8,000 square feet of commercial space and a 1,400-square-foot community room.
- The Housing Bureau is offering $4.5 million subsidies for each of two potential affordable-housing projects: one on a city-owned lot at Martin Luther King Jr. and Rosa Parks streets, and one on county property at 2124 N. Williams Ave. Each project could have about 50 units.
- Two market-rate apartment projects will receive tax exemptions to include affordable housing: one at North Albina Avenue near Fremont Street that's expected to have 30 units for people earning up to 80 percent of the region's median family income, and one at North Vancouver and Shaver streets with 27 units for residents earning up to 60 percent of the median family income.

Land banking: The city wants to buy $3 million worth of land in the Interstate urban renewal area to build apartments for families earning up to 60 percent of the median family income, or about $44,000 for a family of four.

Zero-interest loans: Thirty-one households have been approved for loans of up to $40,000 for home repairs. Ultimately, the plan calls for $3.2 million in zero-interest loans to 80 households. Loan recipients can earn up to 80 percent of the median family income. The Housing Bureau also expanded the program during the 2015-16 budget year to help homeowners outside the urban renewal district. An additional 160 households will receive $5,000 grants for home repairs. The grants will be awarded to seniors and people with disabilities earning up to 50 percent of the median family income, or $34,700 for a family of four.

Down payments: Forty households earning up to 80 percent of the region's median family income, or $58,800 for a family of four, will receive down-payment loans totaling $2.4 million.

Affordable homes: The plan includes $2.6 million to buy or build affordable homes for 32 households.

Learn more: Email NNEstrategy@portlandoregon.gov, visit the Portland Housing Bureau's North/Northeast Housing Strategy page, or call the Housing Bureau at 503-823-1190. You can also read a new city report on the preference policy.

The Portland Mercury

The City Says It's Divesting from Fossil Fuels. That's Not True.

In Fact, We Don't Plan to Stop Supporting Oil Companies Any Time Soon.

By Dirk VanderHart
December 23, 2015

IT WAS LATE SEPTEMBER, and a group of bears was in Portland City Hall, dancing to Kool and the Gang.

Portland City Council had just put a bow on years of prodding by activists, vowing to pull all of the city's direct investments out of some of the world's largest fossil fuel companies.

For Portland, that meant more than $60 million invested in ExxonMobil and Chevron would be allowed to expire in coming years. Then the city would formally wipe its hands of those companies—and almost 200 more—for good. Multnomah County made the same pledge.

In doing so, the governments joined a growing list of cities, universities, and churches refusing to use their money to support the fossil fuel industry.

"I wish we were not watching the destruction of the world as we know it," said City Commissioner Steve Novick before voting on the divestment policy. "Unfortunately, it's a scientific fact. This is just one of the steps we need to take."

After the unanimous vote, the bears—a cluster of activists wearing masks made out of disposable plates—got the celebratory dance party underway in the balcony of council chambers. But there was something no one at the hearing mentioned. Portland still invests in fossil fuels. So does the county. And they don't have plans to stop.

Both entities join hundreds of local governments, school districts, public utilities, and others throughout Oregon in pouring millions of public dollars into something called the Local Government Investment Pool (LGIP), a state-run portfolio created by the state legislature in 1973 to offer cities a safe place to keep cash.

The pool has among its hundreds of holdings investments in six of the oil and gas companies the city and county resolutions deemed the worst of the worst: BP, Royal Dutch Shell, Chevron, Total, CNOOC, and Statoil.

Despite their conscientious divestment, the city and county voluntarily put as much money into the LGIP as state law will allow—a little more than $47 million at any given time. In total, the pool had nearly $8 billion in assets as of December 16, according to data obtained via public records request, though cash can move in and out of the system relatively quickly.

"We use it to the fullest legal extent," says Portland City Treasurer Jennifer Cooperman. "Not participating in the pool really doesn't work."

That's the standard line when you start asking fiscal types about the LGIP. The pool is a useful means for local governments to transfer money to each other, they say. It's safe, and produces good investment returns—in part because oil investments perform reliably well right now (though many argue that will change as the climate does).

Until the state stops investing in oil, in other words, entities all over Oregon are going to be lashed to fossil fuel interests. And the state, right now, is happy with its oil investments.

"Divestment can send a very important symbolic message, but it's just one tool of many," says Oregon Treasurer Ted Wheeler, a central figure in setting the state's investment policy, and a candidate for Portland mayor. Wheeler says he supports moving away from fossil fuels, and would abide by the city's divestment policy if elected mayor. But he also notes the state is bound to do right by the cities that invest in the pool.

"The clear goal is that we maximize returns," Wheeler says, noting cities like Portland are free to "encourage the legislature to change those goals."

In fact, local leaders have done that in the past. During a speech in June 2013, Mayor Charlie Hales said he'd urge state officials to dump Oregon's holdings in fossil fuels—including those in the LGIP.

"Why take this seemingly risky move?" Hales asked at the time. "Because not doing it is the truly risky move."

That sentiment wasn't anywhere to be found on September 24, when council passed its divestment resolution. No one on the dais—Hales included—brought up the fact the city would still be wrapped up in supporting oil companies for the foreseeable future.

In fact, Hales isn't interested in pushing state officials to divest any longer. His office sent a statement to the Mercury, saying, "The state treasurer manages the pool, so it's up to the treasurer to decide how to invest those funds. LGIP divestment from fossil fuel companies is not part of the city's legislative agenda."

These days, most of the pressure being applied to the state to divest from fossil fuels is coming from activists—but it's not aimed at the LGIP. Rather, the group 350PDX, the local wing of 350.org, which encourages divestment around the world, is planning to begin pushing state employees and retirees to urge that their pension funds through the Public Employees Retirement System (PERS) not invest in coal and oil.

"Our idea is to go through PERS, though we wouldn't be opposed to governments asking for a change," says Sandy Polishuk, the divestment coordinator at 350PDX. "There are different ways to get divested."

Change might be on the way, even without that effort. Wheeler says he's asked his staffers to look at how LGIP returns would be affected if fossil fuel investments were done away with.

"Could we create alternative investments that have the same risk-return profiles, but aren't involved in any carbon-based industry?" he asks. "And is there a cost associated with that?"

Wheeler says he doesn't have an answer, and doesn't know when he might. He also says divestment's not the ultimate answer to forcing change at fossil fuel companies.

"What we really need to do is stop buying the damn product."

Hall Monitor

Amanda Fritz Says I'm Wrong

By Dirk VanderHart
December 23, 2015

LAST WEEK, I used this column to observe that the $11 million in extra cash the city thinks it'll have next year doesn't amount to much when you look at Portland's pressing needs—and Commissioner Amanda Fritz wasted no time calling the notion wrong-headed.

Portland isn't just filled with competing demands for its limited money, Fritz countered, it's in something of a budget crisis.

"We're in deep trouble," she told me Friday, when we had arranged to reconcile her take on the city's finances with my column. "We're looking at huge cuts in parks. We're looking at huge cuts in pretty much every city service."

You're justified in checking your calendar. December's a bit early for dire budget talk, particularly at a time when the city's seeing the fastest economic growth we've experienced in decades.

But Fritz has a reason for speaking out: She was the lone no vote last week when city council voted 4-1 to put a minimum $1.2 million into a flexible fund for affordable housing every year going forward.

The decision—aimed at mitigating the effects of Airbnb and similar services—is notable for a couple of reasons. First, as Fritz made a point of saying to her colleagues, council doesn't usually make such big ongoing spending commitments outside of its budget process.

Second, the city hasn't figured out where that $1.2 million in ongoing cash is going to come from. The $11 million extra expected next year is a one-time deal—and half of it's supposed to be spent on maintenance projects.

"We're now going into the budget with a $1.2 million deficit," Fritz told me. Earlier in the week, she'd called the move a "shell game." (Commissioner Steve Novick, who wound up voting in favor of spending the money, voiced many of the same concerns.)

It's understandable Fritz is the loudest voice against the move. Her parks bureau is hoping to bring dozens of low-wage employees under union protections. If it can't find millions to do so, the city may have to dramatically slash services in its community centers.

That's what happens when your city is faced with a housing crisis, though—you're faced with difficult choices.

Right now, those choices are leaning in the direction of more housing. City council, in recent weeks, has voted to kick a whopping $6.2 million more to the Portland Housing Bureau each year. It's also elected to give the bureau an extra $5 million in one-time money next year, while other bureaus are being asked to find five percent trims. Some of those moves were contrary to advice from the city's budget office. They've been cheered by housing advocates.

Ultimately, the question of whether these moves are a shell game or prudent triage will be tied to what Portland can do with the money. If the city misses targets for cheap housing as it has in the past, Fritz's comments may look prescient. If we see the progress officials are promising, they'll perhaps be forgotten.

In the meantime, you can expect Fritz will keep voicing her opinion on the matter. And that's a good thing.