

Tom Kelly

**Gustavo J. Cruz, Jr.** Commissioner

**Aneshka Dickson**Commissioner

Mark Edlen Commissioner

William Myers
Commissioner

Charlie Hales Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the August 19, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at https://www.youtube.com/watch?v=kz06AXiCQi4.

#### 1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:05 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly PRESENT
Commissioner Gustavo Cruz PRESENT
Commissioner Aneshka Dickson ABSENT

Commissioner Mark Edlen PRESENT [see note below]
Commissioner William Myers PRESENT [see note below]

Commissioners Edlen and Myers participated by phone.

#### 2. Commissioner Reports

#### **Chair Kelly**

• Attended various PDC check-ins with Mayor Charlie Hales.

#### 3. Executive Director Report

- On August 19, PDC issued a Request for Information to identify a fund manager for the new Inclusive Startup Fund; deadline for application is September 18. For more information go to <a href="http://www.pdc.us/inclusive-startup-fund.aspx">http://www.pdc.us/inclusive-startup-fund.aspx</a>.
- In June 2015, the software industry launched the Portland Tech Diversity Pledge and now there are 25 companies that have signed. The newest companies are inDinero, ImpactFlow, New Relic, OpenSesame, Planet Argon, Treehouse, Quick Left, Epicodus, and Code Fellows.
- On July 23, former PDC staff Stephen Green hosted the Pitch Black event.
- On August 15, attended and spoke at the first 2015 Jade District Night Market; the second one will be held on Saturday, August 22.
- On August 17, attended the announcement event of the Grant Warehouse property located on NE Martin Luther King, Jr. Boulevard (NE MLK Blvd.) south of Fremont Street. The Portland Housing Bureau now owns the property, which will be an affordable housing project.
- On August 19, attended the Natural Grocers project announcement for the PDC-owned property at NE MLK Blvd. and Alberta Street.
- On August 8, Old Town Brewing won the New Seasons' Neighborhood Craft Beer Challenge with their very own bottled "Old Town Kolsch."
- On August 20 21, TechFest NW will hold its annual event.

222 NW Fifth Avenue Portland, OR 97209-3859

503-823-3200 Main 503-823-3368 Fax 503-823-3366 TTY



- PDC has been seeking feedback on the Broadway Corridor Framework Plan, has hosted several open houses, and had an online town hall survey that closed last week; there will be one more open house on September 8. For more information go to <a href="http://www.pdc.us/our-work/urban-renewal-areas/river-district/current-projects/broadway-corridor.aspx">http://www.pdc.us/our-work/urban-renewal-areas/river-district/current-projects/broadway-corridor.aspx</a>.
- On August 4, attended the National Night Out event in the Cully neighborhood; this was also a celebration for the successful bid of Living Cully to purchase the Sugar Shack. They are in the process of looking into what they will do with the space to put it into productive use.
- On July 30, it was announced that the team of BRIDGE Housing and Williams & Dame Development was selected for the development of Parcel 3 in the North Macadam Urban Renewal Area (URA).
- On July 29, Sean Robbins announced that he will be leaving Business Oregon and moving back to Wisconsin.
- Acknowledged the work of the Communications team, in particular webmaster Lisa Norwood; by the end of this week PDC will have 10,000 followers on its Twitter account.

## 4. Meeting Minutes

Chair Kelly called for a motion to approve the June 24, 2015, PDC Board meeting minutes. Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Edlen, Kelly, Myers

NAYS: None

# 5. Public Comment for Items Not on Agenda

William Kendrix, Owner and Chief Operating Manager of Nia Water Beverage Catering. Mr. Kendrix expressed concern over the areas around N. Williams Avenue, N. Mississippi Avenue, and NE MLK Blvd. and the displacement of the small businesses of people of color stating that there are not sufficient resources for African Americans to open businesses in the area. The area is indeed growing and there are new businesses moving in, however, they are not tailored towards the population or contributing to the African American culture.

#### **REGULAR AGENDA**

6. Action Item: Resolution 7139 – Authorizing a Disposition and Development Agreement to Convey 1.79 Acres of Real Property in the Interstate Corridor Urban Renewal Area to Majestic Realty Company for \$502,160; Resolution 7140 – Authorizing a Master Lease Agreement with Majestic Realty Company for Approximately 5,125 Square Feet of Commercial Space in the Interstate Corridor Urban Renewal Area; Resolution 7141 – Authorizing a Special Authority Grant to Majestic Realty Company for \$122,705 as Part of the Disposition and Development Agreement to Convey 1.79 Acres of Real Property in the Interstate Corridor Urban Renewal Area to Majestic Realty Company

PDC staff presenting this item: Kimberly Branam, Deputy Director Jina Bjelland, Director, Real Estate & Lending Charri Schairer, Neighborhood Manager



With this action, the PDC Board will authorize the Executive Director to execute (i.) a Disposition and Development Agreement (DDA) between PDC and Majestic Realty Company (MRC) for the conveyance of a 1.79 acre PDC-owned parcel (Property) to MRC for the consideration of \$502,160; (ii.) a Master Lease Agreement between PDC and MRC for approximately 5,125 square feet (SF) of commercial space; and (iii.) a Special Authority Grant to MRC in the amount of \$122,705. The Property is located in the Interstate Corridor URA and is bounded by NE MLK Blvd., NE Alberta, NE Garfield, and NE Sumner streets.

MRC is proposing to construct an urban retail shopping center consisting of approximately 25,000 SF of gross leasable area in two separate buildings: Building B will contain approximately 16,800 SF including a 15,000 SF anchor grocery store leased by Natural Grocers, and Building A will contain approximately 8,450 SF of commercial/retail space for lease. There will be approximately 90 parking spaces with access proposed from NE Alberta and NE Sumner streets. The single-family residence that will be conveyed to MRC will be deed-restricted to its current use for a period of five years.

These actions will activate a long-vacant lot, deliver a healthy food grocer to a part of Northeast Portland that is lacking such services, and provide opportunities for local businesses and employment.

Commissioner Cruz asked the following questions:

- Was there another appraisal done after the initial appraisal? Ms. Bjelland responded no.
- What will be the process/criteria for obtaining tenants? Ms. Branam responded that a tenanting committee will be set up in the next few months. The Community Benefits Agreement (CBA) will have a set of criteria in an effort to create local jobs, give opportunities to minority businesses, and make sure that there are multigenerational family-friendly activities. The first task of the tenanting committee will be to finalize the criteria, establish a selection process, and ultimately approve who will be in those retail spaces.
- Does PDC staff anticipate that there will be several loans? Ms. Bjelland responded that there will be no secondary financing.
- In the CBA there are no specific percentages stated for Natural Grocers in terms of hiring; what was the rationale behind that? Ms. Branam responded that there was a lot of conversation about this and the kind of jobs that Natural Grocers will create. There is a legal prohibition against making requirements, but Natural Grocers has committed to working with local providers early on and PDC staff feels that this will provide the benefits PDC is looking for.

Chair Kelly stated that the Vanport project had parking spaces available for businesses and condominium owners to purchase, and assumes that this will not be available for potential tenants. Ms. Bjelland responded no, there is only 5,000 SF to work with so it will be more traditional tenant space.

Chair Kelly called forward guests to testify.

Philip Brown, developer with MRC. Mr. Brown stated that it has been a long process, but working with PDC staff, the community, and others he believes that MRC is bringing the right development for the site and the surrounding community.

Andrew Colas, President and Chief Operating Officer at <u>Colas Construction Company</u> (Colas). Mr. Colas stated that all of the parties have learned a lot through the long process, he was able to attend the community meetings, and it was eye-opening to hear all of the comments presented. He expressed gratitude for the opportunity presented to Colas; this opportunity will also present opportunities for



many minority subcontractors in Portland and the region that will also participate in the project. Colas will exceed the requirements of minority contractor participation and hopes that this will be a model that PDC, the City, and even the State of Oregon will follow for future projects.

Monica Deckert, with <u>Natural Grocers</u>. Ms. Deckert expressed excitement over the project adding that Natural Grocers prides itself in working with local vendors and providers to support each grocery store in the community that it serves.

James Posey, Co-Founder, <u>National Association of Minority Contractors-Oregon</u> (NAMC-Oregon). Mr. Posey expressed pleasure that this project is moving forward and the process that it went through to do something that will benefit the local community. He also expressed hope for the future vitality of the community.

Nate McCoy, Executive Director of NAMC-Oregon. Mr. McCoy gave an overview of the document handed out, which is included in these minutes as Attachment 1.

John Gardner, Director of Business Services at <u>Worksystems, Inc.</u> Mr. Gardner expressed support of this project and PDC's commitment to hiring goals of minority contractors, the fair and professionally-facilitated process to help in the development of the CBA, and the open and transparent dialogue with the community.

Cameron Herrington gave an overview of the document handed out, which is included in these minutes as Attachment 2.

Commissioner Myers reminded the public that the CBA is a living, breathing document that will evolve as the project evolves.

Chair Kelly called for a motion to approve Resolutions 7139, 7140, and 7141; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Edlen, Kelly, Myers

NAYS: None

- **7.** Not used.
- 8. Action Item: Resolution 7143 Authorizing an Amendment to the Lease Agreement with Oregon Story Board at Portland Development Commission-Owned Space at 411 NW Flanders Street in the Downtown Waterfront Urban Renewal Area and Authorizing the Execution of a Support Services Agreement with Oregon Story Board

PDC staff presenting this item:

Chris Harder, Economic Development Manager

With this action, the PDC Board will (i.) modify a lease agreement between PDC and the Oregon Story Board (OSB), and (ii.) enter into a Support Services Agreement (Services Agreement) with OSB to provide time-limited administrative and organizational management services to OSB. PDC Board approval for both items is required since PDC's Executive Director serves on the OSB Board of Directors.



In May 2015, OSB entered into a lease agreement for the PDC-owned office space in the Old Town Lofts at 411 NW Flanders Street in Old Town/Chinatown. The current base rent for the property is \$3,117 per month. OSB assumes responsibility under the lease agreement to pay property tax and Home Owners Association (HOA) fees of \$2,390 per month. The requested PDC Board action will modify the existing lease agreement so that from September 1, 2015, to no later than May 31, 2017, base rent obligations by OSB to PDC will be forgiven. OSB will continue to pay HOA fees of \$2,390 per month and property taxes.

This action also approves a Services Agreement for PDC to provide administrative management and organizational oversight to OSB for a term of 12 months, with an option for renewal for an additional nine months. The payments to PDC under the Services Agreement will equal the rent forgiven under the lease agreement modification (\$3,117 per month).

Chair Kelly asked what is the impact this has on minority- and women-owned business. Mr. Harder responded that the OSB has made a strong commitment to the vision and goals of PDC's Strategic Plan and working with underrepresented populations. The OSB has had two startup accelerator classes, of which 50 percent were underrepresented populations.

Chair Kelly called forward Tim Williams, Executive Director at Oregon Governor's Office of Film & Television and a member of the OSB Board.

Mr. Williams stated that the OSB presents a unique intersection between two growing industries: technology and media storytelling and the results he has seen statewide and especially in Portland, is how much has been done with very little money and to be at the forefront of these emerging technologies.

Chair Kelly called for a motion to approve Resolution 7143; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Edlen, Kelly, Myers

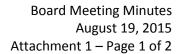
NAYS: None

## 9. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 4:40 p.m.

Approved by the Portland Development Commission on November 18, 2015

Gina Wiedrick, Recording Secretary







DATE: August 19th, 2015

TO: Mayor Charlie Hales

PDC Chair Kelly and Commissioners PDC Director, Patrick Quinton

FROM: Nate McCoy, Executive Director, NAMC-Oregon

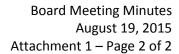
SUBJECT: Support the authorization and approval of the MLK-Alberta site for the new commercial development in the Interstate Corridor Urban Renewal Area.

Dear PDC Commission,

On behalf of the National Association of Minority Contractors (NAMC) – Oregon Chapter, I am pleased to submit this letter of support for this historic and legacy building moment in our northeast community. This project will support and fulfill key initiatives established by the Albina Community Plan. Some of the key priorities in the plan set goals to assemble land along commercial corridors to bring employment, needed goods and business services to the northeast community, with a keen focus on minority businesses. With this property sitting vacant for well over two decades the time is now for us to redevelop the site and deliver on the community benefits the Albina Plan calls for.

Since the inception of a local NAMC affiliate in 1996, our organization has worked to serve the interests of Portland's certified minority- and women-owned (MBE/WBE) construction businesses and professional services. Our mission is to eliminate barriers to full and profitable participation in construction and design projects in Oregon and SW Washington. We are dedicated to partnerships with organizations that value the growth of certified MBE/WBE businesses. NAMC areas of focus and engagement include capacity building, increased utilization of certified firms, diversity in workforce and actions that support the improved economic status of our communities of color.

The selected team for this development exemplifies the leadership, principles and values of the NAMC mission. Majestic Realty Company has shown a willingness to assist our community in revitalizing a much needed property in this business district and hiring a minority general contractor to see it through. Colas Construction has made a name for itself in the community as a general contractor and advocate for advancing small businesses and committing to high levels of minority contracting opportunities. The anchor tenant, Natural Grocers should also be commended for their commitment to ensure a diverse workforce for employment coupled with good wages and benefits. This project undertaking has the capability of becoming the true essence of what community benefits look like and I applaud PDC for the willingness to make it all happen.







NAMC-Oregon is excited to participate and support this project in a capacity to ensure success and strengthen the economic impact it will have in the northeast community. As the Portland Development Commission (PDC) seeks to increase its overall community impact and investment in minority and women-owned (MBE/WBE) businesses, strong support and leadership from City Council and this commission can help guide and further focus more intentional investment within this historically African-American community. I would also lobby that PDC continue, on future projects to replicate this model of partnerships and equity-conscious development teams.

In closing, we firmly believe that investments in the creation of a vibrant MLK business corridor and in key N/NE neighborhoods with African American and other minority businesses, are vital to the foundation of any significant economic investment in the N/NE community. NAMC members are optimistic about the future construction opportunities and look forward to strengthening our partnership with PDC and working to ensure the successful outcomes of PDC-funded projects. With a sharp focus on equity we can reverse negative trends and build the long-term security of our minority businesses.

Sincerely,

Nate McCoy

NAMC-Oregon, Director



# Concerns with the MLK Alberta Community Benefits Agreement (CBA) April 27, 2015

## SUMMARY:

As volunteer members of the Project Working Group (PWG) for the MLK Alberta Project, we believe that the final Community Benefits Agreement for this development fails to create significant benefits for the N/NE Portland community -- especially African Americans and others who have been displaced or face the continued threat of displacement via gentrification. A CBA should aim to create community benefits that the developer and other parties -- in this case the general contractor and anchor tenant -- would not have provided otherwise. Contrary to that goal, the Portland Development Commission (PDC) structured this CBA process such that the agreement was shaped and limited by the prerogative of these three companies, rather than the needs of the community. Major problems with this process (detailed below in Section 1) include:

- According to Partnership for Working Families, "properly structured CBAs are legally binding and directly enforceable by the signatories." This CBA is neither legally binding nor enforceable;
- The rights to carry out and profit from this development were granted to Majestic Realty,
  Colas Construction and Natural Grocers well before CBA negotiations began, and their
  involvement was not made contingent upon providing community-defined benefits beyond
  those already prescribed by law and PDC policy. In practice, therefore, the three companies
  held veto power over CBA provisions proposed by PWG members;
- The PDC abandoned the collaborative PWG process that it had established, and instead finalized a deal with the developer and anchor tenant on its own. Following its Dec. 8, 2014, meeting, the PWG was denied the opportunity to meet in person to discuss and resolve outstanding issues and concerns. Instead, four months after the PDC had stopped convening the PWG, committee members were individually approached by PDC staff and asked to endorse the now-final document. The PDC also asked local and national organizations to endorse what had been the draft "Skeleton CBA" document, further short-circuiting the PWG's work.

This severely flawed process produced a CBA document that fails to provide community benefits commensurate with the public investment made in this project, including the subsidized land price and the urban renewal investments made in the surrounding neighborhood. Below, Section 2 details numerous provisions -- commonplace in CBAs nationwide -- that were proposed by PWG members yet omitted from the final MLK Alberta agreement after being rejected by the companies involved. These major problems with the document's content include:

- No provisions to ensure good wages and benefits, and protections for labor organizing, for employees of Natural Grocers and other businesses operating at the site;
- No "Ban-the-box" provision to ensure that formerly incarcerated individuals have equal access to jobs;
- · No percentage targets for the hiring of minorities and women at Natural Grocers;
- The inclusion of several "community benefits" that are merely restatements of existing legal requirements, creating the illusion that the document achieves far more than it actually does;
- No reciprocal concessions in exchange for valuable services being provided for the companies by the PDC and community-based organizations.



#### **SECTION 1:**

Concerns with the process of negotiating the Community Benefits Agreement (CBA), including concerns with the actions of PDC staff

- The CBA was not designed to be a legally binding document. Furthermore, despite
  repeated assurances that certain provisions from the CBA would be included in the legally
  binding Disposition and Development Agreement (DDA), the PWG has still not been provided
  a final list of which CBA terms will in fact be legally binding.
- The Portland Development Commission (PDC) selected Majestic Realty as the developer for this project before the CBA was negotiated. Similarly, Colas Construction and Natural Grocers were selected as the contractor and "anchor tenant," respectively, prior to the initiation of the CBA process. In other words, these companies' participation in the MLK Alberta Project was in no way contingent upon their agreement to provide community-defined benefits. Practically speaking, this left community representatives on the Project Working Group (PWG) with no leverage to add provisions to the CBA that the companies did not support. As a result, the final CBA includes literally zero provisions that require these three companies to do anything that is not in their own financial interest, aside from already-existing legal requirements (as detailed in the following section of this document).
- As alluded to in the previous point, Majestic Reality, Natural Grocers, and Colas Construction had de facto veto authority over all provisions suggested for inclusion in the CBA by community representatives. Numerous provisions suggested by PWG members were excluded from the CBA – or not even allotted time for discussion by the PWG – because one or more of the three companies objected to them. Consequently, the deciding factor driving the content of the CBA was the prerogative of these three companies, rather than the needs of the community.

At the outset of the CBA negotiation process, PDC staff refused to explain this inherent power imbalance to PWG members, despite being explicitly and repeatedly asked by PWG members how decisions about the document's content would be made. It was only through the process of having our suggested provisions be rejected by the companies, with no avenue for recourse or negotiation, that we came to understand this fundamental underpinning of the PWG's structure.

 PDC abandoned the Project Working Group process following the last meeting on December 8, 2014, and has since then concluded the CBA negotiations on its own, without allowing the PWG to conclude its collaborative work.

A December 4 e-mail from the PDC's Andy Reed to PWG members stated, "Clearly there's still a lot of work to do and more discussions to be had" about what was at that point still being referred to as the "Skeleton CBA" (indicating that is was a working draft, still being shaped by the PWG). There was no indication at the December 8 meeting, from either PDC staff or PWG members, that this work and these discussions were done. In fact, at that December 8 meeting, PWG members were told by PDC staff that the committee would be reconvened in January 2015 to continue discussions.

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However, the PWG received no communication from PDC staff, let alone a call to reconvene the committee, until inquiries from PWG members prompted PDC's Susan Kuhn to send an e-mail to the group on February 4, 2015. This update stated:

"As you know, we had hoped to be ready in January to pick up our process on CBA and design work. However, we've been continuing our negotiations with Majestic to finalize a deal and it's taken longer than expected to resolve a few final issues. We now hope to be able to share additional information and a plan to reconvene the group within the coming month. I look forward to touching base again soon."

We view it as highly problematic that PDC had at that point equated the PWG's process with its own behind-the-scenes effort "to finalize a deal." It should be the PWG itself, not PDC staff, that is responsible for finalizing the CBA.

The next communication from the PDC staff did not arrive "within the coming month," but instead more than two months later, on April 9, 2015. This e-mail, from Andy Reed, stated, "We're now back and ready to start putting finishing touches on the CBA document," and "We are now ready to work through final comments and issues from the group members." However, despite this assurance that the PWG would be reconvened to work through outstanding issues, PDC instead called a meeting that has been designated as the PWG's final meeting, at which committee members are expected to sign the final CBA. PDC staff scheduled this meeting for April 27, without making any attempt to check on the availability of PWG members.

Further short-circuiting the PWG's process, PDC staff members have approached committee members one-by-one and asked them to individually commit to signing the document, with no chance for further discussion with their fellow PWG members. Rather than reconvening the PWG "to work through final comments and issues from group members," Reed instructed committee members to discuss outstanding issues one-on-one with him.

Even though the PWG has not officially finalized the CBA, nor been afforded an opportunity to
meet to discuss it and consider revisions, the PDC has unilaterally circulated the
document to local and national organizations and asked them to endorse it. This clearly
demonstrates that the PDC views the document as final, foreclosing any chance that the
PWG could be allowed to alter its final form.

# **SECTION 2:**

# Concerns with the content of the CBA

- Despite stating that one of its objectives is to "hold parties mutually accountable to commitments and aspirational goals delineated in the CBA," the document does not contain means of enforcement and sanction in the case that the parties breach the provisions of the agreement.
- Item [II.A.ii.e] explicitly grants Natural Grocers "full discretion to select the general
  contractor that will build-out its store." This provision was added to the CBA without any
  input or discussion by the PWG.



- The CBA contains no provisions related to the quality of the jobs provided by Natural Grocers, even though specific provisions were proposed by PWG members. These include:
  - · Standards for wages and benefits; and
  - Protections for Natural Grocers' employees to organize and collectively bargain (i.e. a requirement that Natural Grocers sign a 'labor neutrality' agreement, pledging to remain neutral toward employees' attempts to form a union).
- The CBA contains no provisions related to operations contracts for the buildings and grounds (e.g. janitorial, security, landscaping). There is no guarantee that minority- or women-owned firms will receive these contracts, nor that employees of these firms will receive good wages and benefits.
- The provisions related to Natural Grocers' hiring practices are vague, aspirational and non-binding, even though PWG members repeatedly stated this as a priority. Consequently:
  - There is no guarantee that the jobs created at this store will go to local community members (as defined by the PWG); and
  - There are no percentage targets, neither binding nor aspirational, for the hiring of minorities and women. Furthermore, Natural Grocers has been unable to provide documentation of the demographics of the workforce at its other stores.
- The CBA does not include a 'Ban-the-box' policy for hiring by Colas Construction, Natural Grocers, or the project's other retail tenants and contractors. This allows the site's employers to potentially perpetuate mainstream hiring practices that disadvantage African Americans and other people of color who are disproportionately incarcerated.
- PDC has committed \$500,000 over the course of 10 years to subsidize smaller retail tenants at the site. While we support this investment, we are concerned that the PDC did not provide any documentation nor analysis to justify this specific amount. Will this investment in fact be sufficient to support the businesses renting these retail spaces over the course of 10 years? How did PDC arrive at this amount? Was it determined through any sort of financial analysis? These questions were never discussed by the PWG.
- Many of the provisions of the CBA would exist even in the absence of a CBA. Their
  inclusion in the document creates the illusion that the process resulted in significantly greater
  benefits than it in fact created. These include:
  - [II.A.ii.a,b,c] Construction hiring targets for people of color, women and apprentices
    - These provisions are already part of PDC's existing policies, and Colas Construction would be accountable to them regardless of this CBA;
  - [II.A.ii.d] Prevailing wages for construction jobs
    - o As a publicly-subsidized project, these wages are mandated by state law. This provision is merely a reiteration of state law;
  - [II.B.ii.a] The hiring of Colas Construction, "a state-certified, African American-owned and operated Prime Contractor"
    - This decision was made in January 2014, nine months before the CBA process was initiated;
  - [II.B.ii.b] Construction sub-contracting targets for "minority, women or disadvantaged firms"

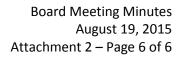


- These provisions are already part of PDC's existing policies, and Colas Construction would be accountable to them regardless of this CBA;
- [III.B] Community space within the Natural Grocers store
  - o This is part of Natural Grocers' existing business model. It provides community space at many of its existing stores (https://www.naturalgrocers.com/about/store-services/meeting-space/), and already planned to include it at the MLK Alberta store.
- The CBA contains no new provisions that commit Majestic Realty, Colas Construction
  or Natural Grocers to take actions that would limit or share their profits in order to
  produce community benefits. Many such provisions were suggested by PWG members
  (including those highlighted in this document), but were vetoed by the companies. The only
  provisions that require these companies to share their profits are merely restatements of
  existing state laws and PDC policies (see previous bullet-point).
- On the contrary, the CBA includes provisions that provide valuable subsidies and services to these companies from the PDC and community-based organizations. However, the agreement does not require that the companies provide concrete benefits in return. These provisions include:
  - [III.A.ii] Natural Grocers' commitment to share certain information with workforce development organizations, which will then assist Natural Grocers with training and recruitment of employees
    - This is a significant service being provided by the community to this company, with no firm hiring targets or commitments in return;
  - [III.C.ii] Natural Grocers' commitment to provide information about its supply-chain criteria to community-based organizations and potential vendors, which will then help recruit and prepare local producers to sell their goods to Natural Grocers
    - This is a significant service that the community is providing for the company;
  - [IV.A.ii] PDC's commitment to lease half of the non-Natural Grocers retail space from Majestic for ten years, at market rate, and then sub-lease to small businesses; and the commitment by community-based organizations to recruit and provide technical assistance to those retail sub-tenants
    - o This represents a significant cost savings for Majestic, which will not be responsible for managing these retails spaces, and will have guaranteed rental income for a decade. Majestic has not been required to provide any benefit in exchange for this subsidy (e.g. below-market rent for these spaces);
    - o The community-based organizations that will devote time and resources to recruitment and support for the retail tenants do not receive additional resources through this agreement to help them carry out that work.

#### **SECTION 3:**

Concerns about the implications of endorsing this CBA, with regard to the PDC's future attempts to include community benefits in its projects

We are concerned that the PDC intends to use this community benefits negotiation process, and this specific CBA document, as a template for future projects. As a result of the structural issues laid out in Section 1 of this document – particularly the extreme power imbalance between the





companies and the community representatives, and the fact that the CBA was not negotiated prior to the companies being granted rights to carry out the project – we cannot support this CBA as a model for future processes. Rather, it should be held up as a cautionary example of how the structure and timing of a negotiation process can handcuff the ability of the community to win meaningful, enforceable community benefits. The result is a watered-down, unenforceable agreement, which lacks many of the concrete community benefits that should be provided by this type of project -- and are commonly provided for in other CBAs across the country.

We submit this document as a dissenting "minority report" from the Project Working Group. We request that it be distributed by the PDC as an appendix to the final Community Benefits Agreement, and presented to any parties that the PDC asks to endorse the CBA. We also urge the PDC to establish guidelines for future community benefits negotiations, in order to eliminate the serious process issues that prevented this CBA from reaching its potential of delivering significant benefits to the N/NE Portland community. We are eager to support the PDC in that work.

Sincerely,

Cat Goughnour catgoughnour@gmail.com

Cameron Herrington cameron.herrington@gmail.com

Katrina Holland calhoun.jk@gmail.com