Downtown Compromise

Council may combine KWG, Beam and public process

The clash between a mall-like downtown megaproject with $35 million in public subsidies and a less expensive, more incremental downtown reinvigoration effort focused on local businesses and public participation appears headed for a compromise.

After more than 200 citizens packed into a library meeting room for a city public forum on downtown on April 30, two city councilors often at opposite ends of the political spectrum said they supported combining part of the KWG megaproject with Beam's incremental approach and a third option for a public process to decide what to do with the rest of downtown.

"I do see kind of a hybrid," Councilor Alan Zelenka said.

"I agree," said Councilor Mike Clark.

Clark said he heard citizens at the meeting express views supporting all three options. When asked to select one, "they said yes," he said.

But Zelenka said that's a rational response. The city could pull the best parts of the three options together, he said. "They're not mutually exclusive."

"It sounds like a good way to go," Clark said.

Although details remain to be worked out, such a compromise approach could involve:

• Giving TK Partners the old Sears pit across from the library to build 106 condo units with a small shop on the ground floor. TK previously won a competition for that project, but the city put it on hold when TK joined others to form KWG and put in a proposal for a four-block, $192 million megaproject downtown. TK previously said it still wants to pursue the smaller condo project even if the larger proposal isn't accepted.

• Accepting Beam Development's proposal for a historic restoration of the Washburne and Centre Court buildings for local retail, office and residential uses and a small new building in the adjacent Aster pit. Beam wants $1.6 million in direct subsidies for the project, plus possible tax breaks.

• Letting the purchase options expire for other property downtown, involving the public in creating a consensus plan for that space and then going out to find a developer to build to that plan.

Both environmental and business interests at the meeting appeared open to the compromise. Friends of Eugene President Kevin Matthews said he favored combining the Beam proposal with the TK condos and the public process.

Local developer Tom Slocum said he also preferred Beam to the megaproject approach. "It doesn't eat up all of what we're developing."

Mike Schwartz, an owner of a downtown furniture store and Chamber of Commerce activist, said he'd prefer the KWG megaproject but, "in the spirit of compromise," would support the Beam approach.

Some forum participants expressed criticism of the citizen plan proposal, dubbed Option 3, as too time consuming and unneeded given previous city planning efforts.

"To me Option 3 is doing nothing," said Hank Storr. "Downtown has been languishing too long."

But Mary O'Brien, a local environmental activist with Citizens for Public Accountability (CPA), said the current Downtown Plan for the area is too vague, allowing almost any development approach. A more specific plan could be done in six months, she said. "It doesn't have to take that long."

Given the community division over it, the KWG megaproject "just gets us more delay," said David Monk.

O'Brien described the city's current approach as to "select a developer first and then try to influence what that single developer knows how to do or is willing to do." The CPA option would involve a diverse group of local citizens and experts to "create a design that is economically feasible as well as broadly acceptable to the community." Only then would the city issue a request for proposals from developers to build what citizens want, O'Brien said. "Under this process, a willing developer agrees to do what the community has designed rather than the community agreeing to pay for what the developer is willing to do."

O'Brien said that some purchase options might expire during the planning process, but she notes that there is "considerable concern in our community about how much public money has been promised for those properties."

Jack Roberts, a leading local Republican and head of the Metro Partnership business recruitment group, previously called many of the option prices "way in excess of where the market is."

For the properties the city has options on, the city would pay a total markup of about 58 percent, or $5 million over real market value, based on assessor valuations (see chart). Staff decided to pursue the costly purchase options last year before receiving direction from elected officials to do so.

City staff have tried to use the threat of the options expiring to get a quick decision on their recommendation to the council to approve the KWG megaproject before cost/benefit analysis or public hearings.

But a majority of the council now appears unlikely to make a snap decision for the megaproject. "If we just let the options expire, that's not going to be the end of the world," said Councilor Chris Pryor on April 25. Pryor said the KWG proposal was "too big" and could "unravel."

Councilor Andrea Ortiz said she'd like to let the options expire and have a public process before deciding. "I've gotten a lot of pushback from the community."

Zelenka raised questions about the public acceptance of the city's spending $53,000 per underground garage parking space to subsidize the KWG project.

But the city staff still plan to hold required public hearings only after the final decision on selecting the developer and the vision for downtown is made. Citizens and officials struggled to hear each other at the crowded public forum, which was dominated by staff presentations and group discussions and allowed only 10 minutes for individual comments. The city should have "a real public hearing," said one man to applause.

Former Councilor Paul Nicholson said the long staff presentations at the meeting were "biased" toward subsidizing the KWG project with urban renewal funds and the meeting format was designed to limit criticism of KWG. Instead of asking citizens to vote for a bond for the new City Hall, he said that the city should put the KWG subsidy to a bond vote and use the urban renewal funds for the City Hall project. "That would give us a real referendum," Nicholson said.

Additional details continue to emerge about the downtown proposals. The KWG proposal would cost an estimated $35 million in public subsidies (including tax breaks) plus at least an additional $8 million in interest to pay off parking garage loans, according to developer and staff documents. KWG said the movie theater it proposed may be less likely given the new theater at Valley River Center. Beam said it may add

Options exceed tax assessor valuations

Property	Option Price	Real Market Value	Percent Difference
John Henry's	$ 625,000	$ 449,737	39%
Keim (55 W. Broadway)	$ 830,000	$ 292,015	184%
Taco Time building	$ 1,200,000	$ 1,282,889	-6%
Lazar's Bazaar	$ 1,450,000	$ 808,936	79%
Scan Design	$ 1,700,000	$ 1,364,013	25%
Connor/Woolley properties	$ 7,850,000	$ 4,434,989	77%
TOTAL	$ 13,655,000	$ 8,632,579	58%

Source: City of Eugene, Tax Assessor