

Developers Get Downtown

Council puts developers ahead of public process

Eugene's downtown may be designed in Portland after a city council vote this week to reject calls for a public process before committing to developers' proposals.

The council voted 6-2 for developers' plans for a mall-like conversion of downtown with about \$45 million in estimated taxpayer subsidies, including future tax breaks.

Critics said they may consider a voter initiative or referral to overturn the council vote for a massive public subsidy without public involvement.

"It's a huge mistake, and it's throwing money away," said David Monk of Citizens for Public Accountability (CPA) after the vote. Monk said the initiative process is "worth looking at."

Former City Councilor Paul Nicholson said if the \$45 million developer subsidy were voted on, "I think it would go down in flames."

CPA member Mary O'Brien said in determining whether citizens pursue and/or pass an initiative/referral, "a lot depends" on if the developers are actually responsive to public input.

The council vote included the creation of a citizen committee to advise the developers on the project, but it's unclear whether that public input will affect the developers' plans.

O'Brien said the council should have first involved the public in creating a detailed redevelopment plan for downtown and then found a developer to follow the public's will. She called the current process of choosing the developer first "ass backward."

Councilor Bonny Bettman said "once you've signed on with the developer, the public process part of this is a sham."

In selecting the developers' vision for downtown, "you've already made all the important decisions," Bettman said. Any citizen input would be left only to things like choosing the brick color, she said. "It's ridiculous."

O'Brien questioned whether the rushed August deadline for the committee's recommendations will allow enough time. "They may be dooming the process to be ineffective."

But Councilor Alan Zelenka said he thought the committee process wouldn't be a sham. If the developers ignore citizen input, the council could still reject final approval of

the project in September, he said. "That would be tough, but it's doable," he said.

Mayor Kitty Piercy backed handing the planning over to developers and said she hopes they will respond to citizen input and "end up with a product that's truly responsive to the community."

But, O'Brien said, "The City Council should give clear direction to KWG and Beam that the input of this advisory committee matters."

The council selected both Beam and KWG in part to respond to concerns of creating a development monopoly downtown, but it's unclear if the two Portland developers will remain separate.

"They have an agreement in principal to work together," said City Manager Dennis Taylor. Taylor said he understood the agreement involves KWG controlling the ground-floor retail space in Beam's historic restoration of the Center Court and Washburne buildings although he didn't know specifics. "It may be that they'll form a limited partnership."

"Once you've signed on with the developer, the public process part of this is a sham."

— Councilor Bonny Bettman

Beam had appeared more open to local retailers in its proposal to provide "affordable" space to local and small retailers, businesses and nonprofits. KWG's proposal focused on "national retailers" and said the project will "seek to upgrade the character" of the area to make it more "upscale." KWG said it will try to accommodate local retailers, but "they will have to be able to afford the new rent."

The KWG/Beam redevelopment could displace many small businesses and nonprofits downtown and provide city-subsidized competition for other local retailers. "I don't know that they like being part of a footprint," said Councilor Betty Taylor of plans to tear down many businesses.

The owner of at least one business in the project footprint, Luckey's bar, has said she will not sell, which could force KWG to adjust some of its plans.

Other local businesses outside the footprint could also suffer. KWG said it wants a large grocery store across from the library. Local groceries strongly objected last year when the council proposed to subsidize a Whole Foods farther east downtown. That plan fell through, but KWG has now proposed space for a similar sized grocery store in its development.

Councilor Andrea Ortiz voted for the KWG/Beam proposal but said she remains concerned about the high price tag. "It just really concerns me, the amount of money involved."

O'Brien said the city should at least try to include public park space and reduce the number of subsidized parking spaces, which violate the city's sustainability goals.

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Nicholson said he suspects the unnamed grocery is Whole Foods, but the city and developer are hiding that fact from the public. "It's antithetical to open government."

Nicholson said the subsidy for the Portland developers isn't justified since many local businesses and developers have thrived downtown without public money. He points out that the Kiva, Heron Building, Farmers Union Market Place and 5th Street Public Market were all built without subsidies.

The estimated \$45 million in subsidies for the KWG/Beam project includes, roughly:

Including loan interest, the \$24 million in underground garages KWG wants will cost about \$80,000 per parking space. Taxpayers have already paid for thousands of parking spaces downtown in largely empty garages. But KWG, using formulas similar to those for suburban shopping malls, says it needs more.

Zelenka said he might favor above-ground parking to reduce costs but said downtown needs the big project. "The neighborhood really needs to fundamentally change to be successful."

Supporters of the KWG/Beam development said they didn't want a public process to delay it. "We need to do something now," Mayor Piercy said.

But Councilor Taylor pointed out that the big project will actually further delay a condo project to fill the much-criticized pit across from the new library and a limited Beam proposal for a building in Aster's hole on Willamette. City Manager Dennis Taylor said the library pit project could have been completed this summer if it hadn't been put on hold at the request of KWG.

KWG described its development proposal as "speculative" in materials sent to the city. Although the public process will be rushed into a couple months, KWG said it needs "12 months" to determine if it will commit to any of the project, depending on the interests of a movie theater, grocer and other major retailers in renting space.

With all the hurdles, Bettman predicted KWG/Beam would "die of its own weight" — and wait. "I see us a year from now presiding over two empty pits and a quagmire."

If the project fails, Bettman said, she hopes the city will move forward with a better downtown renewal, "with the public in the front seat and developers in the back seat." **EW**

\$16 million for 300 underground parking garage spaces; \$10 million in tax breaks; \$8 million in garage interest payments; \$5 million in utility upgrades; \$4 million to subsidize land purchases; \$1 million in offsite costs; and a \$1 million subsidized loan, according to city and developer documents. The city plans to waive competitive bidding requirements for the project.

By comparison, \$45 million is about double what the county says it may need to make up for lost federal funding and about \$10 million more than the downtown library cost to build.

KWG said it needs the subsidy to guarantee a 13 percent profit on the project and to reduce the cost of land. The city has purchase options on the downtown properties that are 58 percent, or \$5 million, over real market value, based on assessor valuations.

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WELCOME WEEKEND EVENTS
SATURDAY, MAY 19
5:00 pm Orientation and slide show
6:00 pm Meet and Greet
SUNDAY, MAY 20
11:30 am Brunch
1:00 pm Site Tour
(open to those who've attended orientation)