



COUNCIL PUBLIC HEARING

Tuesday, August 27, 2024

APPROVED MINUTES

MEMBERS PRESENT

Mayor Rick Scholl
Council President Jessica Chilton
Councilor Mark Gundersen
Councilor Russell Hubbard
Councilor Brandon Sundeen

STAFF

John Walsh, City Administrator
Lisa Scholl, Deputy City Recorder
Jacob Graichen, City Planner
Ashley Wigod, Contracted City Attorney
David Rabino, Contracted City Attorney

OTHERS

Matt Eason	Steve Topaz	Don Hibbs
Doug Knight	Al Wolfe	Steve C.
John Burnside	Rory Moore	Craig Allen
Scott Ashley	Brady Preheim	Steve Toschi
Paul Vogel	Bill Lain	Eric O.
Greg Gilbert	Kielly	Brittany
Robyn		

OPEN PUBLIC HEARING – 6:01 p.m.

TOPIC

1. Sale of approximately 35-acres of City-Owned Property at 1300 Kaster Road described as:
 - Tax Account No. 13249, Map No. 4N1W-9-00101
 - Tax Account No. 13215, Map No. 4N1W-9-00101

City Planner Graichen presented the staff report on the property, noting the property lines were still undefined. He provided information about the parcelization plan, the Portland General Electric (PGE) parcel that would provide power to the site, proposed easements and public rights of way, plans for access to the property, and shared utilities.

City Attorney Wigod reviewed the legal matters for sale of City-owned property, noting the Council was responsible for disclosing the terms of sale and the appraised market value of the property, declaring the property surplus, and confirming noticing requirements had been met.

City Attorney Rabino reviewed the purchase and sale agreement including the appraised market value of \$5.13 million, the terms of sale of the property to Arcadia Paper Mills, LLC for \$7.5 million, as well as the payment schedule and boundary line adjustment.

City Administrator Walsh clarified that the declaration of surplus property was included in the Resolution 2020.

Mayor Scholl stated the property was not needed by the City.

City Attorney Rabino outlined the City's obligation to allocate water to the mill for operation.

Questions and comments from the Council were addressed regarding the due diligence period and Office Max transferring indemnity to the purchaser of the property.

PUBLIC COMMENT

- ◆ Craig Allen, Project Arcadia, Project Manager. Spoke about ensuring the Office Max indemnity was in place with the City while they retained the title to the property.
- ◆ Steve Topaz. Questioned whether attorneys represented the City or Council, noting there were no meeting minutes showing the property was declared surplus, a full description of the property was not given, and the appraisal was not made public. He shared further concerns about the Department of Environmental Quality (DEQ) rules, water rights, the price of using the lagoon, informing the buyer of water contamination, and removing contamination after the sale.
- ◆ Steve Toschi. Expressed support for Project Arcadia, and encouraged Council to continue honing the agreement, including the terms of the water supply agreement, and to retain an attorney specializing in water law to protect the City's water rights. The City should not include a prepayment penalty in the financing arrangement with Arcadia.

City Attorney Rabino confirmed the City would not relinquish any water rights and provided clarification on the water supply agreement.

- ◆ Steve Krouse, Number 3 Paper Machine, Former Manager. Stated he worked for EcoLab which was prepared to bring in its expertise to help manage and utilize water resources.
- ◆ Brady Preheim. Supported the sale but was concerned about selling the property above market value compared to another ongoing sale; the Office Max clean-up; informing Arcadia the property had previously been damaged, and items had been stolen due to lack of security; the property having been surplus when purchased by the City, and issues surrounding Cascade Tissue leaving. He urged Council and the attorneys to ensure the contract was done correctly to avoid lawsuits.

Mayor Scholl stated Cascade Tissue had leased and never wanted to purchase the property adding the City had nothing to do with them leaving.

- ◆ Paul Vogel, Columbia Economic Team (CET). Stated the original purpose of the mill was being reactivated, and explained the difference in the market for this company becoming its own supplier. The purchase was a big investment, the people involved in the project had direct experience running the mill and due diligence had been done. It was a rare opportunity to be able to restart the mill, and CET was happy to assist in any way.
- ◆ Greg Gilbert. Asked whether Arcadia Paper Mill represented First Quality, if they would be installing new machines, and when they would begin operation.

Mayor Scholl estimated new jobs would likely be available in six months.

Craig Allen noted Project Arcadia had been ongoing since February 2024, transparency had been provided, and the next 90 days would be the due diligence period with an optional 60-day extension if the purchase and sale agreement was accepted today. He described the plan to start operating Number

2 Paper Machine as soon as possible, estimating that would bring in 60 family-wage jobs. He explained the circumstances of the property purchase by the City, discussed the water agreement, confirmed the mill had nothing to do with First Quality, and noted over 100 jobs were anticipated when the mill was fully operational.

CLOSE PUBLIC HEARING – 6:51 p.m.

Respectfully submitted by Lisa Scholl, Deputy City Recorder.

ATTEST:

/s/ Lisa Scholl
Lisa Scholl, Deputy City Recorder

/s/ Rick Scholl
Rick Scholl, Mayor