



COUNCIL SPECIAL SESSION

Wednesday, May 18, 2022

APPROVED MINUTES

RIVERFRONT DEVELOPER RFQ COMMITTEE MEMBERS PRESENT

Rick Scholl, Mayor
Doug Morten, Council President
Patrick Birkle, Councilor
Stephen R. Topaz, Councilor
Jessica Chilton, Councilor
Russell Hubbard, Planning Commissioner
Steve Toschi, Planning Commissioner
Jennifer Pugsley, Planning Commissioner
Carmin Dunn, Parks & Recreation Commissioner
Scot Stockwell, St. Helen School District Superintendent
Al Petersen, Citizen-At-Large
John Walsh, City Administrator
Jenny Dimsho, Associate Planner/Community Development Project Manager
Mouhamad Zaher, Public Works Director
Sharon Darroux, Engineering Manager

STAFF PRESENT

Kathy Payne, City Recorder
Lisa Scholl, Deputy City Recorder
Crystal King, Communications Officer
Tina Curry, Event Coordinator

OTHERS

Jane Garcia
Brady Preheim
Stephanie Patterson
Don Patterson

CALL SPECIAL SESSION TO ORDER – 6:03 p.m.

DISCUSSION TOPICS

1. Deliberations on Riverfront Developer Proposal Received

John Walsh reported that Atkins Dame, who withdrew, has reached out to let them they are still interested if RKM Development does not work out. This Committee will make a recommendation to the Council. It is timely with the other utility and street projects happening now as well.

Council President Morten was impressed with the authentic proposal. If needed, at what point can they say this is not going to work out? He is not certain that there was a good sense of negotiating between the City and developer. Walsh said the proposal did include a process moving forward. The agreement would be a negotiation.

Mayor Scholl said he was thrown off that they would get the entire project. Tokola is interested in the project if the infrastructure is here. Atkins Dame is still interested but struggles with BOLI and prevailing wage. Why can't the City be the project manager?

Russell Hubbard said they need someone to draw the concept and plan. Atkins Dame should have been here if they were sincere. He is hearing that they want to see the infrastructure. These guys are his size, and he likes them. They are smart. They build and hold onto it. Carmin Dunn said RKM is also committed if they own it. Council President Morten was concerned with their lack of time commitment to complete the project.

Al Petersen went back and reviewed their proposal again. He agreed with Hubbard that they want to maintain all the parcels once it is developed. They negotiated a zero cost 99-year lease in one of their projects. In the end, they will end up with the property at no cost. They are still talking about a cost per sq. ft. for the property. There's still value in the 27 acres of raw land, which needs to be considered as part of the negotiation. Do they move forward with this company? They showed up. The work begins with the City, attorneys, and Council defining all that. He recommends they use an attorney who specifically deals with private land development deals.

Steve Toschi thanked Roy Kim and his family for presenting a very viable proposal. It is a very well-run company with a lot of energy. However, he does not think they are a good fit for St. Helens. They want to own and develop all the property. They were very clear that they want to own every building and get tenants in there. St. Helens is a multi-generational place. He has three generations here now. They need to build homes for people to buy here and live here in an affordable way. The amount of property that is available is very limited. They have an opportunity build 200 or more owned units, in addition to apartment and business units. To exclude ownership, says none of your children will own property on the riverfront. Politically, it will be very difficult to tell citizens that they will own nothing. There are other developers and options. They should not be trying to fit this developer into their development. It does not fit their model and they are not going to change them. At some point, they are going to run into a problem. They could scale back their RFQ and look at other things. Things happen and maybe Atkins Dame is not completely out. They talked about the working from home concept. If they are still interested, go back to them and Tokola. He really likes RKM, but they are not the right fit.

Councilor Topaz talked to other developers, including Atkins Dame. Part of their concern was that roads were already laid out and other things that were unmovable. People were afraid they could not use their own design and had to use the existing City design. They do not want to build a patchwork with other developers.

Councilor Chilton hears what Toschi is saying about the vision. It does not sound like it is desirable to sell the riverfront and possibly never have it back. The vision is for the riverfront to be usable for the community. It does not mean that people own pieces of it.

Jenny Dimsho said the main thing Toschi mentioned was the benefit of having private ownership and spreading the wealth among the community. This site was not meant for that. This will be high-end housing. The market will likely not support for-sale product on that site. Since 2017, all the developers they have spoken with about that site want to develop long-term hold properties. Experience with developers, who have qualifications to do public private partnerships, lends them to this business model. They also have a lack of full-time employees to maintain the property. Having private ownership will ensure that site is beautiful. One of the benefits in Camas and Washougal is to control the commercial tenants. It helps provide for a mix of commercial uses. They would not have that ability with private ownership.

Scot Stockwell said they need to consider whether they want to make money off the property or is it a community resource. The market is extremely tight to get contractors to bid. It is their money, and they

are going to maintain it. They will probably take 25 years to develop it. This is the best way to get community access now. He likes what they had to say but does have concerns that they only have one proposal. He is concerned about the other one saying they are interested now. What if they pull out later when things get tough? He has seen the Bethany area. It is well maintained with community events happening often.

Walsh explained that Tokola only proposed a mixed-use building and a hotel to be owned by them. The RFQ was for the entire parcel. Atkins Dame is only interested if it is a multi-family, owner occupied project.

Mayor Scholl said there are some generations that would like to own property there. He thinks developers will come after you put in the infrastructure. Developing the property into smaller parcels will make it more valuable and attractive. He is not in favor of it all being owned by one developer.

Sharon Darroux is not comfortable with one developer owning the entire piece of property "forever." Although, that is probably the only way to move the project forward and have consistency. Only having one RFQ does not give them options. She is not in favor of Atkins Dame, since they did not follow through.

Mayor Scholl asked Al Petersen if it is common to have development standards. Petersen explained that there are design standards in many cities, and they have standards for the Waterfront property. That will be up to the Planning Commission to make sure they meet the standards. Petersen talked about design not being consistent anywhere. It is an eclectic mix of buildings and styles. Most of the buildings downtown are from the 1920's and 30's. They should not get too stuck on consistency. The real question is, are they going to start negotiations with Kim or not.

Jennifer Pugsley is in full agreement with Toschi. She has four generations here. She will be retired by the time the property is developed. They do not have very many condos in the area. The median sales price in St. Helens is about \$475,000. Yachts Landing almost never has condos for sale, but if they did, they would probably sell for around \$550,000. The Baby Boomer generation wants to be in walking distance to great music and restaurants. Why would someone come here if they cannot own property on the Waterfront? She is opposed to the proposal if they are not willing to negotiate ownership.

Steve Toschi said there has not been an analysis of how many units can be built on the property. They should be able to have ownership and rental units. Yachts Landing is beautifully maintained. It is high risk to build condos, but it sounds like the market can handle it. His concern about Roy Kim's business model is that he will want to own the whole thing and not piece it out. It is probably not going to give them the flexibility they want. What is the mix they are looking for? There definitely needs to be more units for people to purchase.

Mouhamad Zaher has not heard a Plan B discussed. What if the economy takes a downturn and they are relying on one developer? The market is struggling with increasing interest rates, increasing costs, and unavailable product and contractors. There is a lot of risk. The City has already put a lot of investment into property. The developer should work around the solid framework that has already been created. He agrees that they should not sell all the land. It can be a mix. He also agrees that they should not consider the developer who did not show up. That was poor integrity. There are more options to consider.

Carmin Dunn liked RKM Development's vision and consistency for the property. The view corridors they talked about are important to her. It would be positive to have condos, but it sounds like developers are not going that route. She does not want them to hold onto the idea and not have anyone to do it. She also does not want to rush into something because it is better than what they have now. She suggests moving forward with negotiations and incorporating what was discussed tonight.

Councilor Birkle agreed with moving forward with negotiations and seeing if there is flexibility.

Mayor Scholl talked about the need for apartment units. Council President Morten agreed. The most important thing is to develop time constraints.

Al Petersen recommends starting negotiations with a clear understanding that they are not giving away the whole property. He suggested asking the developer if they would be in it for one-third of the property.

Councilor Topaz talked about Yachts Landing walling off a piece of the Waterfront. If they are going to do a condo development like that, they have to have public access to the water. How much can they go back and forth?

Jenny Dimsho explained that the Riverwalk and public access along the river is not negotiable. RKM is very supportive of the public access that was designed. She is not hearing a lot of concerns about their qualifications to do the project. There seems to be more concerns about the ownership. Do they feel comfortable doing an additional market study with RKM to see if some ownership is possible? It is a mix of uses and they need to determine what the market can support. Do they want a public resource that they can move forward quickly on or are they holding out to make more money?

John Wash pointed out that they did ask for a development proposal for the entire site. When they enter into an exclusive negotiating agreement, it will give them the opportunity to feel each other out. It could be multiple developers doing pieces. RKM is very qualified.

Councilor Topaz said there are people with enough money to do it themselves. He does not want them to worry about no one else being able to take it on.

Mayor Scholl agreed that they are qualified. This is a great place to live, and they have a lot to offer. He is hoping they are negotiable, but it did not sound that way. They wanted the entire piece of property. Carmin Dunn said they seemed like they were willing to listen. Councilor Chilton suggested the Committee look at their priorities of what they envision first.

Motion: Al Petersen moved to start negotiations with the single proposal presented, with the clear understanding that not the entire project is up for negotiation. Councilor Topaz second.

Discussion.

Scot Stockwell asked if they wanted to add something about ownership of homes and condos. Jenny Dimsho said that can be part of the market study.

Amended Motion: Al Petersen moved to begin negotiations with RKM, with the understanding that it is not 100% of the site, and they include a market study for the types of units built on the site.

Mayor Scholl said they would develop the entire site, but not own the entire site. OTAK has already designed the infrastructure. Discussion ensued about infrastructure.

Scot Stockwell encouraged them to not be so specific in the motion. Councilor Chilton suggested the motion just be to negotiate with them.

Steve Toschi agreed with Councilor Chilton. The public's views of what they see for the site has not been completely considered. They may get pushback from the public when they find out they cannot own any part of it. He is against the RFQ. Roy Kim may not be in favor of multiple ownerships. If that is a priority, they need to know early on. Maybe they could move forward with half of the project that Roy Kim would develop and own? He suggested a motion to enter into the discussion to initially determine if the company is willing to consider building units for purchase. If not, are they willing to take a 10-acre piece of it?

Amended Motion: Al Petersen moved to begin negotiations to develop the property, but not the entire site, and to include a study for potential housing units on the property. Councilor Topaz seconded.

John Walsh reminded them that this a recommendation to City Council.

Vote: Yea: Councilor Topaz, Jenny Dimsho, Sharon Darroux, Mouhamad Zaher, Council President Morten, Scot Stockwell, Russell Hubbard, Al Petersen, Carmin Dunn, Councilor Birkle, John Walsh, Councilor Chilton, and Mayor Scholl; Nay: Steve Toschi and Jennifer Pugsley

Jennifer Pugsley asked what it costs the City to do the study. If he has not done it in 20 years, why would he do it now? Steve Toschi agreed. Why are they asking him for a study? Mayor Scholl responded that it is not just a study. It is also the negotiation to see if he is still interested.

OTHER BUSINESS

ADJOURN – 7:06 p.m.

Respectfully submitted by Lisa Scholl, Deputy City Recorder.

ATTEST:

/s/ Kathy Payne
Kathy Payne, City Recorder

/s/ Rick Scholl
Rick Scholl, Mayor