

City of St. Helens
City Council
Acting as both the Governing Body & Urban Renewal Agency

Public Hearing Minutes

November 15, 2018

Members Present: Mayor Rick Scholl
Councilor Keith Locke
Councilor Susan Conn
Councilor Ginny Carlson

Members Absent: Council President Doug Morten

Staff Present: Matt Brown, Finance Director
Jacob Graichen, City Planner
Lisa Scholl, Deputy City Recorder
Sue Nelson, Public Works Engineering Director
Margaret Jeffries, Library Director
Ed Trompke, City Attorney
Joe Hogue, Police Lieutenant (arrived at 6:47 p.m.)

Others:

Nancy Whitney	Mary Anne Anderson	Agnes Petersen
Howard Blumenthal	Tammy Maygra	Natasha Parvey
Diane Dillard	Robin Loper	Blair Walter
Art Leskowich	Molly Matcham	Alan King
Al Petersen	Mary Hubbard	Russ Hubbard
Harvey Bilton	Vicki Jeffries Bilton	Rosalie Sumsion
Leah Tillotson	F. Brandon	Brady Preheim
Tia Sharp	Martin Andrews-Lynn	Seth Springer
Steve Topaz	Katherine Andrews-Lynn	Morris Malakoff

1) **Open Public Hearing - 6:00 p.m.**

2) **Topic**
2.A Sale of City-Owned Property - approximate 8.21 acre parcel located in the southeast corner, more-or-less, of the paper mill property at 1300 Kaster Road

City Planner Graichen presented the public hearing. Councilor Locke recused himself from the hearing and deliberations. Graichen went on to give a history of the property. The City purchased the property in 2015. ACSP, who is the leasee, wants to purchase the property. He talked about the public hearing notices published. A land partition will have to be done as part of the sale. The property will be sold for over \$3 million. It will be seller financed over 60 months. Copies of the appraisal summary were available at the back of the room and can also be found in the archive meeting packet. Property was appraised at just over \$1.5 million.

The Urban Renewal Plan authorized the sale. It's important to note:

- Price
- Community benefit fee - \$2000/month over a five year period benefiting nonprofits of the City's choosing
- Public safety, education, and parks fund – based on the size of product and whether or not production is happening
- Proposed use - industrial agriculture
- Need agreements for utilities

Testimony - In Favor

- ◆ Howard Blumenthal. This is a great way for the City to earn money for the property. It's a green business. It's not oil and will not heavily pollute like other industries. Reminded the Council that this is a small group of citizens in attendance. A lot of people just don't show up for these meetings. It's good for the community.

Testimony - Neutral

- ◆ Frank Brendan. He heard that the purchasers will have a right of refusal for other potential purchases of the rest of the property.

Mayor Scholl responded that they have the right to purchase but if someone else has the money it can be sold. The lease is mute. This is a purchase agreement.

- ◆ Steve Topaz. The property is about 8.2 acres. That's about \$400,000/acre. The Waterfront property is estimated at \$11 million/acre. The lagoon is a toxic waste dump and ranged from \$40,000 - \$200,000 million. That's half a million for the sale of this property and \$5-11 million for the surrounding properties. Because of the public outcry in opposition to high buildings, the City threw away \$20 million in permits. That's about \$1 million/acre. There was talk about the number of people that will be hired. That will take an acre or two for parking. He pointed out that 1,000 employees equals one person for each 34 square feet of space. Half a million dollars was taken from the schools by making them pay for permits. How much money can these people actually make? He talked about income from Tourism. The City won't collect any money on this business. The tax collected goes to the State. He wants the legal people to review the document to see how the sale goes. He's very worried about it.
- ◆ Brady Preheim. He sees the pros and cons. He is not a fan of pot or alcohol. He's not a fan of selling the property but understands why it has to be sold instead of leased. This is a small portion of property out of 204 acres. Steve mentioned no tax. Is that true?

Mayor Scholl responded that is not true. The tax falls within the Urban Renewal Plan and the City will receive 100% of the tax. That's why this is a joint hearing.

Brady pointed that something needs to go there, whether it's risky or not. Drug dealers seem to have a lot of money. It goes back to the City if they default. He recommends approval in spite of the concerns he has.

Mayor Scholl clarified that the subject property is the furthest away from City Hall property. It's a former Brownfield hole that was filled. It does appraise at just over \$1.5 million. They are selling it for \$3.5 million. There are only 15 acres on the back side of the current leased property to

Cascade Tissue. This is 8.2 acres of that 15 acres. Graichen further explained the location. A copy of the map is included in the archive meeting packet.

Testimony - In Opposition

- ◆ Diane Dillard. Submitted a letter and read it into the record. A copy is included in the archive meeting packet. She is opposed to the sale.
 - Growing cannabis on this prime piece of agriculture property is a travesty.
 - The land that was basically donated by Boise is a proposed agriculture use.
 - She questions the long-term viability.
 - The City needs family-wage jobs.
 - She requested the Council go back to the mission outlined when the world renowned architects visited St. Helens several years ago and find the proper tenants for the subject property.
- ◆ Blair Walter. Submitted a letter and read it into the record. A copy is included in the archive meeting packet. He is opposed to the sale.
 - This affects his property tax basis even as a resident in Columbia City.
 - He disagrees with the statement that the City finds it convenient and in the public interest to sell the property to ACSP for use as an agriculture industrial facility. It is not in the best interest of the public or Urban Renewal Agency.
 - Cannabis cultivation is considered an agriculture activity. After two years, they would be eligible for reduced property taxes. Additional information about the program and examples of other agricultural businesses are attached to his letter.
 - He has no issues with marijuana. There is already a large supply in Oregon and he's concerned about the viability. There is a big difference with local government financing the sale.
 - This is a bad plan for the City.
 - There are not a lot of buildings on the property but this area has buildings and is ready to go.

Mayor Scholl talked about the taxes. This is the largest grow in OLCC history. He does not believe it will qualify for the agricultural exemption.

- ◆ Tammy Maygra. Submitted a letter and read it into the record. A copy is included in the archive meeting packet. She reviewed the history and sales of marijuana. She emphasized that there is more supply than demand. Why do we want to waste our time on a pot plant in this community? She questioned number one and number six on the resolution. The acreages don't match.

Graichen clarified that the 9.5 acres was an estimate based on general boundaries. Once they looked at it as a potential land division, they got an exact amount of 8.21 acres.

Tammy said there's no verbiage in the resolution to protect tax payer funds if the business fails. She went on to review her concerns included in the letter.

- ◆ Natasha Parvey-Leskowich. She is opposed to the sale. The marijuana industry is saturated. We need living wage jobs. The industrial property should remain industrial.

- ◆ Rosalee Sumsion. She is opposed to the sale based on the fact that it is illegal on a federal level. We have a duty to the children of the community. It sets a bad example for the City to sell something that is illegal on a federal level.
- ◆ Alan King. The Council has the responsibility to represent and achieve what's the best for the citizens. St. Helens is in a spectacular location with an incredible Waterfront and the basalt cliffs. There seems to be an inferiority complex thinking we're the garbage camp. A battery plant, making plastic buckets, and plastic bottle recycling barely pay over minimum wage. This would take a wonderful piece of industrial land and sell it to a business who will pay most of their people minimum wage. The Council owes the citizens better. The purchaser wants the property because it's flat with great access to the Portland area. Many other industrial businesses would want the property for the same reason. He spent 32 years at the County assessor's office. They went by the highest and best use and the Council should too. He's also concerned about the smell. Composting facilities in Portland still smell bad. It's expensive to run the technology effectively.
- ◆ Nick. He is not opposed to cannabis. It has helped his son with a rare disorder. He lived in California for seven years and owned his own cannabis business. He has seen what it's like when everyone has their hand in the pot. Growing 1,000 plants took two people. The market is so flooded right now that it's not going to bring 1,000 jobs. You may be able to get \$500/lb. They don't even know how to disperse it in California because of the federal level. He thinks this property can be used for something better.

Mayor Scholl asked if there is plenty of product for medicinal purposes. Nick said yes.

- ◆ Leah Tillotson. She relocated here about three years ago. St. Helens is beautiful and the people are kind. This is not a good fit. She wants her kids to stay here but doesn't want that to be the option for working. Scappoose is getting high tech jobs and grants. We're better than them with the Waterfront and we're getting this. This was only recently legalized. They don't know the big picture ramifications. It doesn't seem smart to jump in so fast. She's concerned about high schoolers who need jobs. We should hold out for something better. St. Helens is worth that.
- ◆ Agnes Petersen. Her concerns are procedurally.
 - The attorney came in with the front page of the appraisal. She looked at it and noticed that the inspection was done in September 2018. Benham Appraisal Services made the document available on October 9, 2018. She's disturbed that they've had it for that long and no one shared it before tonight. It only includes the summary page and not the full appraisal. You can't tell from the first page if it's valid. She objects to the matter of how this was handled. She might get another appraisal if she knew what it said. Graichen did not say anything about the option to purchase more property, a right of first refusal, and how much was paid for that, if anything.
 - The Council is going into a very dangerous area. She talked about product liability cases she has handled. For years, you could end up with a product liability or the defect. Pesticides are used for bugs on pot. Tobacco has been sued because of chemicals. The City needs to build liability restrictions into any agreement.
 - Is a right of first refusal being given? Mayor Scholl said no.
 - The public is entitled to view the terms and appraisal before signing.

Attorney Ed Trompke explained that the statute stating that the appraisal must be available says the appraisal or other evidence of value shall be presented at the meeting. The purchase price is the best evidence. An appraisal is not required. It was done for reassurance. He's not sure that any other buyer would pay more than the appraisal states.

Agnes asked for a copy of the entire appraisal. Ed does not have a complete copy with him.

Trompke explained that you don't have to have an appraisal with urban renewal. The goal is to get land back in productive use in the community. Mayor Scholl added that an appraisal was done because it was requested by the community.

- ◆ Robin Loper. She has a strong vested interest in the children and families in this community. She doesn't care about the value. The use is not in the best interest of our community, children, and families. We need wage paying jobs. She works in an area that we need to support our schools. This is not good for our community. She supports the opposition.
- ◆ Al Petersen. Submitted a letter and read it into the record. A copy is included in the archive meeting packet.
 - He pointed out the agriculture land in the County. Industrial land is a scarce resource and should be use for its intended use.
 - He played an audio clip of Mexico looking to legalize marijuana.
 - He referenced an article in Forbes magazine. It says that producers growing indoors will not be able to compete if Mexico starts. Mexico has already put places in the US out of business for growing vegetables.
 - The Port of St. Helens was recently contacted by a grower and they decided not to sell to the grower. They wanted to use the land for industrial purposes.
 - It's a low wage industry on industrial land.
 - CBD's are already being researched at good universities. One university recently signed a contract with a grower in Canada because they couldn't find anyone in the US who could provide quality product. The notion that St. Helens will become a research hub is not true. Industries are having a hard time finding employees because people can't pass a drug test. We can do better.
- ◆ Art Leskowich. He learned a lot by listening. He questioned why Councilor Locke recused himself.

After speculation, Trompke said that Locke felt the need to recuse himself and there is no need to speculate.

Art does not believe the best and highest value of the land is being used. He talked about the lagoon. It's interesting that this recreational medical facility is being built on an old landfill. To have a medical product being produced on an old landfill is ludicrous. He understands a big draw is the cheap electricity. It would be interesting to see a presentation from the purchaser. Mayor Scholl pointed out that a presentation was done two years ago when this started.

Art questions what the City perceives as transparency and open to the public.

Mayor Scholl stated that they are all looking forward to the process of learning more about the lagoon.

- ◆ Russ Hubbard. He's a developer for multi-million dollar projects. He does not see this as the highest and best use. If it goes in there, there will be more problems with development around it. You are dealing with an LLC that's owned by another LCC that has been dissolved.

There were questions from the audience above making a decision. Trompke explained the process of deliberations and voting.

- ◆ Mary Anne Anderson. She appreciates everyone who came tonight and expressed concerns. She has concerns about the procedure. She does not believe it complies with the letter or spirit of the law.. The appraisal has not been made available to the public. No one in this room has the information necessary to give informed testimony. There was a statement made earlier that the terms of the agreement are still under negotiation. She asked when they can get a copy of the complete appraisal and terms of the agreement, so they can give testimony that matters.

Trompke reiterated that the statute requires a general overview of the terms of the sale, which has been provided. The agreement won't be final until the partition is complete, which requires access and utility agreements. Trompke found a complete copy of the appraisal in his documents and will make it available to those in attendance.

Mary Anne asked for clarification on the sale. Trompke said the City will carry a note and trust deed for 60 months. It can take less than six months to get the land back. It's a streamline way to get the property back if there's a default.

Mary Anne reiterated that the property is dead-center of a wonderful industrial property in the middle of waterfront property. It will cause other businesses to not want to be there. Mayor Scholl argued that it's not in the middle of the property. It's in a corner. Graichen added that it's adjacent to a significant piece of wetland property. Mary Anne was also concerned that it's adjacent to the water. If you put a path in, you'll be going by this. Mayor Scholl clarified that there are two different properties. This is not the Waterfront Redevelopment property. This is the St. Helens Industrial Park, formerly known as the Boise White Paper site. Trompke added that the land is zoned industrial.

- ◆ Steve Topaz. Argued that the property is deep water port property, defined by the Army Corp of Engineers.


The complete appraisal was distributed to the audience.

Agnes said that she hopes the attorney has something to do with the drafting of the document. She is very concerned about the products liability issue. The liability is unlimited. Trompke responded that there is a potential for liability. There will be requirements in the final agreement that the operator complies with the Oregon Health Department and OLCC. There is no guaranty you won't get sued.

3) **Close Public Hearing – 7:37 p.m.**

Respectfully submitted by Lisa Scholl, Deputy City Recorder.

ATTEST:



Lisa Scholl, Deputy City Recorder



Rick Scholl, Mayor