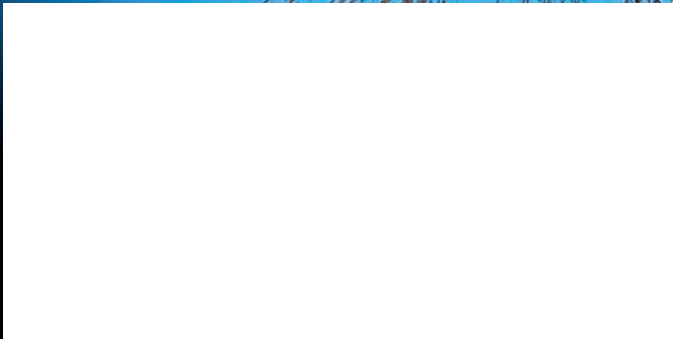


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Will
Medford
Ever Be
Cool?



Mark DeBoer, a vice president of Lithia Motors, and
Ashland developer Doug Neuman in downtown Medford

WILL MEDFORD EVER BE COOL?

A real-estate developer
and a Lithia Motors
executive aim to
revamp the city's
forlorn downtown.

BY DAN COOK
PHOTOS BY JASON E. KAPLAN



“

We’re going to bring the fun to downtown Medford.”

Doug Neuman, Neuman Hotel Group

MARK DEBOER IS STANDING on the fourth-floor balcony of the Lithia Motors headquarters building in Medford, looking out on the view of the surrounding mountains: 360 degrees of tree-blanketed hills and peaks.

He drops his gaze to the streets that crosshatch downtown: a mix of vacant properties, a pool hall, a construction company back lot and nearby Interstate 5, where motorists rush past, perhaps on their way to Ashland, 10 miles south. The latter, of course, is an enclave of the wealthy, people who came from California for the weather, the Shakespeare Festival, the fine restaurants and precious bed and breakfasts.

“Up until now, Medford has been the place that you went through to get to Ashland or Jacksonville,” says DeBoer, a Lithia Motors vice president. But the city is on the cusp of change, he says. His goal is to help turn downtown Medford into a mecca for tourists, a playground and home for the locals, a reborn town vigorous and alive.

It’s a long-held and popular dream. For nearly three decades, Medford civic leaders have struggled to position the city as a destination for travelers and a magnet for commerce. Once a thriving community fueled by timber dollars, Medford, population 77,677, has faced one setback

after another since the courts placed the survival of the spotted owl ahead of timber harvesting. It is perhaps emblematic of Medford’s fate that, in the minds of outsiders, it has been overshadowed by two much smaller towns with much larger reputations: Ashland to the south and Jacksonville to the west.

Now, after expenditures of nearly \$70 million in urban renewal and as much as \$200 million in private investments on a 26-year campaign designed to revitalize Medford’s forlorn downtown, the city may finally be poised to emerge from the longer shadows cast by Ashland and Jacksonville.

If it does, it may be due to a roll of the dice by two men — one a local boy, the other a transplant from California — both of whom have committed their dollars and their reputations to transforming Medford’s central core. The local is DeBoer; the outsider, Ashland developer Doug Neuman, who agreed to take on a motel complex turnaround project that many feel is critical to the success of the downtown revitalization effort.

They are perhaps an unlikely pair. DeBoer, 45, is a Medford native, a soft-spoken Southern Oregon University grad, deeply enmeshed in community activities — a career corporate executive who carefully weighs the risks he faces.



“
**Medford still doesn't
 have that kind of image.
 And image matters.”**

Mark DeBoer, Lithia Motors



At one point, Medford did develop an image of sorts — as a drug production and distribution center. The methamphetamine problem got so out of hand that, in 2006, members of the community formed the Southern Oregon Meth Project to try to counter the widespread use of the drug. But they've had a hard time overcoming the city's reputation for meth use, which earned it the nickname "Methford" among users and law enforcement personnel.

Motivated by old-school civic pride, DeBoer has a vision of what his hometown can be. Yet he says patience will be needed to see the elements of downtown knitted together.

Neuman, 61, is the antithesis of the corporate type. He has spent his career in real estate-related pursuits and is known as a risk taker, setting a frenetic pace that often leaves business partners struggling to keep up. A competitive tennis junkie, he sees nothing but the upside. “Medford’s got more energy going for itself these days. I could see our brand and culture doing very well there,” Neuman says. When DeBoer contacted him about redeveloping the fading Red Lion Motor Lodge, he seized the day. “We remain open to whatever opportunities might present themselves in Medford,” he says. That includes residential projects, one sorely missing piece in the downtown plan.

Together the two men balance one another. They also share a love of Southern Oregon, and the challenge that is Medford has galvanized them both. In the past 18 months, they have injected a shot of adrenaline into the comeback of downtown.

Huge hurdles remain. All parties agree Medford has yet to create an image for itself that will draw in outsiders, either as tourists, residents or investors. A substantial homeless population still lives in and around the downtown district. Medford’s economy is fragile, and there aren’t

many wealthy philanthropists like the DeBoers to spur a comeback with their own funds. The region lacks a major airport.

But those who have long championed a downtown comeback see the light at the end of the redevelopment tunnel.

“You heard a huge, collective sigh of relief from the downtown interests when we heard the Neumans were going to be involved,” says Patsy Smullin, owner and president of Medford-based California Oregon Broadcasting Incorporated (COBI), which owns the local TV station KOB1. “Now, everyone said, ‘downtown has a future.’”

MEDFORD WAS PLATTED in 1883 as a whistle stop along the Oregon and California Railroad. Jacksonville had been founded earlier, as a mining town, but Medford’s strategic location along the rail line and, later, a major thoroughfare soon pushed its population well past Jacksonville’s.

Today it boasts a diverse, if still vulnerable, economy. “We’re first in, last out when it comes to a recession,” says Brad Hicks, president and CEO of the Medford/Jackson County Chamber of Commerce.

The area is still in recovery. Whereas once Medford lived and died on timber’s fortunes, today employment is driven by retirees, who come for the climate and low cost of living; a growing health care industry; a variety of manufacturers, large and small; government, including Medford branches of educational institutions Rogue Community College and Southern Oregon University.

One West Main, one of the key pieces to the revitalization puzzle, offers a glimpse into Medford’s economy. Three local companies agreed to finance the cost of all but \$2 million of the \$9 million project, which opened last fall. Medford’s urban-renewal agency paid the rest.

The 116,600-square-foot, four-story building in the heart of downtown serves as headquarters for Pacific Retirement Services, owners/operators of retirement communities and facilities nationwide; Rogue Disposal & Recycling; and Procure Software, maker of accounting software for day



Left to right:
The One West Main office building opened last year and is close to being fully leased; the Holly Theatre; Inn at the Commons, formerly the Red Lion.



care and child care centers nationwide. “These companies have created a force and an energy downtown drawing people and businesses here,” says deputy city manager Bill Hoke. “We may not be the Pearl District in Portland, but we’re taking what we have and growing it.”

Despite its place as the largest city in Jackson County, Medford still lacks cachet. “Ashland has the Shakespeare Festival, Jacksonville has Britt Fest,” DeBoer says. “When people outside of the area think of those places, an image comes to mind. Medford still doesn’t have that kind of image. And image matters.”

The quest to come up with a brand for Medford has gone on for years. “We’ve struggled with our identity, because we’re still seen as the jumping-off spot to these cooler places like Ashland and Jacksonville,” Hicks says.

In 2012 the Chamber of Commerce even brought in nationally recognized branding expert Bill Baker (known as the man who branded Australia) to run an image campaign. But few city leaders are enthusiastic about Baker’s “Great Performances Daily” solution, which focuses on Southern Oregon as a region rather than on Medford. Baker’s “performances” include the obvious ones — the Shakespeare Festival and Britt Fest. Then the term’s definition broadens to include rafting trips on the Rogue River, fine-dining experiences, skiing, wine tastings and other activities.

Medford’s downtown association has also invested in a branding campaign focused strictly on downtown. The association is currently spearheading an effort to create an economic investment district in the downtown area that will generate more funds for marketing the central city’s restaurants, theaters, shops and markets.

DeBoer admits the lack of a clear image continues to be a problem. But, he says, as downtown evolves and more tourists stop in Medford instead of driving through, an image will emerge. “The pieces of the puzzle are falling into place,” he says. “We are enticing other people to join us. We’re finally seeing it.”

THE PUZZLE IS THAT downtown Medford is rather loosely defined in terms of its boundaries. However, the urban-renewal district has specific ones: 10th Street to the south, Oakdale Avenue to the west, Bear Creek with a slight jog to Almond Street to the east, and Jackson Street with a jog down to 4th Street to the north.

Lithia Motors’ headquarters, the Commons public park and Inn at the Commons — formerly the Red Lion — are located to the extreme east of that quadrant. Not surprisingly, new development is now tending to occur in the vicinity of the Commons, including several new upscale restaurants and a brewpub.

Orchestrating much of the action is Mark DeBoer, youngest son of Lithia Motors’ board chair Sid DeBoer. Mark watched Sid build the company from a handful of local dealerships into a national chain, now publicly traded on the New York Stock Exchange. Just as Sid DeBoer knew when the time was right to take Lithia Motors public in 1996, Mark saw his opportunity to ramp up the DeBoers’ involvement in the reinvention of downtown Medford.

The opportunity presented itself in the disguise of yet another blow to the area. For years, Lithia Motors had operated several car dealerships in and around downtown. Sid decided an auto mall would be more effective at attracting customers. The company also had its corporate offices scattered around downtown. According to Mark, Sid proposed selling the company’s downtown assets and moving the car lots and company headquarters out east on Crater Lake Highway.

Mark and his older brother Bryan, the company’s CEO, had other ideas. “My brother and I were not going to just vacate five or six acres in downtown Medford. Dad was sort of stepping back then anyway,” Mark says of the period around 2008 to 2009 when Sid was transitioning to make way for Bryan as CEO, a move that occurred in 2012. “We told Dad, ‘Let us handle this one.’ He basically said, ‘Fine.’ And we started to think about what it could look like if we were the major tenants on those five or six acres downtown.”

FOUNDING FATHER

If Medford has a modern patriarch, it is Sid DeBoer.

Little happens of import in Medford that Sid, 70, does not have a hand in. Although he is stepping back from his duties at Lithia Motors and spends time with family in New York, he is still very much a player in the affairs of his hometown.

He did not exactly spring from humble beginnings. His father was a successful car salesman in Ashland, able to send son Sid to Stanford University. He was there when his father was struck by a car and killed. Sid quit school to come home to run the business and he never looked back.

His first big move was to relocate most of the company to Medford, which had a larger population than Ashland. From 1968 until 2012, he served as the company’s chairman and CEO. *Forbes* Magazine reported that DeBoer’s total compensation for 2013 was nearly \$3.2 million.

But while he was pushing Lithia Motors from a few car lots in Medford and Ashland into a nationwide chain of auto dealerships, he retained a strong presence in Medford’s civic and social activities.

Sid DeBoer serves or has served on the boards of most of Medford’s major nonprofits, has chaired the Shakespeare Festival in Ashland and runs his own foundation. Although Lithia is a public company, its tiny board is dominated by locals. His role as the unofficial mayor of Medford has caused more than one local wag to suggest the city be renamed DeBoerville.

CALIFORNIA DREAMER

Neuman Hotel Group, the corporation formed by Doug and Becky Neuman to manage their hospitality projects, traces its beginnings to Doug's early days in real estate. He spent years as a developer in the Santa Barbara area, then relocated to Ashland following a serendipitous conversation in Eugene.

As Doug Neuman tells the story, he was in Eugene looking for a place to move his aging father. A competitive tennis player, Neuman finished a match with a local player and was chatting about his search. The other player suggested he check out Ashland.

Neuman dashed down to Ashland, liked what he saw and decided it would be perfect for his father. Soon he and Becky relocated there. He specialized initially in custom homes and subdivisions in the area — Ashland, Talent, Jacksonville. Then the Lake of the Woods beckoned.

An old hunting lodge near Klamath Falls, the Lake of the Woods had fallen on hard times. "But it had great bones. That's what we look for—does a property have good bones?" Becky says.

Working together, they restored Lake of the Woods and eventually sold it. That launched the Neumans into the hospitality field. While Doug manages the overall restoration of their properties, Becky does most of the interior design, making endless trips to Los Angeles and elsewhere to scout for furnishings and ideas. The pair has assembled a complete development team based in Ashland.

Their signature turnaround: the conversion of the historic Mark Antony Motor Hotel in downtown Ashland into the Ashland Springs Hotel. The Neumans bought it out of bankruptcy for \$1.6 million and spent two years and \$10 million restoring it to its former grandeur.

The Neumans' website discloses the one hint of controversy in the couple's development career: Doug worked with a silent partner, Reed Slatkin, for many years; they teamed up to buy and develop Ashland Springs. In 2001 both the Securities and Exchange Commission and the Federal Bureau of Investigation came after Slatkin for fraud, accusing him of running a major Ponzi scheme. Slatkin went to prison; the Neumans were among those left picking up the pieces. Eventually, they bought out his interests in all their holdings, they said.

Out of this commitment grew the idea of a headquarters building and an attractive city park constructed on land they already owned — basically, the car lots' former locations — that could serve as an anchor for downtown development.

Mark DeBoer oversaw the construction of Lithia's gleaming corporate headquarters and played a dominant role in the development of the Commons, the two-block-long park adjacent to the headquarters. These two projects were gamechangers for downtown Medford.

They also showed Medford redevelopment in its best light. Both the headquarters project, begun in 2010 and completed in 2012, and the park, completed at the same time, were public-private partnerships. Some \$14.1 million in Medford Urban Renewal Agency dollars were invested in the two projects.

THIS PARTNERSHIP would set the stage for the Red Lion redevelopment.

DeBoer serves as vice president of real estate for Lithia Motors and hasn't been shy about supervising the development of city property around the headquarters. He was specific about plans for the Commons, including insisting on keeping the old Greyhound bus terminal entryway in the middle of the park over the protests of others. While some thought the old archway didn't fit with the park's organic, natural design, DeBoer argued for keeping it as a piece of valuable Medford history.

When the headquarters and park opened, observers agree, Medford's downtown revitalization took a huge stride forward. The Lithia building complemented the nearby three-story combined quarters for the Medford branches of Rogue Community College and Southern Oregon University, completed in 2008. Suddenly Medford had a tiny skyline, buildings that actually rose above the nearby elevated section of I-5.

That next phase of development was launched when DeBoer put in a call to Doug Neuman for help in 2013 with a tricky turnaround proposal: the reclamation of the Red Lion Motor Lodge.

The Chamber's Hicks said he warned Sid DeBoer that if the right people weren't brought in to handle the project, the Red Lion was destined to become a no-tell motel — right across I-99 from the gleaming new Lithia headquarters.

But neither the city nor the DeBoers by themselves were willing to pony up what the owners wanted.

So after a series of discussions, they struck a compromise: The city of Medford agreed to buy part of the property and convert it to parking, always at a premium in downtown. A partnership (DHD) composed of Mark and Sid DeBoer and another Lithia executive would buy the rest from Red Lion and find a developer to take on the renovation.

Putting together the financing for the motor lodge acquisition was the first hurdle. The actual renovation of the Red Lion loomed as an even greater challenge. And finding someone willing to do the work necessary to turn it into a downtown asset wouldn't be easy, DeBoer knew.

The size of the motel's footprint alone would give most developers pause — 115,000 square feet, 186 rooms and a sprawling restaurant/bar area. "It was much too large for a hotel in today's world in this location," DeBoer says. Add to that myriad physical and interior design reparations.

As DeBoer considered the candidates for the job, Neuman came to mind. "Doug and I knew of each other but never really met before this," DeBoer says.

The man DeBoer turned to as his handpicked partner was known for the lightning speed at which he and his wife Becky pursue redevelopment opportunities. (Becky Neuman works closely with him on all their projects.) DeBoer made him an offer: If you'll do the work, we'll put up the money.

Neuman says it didn't take him long to decide. "I saw the opportunity. There's a lot more business activity in Medford than in Ashland," he says. Besides: "We've got a young team here. When you hire bright, energetic people, they'll leave if





Those two are creating interest in Medford among outside investors. We're getting inquiries from the financial sector, insurance, commercial types."

Bill Hoke, City of Medford

you don't give them something new and exciting to do."

The Red Lion conversion fit that bill. "I remember going through [The Red Lion] for the first time and thinking, 'I'm not sure we can do this one,'" Becky Neuman recalls. She was appalled by the interior design and had a hard time seeing the property's potential.

Doug was undeterred. After all, the Neumans had taken on undervalued and/or nearly abandoned resorts, lodges and hotels throughout Southern Oregon and reinvented them as destination accommodations. Their centerpiece turnaround is the conversion of the historic Mark Antony Motor Hotel in downtown Ashland into the Ashland Springs Hotel, completed in 2000.

At the time Doug accepted the Red Lion challenge, their team was already stretched to the limit with two major Ashland hospitality projects: the rebranding and updating of Lithia Springs Resort, just off I-5 to the north of Ashland, and the overhaul of the Windmill Inn, a long-vacant motel and conference center just off I-5 on Ashland's southern end.

"When we heard Doug had bought the Red Lion, we couldn't believe it," says one Neuman employee. "Let us finish what we already have on our plates,' we said. But that's just Doug. He thinks we can do anything."

Last summer Doug bought the iconic residence/spiritual retreat Circle of Teran in Ashland for \$1.5 million at auction, without consulting Becky. This led to a local newspaper story about the deal with the headline, "Really honey?" which she said was her reaction when she learned of the purchase. "When I first told her, it didn't go over that well, mainly because of our workload now," Neuman told the Ashland Daily Tidings. The Neumans have since sold off part of the 1,120-acre property.

The existing rehabs had stretched the Neumans thin financially. But Mark DeBoer was so certain Doug and Becky were "the right people" that he was willing to play banker in order to get the job into the right hands.

DHD arranged the financing to get the project started. Today, Neuman says, Neuman Hotel Group is 100% owner of the Red Lion.

Such public-private partnerships have been crucial to the advances made in downtown Medford, says deputy city manager Hoke. The city has to be willing to step up to the plate on projects like the Commons and Red Lion, and the downtown plan has hinged on city council's willingness to partner with private investors.

"You take Lithia and Mark DeBoer, Doug Neuman — they create the energy so that the public's investment pays off," says Hoke. "The city

Left to right: Medford architect Mark McKechnie, on the site of the future Sky Box development; Main Street; McKechnie in his downtown office.





A LITTLE HELP FROM FRIENDS

Mark DeBoer and Doug Neuman

are the catalysts for much of the downtown development that has taken place in the past 18 months. But plenty of others have contributed. Among the highlights:

- **One West Main**, an \$8.3 million, four-story, 116,600-square-foot Class A office project, opened this fall and is close to being fully leased.
- DeBoer landed tenants **Starbucks** and **Anytime Fitness** for ground-floor space in the Lithia building.
- Ashland developer **Allan Sandler** won the city's approval to build 26 units of downtown housing just a few blocks from Lithia's headquarters.
- Renowned Ashland chef **Neil Clooney**, owner of the upscale Smithfields restaurant in Ashland, opened **The Bohemian Club** in a historic downtown building in October.
- **A local brewery** is expected to sign a lease to open a brewpub in a renovated building across the street from Lithia Motors.
- A major restoration (nearly \$2 million) of **Hawthorne Park** began last fall. Hawthorne is a major city park just across I-5 from Lithia and Inn At the Commons.
- A campaign is under way to create an **Economic Improvement District** for the downtown area that would infuse more than **\$300,000** for marketing, promotional and event-related expenses over three years.

can't do it alone."

Hoke said he can't really see a downside to the strong role DeBoer and Neuman have assumed in the current phase of the redevelopment of downtown.

"I can see where someone could try to phony up a case for it, but those two are creating interest in Medford among outside investors. We're getting inquiries from the financial sector, insurance, commercial types."

Working quickly, Neuman's team revamped the complex's restaurant, modeling it after the Larks Home Kitchen Cuisine restaurant in the Ashland Springs Hotel. Meanwhile, they took on the conference center and first wave of rooms. Neuman says he's going to inject the spirit of Portland's Jupiter Hotel, located just east of downtown, into Inn at the Commons.

"We're going to make it a fun place to go, with fun things to do: Good food, good rooms, surprising additions like food carts, little bars around the pool. We're going to bring the fun to downtown Medford," he says.

The project clearly energized Neuman and got him thinking about further investments. Everyone involved in the downtown plan agrees that upscale downtown residential units are the key to truly reviving downtown. And Doug Neuman says he wouldn't mind a piece of that action.

"They're talking about having units on top of parking garages downtown. I'd be part of that," he says.

BUT HE WON'T be the first. Another Ashland developer, Allan Sandler, struck a deal in late 2014 with the city of Medford to build the Sky Box, an upscale 26-unit residential project a few blocks from Lithia's headquarters. Project architect Mark McKechnie says the combination of the infrastructure work done via the Medford Urban Renewal Agency and the DeBoer/Neuman projects have set the stage for downtown residential to work. "I think Medford is right on the cusp of having a vibrant downtown," says McKechnie, owner of the Medford firm Oregon Architecture. "The dice is being rolled. Over my career, I've worked with business owners in small downtowns and larger ones, so I have a fair amount of experience. This one has all the markings of emerging into the big picture.

"If [Sky Box] is successful, we'll know Medford's comeback is in full swing."

All signs do point to at least the strong possibility that Medford can reinvent itself as somewhere people pull over, park and spend money — instead of traveling through to Ashland or Jacksonville. It'll take a continuing economic comeback; clearly, eyes in Medford will be fixed on Lithia Motors' stock price. After all, Lithia Motors has invested \$20 million in the downtown project. Lithia, Procure, Pacific Retirement and other Medford-based national companies are still fighting the recruiting battle to convince top talent to move to Medford. And downtown remains dotted with vacant buildings.



The former Lithia dealership is slated to become a brewery.

But the tide does seem to have turned. When legendary Ashland restaurateur Neil Clooney of Smithfields in Ashland wanted to open a second restaurant, he decided his hometown was oversaturated. Instead, he looked to Medford, and liked what he found.

In October he opened a massive downtown fine-dining spot called the Bohemian Club. He says it may take time to build a crowd. "It's a challenge here. It's a bit tougher to get your name out here. You still see the Applebee's and Red Robin parking lots packed at dinner time," says Clooney. "But I've got confidence in downtown Medford. I think the timing is right."

Of course, nothing is ever that simple in urban development. The stage had to be set for the entrance of the marquee players with years of often prosaic infrastructure improvements — new sidewalks, streetlights, new sewers, updated building facades. Just as crucial, the economy had to take a turn for the better. Only then could someone with power, money, influence and a love of Medford emerge to kick the effort into high gear.

Back on the Lithia Motors headquarters balcony, Mark DeBoer revisits the past and contemplates the future. "Until now, Medford has been the place that you go through to get to Ashland or Jacksonville. We're going to change that. But," he adds with a dash of realism, "it may take another 10 years. We have to be patient and keep moving forward."

Ten years? That doesn't sound like a Doug Neuman timeline. As the Neumans have demonstrated in Ashland, once they decide a town is worth investing in, they're all in. It's easy to imagine Neuman taking on several projects simultaneously in Medford, pushing his young staff to test their limits.

So three decades of community leaders doggedly pursuing a dream — to raise Medford's cool index to the level of Ashland's and Jacksonville's — may at last be coming to fruition. Just how much longer it may take will likely hinge on the ying-and-yang team of DeBoer and Neuman: two opportunists who see opportunity staring them in the face just off the I-5 freeway in humble Medford. **OB**