ROUGHLY EDITED TRANSCRIPT
EUGENE CITY COUNCIL
WORK SESSION
JANUARY 21, 2026
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[LIVE CAPTIONER STANDING BY].

>> MAYOR KNUDSON: DID AFTERNOON AND WELCOME TO THE JANUARY 21ST, 2026 CITY COUNCIL WORK SESSION FOR WORK SESSIONS LIKE THIS ONE, THERE IS NO OPPORTUNITY FOR PUBLIC COMMENT AND THOSE WISHING TO DO SO CAN WATCH ON THE WEBSITE OR CALLING IN THE NUMBER ON THE MEETING MATERIALS AND WEB PAGE.

THANK YOU AGAIN FOR JOINING US IN THIS VIRTUAL MEETING FORMAT TODAY.

I CALL THE JANUARY 21, 2026, WORK SESSION OF THE EUGENE CITY COUNCIL TO ORDER AND I'LL TURN IT OVER TO OUR CITY MANAGER TO INTRODUCE OUR FIRST TOPIC WHICH IS WORK SESSION ON THE PROPOSED WASTEWATER EXPANSION TO SERVE GOSHEN, SHORT MOUNTAIN LANDFILL

AND CITY OF CRESWELL.

>> WE'LL HAVE LANE COUNTY STAFF TO PRESENT ON THE PROPOSAL TO EXPAND METROPOLITAN WASTEWATER COMMISSION TO INCLUDE SHORT MOUNTAIN LANDFILL AND CRESWELL ALONG WITH IMPACTS ON CAPACITY AND COSTS, AND NEXT STEPS RELATED TO THE METRO PLAN.

IN A MOMENT I'M GOING TO TURN IT OVER TO DAN HURLEY FOR THE PRESENTATION.

BUT I WANTED TO NOTE WE HAVE SEVERAL STAFF FOR QUESTIONS AS NEEDED INCLUDING LISA HUNTER, MICHELLE, AND WE ALSO HAVE MATT STOUDER, MWMC GENERAL MANAGER WITH US TODAY.

SO DAN, I'LL THROW IT TO YOU.

>> HURLEY: LET ME SHARE MY SLIDE.

GOOD AFTERNOON.

THANK YOU, MAYOR AND CITY COUNCILORS.

APPRECIATE YOU HAVING US HERE TODAY TO TALK ABOUT THIS ISSUE OF PROPOSED WASTEWATER EXPANSION.

I'M JOINED BY FOLKS FROM CRESWELL TODAY AND CITY MANAGER FROM CRESWELL WILL TAKE A COUPLE SLIDES HERE.

BUT AN UPDATE OF WHERE WE ARE IN THE PROCESS AND TO PREPARE YOU FOR THE NEXT STEPS WHAT WE'RE SEEING AS A METRO PLAN AMENDMENT.

THE COUNTY IS SPONSOR AN AMENDMENT THAT THE COUNCIL WILL GET TO WEIGH IN ON AND WHETHER YOU WANT TO SUPPORT THIS IDEA OR NOT.

WE LAST TALKED ABOUT THIS BACK IN 2023 AND MANY OF YOU WERE AT THE PRESENTATION WHEN WE TALKED ABOUT THAT THEN.

WE ALSO WENT THROUGH -- WE STARTED A METRO PLAN AMENDMENT, WE

WORKED THROUGH A JOINT PLANNING COMMISSION SESSION, AND THE PLANNING COMMISSION, AS WELL AS WORK SESSIONS WITH THE CITY COUNCILS, BOTH IN GENERAL SUPPORTED THE CONCEPT, BUT WANTED MORE INFORMATION AROUND POTENTIAL IMPACTS TO EXISTING RATE PAYERS, THE COST OF THE PROJECT, AND SOME CAPACITY CONCERNS.
AND SO WE'VE DONE ADDITIONAL WORK SINCE THEN WITH SOME ADDITIONAL STUDIES TO GET AT THOSE TWO ISSUES OF COST AND CAPACITY.
AND I'LL SHARE SOME OF THAT IN THE PRESENTATION HERE.
BUT WE SORT OF PUT IT ON THE SHELF TO -- WE DIDN'T HAVE FUNDS IDENTIFIED AT THE COUNTY.
THERE WERE LOTS OF OTHER -- THE HIGH-PRIORITY PROJECTS GOING ON.
SO THIS WAS KIND OF PUT ON THE BACK BURNER.
BUT IT'S BEEN LIFTED UP AGAIN AND WITH MORE URGENCY AT THIS POINT AS THERE ARE TWO COMMUNITIES THAT ARE INTERESTED IN CONNECTING TO THIS PROJECT.
AND CONNECTING INTO THE MWMC, THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION, SYSTEM.
AND SO THAT'S THE CITY OF CRESWELL AND MORE RECENTLY JUST IN THE LAST FEW MONTHS THE CITY OF JUNCTION CITY.
SO I THINK IT'S ACTUALLY GOOD TIMING THAT WE KIND OF STALLED OUT FOR A LITTLE WHILE, BECAUSE NOW WE HAVE THE OPPORTUNITY TO LOOK AT THIS WITH SOME OTHER PARTNERS AND LOOK AT THIS AS A REGION.
SO I HAVE A SET OF SLIDES HERE I'M GOING TO TRY TO MOVE QUICKLY AND KEEP THIS TO ABOUT 15 MINUTES SO WE HAVE PLENTY OF TIME FOR QUESTION AND ANSWER.

ALL RIGHT.

SO LET'S SEE.

MY SLIDE IS NOT ADVANCING.

OKAY.

THERE WE GO.

SO A LITTLE BACKGROUND.

THIS PROJECT'S BEEN GOING ON -- WE ACTUALLY FOUND A PROJECT -- A REPORT SINCE THE '60S THAT LOOKED AT CONNECTING GOSHEN INTO THE SYSTEM.

THIS IDEA'S BEEN OUT THERE FOR A LONG TIME.

BUT MOST RECENTLY IN 2011 WAS REALLY WHEN THIS -- THIS GAINED MOMENTUM AT THE LANE COUNTY BOARD OF COMMISSIONERS LEVEL.

THIS IS IN THE WAKE OF THE GREAT RECESSION AND THE BOARD WAS LOOKING AT WAYS TO INCREASE ECONOMIC DEVELOPMENT WITHIN THE REGION.

AND STARTED LOOKING AT GOSHEN.

AND THEY SET THIS GOAL BY 2016 WHICH WE MISSED BUT WORKING ON THE PROJECT TO TRANSFORM GOSHEN WITH INCREASED LEVELS OF DEVELOPMENT AND TO ADD WELL-PAYING JOBS IN THE AREA.

THEY WERE LOOKING AT ADDING ABOUT 2,000 TO 3,000 POTENTIAL JOBS IN THE GOSHEN AREA.

AND SO YOU'RE PROBABLY AWARE OF GOSHEN JUST SOUTH OF SPRING -- OR SPRINGFIELD, EUGENE.

AND IT'S A UNIQUE AREA BECAUSE IT HAS A LOT OF INDUSTRIAL LAND.

MOSTLY CONTIGUOUS, OVER 300 ACRES OF INDUSTRIAL LAND, WHICH IS

UNIQUE FOR OUR REGION AND THE STATE.

IT WAS DESIGNATED AS AN INDUSTRIAL AREA BY THE STATE.

IT'S UNIQUE IN THAT IN PATHWAYS OF HIGHWAY 99, HIGHWAY 58 AND INTERSTATE 5.

THERE'S FIBEROPTICS, NATURAL GAS.

CLOSE TO LABOR MARKETS.

BUT IT HASN'T DEVELOPED TO ITS POTENTIAL LARGELY BECAUSE OF LAND USE BARRIERS AND THIS ISSUE AROUND NOT HAVING WASTEWATER SERVICE.

SO ON THE LAND USE SIDE OF THINGS, THE BOARD STARTED THROUGH A PROCESS TO UP-ZONE THIS AREA FROM -- IT WAS RURAL INDUSTRIAL AND NOW IT IS GOSHEN SPECIFIC, GENERAL INDUSTRIAL AND LIGHT INDUSTRIAL.

SO THESE ARE URBAN LEVELS OF INDUSTRIAL DEVELOPMENT THAT ARE NOW ALLOWED.

WE WENT THROUGH THE PROCESS OF OBTAINING A STATEWIDE PLANNING EXCEPTION FOR GOAL 14, URBANIZATION AND DEVELOPED WHAT'S CALLED THE GREAT PLAN.

THE GOSHEN REGIONAL AND EMPLOYMENT TRANSITION PLAN TO ASSIST IN THIS TRANSFORMATION OF GOSHEN.

AS WE WENT THROUGH THAT PROCESS, IT WAS APPEALED BY LAND WATCH LANE COUNTY AND THE LAND USE BOARD OF APPEALS REQUIRED US TO DO ADDITIONAL WORK TO SHOW HOW WASTEWATER SERVICES WOULD BE SUPPLIED TO THIS AREA.

THAT LED US TO A 2015 STUDY WHERE WE LOOKED AT DIFFERENT ALTERNATIVES.

ONE OF THEM WAS CONNECTING INTO THE MWMC SYSTEM.
ONE WAS LOOKING AT LAGOON TREATMENT.
ANOTHER ONE WAS SMALL, YOU KNOW, VERSION OF MWMC, A MECHANICAL TREATMENT PLANT.
ULTIMATELY RECOMMENDING THAT THE MWMC CONNECTION WOULD BE THE BEST FOR A VARIETY OF REASONS OF COST, ENVIRONMENTAL EFFECTIVENESS, AND JUST MADE SENSE REGIONALLY.
SO THAT'S THE DIRECTION THAT WE START HEADING WITH THIS PROJECT.
AS WE LOOKED AT SOME PRELIMINARY DESIGNS AND CONNECTING INTO GOSHEN, REALIZED IT ALSO MADE SENSE TO TRY TO CONNECT IN THE SHORT MOUNTAIN LANDFILL.
IF WE'RE GOING AS FAR AS GOSHEN, IT'S JUST ANOTHER ABOUT MILE, MILE AND A HALF TO CONNECT THE LANDFILL.
AND THE LANDFILL PRODUCES SIGNIFICANT AMOUNT OF -- SIGNIFICANT AMOUNT OF WASTEWATER.
WE CALL IT LEACHATE THAT COMES PERCOLATING THROUGH THE LANDFILL AND ABOUT 25 MILLION GALLONS A YEAR THAT HAS BEEN TRUCKED INTO THE MWMC SYSTEM WITH THESE TANKER TRUCKS.
AND SO WE'VE BEEN DOING THAT FOR DECADES NOW.
AND THERE'S A SIGNIFICANT ENVIRONMENTAL IMPACT OF THAT, ALL THESE TRUCK TRIPS ON THE ROAD.
YOU ALSO HAVE TO REALLY RAMP UP THE OPERATION DURING SIGNIFICANT WET WEATHER EVENTS WHERE WE'RE RUNNING THREE TRUCKS, 24 HOURS A DAY.
AND THE POTENTIAL FOR THESE TRUCKS TO HAVE ACCIDENTS AND IT'S

JUST -- IT'S QUITE AN OPERATION THAT WE WOULD LIKE TO DISCONTINUE IF WE COULD HAVE A PIPELINE CONNECTION THERE.
THAT ALSO LED US TO A FINANCIAL STUDY BACK IN 2017.
WE WERE LOOKING AT A COUPLE DIFFERENT WAYS TO HAVE THE USERS PAY INTO THE SYSTEM.
THERE'S THIS SDC ASSISTANT CHARGE DEVELOPMENT MODEL AND BUY-IN MODEL.
IT RECOMMENDED A NUMBER OF ADMINISTRATIVE RECOMMENDATIONS TO HELP COMPLETE THIS PROJECT OF, YOU KNOW, WHICH ENTITIES COULD PROVIDE SOME SERVICES.
THINGS AROUND OWNERSHIP AND BILLING AND THINGS LIKE THAT.
THEN WE STARTED INTO SOME ENGINEERING PLANS.
2022 WE COMPLETED WHAT WAS CALLED THE PROJECT DEFINITION REPORT.
SO THAT LOOKED AT RUNNING TWO 10 INCH FORCE MAINS ALONG HIGHWAY 99 TO CONNECT IN GOSHEN AND THEN A 6 INCH LINE TO CONNECT TO THE LANDFILL.
SO I THINK I'LL STOP HERE TO TALK ABOUT THE CONNECTION FROM CRESWELL UP TO GOSHEN.
CRESWELL STARTED FACING MORATORIUM ON HOUSING WITH AN ACTION FROM DEQ, AND I'LL INTRODUCE VINCENT, THE CITY MANAGER AT CRESWELL, TO PICK IT UP FROM ARE HERE.
>> VINCENT: HELLO, EVERYONE.
AS DAN MENTIONED, WE ARE CURRENTLY UNDER A MUTUAL AGREEMENT ORDER WITH DEQ.
AND THAT'S A BIG WAY OF SAYING THAT GIVING THE NUMBER OF YEARS IT'S

BEEN A CHALLENGE FOR US TO MEET CERTAIN REQUIREMENTS GIVEN THE FLOW OF THE STREAM AND TRIBUTARY THAT WE DISCHARGE INTO.
SO DEQ PLAYS -- WE HAVE ENTERED A MUTUAL AGREEMENT THAT REALLY PUTS A MORATORIUM ON CERTAIN DEVELOPMENT WITHIN CRESWELL.
AS WE MEET CERTAIN CONDITIONS FOR CERTAIN IMPROVEMENTS, WE DO GET A NUMBER OF WHAT'S CALLED THE EQUIVALENT DWELLING UNIT CONNECTIONS.
SEVERAL MONTHS AGO WE RECEIVED TEN BECAUSE OUR STAFF HAS BEEN DOING A GREAT JOB IN MEETING THOSE COMPANIES.
BUT THE REALITY FOR US IS WE'RE FACED WITH REALLY TWO OPTIONS MOVING FORWARD.
EITHER THE REGIONAL CONNECTION, WHICH WE ASK FOR YOUR SUPPORT FOR, OR TO BUILD AN IMPROVED PLANT HERE IN CRESWELL.
THE COST DIFFERENCE BETWEEN THOSE IS THE PLANT ITSELF INITIALLY WOULD BE ABOUT $70 MILLION.
AND THAT'S NOT INCLUDING THE UPGRADES THAT WE WOULD NEED EVERY SEVERAL YEARS OR EVERY FIVE YEARS TO MEET CERTAIN REQUIREMENTS.
THE REGIONAL CONNECTION INITIALLY WAS ABOUT 43 MILLION.
AND IN CONVERSATIONS WITH LANE COUNTY AND JUST THE TIMING OF DIFFERENT FINANCES, WE'VE AGREED TO TAKE ON A LITTLE BIT MORE EXPENSE, ABOUT $12 MILLION, BRINGING THE PROJECT UP TO $52 MILLION SO WE CAN MAKE THIS CONNECTION.
AND THE CONNECTION THAT WAS REALLY DESIGNED WAS FOR, AS YOU SEE ON THIS SCREEN, OUR POPULATION OUT TO 7,500.
WE'RE CURRENTLY AT JUST OVER 5,800.

AND THE UPGRADES THAT WOULD BE NEEDED TO CONNECT INTO THIS SYSTEM, AND THERE'S MORE CONVERSATIONS THAT DAN WILL GO INTO A LITTLE BIT FURTHER ABOUT THE ADDITIONAL INFORMATION THAT NEEDS TO BE REVIEWED AND AMOUNT OF DETAIL FOR THE TOTAL IMPACT ON THE SYSTEM AND HOW TO BRING THAT SYSTEM UP TO BEING ABLE TO MEET OUR CONNECTION WITH REALLY MINIMAL COST IMPACT OR NO COST IMPACT TO THE EXISTING USERS.

SO IN WORKING WITH LANE COUNTY AND DEQ, WE'RE REALLY ALL IN AGREEMENT THAT THE CONNECTION TO THE METRO REGIONAL SYSTEM, INTO SPRINGFIELD AND THROUGH EUGENE IS REALLY OUR BEST OPTION MOVING FORWARD LONG TERM.

AND IT -- ALSO THERE IS A BENEFIT TO THE METRO WASTEWATER COMMISSION FROM EXPANDING THEIR USER RATE BASE, ALLOWING THEM TO EXPAND THAT WAY A LITTLE BIT FOR FUTURE REVENUE AS WELL.

AND I THINK THAT MAY COVER BOTH SLIDES, DAN.

>> HURLEY: THANKS, VINCENT.

I'LL JUST ADD THAT CRESWELL'S VERY CHALLENGED IN RUNNING THEIR FACILITY, YOU KNOW, DOWN IN CRESWELL.

IT'S A VERY SMALL WATER BODY THAT THEY DISCHARGE TOO, THE CREEK, AND WASTEWATER TREATMENT PLANTS ARE VERY EXPENSIVE AND DIFFICULT TO RUN.

ESPECIALLY WITH, YOU KNOW, INCREASING ENVIRONMENTAL REGULATIONS TO DISCHARGE TO A SMALL CREEK LIKE THAT FOR A GROWING COMMUNITY IS VERY CHALLENGING.

MORE RECENTLY, JUST IN THE LAST COUPLE MONTHS, WE'VE BEEN

APPROACHED BY JUNCTION CITY, AND THEY'RE UNDER A VERY SIMILAR COMPLIANCE ACTION FROM DEQ AND A MORATORIUM ON HOUSING.
SO THEY'RE TRYING TO CATCH UP TO WHERE THE CITY OF CRESWELL IS RIGHT NOW IN THEIR STUDIES, AND THEY'RE ACTUALLY FARTHER ALONG THAN WE HAD THOUGHT.
I DON'T HAVE A SLIDE ON JUNCTION CITY BECAUSE WE HAVEN'T ACTUALLY GONE BACK TO OUR BOARD YET.
BUT THAT'S -- THAT'S THE NEXT STEP OF THIS IS TO GO TO THE BOARD TO SEE IF THEY'RE INTERESTED IN INITIATING A METRO PLAN AMENDMENT THAT WOULD INCLUDE JUNCTION CITY.
SO I JUST WANT TO PUT THAT ON YOUR RADAR THAT THAT MAY DEVELOP AS A POTENTIAL ASK AS WE'RE LOOKING AT THIS PROPOSED METRO PLAN AMENDMENT.
JUNCTION CITY'S IN A VERY SIMILAR SITUATION TOO.
THEY'RE DISCHARGING TO FLAT CREEK, I BELIEVE, VERY SMALL WATER BODY THAT CONNECTS TO THE WILLAMETTE AND IT'S HARD TO MEET THOSE DISCHARGE LIMITATIONS.
THERE HAD TO MAKE SURE THERE WAS CAPACITY IN THE SYSTEM.
WE WORKED WITH JACOBS SOLUTIONS, AN ENGINEER FIRM, TO LOOK AT CAPACITY AT A HIGH LEVEL BIG PICTURE FOUND THAT THE SYSTEMS THAT CAPACITY IN MOST PLACES.
THE LARGE COMPONENTS OF THE SYSTEM, THE CLARIFIERS, AERATION TANKS, THERE ARE SUFFICIENT CAPACITY.
THERE ARE PIPE LIMITATIONS OVER IN SPRINGFIELD AND CONNECTING TO GLENWOOD THAT NEED TO BE LOOKED AT.

SO WE'LL NEED TO GO THROUGH MORE DETAIL ENGINEERING ANALYSIS ON THAT.

IF THERE ARE UPGRADES, IT'S THE INTENT THAT THE NEW USERS WOULD PAY FOR THOSE UPGRADES.

IT WOULD BE CAPITAL OVER TIME FOR THOSE LARGER IMPROVEMENTS, AS WE'RE ADDING MORE FLOW INTO THE SYSTEM, THERE'S THE POTENTIAL THAT THOSE WOULD NEED TO COME SOONER.

SO THAT'S OUTLINED TO SOME DEGREE IN THIS HIGH-LEVEL REPORT.

BUT WE WILL NEED TO DO MORE WORK ON THIS AS WE GET INTO THAT PART OF IT.

AND I JUST WANT TO SAY, YOU KNOW, THE POINT WE'RE AT NOW WE STRUGGLED WITH HOW MUCH DETAIL GO INTO WHEN IT'S REALLY A POLICY DECISION THAT WE'RE LOOKING FOR NOW.

WE DIDN'T WANT TO TAKE THIS TO THE, YOU KNOW, FULL ENGINEERING DESIGN, THE HIGH COST OF DOING ALL THAT IF THERE ISN'T POLICY SUPPORT FOR MOVING IN THIS DIRECTION.

SO THAT'S KIND OF BEEN SORT OF THE CHICKEN AND THE EGG SCENARIO WHERE WE TRY TO FIGURE OUT HOW MUCH EFFORT DO WE PUT INTO THE DETAILED ANALYSIS IF WE DON'T KNOW IF WE HAVE THE SUPPORT.

SO THE OTHER PIECE WAS AROUND THE COST.

AND WE'VE DONE SOME COST ESTIMATING.

LAST WAS DONE IN 2023 FOR THE LANE COUNTY PORTION, THE GHOSH -- GOSHEN, THE LANDFILL PART.

THAT LOOKED AT $20 MILLION CONSTRUCTION, CHARGES GOING INTO THAT BRINGING IT TO THE 32 TO $36 MILLION RANGE.

CRESWELL HAS DONE A SIMILAR STUDY SO I DIDN'T PUT THEM IN THE SAME TABLE, BUT THEY'RE LOOKING AT 63 TO $63 MILLION RANGE FOR THE PROJECT.

AND THEN JUST RECENTLY A COUPLE WEEKS AGO WE GOT A FIGURE FROM JUNCTION CITY.

SO VERY EXPENSIVE PROJECT.

YOU KNOW, WE DON'T YET KNOW HOW THE FUNDING WILL COME TOGETHER FROM THE DIFFERENT ENTITIES, AND WE'RE WORKING WITH REGIONAL SOLUTIONS, THE GOVERNOR'S OFFICE IS VERY INTERESTED IN THIS REGIONAL APPROACH AND IS TRYING TO PULL IN POTENTIAL AGENCIES TO HELP FIND GRANT MONEY, LOAN MONEY TO BRING THIS PROJECT TOGETHER.

BUT WE'RE STILL AT THE BEGINNING PART OF THAT FUNDING CONVERSATION.

BUT THE BIG PIECE THAT I WANT YOU TO TAKE AWAY, YOU KNOW, YOU MAY THINK WHY DO THIS IF THERE'S A RISK TO CITY OF EUGENE RATE PAYERS.

AND THE INTENT IS THAT THERE WOULD BE NO FINANCIAL IMPACT TO EXISTING RATE PAYERS, THAT THE NEW USERS WOULD PAY THEIR WAY INTO THE SYSTEM.

SO FIRST THAT WOULD BE DONE BY -- WE'VE AGREED TO A METHODOLOGY WITH MWMC THAT WE WOULD USE THEIR SDC SYSTEM DEVELOPMENT CHARGE METHODOLOGY.

SO THAT HAS A COMPONENT THAT LOOKS BACKWARDS TO USE -- TO PAY FOR CAPACITY THAT'S ALREADY IN THE SYSTEM THAT WOULD BE USED, AS WELL AS A FORWARD-LOOKING COMPONENT FOR FUTURE CAPITAL IMPROVEMENTS THAT WOULD BE NEEDED SO THAT THE NEW FLOWS WOULD

BE PAYING THEIR WAY.
WE WILL NEED TO WORK THROUGH AN AGREEMENT WITH THE DIFFERENT PARTIES TO DOCUMENT, YOU KNOW, WHO WOULD PAY FOR WHICH PIECES AND MAKE SURE THAT IT'S CLEAR THAT THE NEW USERS ARE PAYING THEIR WAY AND WE'RE STARTING CONVERSATIONS WITH CRESWELL AROUND THAT.
WE'RE PROPOSING ONGOING 5% OUT OF NETWORK CHARGE FOR THE NEW USERS COMING INTO THE SYSTEM.
KNOWING THAT THE SYSTEM WILL REQUIRE A MORE -- MORE PUMP WEAR TIME AND CHEMICALS THAT ARE USED IN THE TREATMENT FACILITY AND THINGS LIKE THAT THAT ARE HARDER TO DEFINE.
SO WITH THAT ADDITIONAL 5% ON ONGOING RATES, THAT WILL HELP COVER TO MAKE SURE EXISTING RATE PAYERS AREN'T NEGATIVELY IMPACTED.
SO BENEFITS TO THE SYSTEM IS THAT FOR THOSE FUTURE CAPITAL PROJECTS, BY EXPANDING THEIR RATE PAYER BASE, THAT CAN MAKE IT MORE AFFORDABLE FOR ALL RATE PAYERS IN THE SYSTEM.
THERE'S SORT OF AN ECONOMY OF SCALE THING.
AND LOOKING REGIONALLY, THERE'S A LOT OF BENEFIT AROUND COST SAVINGS AND EFFICIENCY.
AGAIN, THESE WASTEWATER TREATMENT PLANTS ARE VERY EXPENSIVE AND DIFFICULT TO MAINTAIN THAT NOT HAVING TO HAVE MULTIPLE OF THESE IN THE REGION RUNNING AND RELYING ON MWMC, WHICH IS, YOU KNOW, AN AWARD-WINNING FACILITY THAT DOES SUCH A GREAT JOB DOING THIS, THAT IF WE CAN ALL JUST RELY ON THAT ONE REGIONAL SYSTEM AND BE ABLE TO EXPAND THAT, THAT MAKES A LOT OF SENSE.
WE TALKED ABOUT THE EMISSIONS REDUCTIONS WITH THE TRUCKING.

WATER QUALITY IMPROVEMENTS, YOU KNOW, WITH THOSE SMALL WATER BODIES THAT THESE FACILITIES ARE HAVING TO DISCHARGE TO, TRYING TO IMPROVE THIS.

ECONOMIC VITALITY FOR THE REGION.

AGAIN, THE JOBS IN GOSHEN, BUT ALSO IN CRESWELL AND JUNCTION CITY AND THE ABILITY TO OPEN UP HOUSING.

JUNCTION CITY HAS SEVERAL HUNDRED HOUSING UNITS THAT COULD BE OPENED UP IF WE CAN GET THROUGH A SOLUTION FOR THEM ON THOSE WASTEWATER ISSUE.

SO THAT'S A BENEFIT TO THE REGION AND I THINK THE CITY OF EUGENE TO HAVE JOBS THAT ARE IN THESE COMMUNITIES OR HOUSING FOR PEOPLE THAT HAVE JOBS IN THE CITY OF EUGENE.

SO THERE'S SOME REGIONAL BENEFITS HERE TO CONSIDER.

SO AGAIN, WHERE WE'RE AT HERE IS TO LOOK AT THIS POLICY DECISION AROUND THE METRO PLAN.

CURRENTLY THE METRO PLAN DOESN'T ALLOW EXTENSIONS OUTSIDE OF THE URBAN GROWTH BOUNDARY.

STATE LAW DOES ALLOW FOR THAT, THE LANDFILL, GOSHEN, AND INSIDE THE CITY GPE.

SO THIS METRO PLAN AMENDMENT WOULD ALLOW FOR THAT ADDITIONAL EXTENSION INTO THESE SERVICE AREAS THAT ARE ALLOWED BY STATE LAW.

THAT WILL REQUIRE APPROVAL FROM EACH OF THE ENTITIES OF THE METRO PLAN, EUGENE, SPRINGFIELD, AND LANE COUNTY.

THERE WILL ALSO NEED TO BE AN UPDATE TO THE INTERGOVERNMENTAL AGREEMENT FOR THE METROPOLITAN WASTEWATER COMMISSION.

AGAIN, THOSE SAME THREE PARTIES.

THAT WOULD BE AFTER THE METRO PLAN AMENDMENT.

AND SO THAT WILL GET INTO MORE OF THE DETAIL AROUND THE SPECIFICS OF THE AREAS AND PAYMENT AND DIFFERENT THINGS LIKE THAT.

WE WILL HAVE TO ADOPT REGULATIONS PROHIBITING CROSS-CONNECTIONS.

SO THAT MEANS THAT THIS WON'T ALLOW FOR SPRAWL BETWEEN CRESWELL AND, YOU KNOW, GOSHEN.

BY STATE LAW, WE WOULD NOT -- IT COULD NOT BE ALLOWED TO CONNECT IN OTHER DEVELOPMENTS ALONG THE WAY.

SO IT'S JUST CONNECTING BETWEEN THESE AREAS AND SERVICING THEM.

WE'LL HAVE TO WORK THROUGH A LOT OF ENGINEERING, AGAIN, LOOKING MORE INTO THE CAPACITY ISSUES.

AND REFINEMENT AND THE CONNECTION COSTS.

WE'LL HAVE TO WORK THROUGH INTERGOVERNMENTAL AGREEMENTS FOR OPERATION AND MAINTENANCE, OWNERSHIP.

WE HAVE TO WORK THROUGH ALL THE FINANCING PIECES.

THERE'S A LOT YET TO COME ON THIS AND THERE ARE POINTS WHERE THE CITY WILL HAVE ADDITIONAL DECISION-MAKING AUTHORITY, PARTICULARLY WITH THE MWMC INTERGOVERNMENTAL AGREEMENT WHICH WOULD NEED GO TO ALL PARTIES.

SO WE WENT TO THE CITY OF SPRINGFIELD ON JANUARY 5TH AND THEY WERE GENERALLY SUPPORTIVE.

YOU KNOW, WANTING TO HAVE SOME MORE DETAIL ON A FEW ISSUES, BUT GENERALLY SUPPORTIVE.

AND THEY WERE OPEN TO THE IDEA OF JUNCTION CITY BEING ADDED.

BUT AGAIN, WE NEED TO GO TO OUR BOARD ON THAT.
THAT'S NEXT STEP IN FEBRUARY AFTER OUR WORK SESSION HERE TODAY.
AND THEN WE'LL START WORKING THROUGH THE PLANNING COMMISSION PIECE OF THAT IN APRIL AND MAY FOR GEARING UP TO THE JOINT ELECTED PUBLIC HEARING MAY/JUNE AND YOUR OFFICIAL DELIBERATIONS AND ACTION JUNE/JULY.
THAT'S WHAT WE'RE SHOOTING FOR, TRYING TO GET THROUGH THIS BEFORE THE CITY OF SPRINGFIELD TAKES THEIR SUMMER RECESS.
AND I WILL STOP THERE FOR YOUR QUESTIONS.
THANK YOU.
COUNCILOR ZELENKA.
>> MAYOR KNUDSON: THANK YOU, DAN AND VINCE FOR THAT PRESENTATION.
COUNCILOR ZELENKA.
>> ZELENKA: YES, SO MANY QUESTIONS.
THE MAIN ONE IS AROUND THE RATE PAYERS FOR EUGENE AND SPRINGFIELD.
THEY PAID FOR THE PLANT AND BUILT THE CAPACITY INCLUDING ANY SURPLUS WE COULD GROW INTO.
IF WE ADD GOSHEN, CRESWELL AND JUNCTION CITY, HOW DO WE ENSURE THAT EUGENE RATE PAYERS ARE HELD HARMLESS?
WHAT'S THE NATURE OF THAT GUARANTEE?
IS IT CONTRACTUAL?
IT ALSO LOOKS LIKE THERE'S LITTLE TO NO BENEFIT TO EUGENE/SPRINGFIELD BY BRING THESE FOLKS ON BUT HIGH RISK AND COST.
WHO PAYS AND HOW THAT ACTUALLY PLAYS OUT IS CRITICALLY IMPORTANT.

IF THEY BUY-IN AT EXISTING CAPACITY, HOW MUCH -- WHAT.

GROWTH?

WHO PAYS FOR THOSE COSTS THAT COME OVER TIME.

AND HOW BIG WOULD THIS EXPANSION BE THAT WOULD REQUIRE FOR -- TO ADD IN ALL OF THESE?

BECAUSE THERE'S SOME QUESTIONS I HAD IF YOU COULD ADDRESS THEM, THAT WOULD BE GREAT.

>> HURLEY: THANK YOU, COUNCILOR.

AND I MIGHT ASK MATT STOUDER TO JUMP IN ON PIECES OF THIS.

MWMC IS GOING THROUGH AN UPDATE TO THEIR SYSTEM DEVELOPMENT CHARGE METHODOLOGY THAT WILL TAKE THOSE PARTS INTO CONSIDERATION.

WHAT HAS BEEN THE INVESTMENT, WHAT IS THE REMAINING CAPACITY THAT NEW USERS SHOULD PAY TO JOIN INTO THE SYSTEM.

SO IT'S USING THAT METHODOLOGY THAT LOOKS AT THAT.

THEN GOING FORWARD, FUTURE IMPROVEMENTS THAT NEED TO BE MADE, PART WOULD BE THROUGH THAT SDC.

AND ALSO A PART FOR THE RATE PAYER.

THE NEW USERS IN THE SYSTEM WOULD BE PAYING THEIR MONTHLY FEES THAT GO INTO NOT ONLY OPERATING THE SYSTEM, BUT ALSO FOR FUTURE IMPROVEMENTS.

AND I WANT TO SAY THAT, YOU KNOW, WITH THIS METRO PLAN AMENDMENT, I WOULD LOVE TO HEAR YOUR FEEDBACK OF ULTIMATELY WHAT WOULD YOU LIKE TO SEE THE COUNTY BRING THROUGH -- TO THIS PROCESS.

IF YOU'RE ONLY -- IF YOU'RE NOT SUPPORTIVE OF AT ALL, IF YOU'RE

SUPPORTIVE OF JUST THE INITIAL CONCEPT, WHICH WAS GOSHEN AND THE LANDFILL, OR IF WE'RE TALKING CRESWELL AND, YOU KNOW, THIS RECENT ADDITION TO JUNCTION CITY, IF YOU'RE OPEN TO YOU WILL AFTER THOSE, IT WOULD BE GOOD TO HEAR FEEDBACK ON THAT.

MATT, WOULD YOU LIKE TO ADD ANYTHING TO THAT?

>> STOUDER: HI, COUNCIL.

MATT STOUDER, EXECUTIVE DIRECTOR.

THE MWMC METHODOLOGY IS BEING UPDATED.

OUR CURRENT METHODOLOGY HOLDS US BACK FROM COLLECTING THE FULL AMOUNT.

THEY CAN DECIDE IF THEY WANT TO COLLECT UP TO AND INCLUDING THE FULL AMOUNT.

I EXPECT IT TO INCREASE SUBSTANTIALLY, LOWER THAN WHAT WAS PROPOSED IN THE 2023 DOLLARS.

WE HAVE A COUPLE STUDIES ONGOING RIGHT NOW, BUT WE HAD JACOBS ENGINEERING WHO FORMALLY WAS CH2 AND HILL AND SEE WHERE DO WE HAVE EXCESS CAPACITY THAT WE'RE GOT TO USE ON THAT HORIZON.

GENERALLY IT SHOWED WE HAVE EXCESS AT THE PLANT WITH A COUPLE SMALL EXCEPTIONS AND THE GLENWOOD.

SO THE PROPOSAL WOULD BE THIS PROJECT WOULD PAY WHERE THERE'S EXCESS CAPACITY.

NOT JEOPARDIZING SPRINGFIELD AND EUGENE RATE PAYERS.

AND NEEDED UPGRADES WOULD BE PAID FOR BY THE PROJECT.

AND THEN THERE WOULD BE A 5% SURCHARGE ALONG WITH THAT.

ONE THING THAT WASN'T MENTIONED WAS JUST I FEEL IS A REGIONAL

BENEFIT THAT SUPPORTS EUGENE AND SPRINGFIELD AND ACTUALLY SHIFTS SOME OF THE RISK THAT WE CURRENTLY ARE EXPENSING AND THAT OUR RATE PAYERS ARE EXPERIENCING IS WITH RESPECT TO FOREVER CHEMICALS AND PFAS.

AT OUR FACILITY WHERE WE APPLY SOLIDS, WE COOPERATIVE AGREEMENTS WITH RYE GRASS FARMERS.

SOME OF THEM WERE CONCERNED ABOUT THE SOLIDS.

THEY HAVE MINOR AMOUNTS OF PFAS IN THEM AS DO ALL SOLID ACROSS THE COUNTRY.

AND WE'VE SEEN SOME FARMERS LEAVE THE PROGRAM.

AND SO AT RISK OF HAVING TO LANDFILL SOME OF THOSE SOLID UNLESS WE FIND PEOPLE TO COOPERATE, WHICH WE HAVE DONE.

JUNCTION CITY AND CRESWELL BETWEEN THE TWO OF THEM HAVE SEVERAL HUNDRED ACRES THAT WE COULD USE FOR BIO SOLIDS APPLICATION WHICH WOULD PROVIDE STABILITY FOR OUR RATE PAYERS IN THE FUTURE.

I WANTED TO ADD THAT AND I'M HAPPY TO ANSWER ANY OTHER QUESTIONS WITH RESPECT TO COST IMPACTS.

>> ZELENKA: COULD YOU QUANTIFY THE SURPLUS CAPACITY?

WHAT'S THE CURRENT GALLONS OF THE EXISTING PLANT AND WHAT'S THE CURRENT AMOUNT OF CAPACITY THAT'S SURPLUS?

AND WHAT'S THE AMOUNT THAT WOULD COME FROM GOSHEN, CRESWELL, AND JUNCTION CITY?

YOU PROBABLY DON'T KNOW THE EXACT FOR GOSHEN, BUT WE DO KNOW FOR JUNCTION CITY AND CRESWELL.

AND SO I MEAN, LITTLE DISCONCERTING THAT IT GOES INTO OUR CAPACITY

WHICH WE ALREADY PAID FOR.

THAT IMPACTS OUR RATE PAYERS.

THAT'S THE CONCERN I'M TRYING TO GET AT.

>> STOUDER: THE CAPACITY IS CHALLENGING.

IT'S BEING LOOKED AT.

NOR DO WE HAVE (AWAY FROM MIC) IF ALL THREE OF THE ENTITIES WERE TO COME IN AT THE SAME TIME, WE'VE DONE AN ANALYSIS FOR GOSHEN AND CRESWELL.

THAT SAID, THE -- JACOBS IS WORKING ON LOOKING AT WHAT THE IMPACTS WOULD BE FROM ALL THREE.

THE CAPACITY QUESTION IS DIFFICULT TO ANSWER BECAUSE IT'S MORE THAN JUST FLOW.

THERE'S VARIOUS LOADINGS AND MICHELLE COULD SPEAK TO THAT, TOTAL SUSPENDED SOLIDS, METALS.

MORE THAN JUST FLOW.

FLOW ISN'T A PROBLEM FOR US.

IT DOES MANIFEST ITSELF IN THE GLENWOOD PUMP STATION.

BUT AT THE PLANT THE FLOW COMPONENT IS NOT A CHALLENGE.

WE SEE TYPICALLY 25 TO 30 MILLION GALLONS A DAY ON A DRY WEATHER BASIS AND WET WEATHER CAPACITY UP TO 277 MGD.

THE FLOWS I THINK, BEGAN, FROM CRESWELL AND GOSHEN, CRESWELL IS WHAT AT BUILD OUT 2.2 MGD?

>> HURLEY: I THINK THAT WAS CORRECT.

>> STOUDER: SO IT'S 1% TO 2% OF OUR WET WEATHER FLOWS, 5% TO 6% OF OUR DRY WEATHER FLOWS.

OUT SIDE OF THE CONNECTION ISSUE, HAVEN'T ANALYZED IT FOR JUNCTION CITY AND THE EUGENE SYSTEM.
BUT AT THE MWMC SYSTEM, THE FLOWS THEMSELVES ARE FAIRLY SMALL.
AND IN THE 20-YEAR HORIZON WE DON'T SEE ANY IMPACTS.
BUT THEN YOU GET INTO, AS I MENTIONED, SOME OF THE OTHER ISSUES WITH RESPECT TO SOLIDS AND BOD AND THAT SORT OF THING.
THAT NEEDS A LITTLE ADDITIONAL ANALYSIS.
>> ZELENKA: SO YOU'RE ASKING DAN WHAT WE'D LIKE TO SEE.
I'D LIKE -- IF THIS MOVES FORWARD, I WANT TO ENSURE THAT EUGENE AND SPRINGFIELD RATE PAYERS WHICH HAS BEEN FOOTING THE BILL FOR MWMC FOR DECADES AND DECADES ARE PROTECTED AND ISOLATED.
SO THERE WOULD BE A SEPARATE ACCOUNTING FOR THE COSTS AND THE REVENUES ASSOCIATED WITH ALL OF THE CAPACITY EXPANSION AND ALL THE OTHER THINGS ASSOCIATED WITH BRINGING ON THOSE THREE SYSTEMS INTO -- INTO THE MWMC SYSTEM.
AND HAVE THAT SO THAT ISOLATES THE SPRINGFIELD AND EUGENE RATE PAYERS SO WE'RE NOT CROSS-SUBSIDIZING THAT.
AND THAT'S MY MAIN CONCERN.
IF WE DON'T HAVE THOSE KIND OF GOOD ACCOUNTING PROCEDURES AND WE DON'T HAVE THOSE KIND OF CONTRACTUAL GUARANTEES, THEN HOW DO WE ENSURE THAT WE DON'T END UP SUBSIDIZING THESE OTHER COMMUNITIES THAT ARE, IN FACT, WE'RE BAILING THEM OUT, BASICALLY.
SO ALLOWING THEM TO COME ON.
SO HOW TO WE DO THAT?
AND CAN WE DO THAT IN A SEPARATE ACCOUNTING SYSTEM?

>> HURLEY: THAT MAKES A LOT OF SENSE AND THAT WOULD BE OUR INTENT TO BE ABLE TO TRACK, ESPECIALLY FOR THE IMPROVEMENTS THAT ARE NEEDED IN THE NEAR TERM THOSE ARE BEING PAID FOR.

I NEW USERS.

I'LL DEFER TO MATT ON THE ACCOUNTING PARTS OF IT.

BUT WE HAVE WORKED -- WE'VE HAD A FEW SESSIONS WITH MWMC TO EXPLAIN WHAT WE'RE PROPOSING AND HEAR THEIR FEEDBACK.

MWMC DID GIVE US A LETTER OF SUPPORT THAT THEY'RE SUPPORTIVE THE PROJECT, SO THAT WAS GOOD TO SEE.

BUT I THINK WE CAN WORK THROUGH THAT ACCOUNTING PIECE SO MAKE SURE THAT THAT IS ISOLATED FROM THE REST OF THE SYSTEM IN SOME WAY.

MATT, DO YOU WANT TO SPEAK TO THAT?

>> STOUDER: YEAH, I CAN MENTION A HIGH LEVEL, OUR BOARD IS SUPPORTIVE, RECOGNIZING A LOT OF ADDITIONAL ANALYSIS NEEDS TO OCCUR.

ONE THING I CAN ADD THE CURRENT PROPOSAL, BASICALLY THE SDC MODEL FOR BUYING IN WOULD BE WHERE THERE'S EXCESS CAPACITY IN A 20-YEAR PLANNING PERIOD.

ABOVE AND BEYOND WHAT IS ALREADY ACCOUNTED FOR IN A 20-YEAR PERIOD, THERE'S EXCESS CAPACITY.

THAT'S WHERE THEY WOULD BUY IN.

WHERE THAT CAPACITY IS IT NOT EXIST, THEY WOULD PAY FOR NEEDED UPGRADES EARLY THEREBY PROTECTING OUR RATE PAYERS, EUGENE AND SPRINGFIELD RATE PAYERS.

AND AFTER 20 YEARS, THERE'S WHERE THERE COULD BE A CONTRACTUAL ARRANGEMENT AND DISCUSSION.

BUT AFTER 20 YEARS OF PAYING INTO THE SYSTEM, ESSENTIALLY YOU'RE UNDER A NEW FACILITIES PLANT, NEW PLANNING PERIOD.

THOSE USERS CAN BE LOOKED AT AS PART OF THE SYSTEM OR STILL LOOKED AT AS SEPARATE.

THERE'S ROOM FOR DISCUSSION THERE.

BUT THAT'S KIND OF HOW I SAW OR HOW I'M INTERPRETING THE PROPOSAL AS IT CURRENTLY SITS.

>> MAYOR KNUDSON: COUNCILOR ZELENKA, YOU'RE MUTED.

YOU HAVE JUST A COUPLE OF SECONDS LEFT, BUT YOU WERE MUTED.

>> ZELENKA: SO I'M UNDERSTAND NAG THERE'S A DIFFERENCE BETWEEN THE SDC AND THE BUY-IN.

PERSONAL CAPACITY FOR SDC.

THAT'S WHERE THE SUBSIDY COULD COME IN, THAT'S WHAT WORRIES ME IF THEY'RE NOT THE SAME TYPE OF METHODOLOGY AND PRICE.

>> HURLEY:

>> MAYOR KNUDSON: DAN, I'M SORRY, WE'LL HAVE TO LOOP AROUND SO WE HAVE TO COME TO THE NEXT QUESTION BECAUSE WE HAVE SEVERAL OTHER COUNCILORS WOULD HAVE QUESTIONS.

WE CAN LOOP BACK AROUND IF WE HAVE TIME.

COUNCILOR KASHINSKY.

>> KASHINSKY: YES, THANK YOU DAN.

THANK YOU, MATT.

I FEEL LIKE ASSUMING THAT THE LOGISTICAL DETAILS HOW WE ENSURE THAT

EUGENE REPAIRS ARE NOT SORT OF FOOTING THE BILL FOR THIS, I SEE A LOT OF ADVANTAGES IN REGIONAL COOPERATION AND REGIONAL COLLABORATION AND NOT DUPLICATING EFFORTS.

AND SO FEEL LIKE THE -- I'M OPEN TO THE REQUEST FROM CRESWELL AND JUNCTION CITY AND SHORT MOUNTAIN ASSUMING ALL OF THESE LOGISTICAL DETAILS WORK OUT AND THAT MAPS CORRECTLY.

I DID HAVE QUESTIONS ABOUT GOSHEN IN PARTICULAR.

SO I THINK MY FIRST QUESTION'S ACTUALLY FOR PROBABLY EUGENE STAFF.

I KNOW THAT WE ARE WORKING ON GETTING FUNDING TO BUILD OUT INFRASTRUCTURE TO FACILITATE INDUSTRIAL DEVELOPMENT IN CLEAR LAKE.

DOES THAT INDUSTRIAL INFRASTRUCTURE IMPROVEMENTS THAT ARE NEEDED FOR CLEAR LAKE INCLUDE WASTEWATER INFRASTRUCTURE?

SO IS THAT SOMETHING THAT WE'RE TRYING TO GET PUT IN PLACE SO THAT WE CAN BUILD IN CLEAR LAKE?

>> HUNTER: YES, THAT IS PART OF THE FUNDING.

>> KASHINSKY: OKAY.

SO WE'RE CURRENTLY TRYING TO EXPAND WASTEWATER SO THAT WE CAN --

>> HUNTER: RIGHT, OUR LOCAL SYSTEM, RIGHT.

>> KASHINSKY: OKAY.

WHEN I WAS READING THE EXCEPTION DOCUMENTS FOR THE GOAL 14 EXCEPTION FOR GOSHEN, A LOT OF THAT WAS PREDICATED ON THE FACT THAT EUGENE DID NOT HAVE ENOUGH INDUSTRIAL LAND WITHIN ITS UGB, BUT THAT EXCEPTION WAS REQUESTED BEFORE WE BROUGHT THE CLEAR LAKE AREA FOR INDUSTRIAL INTO THE UGB.

AND SO WAS WONDERING IF ANY OF THIS ANALYSIS REGARDING INDUSTRIAL

DEVELOPMENT IN GOSHEN HAD BEEN UPDATED BASED ON THE CHANGING CONDITIONS OF THE LAND IN EUGENE INSIDE THE UGB DESIGNATED FOR INDUSTRIAL.

>> HURLEY: THAT'S A GOOD QUESTION.

WE HAVE NOT DONE AN UPDATE WITH AN ANALYSIS ON THAT BASIS.

>> KASHINSKY: OKAY.

SO IT'S REALLY UP IN THE AIR AS TO WHETHER OR NOT WE WOULD BE PUTTING OURSELVES IN A POSITION WHERE WE ARE COMPETING WITH GOSHEN FOR INDUSTRIAL DEVELOPMENT?

>> HURLEY: I SUPPOSE THERE'S THAT POSSIBILITY WHERE A BUSINESS IS COMING IN AND THEY WOULD BE LOOKING AT EITHER AREA.

AND IF YOU LOOK AT THAT AS COMPETITION.

I -- I CAN'T REALLY SPEAK TO THAT.

WE HAVEN'T DONE MORE ANALYSIS.

>> KASHINSKY: OKAY.

I -- GO AHEAD.

>> HUNTER: JUST REAL QUICKLY, IT'S BEEN A FEW YEARS, BUT THERE IS A REGIONAL ECONOMIC DEVELOPMENT PLAN THAT THE CITY COUNCIL PARTICIPATED IN WITH OTHER JURISDICTIONS AND INCLUDES A BULLET ABOUT SUPPORTING REGIONAL ECONOMIC DEVELOPMENT, INCLUDING INDUSTRIAL LANDS IN GOSHEN.

AND WE CAN PROVIDE YOU WITH THAT INFORMATION AS WELL.

BUT IT IS SOMETHING THAT AT LEAST A PREVIOUS COUNCIL HAD TALKED ABOUT SUPPORTING IN THE PAST, IS ENHANCING THAT INDUSTRIAL LAND.

>> KASHINSKY: OKAY.

YEAH, BECAUSE I ALWAYS LOOK A LITTLE BIT AT ENHANCE BEING INDUSTRIAL OUTSIDE OF UGB'S AND EXPANDING INFRASTRUCTURE LIKE IT'S -- THERE'S A REASON WHY YOU HAVE TO GET AN EXCEPTION TO DO IT.

AND THE FACT THAT THE EXCEPTION WAS GRANTED UNDER DIFFERENT CONDITIONS GIVES ME PAUSE.

SO THANK YOU.

>> HURLEY: WE'LL LOOK MORE INTO THAT, THANK YOU.

>> MAYOR KNUDSON: COUNCILOR YEH.

>> YEH: THANKS, MAYOR.

SOME OF THE THINGS I WAS GOING TO SAY MATT HAS DONE FOR ME.

THANKS VERY MUCH FOR THAT.

WE'VE BEEN TALKING -- I KNOW THIS IS -- MIGHT FEEL SOMEWHAT NEW HERE AT THIS TABLE, BUT WE'VE BEEN TALKING ABOUT THIS FOR QUITE A WHILE AT THE MWMC, AND I THINK THE LETTER THAT IS IN OUR POCKET IS AN EXCELLENT -- IS AN EXCELLENT LETTER.

AND IT VERY CLEARLY EXPRESSES THE OPINION AT THE TABLE AT MWMC THAT AFTER SPENDING A LOT OF TIME ON THIS WE ARE IN GENERAL SUPPORT.

I AM AS WELL.

I THINK, YOU KNOW, WE COULD LOOK AT IT AS BAILING THEM OUT, BUT I THINK WE COULD ALSO LOOK AT IT AS WE EACH HAVE ASSETS TO BRING TO THE TABLE.

WE ARE BRINGING A LOT TO THE TABLE BECAUSE WE HAVE THE PLANT, BUT THESE COMMUNITIES ALSO HAVE ASSETS THAT THEY CAN SHARE.

AND WHO ARE RESILIENT AND ARE BASED TO BE ABLE TO SUPPORT THIS

VERY IMPORTANT UTILITY.
SO THERE ARE DEFINITELY BENEFITS ON BOTH SIDES.
BUT DAN, SO DAN THE ONE THING I WANTED TO BRING UP IN THE LETTER FROM THE MWMC, ONE OF THE THINGS THAT WE HAVE SUGGESTED OR -- IS AROUND HAVING SOME TYPE OF REGIONAL PROJECT MANAGER.
BECAUSE THERE ARE A LOT OF QUESTIONS TO STILL ANSWER.
AND I'M WONDERING IF YOU'VE HAD -- I'M SURE YOU READ THE LETTER, SO I'M WONDERING IF YOU HAD TIME TO THINK ABOUT THAT AND WHAT YOUR THOUGHTS ARE.
>> HURLEY: YES, COUNCILOR, COMPLETELY AGREE.
THIS PROJECT KEEPS GROWING AND GROWING AND IT'S TAKING MORE CAPACITY THAN I HAVE.
BUT IT REALLY NEEDS SOMEBODY DEDICATED TO TAKE IT THROUGH THE REST OF THE WAY.
THERE'S A LOT OF WORK THAT NEEDS TO BE DONE WITH SOME OF THOSE NEXT STEP THINGS I SHOWED.
I DID MEET WITH OUR COUNTY ADMINISTRATOR AND OUR POLICY DIRECTOR JUST LAST WEEK TO TALK ABOUT THAT.
AND THEY COMMITTED TO FUNDING A POSITION HALF OF AN FTE AND WARRANTED US TO APPROACH CITY OF CRESWELL AND THE CITY OF JUNCTION CITY TO SEE IF THEY WOULD FUND A QUARTER OF IT.
SO WE HAVEN'T HAD THOSE CONVERSATIONS YET, AND WE HAVE A CONVERSATION COMING UP WITH CRESWELL IN THE NEXT COUPLE WEEKS AND THEN WE NEED TO REACH OUT TO JUNCTION CITY TO SEE IF THAT WOULD BE A POTENTIAL WAY TO FUND A FULL FTE FOR USHERING THIS

PROJECT THROUGH.

BUT COMPLETELY AGREE THAT WE NEED TO HAVE AN IDENTIFIED PROJECT MANAGER THAT HAS THE CAPACITY.

>> YEH: THAT'S GREAT.

I'M GLAD TO HEAR IT'S IN THE WORKS AND WE'RE ALREADY MAKE PROGRESS.

THAT'S FANTASTIC.

SO JUST FROM MY OWN, YOU KNOW, AS A CITY COUNCILOR, MY OWN POSITION, I AM GENERALLY IN FAVOR OF THESE PROJECTS, YOU KNOW, THE JUNCTION CITY ONE WE HAVEN'T HAD MUCH TIME TO SIT WITH.

BUT GOSHEN GOING OUT TO SHORT MOUNTAIN AND CRESWELL ALL MAKE A LOT OF SENSE WITH THE INFORMATION WE HAVE TODAY.

AND IF WE CAN USE THAT NEW POSITION TO ANSWER ALL THESE OTHER QUESTIONS THAT WE HAVE, I THINK WE CAN GET TO A PLACE WHERE WE CAN MAKE A REALLY INFORMED DECISION.

I'M VERY MUCH IN FAVOR OF MOVING THIS FORWARD AND GETTING THE ANSWERS TO THOSE QUESTIONS SO WE CAN MAKE THAT FINAL DECISION.

>> MAYOR KNUDSON: COUNCILOR CLARK.

>> CLARK: THANK YOU, MAYOR.

THANK YOU FOR THE PRESENTATION, EVERYONE.

I WANT TO SAY THAT I AM GENERALLY IN FAVOR OF REGIONAL APPROACH TO THIS.

SO MOVING FORWARD SEEMS LIKE A GOOD IDEA, BUT I HAVE A LOT OF CONCERNS, A LOT OF CONCERNS THAT ARE VERY SIMILAR TO MY COLLEAGUES, ESPECIALLY ALAN'S.

ONE OF THE PIECES FOR ME IS I WISH I HAD BETTER INFORMATION ABOUT

FUTURE OPPORTUNITY COST FOR THE PEOPLE OF EUGENE.
IN OTHER WORDS, THERE'S GOING TO BE DIFFERENT PHASING ABOUT HOW DIFFERENT COMMUNITIES ALL WITHIN THE SYSTEM GROW.
WE HAVE, FOR EXAMPLE, IN THE CITY OF EUGENE, AN OBLIGATION TO THE STATE TO BUILD 1600 NEW HOUSING UNITS A YEAR FOR THE NEXT 20 YEARS.
AND I DON'T HAVE AS CLEAR AN UNDERSTANDING AS I WOULD LIKE TO HAVE ABOUT THE FUTURE DEMAND ON OUR CURRENT EXCESS CAPACITY.
SO HOW MUCH OF OUR CURRENT EXCESS CAPACITY ARE WE GOING TO USE UP IN THESE CONNECTIONS THAT MAY OR MAY NOT HINDER OUR REQUIREMENT TO GROW AT A DIFFERENT PACE THAN WE ARE.
AND/OR THE OTHER COMMUNITIES IN THE AREAS, I DON'T KNOW ENOUGH ABOUT, FOR EXAMPLE, THE HOUSING DEMAND OVER THE NEXT 20 YEARS THAT IS PLACED ON OTHER COMMUNITIES.
THESE OTHERS THAT WE'VE MENTIONED.
AND THEN CERTAINLY SPRINGFIELD.
YOU KNOW, WE HAVE TO PRODUCE 1600 UNITS A YEAR OR START CHANGING THINGS, ACCORDING TO THE STATE.
SO WHAT'S THE SPRINGFIELD DEMAND AND SO FORTH?
HOW DOES IT AFFECT THE SYSTEM'S FUTURE GROWTH AND NEED FOR EXPANSION OF CAPACITY?
AND HOW, AS ALAN PUT IT, DO WE KEEP AN INORDINATE AMOUNT OF THAT COST FROM FALLING ON THE PEOPLE OF EUGENE?
SO I REALLY WOULD APPRECIATE GREATER UNDERSTANDING OF HOW THIS PHASES INTO THE FUTURE, CONSIDERING THOSE GROWTH DEMANDS OVER TIME.

CAN EITHER OF YOU, MATT OR DAN, ADDRESS THAT SHORT-TERM, LONG TERM?

>> STOUDER: I CAN TAKE A STAB AT IT.

I DON'T KNOW THAT I CAN DEFINE THE EXCESS CAPACITY.

WE HAVE IN THE FACILITIES PLAN JACOBS LOOKED AT, THEY LOOKED AT HOW ARE THEY ANTICIPATED TO GROW IF THEY DO THE MAXIMUM BUILDOUT IN 20 YEARS BASED ON THE CURRENT LAND USE.

WHAT WOULD THAT GIVE ME.

>> CLARK: THAT'S OUR CAPACITY TO GROW OR OUR DEMAND TO GROW FROM THE STATE?

I'M SORRY TO INTERRUPT?

ON.

>> STOUDER: THEY LOOKED AT THE 20-YEAR PLANNING HORIZON BASED ON THE PROJECTION OF GROWTH.

IF WE WERE TO BUILD OUT EVERYTHING AT THE CURRENT LAND USE.

IF DIFFERENT PIECES OF LAND WERE REZONED TO SOMETHING DIFFERENT, IT DIDN'T CONTEMPLATE THAT.

BUT IT LOOKED AT THE PRESENT LAND USE, BUILD OUT -- A BUILDOUT SCENARIO IN 20 YEARS, WHAT WOULD THE CAPACITY -- WHAT WERE THE CAPACITY NEEDS.

AND THEN EVERYTHING ABOVE THAT WAS EXCESS.

AND SO IN ESSENCE, I GUESS WHAT I'M TRYING TO SAY IS EUGENE IS GREAT PAYERS ARE GOING TO COME INTO THE SYSTEM AND PAY FOR THE NEEDED UPGRADES REGARDLESS WHETHER CRESWELL OR GOSHEN COME IN OR NOT.

IF CRESWELL AND GOSHEN COME IN WOULD BE ADDITIONAL REVENUE THAT WE COULD USE.
AND WHEN THAT'S NOT THE CASE, WHERE THERE IS AN EXISTING CAPACITY ISSUE, THE PROPOSAL WOULD BE THAT THEY PAY THAT UP FRONT OR IN SOME MANNER THERE'S A CONTRACTUAL ARRANGEMENT WHERE THEY TAKE THAT ON AND NOT ON THE EXISTING RATE PAYERS SO THEY'RE NOT IMPACTED.
DAN, DO YOU UNDERSTAND IT THAT WAY?
>> HURLEY: YES.
>> STOUDER: SO THE EXCESS CAPACITY THAT WE'RE TALKING ABOUT THE 20-YEAR HORIZON IS AVAILABLE FOR SALE OR NOT.
BUT IF IT GOES UNUSED, THEN IT'S AVAILABLE 40 YEARS DOWN THE ROAD, 30 YEARS DOWN THE ROAD.
BUT PARTICULARLY WHEN YOU DO A PLANNING LEVEL PROJECTION, YOU LOOK AT A 20-YEAR PERIOD AND THE BUILDOUT ASSOCIATED WITH THAT.
>> CLARK: BUT IT'S BASED ON -- FORGIVE ME.
IT'S BASED ON THE CURRENT CAPACITY BASED ON OUR LAND USE ANALYSIS OF LAND TODAY, NOT BASED ON THE DEMAND THAT WE EXPECT TO PUT ON IT IF WE SUDDENLY NEED TO INCREASE THE NUMBER OF, SAY, HOUSING UNITS OR RESIDENTIAL HOUSING UNITS THAT ARE CONSTRUCTED EACH YEAR?
>> STOUDER: I MIGHT LOOK TO PLANNING FOR A LITTLE BIT OF HELP ON THAT.
YES, BASED ON THE CURRENT PRESENT LAND USE AND BUILDOUT SCENARIO, IF THE STATE COMES IN AND MAKES NEW DEMANDS THAT ARE NOT KNOWN

AT THIS TIME, THAT'S NOT ACCOUNTED FOR.

BUT IT'S BASED ON BEST INFORMATION.

>> HUNTER: I LOOKED AT ONE OF THESE REPORTS, AND MY UNDERSTANDING IS THAT IT'S BASED ON POPULATION.

IT'S THE NUMBER WE GET FROM THE STATE THAT WE'RE ANTICIPATED TO GROW.

SO IT'S REGARDLESS OF WHERE THAT HAPPENS, IT'S REALLY BASED ON HOUSEHOLD NUMBERS AND ESTIMATED JOBS BASED ON OUR PROJECTED POPULATION GROWTH.

>> CLARK: THANK YOU.

THAT HELPS A LITTLE.

MORE DETAIL WOULD BE GOOD.

THANK YOU.

>> MAYOR KNUDSON: COUNCILOR KEATING.

>> KEATING: THANK YOU, MAYOR.

I JUST WANT TO START BY SAYING THAT I SHARE A GREAT MANY CONCERNS BROUGHT UP BY COLLEAGUES REGARDS TO EUGENE RATE PAYERS CARRYING THE LOAD FOR COMMUNITIES OUTSIDE OF OUR UGB.

BUT I'M ALSO INTERESTED IN -- IN LCC, DOES THIS -- WOULD THIS BRING LCC INTO THE FOLD AS WELL?

AND IF SO, WOULD THAT -- WOULD THAT PROVIDE AN INCENTIVE FOR LANE COMMUNITY COLLEGE TO ALLOW FOR STUDENT HOUSING IN THE FUTURE IF THEY'RE BROUGHT UNDER THIS LARGER PLAN?

AND THEN I HAVE A FOLLOW-UP.

>> HURLEY: COUNCILOR THERE ARE PROPOSAL IS NOT LOOKING AT

INCLUDING LANE COMMUNITY COLLEGE AS AN ADDITION.
AND IT'S MY UNDERSTANDING THAT THAT'S PRIMARILY BECAUSE THERE ARE ADDITIONAL LAND USE ISSUES THAT WOULD NEED TO BE RESOLVED THAT AREN'T JUST OUTRIGHT ALLOWED IN THE STATE LAW WITHOUT OBTAINING AN EXCEPTION.
SO WE DO HAVE SOME OF OUR LAND USE FOLKS ON THE LINE THAT MIGHT BE ABLE TO SPEAK TO THIS IN MORE DETAIL, BUT THE CURRENT PROPOSAL IS THAT LCC WOULD NOT BE INCLUDED.
>> KEATING: I APPRECIATE IT.
ON THE LAND USE POINT, BRUSHING UP ON THIS SUBJECT, I WAS READING AN ARTICLE FROM EUGENE WEEKLY IN 2014 THAT INDICATED THAT A THOUSAND FRIENDS AND LAND WATCH HAD SOME SIGNIFICANT CONCERNS EXPRESSED 16 -- OR EXCUSE ME, 12 YEARS AGO.
AND I WANTED TO KNOW -- AND THOSE CONCERNS REVOLVED AROUND WETLANDS, A DATA POINT THAT CITED THAT THE GOSHEN AREA MAY BE UP TO 80% WETLANDS.
WHAT HAS METROPOLITAN WASTEWATER DONE TO MITIGATE OR ADDRESS THOSE CONCERNS OVER THE LAST DECADE PLUS?
>> HURLEY: SO MWMC HASN'T DONE ANYTHING AROUND THAT PIECE OF IT.
AROUND THE -- THE ISSUES THAT WERE BROUGHT UP DURING THE APPEAL, THOSE WERE ALL ADDRESSED THROUGH -- WITH LUBA AND THERE WAS THE REMAND TO LOOK AT -- THERE WERE A NUMBER OF ISSUES BESIDES THE WASTEWATER SERVICE PIECE.
IT WAS RESOLVED THROUGH THAT PROCESS TO ULTIMATELY GET THAT GOAL 14 EXCEPTION.

WE HAVEN'T DONE INITIAL -- ADDITIONAL ANALYSIS INTO THE DEVELOPMENT OF GOSHEN SINCE THAT TIME.
REALLY THIS PROJECT KINDA WENT ON THE BACK BURNER FOR A NUMBER OF YEARS AFTER THAT.
IT'S REALLY THE URGENCY OF CRESWELL THAT'S KIND OF BROUGHT THIS UP TO THE FOREFRONT AGAIN.
BUT WE HAVEN'T DONE INITIAL -- WE HAVEN'T DONE ADDITIONAL STUDIES OF THE GOSHEN AREA.
>> KEATING: I APPRECIATE IT.
ROBUST ENVIRONMENTAL IMPACT STUDY WOULD BE MY REQUEST.
SO IN ADDITION TO THE ECONOMIC CONCERNS I HAVE ENVIRONMENTAL.
>> HURLEY: THANK YOU, COUNCILOR.
>> MAYOR KNUDSON: COUNCILOR ZELENKA AND THEN COUNCILOR CLARK.
>> ZELENKA: YEAH, MY NEXT QUESTION WAS SIMILAR TO WHAT MIKE WAS TALKING ABOUT, THE SAME KIND OF CONCERN.
SO WE HAVE A CERTAIN AMOUNT OF SURPLUS CAPACITY RIGHT NOW THAT WE PAID FOR AND BUILT.
AND IT WILL -- AND WE CAN ABSORB THAT THROUGH OUR GROWTH.
AND -- BUT IF WE TAKE THAT SURPLUS CAPACITY AND ALLOCATE IT TO CRESWELL OR JUNCTION CITY OR GOSHEN AND THEY ONLY PAY THE SDC AMOUNT AND NOT THE BUY-IN COSTS, THAT COULD CREATE A PROBLEM IF THE SDC COSTS THAT THEY WOULD PAY ARE NOT THE -- ARE LOWER THAN OR NOT AS MUCH AS THE BUY-IN COSTS.
SO ARE THE SDC COSTS LOWER OR THE SAME OR MORE THAN THE BUY-IN COST PER MILLION GALLONS, LET'S SAY.

>> HURLEY: GREAT QUESTION, COUNCILOR.

I THINK WE'LL HAVE TO GO INTO MORE DETAIL WITH THAT THROUGH THE SDC METHOD OLE.

-- METHODOLOGY.

I WAS CONFUSED WHEN THEY'VE BROUGHT THE TWO METHODS OF A BUY-IN VERSUS THE SDC METHODOLOGY.

WHAT I'VE LEARNED SINCE THEN IS THE SDC METHODOLOGY HAS A BUY-IN COMPONENT TO IT.

THERE'S THE REVERSE LOOKING ONE THAT'S LOOKING AT THE CAPACITY THAT'S BEING USED.

2011 THERE'S A FORWARD-LOOKING COMPONENT THAT'S LOOKING AT ADDITIONAL CAPACITY NEEDED IN THE FUTURE.

SO IT'S BUILT INTO THE SDC METHODOLOGY.

AND AS MWMC UPDATES THAT METHODOLOGY OVER THE NEXT FEW MONTHS, I THINK WE'LL PROBABLY HAVE MORE DETAIL AROUND WHAT ARE -- WHAT IS THE RATIO BETWEEN THOSE COMPONENTS AND WHAT THOSE LOOK LIKE AT A PER-UNIT, PER-USER BASIS.

MAYBE BE MATT WANTS TO SPEAK MORE TO THAT.

>> STOUDER: I THINK THAT'S A GOOD SUMMARY, DAN.

I DON'T HAVE ANYTHING TO ADD.

>> ZELENKA: YOU DON'T KNOW IF THE SDC COST IS THE SAME AS THE BUY-IN COST FOR A MILLION GALLONS?

THAT WAS THE PROBLEM BEFORE.

IT ENDED UP BEING SUBSIDY BECAUSE WE'RE GIVING AWAY OUR SURPLUS AND THEN HAVING TO BUILD IT MORE LATER.

>> HURLEY: RIGHT.
THEY WERE PRETTY CLOSE, BUT THERE WAS A DIFFERENCE IN THEM.
COUNCILOR, GOOD MEMORY THERE.
I ANTICIPATE AS WE GO THROUGH THIS SDC METHODOLOGY UPDATE THAT THERE'S GOING TO BE A SIGNIFICANT INCREASE TO THAT SDC COST THAT'S GOING TO BE HIGHER THAN WHAT WAS IT ESTIMATED IN THE BUY-IN COMPONENT ORIGINALLY.
SO I THINK AS WE GET THROUGH THAT STUDY UPDATE WHICH I THINK IS ANTICIPATED TO COMPLETE MAYBE LATE SPRING, WE'LL BE ABLE TO MAKE MORE OF A COMPARISON THERE TO THAT PREVIOUS METHODOLOGY IF YOU'D LIKE TO LOOK AT THAT.
>> ZELENKA: YEAH.
AS WELL WHEN COBERG WANTED TO CONNECT TO OUR SYSTEM, THEY DID THAT ANALYSIS TOO AND THEY ENDED UP BUILDING THEIR OWN WASTE TREATMENT PLANT BECAUSE IT WAS CHEAPER TO BUILD THE WASTE TREATMENT PLANT THAN DO THE BUY-IN COST.
AND SO IF YOU COULD COMPARE IT TO THAT CALCULATION THAT WE DID BACK THEN, I -- SO AGAIN, THE WHOLE THING IS DON'T CROSS-SUBSIDIZE BETWEEN EUGENE AND SPRINGFIELD TO BRING ON JUNCTION CITY AND CRESWELL.
WHILE I AGREE THERE'S A MODEST AMOUNT OF BENEFIT THAT WE GET FROM A BIGGER, EXPANDED SYSTEM IN TERMS OF RESILIENCE OR ANYTHING, BUT IF POSSIBLE, CAN YOU QUANTIFY THOSE BENEFITS COMPARED TO THE RISKS ASSOCIATED WITH IT?
BECAUSE I THINK IT'S PROBABLY 99 TO 1 IN TERMS OF COST RISK VERSUS

BENEFIT THAT WE GET.

BUT I'M NOT SURE UNLESS YOU DO THAT KIND OF ANALYSIS.

>> HURLEY: THANK YOU FOR THE FEEDBACK, COUNCILOR, AND FOR ALL THE FEEDBACK OF THE OTHER COUNCILORS.

WE WILL DEFINITELY, YOU KNOW, TAKE ALL THESE ISSUES AND CONCERNS AND WORK ON PROVIDING SOME MORE DETAIL AROUND THESE AS WE MOVE THROUGH THE METRO PLAN AMENDMENT PROCESS SO THAT WE CAN HAVE MORE REFINED ANSWERS.

>> ZELENKA: THANKS.

>> MAYOR KNUDSON: I HAVE COUNCILOR CLARK AND THEN WE'LL MOVE TO OUR SECOND AGENDA ITEM.

COUNCILOR CLARK.

>> CLARK: WANTED TO SAY REAL QUICKLY AND PLANT A SEED IN PEOPLE'S HEAD TO THINK ABOUT LATER.

IT WAS MY POINT OF VIEW THAT WE MADE A MISTAKEN IT YEARS AGO IN ADDING ZERO NEW LAND FOR RESIDENTIAL HOMES TO THE UGB WHEN WE HAD THE OPPORTUNITY AND ESTABLISHED OUR UGB.

I CLEARLY THINK THAT WAS A MISTAKE.

I THINK ONE OF THE THINGS IT DID WAS FORCE AN INCREASED RATE OF GROWTH IN THE OUTSIDE COMMUNITIES AND WE HAVE TO THEN CONSIDER THE CONSEQUENCE OF THAT.

I WOULD JUST SAY THAT THERE'S A DAY COMING NOT TOO FAR IN THE DISTANT FUTURE WHERE WE HAVE TO LOOK AT THE POTENTIAL FOR IMPACT TO OUR UGB FOR RESIDENTIAL GROWTH OF THE FUTURE, AND IT'S IMPORTANT TO REMEMBER THESE KIND OF CONVERSATIONS WHEN WE GET

THERE.

THAT'S ALL.

THANK YOU.

>> MAYOR KNUDSON: THANK YOU, STAFF, AGAIN FOR THAT PRESENTATION.

THANK YOU TO OUR PARTNERS FOR THAT PRESENTATION TODAY AND THAT CONCLUDES OUR FIRST AGENDA ITEM.

I'LL NOW TURN TO CITY MANAGER PRO TEM RODRIGUEZ TO INTRODUCE OUR SECOND TOPIC, WHICH IS A WORK SESSION ON THE 1059 WILLAMETTE REDEVELOPMENT.

>> RODRIGUES: THANK YOU, MAYOR.

I'M GOING TO TURN THIS OVER TO AMANDA D'SOUZA FROM COMMUNITY DEVELOPMENT.

>> D'SOUZA: THANKS, MATT.

GOOD AFTERNOON, I'M AMANDA, DEVELOPMENT PROGRAMS MANAGER IN THE COMMUNITY DEVELOPMENT DIVISION.

TODAY I'M HERE TO PROVIDE YOU WITH AN UPDATE ON THE 1059 WILLAMETTE REDEVELOPMENT PROJECT.

YOU'RE BEING ASKED TO CONSIDER TODAY EXTENDING THE FEBRUARY 1ST CLOSING DATE WHICH IS WHEN WE WOULD TRANSFER THE PROPERTY TO THE TEAM AND THEY WOULD BEGIN CONSTRUCTION.

AS YOU'LL HEAR, THE TEAM IS FACING FINANCIAL CHALLENGES AND THEY'RE WORKING TO PREPARE A REQUEST FOR ADDITIONAL URBAN RENEWAL FUNDS.

THE REQUEST TODAY IS TO ALLOW THE TEAM MORE TIME TO REFINE THEIR PROJECT FINANCIALS AND BRING A SPECIFIC REQUEST TO THE AGENCY

BOARD FOR CONSIDERATION.
IT'S BEEN A WHILE SINCE YOU'VE HAD A WORK SESSION ON THE PROJECT, AND BOTH THE MAYOR AND COUNCILOR KASHINSKY HAVE JOINED SINCE THEN.
SO I'LL DO A QUICK RECAP OF THE PROJECT AND KEY MILESTONES.
WE'RE WORKING WITH THE TEAM JOINTLY LED BY THE COMPANIES.
BOTH OF THESE ARE EXPERIENCED DEVELOPERS WITH A VARIETY OF MARKET RATE AND AFFORDABLE HOUSING PROJECTS THROUGHOUT PACIFIC NORTHWEST.
THE PROJECTS THEY'RE LEAD AND YOU'VE APPROVED INCLUDES 133 UNITS.
68 INCOME-QUALIFIED TO 80% OF AREA MEDIAN INCOME AND 65 WOULD BE MARKET RATE.
THOSE INCOME QUALIFIED UNITS WOULD REMAIN AFFORDABLE FOR 35 YEARS, WHICH IS LONGER THAN THE MINIMUM OF 20 YEARS THAT WE REQUIRE.
THE PROJECT OFFERS RESIDENT SERVICES FROM CORNERSTONE COMMUNITY HOUSING.
TEN UNITS FOR HOPE AND SAFETY ALLIANCE.
THERE'S ACTIVE GROUND FLOOR FOR INCUBATOR RETAIL SPACE AND LOCAL ART.
AND COUNCIL AUTHORIZED THE USE OF $1.84 MILLION FOR SDCS, PERMITS, AND OTHER PROJECT-RELATED COSTS.
NEXT I'LL WALK THROUGH SOME OF THE KEY MILESTONES FOR THIS PROJECT.
THE BUILDING HAS BEEN VACANT SINCE 2013 WHEN LANE COMMUNITY

COLLEGE MOVED TO THEIR NEW DOWNTOWN CAMPUS.

IN 2019, WE BEGAN EXPLORING THE POSSIBILITY OF USING THE SITE TO PILOT A MIXED INCOME HOUSE PROJECT AND THAT YEAR LCC APPROVED SALE OF THE PROPERTY TO THE CITY.

WE ACQUIRED THE PROPERTY IN 2020 USING FEDERAL COMMUNITY DEVELOPMENT BLOC GRANT DOLLARS, AND A FEW MONTHS LATER, COUNCIL APPROVED THE USE FOR REQUEST FOR PROPOSALS PROCESS FOR DISPOSITION OF THE SITE.

THE RFP OUTLINED SEVERAL CRITERIA FOR THE PROJECT AND IDENTIFIED THE AVAILABILITY OF $1.1 MILLION FOR SDCS AND PERMITS.

THAT 1.1 MILLION IS A COMBINATION OF DOWNTOWN URBAN RENEWAL FUNDS AND THE MODERATE INCOME HOUSING FEE COLLECTED.

THE RFP WAS RELEASED AT THE END OF 2020 AND WE RECEIVED ONE RESPONSE, WHICH YOU SELECTED IN JUNE 2021.

LATER IN 2021, YOU APPROVED DEAL POINTS FOR THE PROPOSED PROJECT.

AND IN MAY 2023, YOU APPROVED REVISIONS TO THOSE DEAL POINTS.

IN JUNE 2023, COUNCIL AMENDED THE DOWNTOWN URBAN RENEWAL PLAN, INCREASING THE SPENDING LIMIT BY $50 MILLION EMPHASIZING THE INTENTION TO USE THE MAJORITY OF THOSE FUNDS TO SUPPORT NEW HOUSING IN THE DOWNTOWN CORE.

AND FINALLY, IN FEBRUARY 2024, YOU APPROVED THE MUPTE FOR THE PROJECT AND REVISED DEAL POINTS.

AND THE SAME DAY THE AGENCY BOARD APPROVED $740,000 TO HELP OFFSET CONSTRUCTION BE COSTS AND INTEREST RATES.

SINCE THEN, THEY'VE WORKED BE TO MAKE PROGRESS.

THEY WORKED TO REFINE AND FINALIZE THEIR DESIGN.
IN 2025, THEY APPLIED AND RECEIVED APPROVAL FOR ALL PERMITS NEEDED TO CONSTRUCT THE BUILDING.
THE CITY'S UPDATED ENVIRONMENTAL REVIEW, A FEDERAL REQUIREMENT, WAS APPROVED IN DECEMBER 2024.
AS WAS THE TRAFFIC CONTROL PLAN WHICH WILL BE USED TO MITIGATE THE IMPACT THAT CONSTRUCTION WILL HAVE ON 11TH AVENUE, WILLAMETTE STREET AND THE ADJACENT DOWNTOWN STATION.
ALL IN ALL, THE TEAM'S INVESTED $1.6 MILLION TO GET IT WHERE IT IS BUT THE FINANCIAL MARKET CONTINUES TO BE A ROADBLOCK.
WITH TWO EXPERIENCED TEAMS AT THE HELM, YOU'RE PROBABLY WONDERING WHY IT'S STUCK WHERE IT IS.
THERE'S SO MANY PIECES THAT NEED TO COME TOGETHER IN THE RIGHT WAY FOR A REAL ESTATE PROJECT TO PENCIL.
YOU COULD PROBABLY BE HERE THE REST OF THE DAY DIGGING INTO THOSE DETAILS OF THE PROJECT, BUT FOR THE SAKE OF BREVITY, I'LL PROVIDE A SNAPSHOT OF THE KEY CHALLENGES.
THE TOTAL PROJECT COST IS JUST UNDER $33 MILLION.
THE CITY AND URBAN RENEWAL AGENCY HAVE ALLOCATED 1.84 MILLION TOWARDS THAT AND IS OFFERING THE LAND AT NO COST.
ON THE PRIVATE FUNDING SIDE, THE DEVELOPMENT TEAM HAS BEEN ABLE TO SECURE THE DEBT NEEDED TO HAVE AN EVEN SPLIT FOR THE PROJECT, HOWEVER, THEY STRUGGLE TO ATTRACT THE EQUITY INVESTMENT NEEDED.
I'LL HIGHLIGHT SOME OF THE KEY HEADWINDS THAT THE PROJECT IS FACING.
FIRST, CONTINUED VOLATILITY IN FINANCIAL MARKETS IMPACTS NEARLY

EVERY PIECE OF THE REAL ESTATE PUZZLE FROM HIGH INTEREST RATES TO CONSTRUCTION COSTS TO INVESTORS APPETITES FOR RISK.
SECOND, THE INCOME QUALIFIED UNITS LIMIT THE OPERATING INCOME, WHICH ULTIMATELY IMPACT THE DEBT AND EQUITY THE PROJECT CAN ATTRACT.
AND THIRD, THE MAIN PINCH POINT RIGHT NOW IS THAT THEY CAN'T SECURE EQUITY INVESTMENT BECAUSE THEIR EXPECTED RATE OF RETURN IS BELOW MARKET, MEANING, IT'S NOT COMPETITIVE TO ATTRACT INVESTORS.
WITHOUT AN OPTION TO SIGNIFICANTLY INCREASE FUNDS OR DECREASE CONSTRUCTION COSTS, THE DEVELOPMENT TEAM WOULD LIKE TO MAKE A PROPOSAL FOR ADDITIONAL URBAN RENEWAL FUNDS TO OFFSET PROJECT COSTS AND BRING THE RATE OF RETURN FOR PROJECT EQUITY IN LINE WITH MARKET REALITIES.
THE TAKEAWAY FROM TODAY'S PRESENTATION IS THAT IF COUNCIL WISHES TO CONTINUE TO PURSUE THE DEVELOPMENT ORIGINALLY ENVISIONED FOR THE SITE, THE SELECTED DEVELOPMENT TEAM WILL NEED ADDITIONAL TIME AND ADDITIONAL FINANCING.
CURRENTLY, THE TEAM IS WORKING ON REFINING THEIR PROPOSAL, INCLUDING WORKING TO GET UPDATED CONSTRUCTION COSTS, UPDATED TERM SHEETS WITH THE LENDER AND LEAD INVESTOR, AND RIGHT NOW THEY ESTIMATE THE FUNDING GAP IS WITHIN THE RANGE OF 1 TO $3 MILLION.
HOWEVER, THE INVESTMENT OF ANY ADDITIONAL PUBLIC FUNDS IN THIS PROJECT IS LIKELY TO TRIGGER THE PREVAILING WAGE LAWS WHICH THEY ESTIMATE COULD INCREASE THE GAP BY AN ADDITIONAL 5 TO 7 MILLION.
WE'RE HERE TODAY BECAUSE RIGHT NOW THE DEVELOPMENT AGREEMENT

REQUIRES THE CITY AND THE TEAM TO CLOSE BY FEBRUARY 1ST.
TODAY COUNCIL IS ASKED TO APPROVE AN EXTENSION OF THE CLOSING DEADLINE BY SIX MONTHS.
THIS WOULD ALLOW TIME FOR THE TEAM TO FINISH IN UPDATING THEIR FINANCIAL PACKAGE AND REFINE THEIR PROPOSAL WHICH STAFF ANTICIPATE BRING TOGETHER AGENCY BOARD FOR CONSIDERATION IN THE SPRING.
IF COUNCIL CHOOSES NOT TO EXTEND THE DEADLINE TODAY, THE DEVELOPMENT AGREEMENT WOULD EXPIRE AND WE WOULD COME BACK TO YOU TO DISCUSS WHERE TO GO FROM THERE.
THERE ARE A FEW PATHS FORWARD, BUT BECAUSE WE USE FEDERAL PARTICULARS TO SECURE THE SITE, WE MUST IMPLEMENT A PROJECT WITH AT LEAST HALF THE UNITS AFFORDABLE TO 80% AMI.
IT'S LIKELY ANY DEVELOPER WILL FACE SIMILAR HEADWINDS IF PURSUING A MIXED INCOME PROJECT, AND PIVOTING TO AN ALL-AFFORDABLE HOUSING PROJECT WOULD JOIN A VERY HIGHLY COMPETITIVE QUEUE FOR STATE FUNDING.
WITH THAT, I'LL SEND IT BACK TO THE MAYOR FOR DISCUSSION AND ANSWER ANY QUESTIONS YOU HAVE.
>> MAYOR KNUDSON: THANK YOU, STAFF AND AMANDA, APPRECIATE THAT PRESENTATION.
EXCITING AND CHALLENGING PROJECT AND NEW GROUND FOR OUR COMMUNITY TO ACCOMPLISH MIXED INCOME HOUSING WITH A MAJORITY WORKFORCE HOUSING UNITS.
I'LL NOW OPEN THE FLOOR TO COUNCIL DISCUSSION AND SEE COUNCILOR

ZELENKA IN THE QUEUE.

>> ZELENKA: YEAH, I AGREE THIS IS EXACTLY THE TYPE OF PROJECT WE NEED WITH THE AFFORDABLE HOUSING COMPONENT AND THE 35 YEARS AND THE TEN UNITS FOR WOMEN SPACE, PET FRIENDLY, CORNERSTONE SERVICES, ALL THOSE ARE GREAT.

AND I UNDERSTAND THESE ARE NOT EASY PROJECTS TO DEVELOP.

THEY'RE DIFFICULT.

AND IT MAY -- SO WE'VE BEEN WORKING ON THIS FOR OVER FIVE YEARS AND IT STILL HASN'T COME TO FRUITION.

AND THE DEVELOPERS HAVE BEEN WORKING ON IT SINCE DEAL POINTS WERE OCTOBER 2021, SO WE'RE FOUR YEARS INTO THAT AND WE'RE STILL NOT AT THE POINT WHERE IT'S A DO-ABLE PROJECT.

AND LOOKS LIKE THEY'RE NOT ONLY ASKING FOR AN EXTENSION, BUT THEY'RE ASKING FOR A SUBSTANTIAL AMOUNT MORE MONEY TO FILL THE GAP.

IF THEY CAN'T FILL IT.

I GUESS THE QUESTION I'M STRUGGLING WITH, IS IT TIME TO MOVE ON?

ARE THESE PROJECTS DO-ABLE OR ARE THEY JUST NOT DO-ABLE THE WAY WE ENVISIONED THEM?

OR IS -- YOU KNOW, DO WE JUST KEEP THROWING MORE MONEY INTO THIS BUCKET TO MAKE IT HAPPEN?

WHICH I MIGHT BE IN FAVOR OF, BUT IT SEEMS LIKE WE JUST KEEP GOING AROUND THIS TREADMILL AND IT KEEPS COMING BACK TO US WITH A BIGGER ASK.

AND I WONDER HOW MUCH LONGER WE CAN DO THAT.

>> D'SOUZA: I THINK THAT'S A QUESTION FOR COUNCIL TO CONSIDER.
WE'VE ALWAYS THOUGHT OF THIS AS A PILOT PROJECT IF SUCCESSFUL WE'D LOVE TO SEE IN OTHER PLACES.
IT'S BEEN A VERY STRANGE SIX YEARS AND I DON'T THINK ANY OF US SAW THESE PAST SIX YEARS OCCURRING WHEN WE -- WHEN WE LAUNCHED THIS PROJECT.
BUT IT'S JUST A CHANGING MARKET SO WE'RE TRYING TO BE REACTIVE TO THAT.
WE NEED ALL THE HOUSING WE CAN GET.
WE USE THE TOOLS WE HAVE AND IN THIS CASE IT WAS CBDG AND URBAN RENEWAL.
THE TEAM IS OF THE POSITION THAT AN ASK IS WHAT THEY NEED AND THEY'RE READY TO BREAK GROUND AS SOON AS THEY CAN LOCK IN THE MONEY.
BUT THE QUESTION YOU POSE IS ONE FOR EVEN THE COUNCILORS TO PONDER.
>> ZELENKA: YEAH, WELL, IF YOU HAD DONE A FULL PERCENTAGE POINT ON THE CONSTRUCTION TAX, WE'D HAVE A MILLION DOLLARS THAT WE COULD CONTRIBUTE TO THIS.
BUT WE DIDN'T DO THAT.
AND ONE OF THE THINGS WE LEARNED A WHILE BACK WAS AFFORDABLE HOUSING PROJECTS ARE EXEMPT FROM PREVAILING WAGE LAWS.
WHICH IS UNDERSTANDABLE BUT TROUBLING AT THE SAME TIME.
AND IT REALLY ADDS ANOTHER $4 MILLION TO THE COST OF THE PROJECT.
>> D'SOUZA: YEAH, THAT'S THE ESTIMATE WHEN YOU INCLUDE THE

CONSTRUCTION COST AND THE LABOR COST.

>> ZELENKA: THAT KIND OF BRINGS UP, WHAT'S THE LABOR RATE THEY'RE PAYING FOR THE AFFORDABLE HOUSING PROJECT IF WE'RE ADDING $4 MILLION TO CONSTRUCTION, WHICH IS GOING TO TAKE ABOUT A YEAR AND A HALF.

DO WE KNOW THE DIFFERENCE BETWEEN WHAT THEIR LABOR RATES ARE AND WHAT THE PREVAIL WAGE RATES ARE AT THIS POINT?

>> D'SOUZA: NOT RIGHT NOW.

WE CAN --

>> ZELENKA: IF YOU COULD FIND THAT OUT.

MAYBE DENNY HAS.

>> BRAUD: GOOD EVENING.

WE HAVE EXPERIENCE WITH THIS.

THE HARTWOOD, WE WORKED WITH THE CONTRACTORS TO PULL OUT THE EXTRA COSTS THAT WERE ATTRIBUTED TO PREVAILING WAGE FOR THAT PROJECT.

IT'S NOT AN EXACT SCIENCE, BUT THEIR CONTRACTORS ESTIMATED IT WAS ABOUT A $7 MILLION IMPACT FOR THE HARTWOOD PROJECT AND ABOUT 10 MILLION IN ADDITIONAL COSTS FOR HARTWOOD.

SO IF YOU TRANSLATE THAT TO THIS PROJECT, THAT NUMBER IS PROBABLY IN THE BALLPARK.

>> ZELENKA: YOU KNOW THE HOURLY RAGE?

>> BRAUD: THEY'VE GONE UP 40% AT LEAST SINCE THE HARTWOOD WAS BUILT.

SO THERE'S BEEN AN ESCALATION ON -- IN ADDITION TO THE HIGHER

PREVAILING WAGE, THERE'S BEEN A PRETTY SIGNIFICANT ESCALATION THAT OCCURRED ACROSS THE TRADES.

AND THE WAGE RATES ARE DIFFERENT FROM TRADE TO TRADE.

>> ZELENKA: YEAH, SO IF I'VE GOT THIS RIGHT, YOU'RE ASKING FOR AN EXTENSION AND THEY'RE GOING TO COME BACK WITH AN ASK FOR MORE MONEY.

SO IT'S A TWOFER.

>> D'SOUZA: CORRECT.

>> ZELENKA: THANKS.

>> MAYOR KNUDSON: COUNCILOR CLARK.

>> CLARK: THANK YOU.

I THINK THAT DESPITE HIS EDITORIAL COMMENT, COUNCILOR ZELENKA BRINGS UP A GOOD POINT, WHICH IS IN -- TO SUMMARIZE, HOW TO WE, FROM A POLICY PERSPECTIVE, EVALUATE WHAT'S A GOOD INVESTMENT FOR US TO CONTINUE WITH VERSUS TIME TO, YOU KNOW, FISH OR CUT BAIT.

I WOULD PROPOSE THAT STAFF DEVELOP FOR US SOME -- WE'RE TRAPPED IN THE SYSTEM.

WE'RE TRAPPED IN THE SYSTEM OF INTENTIONALLY CONSTRAINING LAND USE AND HAVING TO PUBLICLY SUBSIDIZE LOW-INCOME HOUSING.

AND THAT'S A REALITY.

THOSE ARE THE TWIN POINTS OF THE PROBLEM.

I'M NOT IN FAVOR OF THIS SYSTEM, FRANKLY, BUT IT'S THE ONE WE'RE IN.

SO WE SHOULD PROBABLY BE WORKING ON SOME METHOD TO SAY "X" NUMBER OF DOLLARS IS TOO MUCH PER SUBSIDIZED UNIT THAT IT GETS BUILT PUBLICLY LOCALLY.

IN OTHER WORDS, YOU KNOW, WE'RE WILLING TO INVEST "X" NUMBER OF DOLLARS OF PUBLIC FUNDS TO PRODUCE LOW-INCOME HOUSING.
AND AT "X" PLUS $1, WE SAY NO, IT'S NO LONGER WORTH IT.
WE NEED A BETTER METHOD FOR EVALUATING THE VALUE IN THAT WAY.
AND I WOULD TURN TOWARDS STAFF AND ASK US -- AND ASK FOR SOME GUIDANCE WITH REGARD TO HOW TO EVALUATE THAT.
IF YOU'VE GOT ANY THOUGHTS ON THAT, I'D LOVE TO HEAR IT.
>> I CAN JUMP IN.
WILL DOWDY, COMMUNITY DEVELOPMENT DIRECTOR.
I THINK WE CAN BRING BACK MORE OF THAT SORT OF INFORMATION WHEN -- AS AMANDA NOTED THIS IS A TWO-PART.
RIGHT NOW WE'RE UP AGAINST A TIMELINE FOR THE -- THIS DEAL TO MOVE FORWARD.
AND SO THE SIMPLE -- YOU KNOW, THE SIMPLER PATH OF THIS REQUEST IS TO EXTEND THAT DEADLINE SO THAT WE HAVE TIME TO BRING BACK A PROPOSAL.
I THINK AT THE TIME WHEN WE BRING BACK A PROPOSAL WE CAN HAVE SOME MORE TO REACT TO.
I THINK LOOKING AT LONGER TERM THE EVALUATION, THERE'S A LOT OF DIFFERENT WAYS TO LOOK AT THAT.
I THINK THAT'S BEEN ONE OF THE CHALLENGES THAT MAKES IT A LITTLE BIT HARD TO DO THAT.
I THINK WHAT WE HAVEN'T REALLY DONE IS LOOKED AT THE WAY THAT CITY SERVICES INTERTWINE WITH DOWNTOWN DEVELOPMENT AND THE FACT THAT WORKING ON EXISTING, YOU KNOW, EXISTING UTILITIES CURRENTLY

CERTAIN LAND PROVIDES A LONG-TERM VALUE TO THE COMMUNITY THAT WE DON'T GET IN OTHER PARTS OF THE COMMUNITY.

BUT ALL THAT BEING SAID, I THINK THERE'S A -- THE KIND OF THE PROMISE OF URBAN RENEWAL, THE GENIUS OF URBAN RENEWAL THE WAY WE USE IT IS THAT IT CREATES AN INTERNAL FEEDBACK LOOP SO THAT THE INVESTMENTS THAT YOU MAKE IN EVERY URBAN RENEWAL PROJECT IN SOME WAY CONTRIBUTE TO THE CREATION OF MORE TAX INCREMENT WHICH BECOMES AN OPPORTUNITY FOR FURTHER INVESTMENT WHICH BECOMES AN OPPORTUNITY FOR FURTHER FEEDBACK.

SO I THINK --

>> CLARK: ONLY IF WE'RE DOING THAT WITH PRIVATE LAND, THOUGH, CORRECT?

>> IT'S BOTH.

I THINK SOME INVESTMENTS ARE -- ARE BETTER SUITED OR HAVE A STRONGER TAX IMPACT THAN OTHERS.

BUT WHAT WE'VE SEEN OVERALL IN THE DISTRICT IS THE OPPORTUNITY FOR EACH -- EACH INVESTMENT TO HAVE SOME SORT OF FEEDBACK.

SO THIS PROJECT, WHETHER IT -- HOWEVER IT MOVES FORWARD, HOWEVER COUNCIL WANTS TO MOVE IT FORWARD, WE'VE HAD COMMUNITY MEMBERS NOTE THIS PROPERTY AS A PROBLEM AND AS A BARRIER TO THEIR INVESTMENT IN THEIR PROPERTY.

SO I THINK THAT THERE'S A -- THERE'S A NEIGHBORHOOD IMPACT THAT A PROPERTY LIKE -- A REDEVELOPMENT PROJECT LIKE THIS HAS THAT GOES BEYOND THE SIMPLE TAX RETURN THAT COMES FROM IT.

THAT BEING SAID, WHAT WE CAN DO IS WE CAN LOOK AT SOME OF OUR

PROJECTED TAX NUMBERS FROM THIS AND COME UP WITH A WAY TO DESCRIBE THIS PROJECT IN TERMS OF REAL IMPACT GOING FORWARD.
I THINK WE CAN DO A LITTLE BIT OF ALL OF THAT.
I JUST WANT TO PAINT THAT BIGGER PICTURE THAT I THINK IS REALLY IMPORTANT AND SOMETHING THAT YOU CONSIDERED WHEN YOU'RE LOOKING AT THE URBAN RENEWAL DISTRICT PLANS.
>> CLARK: WE DON'T GET TO JUST CONSIDER THIS PROJECT IN ISOLATION OF OUR DOWNTOWN.
WE HAVE TO THINK OF THE BROADER PICTURE.
I AGREE WITH YOU ON THAT.
I WONDER, IS THERE A -- IS THERE A WAY TO CALCULATE THE COST TO THE CITY OF THE ADDITIONAL SIX MONTHS?
I MEAN, IT SEEMS LIKE WHAT'S THE COST TO SAY, OKAY, FINE, WE'LL EXTEND.
>> D'SOUZA: I WOULD SAY THE COST IS MINIMAL.
WE'LL CONTINUE WORKING WITH THE TEAM TO PREPARE FOR BRINGING YOU THE PROPOSAL.
BUT THE TEAM WILL BE PREPARING THE PROPOSAL FOR US TO BRING TO YOU.
SO SIX MONTHS ESSENTIALLY MAKES NO DIFFERENCE.
WE CONTINUE TO MAINTAIN THE BUILDING WHICH HAS MINIMAL COSTS.
>> CLARK: DO WE ANTICIPATE ANY MASSIVE CHANGE TO THE IMPORTANT FACTORS, THE DEAL POINTS IN THE NEXT SIX MONTHS?
>> D'SOUZA: NO, OTHER THAN THE FUNDING, NOPE.
>> CLARK: WELL, I'M IN FAVOR OF US GIVING THEM MORE TIME TO WORK, BUT I DON'T KNOW -- BECAUSE IT DOESN'T SEEM TO COST US TO DO IT.

SO I'D BE IN FAVOR OF THAT.

BUT I REALLY WOULD LIKE A BETTER METRIC FOR HOW DO WE EVALUATE THE VALUE OF ANY INDIVIDUAL SUBSIDIZED PROJECT AND WHAT IT'S LIKELY TO COST PER UNIT BASIS.

THANK YOU.

>> RODRIGUES: COUNCILOR CLARK, IF I MIGHT JUMP IN, THE OTHER THING IT DOES IS IT LETS US GET PAST OF THE SHORT SESSION TO SEE IF ANYTHING COULD BE HELPFUL IN MOVING THIS PROJECT FORWARD.

THERE'S BEEN A SUBSTANTIAL INVESTMENT BY THE DEVELOPER IN GETTING TO THIS POINT.

YOU KNOW, I THINK CONTINUING TO WORK WITH THEM TO TRY AND GET IT OVER THE LINE IF COUNCIL WANTS TO SUPPORT THAT, THIS IS OUR BEST SHOT.

BECAUSE THEY ARE INVESTED IN THIS PROJECT.

>> MAYOR KNUDSON: COUNCILOR YEH.

>> YEH: THANKS, MAYOR.

AMANDA, I THINK I REMEMBER YOU REMINDING US THAT BECAUSE OF THE WAY WE PURCHASED THIS LAND IT PUTS LIMITATIONS ON THE TYPE OF PROJECT THAT CAN BE BUILT THERE.

IS THAT CORRECT?

CAN YOU GO OVER THAT ONE MORE TIME REALLY QUICK?

>> D'SOUZA: YEAH.

SO WE PURCHASED THE LAND USING THE FEDERAL COMMUNITY BLOCK GRANT FUND.

WE CALL OUR LAND BANKING PROGRAM.

AND THE STRINGS TIED TO THAT ARE AT LEAST 51% OF THE UNITS OF THE HOUSE PROJECT THAT HAPPENS ON-SITE NEEDS TO BE AFFORDABLE TO AT LEAST 80% AREA MEDIAN INCOME.

>> YEH: OKAY.

SO IF WE WERE TO WALK AWAY FROM THIS PARTICULAR PLAN, WE'D JUST BE WALKING INTO A SIMILAR -- WE'D HAVE TO CREATE A SIMILAR SITUATION WITH SOMEBODY ELSE?

>> D'SOUZA: YEAH.

>> YEH: OKAY.

THAT WAS MY UNDERSTANDING AND I WANTED TO MAKE SURE I WAS ACCURATE.

I REALLY APPRECIATE THESE DEVELOPERS HANGING IN THERE AND WORKING THROUGH SOME DIFFICULT TIMES TO TRY TO MAKE THIS PROJECT VIABLE.

SO I DO NOT HAVE A PROBLEM GIVING THEM SIX MORE MONTHS.

IT WOULD BE VERY CHALLENGING TO HAVE TO REDO THIS TO FIND A NEW DEVELOPER.

I THINK HAVING THIS BUILDING REMAIN ABANDONED IN ITS LOCATION IS NOT DOING OUR DOWNTOWN ANY FAVORS.

SO IF, YOU KNOW, WE NEED TO CONSIDER SOME ADDITIONAL SUPPORT TO MAKE IT VIABLE, I'M WILLING TO CONSIDER IT.

I DO THINK THAT THE OTHER COUNCILORS BRING UP SOME GOOD POINTS ABOUT THERE'S DEFINITELY GOING TO BE AN UPPER LIMIT TO THAT.

BUT I DON'T THINK THAT WE SHOULD SHY AWAY FROM HAVING THAT CONVERSATION AND TO LOOKING AT HOW WE CAN MAKE THIS WORK IN OUR

DOWNTOWN.
BECAUSE IT COULD -- IT COULD BE A REAL POSITIVE BENEFIT DOWN THERE TO HAVE -- TO HAVE THESE ADDITIONAL RESIDENTS.
AND ALSO TO HAVE A PROBLEMATIC AREA THAT IS, YOU KNOW, DOESN'T HAVE EYES ON THE STREET, RIGHT, BECAUSE IT'S JUST EMPTY.
TO HAVE THAT FILLED AND TO HAVE ACTIVITY AND THINGS HAPPENING.
SO YEAH, I'M IN FAVOR OF GIVING THEM THE SIX MONTHS AND, YOU KNOW, WE CAN COME BACK TO THE TABLE AND SEE WHAT THEY BRING US.
>> MAYOR KNUDSON: COUNCILOR KASHINSKY.
>> KASHINSKY: YES, THANK YOU.
AND THANK YOU FOR THE UPDATE ON THE PROJECT AND FOR ALL THE WORK THAT EVERYONE BOTH ON STAFF AND ON THE DEVELOPMENT TEAM HAVE BEEN DOING SURROUNDING THIS.
IT SOUND A LITTLE BIT LIKE ONE OF THE CHALLENGES WE'RE RUNNING INTO THAT GOES BEYOND JUST THE CHALLENGES THAT EVERYONE'S HAVING WITH BUILDING HOUSING THESE DAYS.
BECAUSE IT'S A COMBINATION OF MARKET RATE UNITS AND INCOME-LIMITED UNITS, IT'S KIND OF GUESTING THE WORST OF BOTH WORLDS FROM A CHALLENGES OF THE FUNDING -- GETTING THE FUNDING TOGETHER.
IS THAT RIGHT?
>> D'SOUZA: YEAH, I WOULD SAY SO.
MOST AFFORDABLE HOUSING TOOLS THAT EXIST ARE 60% AMI OR LOWER SO THEY CAN'T INTO THOSE.
AND THE LIMITED INCOME FROM HAVING THE INCOME QUALIFIED UNITS MAKES IT HARDER TO GET DEBT EQUITY.

SO YEAH, THEY'RE IN A UNIQUE POSITION IN THAT THEY HAVE A UNIQUE PROBLEM THAT OTHER PROJECTS MAY NOT HAVE.

>> KASHINSKY: OKAY.

I AM OPEN TO LOOKING AT WHAT COMES OUT OF THE SIX MORE MONTHS AND GIVING THAT OPPORTUNITY TO GET SOME MORE INFORMATION.

AND TO GET A DIFFERENT PROPOSAL.

BUT I DO THINK AT THAT POINT I FEEL LIKE I WOULD NEED SOME SORT OF MORE GUARANTEE THAT, LIKE, THE FUNDING'S GOING TO -- THE REST OF THE FUNDING'S GOING TO ACTUALLY COME THROUGH.

BECAUSE IF IT -- IF WE'RE NOT ABLE TO GET FUNDING FOR THIS PROJECT AS IT'S CONCEIVED, IT MIGHT BE TIME TO START THINKING OF A DIFFERENT WAY TO APPROACH THIS PROJECT.

BECAUSE I DON'T WANT TO DO ANOTHER SIX MONTHS AND ANOTHER SIX MONTHS WHEEL WE'RE WAITING.

>> D'SOUZA: YEAH, YEAH.

>> KASHINSKY: THANK YOU.

>> MAYOR KNUDSON: COUNCILOR ZELENKA.

>> ZELENKA: YEAH, I'M ALSO WILLING TO GO ANOTHER SIX MONTHS.

AND I -- THESE ARE VERY DIFFICULT PROJECTS, BUT THEY'RE EXACTLY THE TYPE OF PROJECT WE NEED.

THERE'S SO SUCH THING AS UNSUBSIDIZED AFFORDABLE HOUSE PROJECTS.

THAT'S A FACT OF LIFE, AS MIKE WAS POINTING OUT.

AND I AGREE WITH EVERYTHING THAT COUNCILOR YEH WAS TALKING ABOUT.

WHAT'S THE CAPACITY OF THE URBAN RENEWAL DISTRICT TO ADD ADDITIONAL CAPITAL INTO THIS PROJECT?

CAN WE GO ALL THE WAY UP TO THE PREVAILING WAGE ADDITIONAL COSTS?

>> D'SOUZA: SO WHEN YOU AMENDED THE PLAN YOU WENT UP $50 MILLION.

TODAY WE SPENT 3.1 MILLION AND WE'VE COMMITTED ABOUT ANOTHER 6.9 MILLION.

SO THERE IS -- THERE IS STILL ROOM TO ALLOCATE ADDITIONAL DOLLARS.

>> ZELENKA: LIKE 40 MILLION IN CAPACITY?

>> D'SOUZA: YEAH.

>> ZELENKA: SO WE DO HAVE THAT AMOUNT.

OKAY, THANK YOU.

>> MAYOR KNUDSON: THANK YOU.

IN A MOMENT I'M GOING TO TURN TO COUNCIL VICE PRESIDENT LEECH TO PUT FORWARD A MOTION FOR DISCUSSION.

BUT I WANT TO ADD MYSELF TO THE QUEUE AND APPRECIATE THE WORK THAT STAFF HAS BEEN DOING WITH THE DEVELOPMENT TEAM LOOKING AT THIS PROJECT.

AMANDA, I ESPECIALLY APPRECIATED YOU NOTING THAT 2025 THE CONSTRUCTION HAS RISEN.

AND WE'VE SEEN NO NEW TAILWINDS WHICH IS ALSO CHALLENGING.

BUT I WANT TO REITERATE WHAT COUNCILOR ZELENKA SAID.

IT'S CHALLENGING TO DELIVER NEW PROJECTS AND NEW PROJECTS IN LOCATIONS IN THE CENTER OF THE CITY THAT ARE THE SITES THAT HAVE THE BEST CHANCE TO OFFER BETTER ENERGY IN OUR CITY CENTER.

TO GIVE PEOPLE ACCESS TO TRANSIT RIGHT DOWN THE STREET.

AND WHEN I THINK ABOUT THE COLLECTIVE ENERGY AND ATTENTION THAT THIS COUNCIL AND PREVIOUS COUNCILS HAVE GIVEN TO THE

REVITALIZATION OF DOWNTOWN, PROJECT LIKE THIS ONE IS THE WORK THAT'S NOT PREVIOUSLY HAPPENED.

I DO THINK THAT THAT'S VERY IMPORTANT TO KEEP IN MIND, THAT THE ADDITION OF NEW CONCENTRATIONS OF MIXED INCOME HOUSING IN OUR CITY CENTER, IN LONG-TERM ASSETS THAT ADD DIVERSITY OF HOUSING UNIT TYPE, THE DIVERSITY OF INCOME AND HOUSEHOLD SIZES, THAT THESE ARE REALLY IMPORTANT CONTRIBUTIONS TO THOSE LARGER GOALS.

AND I VERY MUCH APPRECIATE THE CONVERSATION TODAY AND THE NOTED POINTS ABOUT SUPPORT FOR ADDING -- GIVING THIS ADDITIONAL TIME AND THEN CONSIDERING THE OPPORTUNITIES THAT COME BACK.

WITH THAT, I WILL TURN TO COUNCIL VICE PRESIDENT LEECH TO PUT A MOTION FORWARD.

>> LEECH: THANK YOU, MAYOR.

I MOVE TO APPROVE THE REVISED TERMS IN ATTACHMENT "A" AND AUTHORIZE THE CITY MANAGER TO AMEND THE DEVELOPMENT AGREEMENT CONSISTENT WITH THE REVISED TERMS INCLUDED IN ATTACHMENT "A" TO EXTEND THE CLOSING DATE TO AUGUST 3, 2026.

>> ZELENKA: SECOND.

>> MAYOR KNUDSON: ANY FURTHER DISCUSSION FROM COUNCIL?

THEN SEEING NONE, I'LL NOW TAKE A VOTE FOR THIS MOTION.

PLEASE RAISE YOUR HAND OR -- THAT'S SMALL BUT ALL IN FAVOR, ONE, TWO, THREE, FOUR, FIVE, SIX COUNCILORS, DID I COUNT YOU CORRECTLY?

SIX IN FAVOR.

ANY OPPOSED?

ZERO.

AND THE MOTION PASSES WITH A VOTE OF 6-0.

THANK YOU, STAFF, FOR THAT PRESENTATION.

ALL THE PRESENTATIONS TODAY.

THANK YOU AGAIN TO OUR PARTNERS WHO ARE HERE.

THIS DOES CONCLUDE OUR AGENDA FOR THIS AFTERNOON.

SO THANK YOU, CITY COUNCIL.

AND WE ARE ADJOURNED.