



Eugene City Council

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EUGENE CITY COUNCIL AMENDED AGENDA

November 9, 2022

12:00 p.m. CITY COUNCIL WORK SESSION and URBAN RENEWAL AGENCY MEETING

As the state and community recover from the COVID-19 pandemic, City Council meetings will continue to be held in hybrid format using in person and virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

NOTE: This agenda has been amended to add the agenda item summary for agenda item 2.

Meeting of November 9, 2022; Her Honor Mayor Lucy Vinis Presiding

Councilors

Greg Evans, President
Mike Clark
Randy Groves
Jennifer Yeh

Matt Keating, Vice President
Emily Semple
Alan Zelenka

12:00 p.m. CITY COUNCIL WORK SESSION and URBAN RENEWAL AGENCY MEETING

1. WORK SESSION: Riverfront Urban Renewal District

2. WORK SESSION: Ambulance Transport System Update

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November 9, 2022 Work Session

EUGENE AGENCY BOARD AGENDA ITEM SUMMARY



Work Session and Possible Action: Riverfront Urban Renewal District

Meeting Date: November 9, 2022
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Amanda D'Souza
Contact Telephone: 541-682-5540

ISSUE STATEMENT

This work session is in response to a Council poll about whether one or both of Eugene's two Urban Renewal Districts should be amended to allow the district(s) to fund additional projects. Council discussed the Downtown Urban Renewal District on June 13, 2022 and the Urban Renewal Agency Board (Agency Board) discussed the Riverfront Urban Renewal District on September 12, 2022. At the September work session, the Agency Board learned about the current financial status of the Riverfront Urban Renewal District (District) and discussed the status of outstanding Downtown Riverfront projects. At this work session, the Agency Board is asked to provide direction on whether to continue exploring the use of Urban Renewal to support these projects.

BACKGROUND

Urban Renewal has been the primary tool used to realize the community's vision of transforming the former Eugene Water and Electric Board property into the new Downtown Riverfront neighborhood. The Agency purchased the 16-acre property in April 2018 and has made significant investments to spur the site's redevelopment. Most of the work to date has focused on the following elements: Riverfront Park, infrastructure, public-private partnerships for market-rate housing development, and Steam Plant redevelopment. Staff provided an update on the status of these projects at the May 18, 2022 Budget Committee meeting (see Attachment A for a summary of the projects' status).

Remaining District Projects

Below are summaries of the District's remaining three projects, which the Agency Board discussed at the September 12 work session:

- 1) *Affordable Housing*: The Agency Board has previously provided direction that the Downtown Riverfront must include an Affordable Housing project consisting of no fewer than 75 units of housing rented to households with income at or below 60% of area median income. Affordable Housing projects like this require significant subsidy to offset the reduced rents and be financially viable. Staff estimates a subsidy in the range of \$1.5-\$5 million is needed to make the project financially viable due to the funding landscape for Affordable Housing, rising construction costs and interest rates, and the urban design context.

At the September 12 work session, the Agency Board indicated that this project is a priority for the success of the Downtown Riverfront neighborhood. The Council/Agency Board's preference on which funding source(s) to use for this project is an important guide for staff and will impact the construction timing and availability of resources for other Affordable Housing projects elsewhere in the community. (See Attachment B for more information, including a table of funding options and a preliminary assessment of each funding source's advantages and disadvantages.)

- 2) *Steam Plant Redevelopment*: The Agency Board approved terms for the sale and redevelopment of the Steam Plant on January 26, 2022, to the Dream Plant team. The terms included the use of Urban Renewal funds for asbestos abatement, systems development charges, and permit fees to support the project (estimated at \$1.5 million). The Dream Plant team estimates that even after accounting for the Urban Renewal funds and their other sources of investment funds, the planned redevelopment has a remaining financial gap, which as of a year ago was estimated at over \$5 million, due to significant cost escalations that impact the project feasibility. Staff continues to work with the Dream Plant team to identify funding for this gap, although at this time, both parties have exhausted all known potential leads for funding sources that could meaningfully reduce the gap including an unsuccessful request for funding from the state legislature. (See Attachment C for more information, including a table of funding options.)

At the September 12 work session, the Agency Board expressed interest in understanding what the Agency/City's return on investment would be should additional funds be allocated to the project. Attachment D presents a cost-benefit analysis for the Steam Plant that estimates the impacts associated with both the Agency's current financial commitment of \$1.5 million and an expanded commitment that would fill the Dream Plant team's funding gap.

- 3) *Mobility Options and Parking*: The Downtown Riverfront redevelopment efforts will significantly increase the amount of people from other parts of the community accessing the Downtown Riverfront area, creating a need for more transportation mobility options and parking. At the September 12 work session, the Agency Board indicated a strong preference for exploring multi-modal solutions to address this need, rather than relying on solutions that would result in the construction of new surface parking.

Creating a robust multi-modal program in the Downtown Riverfront would take a significant investment. Mobility enhancements that involve physical improvements, such as bicycle infrastructure, within the district are eligible for Urban Renewal funds. However, many of the strategies that are part of a robust multi-modal plan have operational costs which are not eligible for Urban Renewal spending and would require an ongoing funding source. (See Attachment E for more information, including a table of funding options.)

District's Financial Capacity

After taking into consideration anticipated tax increment revenue through FY24, property sales revenue, and accounting for already committed project costs, there is approximately \$1.5 million of anticipated funding available for future investments in the District that has not already been allocated. That amount is insufficient, by itself, to cover the needed public investments for any one of the aforementioned remaining projects.

In addition, there are a number of other potential investment opportunities within the District that the Agency Board has not previously discussed such as infrastructure improvements, additional housing opportunities, riparian restoration, and redevelopment of strategic under-utilized sites. If Council wishes to continue to use Urban Renewal as a redevelopment tool in the Riverfront area, the District's Urban Renewal Plan will need to be amended. (See Attachment F for the financial forecast. See Attachment G for additional information on the technical details of Urban Renewal, including the fiscal implications of the District and the plan amendment process.)

Direction Needed

Given the funding available and the remaining projects, direction from the Agency Board is needed for the three projects listed above to move forward. The Agency Board is asked to consider the following options:

Option 1: Direct the Agency Director to return with recommendations for a) the three projects utilizing the current Agency funds (\$1.5 million), b) other funding sources, if any, and the impact of using them, and c) reductions in the scope of projects as needed. Should the Agency Board choose Option 1, next steps for the remaining projects are:

- **Affordable Housing:** Recent experience with Affordable Housing development suggests that the remaining \$1.5 million of Riverfront Urban Renewal funds are not sufficient to make the project financially viable, and more subsidy will be needed. Under this option, the Agency Board would have a follow-up work session specifically on the Downtown Riverfront Affordable Housing Project to provide direction on disposition process, project criteria, and whether to use any additional City tools to increase the project's viability.
- **Steam Plant Redevelopment:** If the remaining \$1.5 million of Riverfront Urban Renewal funds were allocated to the Steam Plant, the addition of those funds to the already allocated \$1.5 million (for a total of \$3 million) would not fill the current financial gap. Even with a \$3 million allocation of Urban Renewal funds, it is unlikely that the project would move forward without additional public investment. The Agency Board would have a follow-up work session specifically on the Steam Plant to provide direction on the future of the structure.
- **Mobility Options and Parking:** Based on the Agency Board's September 12 discussion, it is assumed that the remaining \$1.5 million of Riverfront Urban Renewal funds will not be allocated for mobility options and parking projects. Should Council or the Agency Board want to support enhancing multi-modal infrastructure or providing additional parking to

support the planned redevelopment at a future date, non-Urban Renewal funding would need to be identified and allocated.

Option 2: Continue exploring the use of Urban Renewal funding in the Riverfront District and direct the Agency Director to bring back a proposal to amend the Riverfront Urban Renewal Plan to expand the District's financial capacity and schedule a work session to allow the Board to review and comment on that proposal. Should the Agency Board choose Option 2, next steps would follow the process outlined in Attachment G. That process and key Council/Agency Board decision points would include:

- *Work Session (estimated January/February 2023):* Staff present a proposal for a plan amendment that includes a range of spending scenarios. The Board can choose to initiate the plan amendment process, and if so, would determine what to include in the proposed plan amendment for consideration and comment by the public, other affected taxing districts and the Planning Commission during the formal adoption process. The details of the proposed plan amendment would include the amount of the spending limit increase and extension of the sunset date for the District.
- *Seek concurrence from overlapping taxing districts, consult with the River Guides, Planning Commission review, City Council Public Hearing, and notify the general public (estimated Spring 2023).*
- *Work Session (estimated May 2023):* Council reviews recommendations and public comments. Staff presents a further refined plan amendment for Council consideration.
- *Work Session/Action (estimated June 2023):* Council makes final decision on whether to amend the Riverfront Urban Renewal Plan.

The impact to each of the three remaining projects would depend on future Council decisions during the plan amendment process and subsequent specific action based on section 700 of the Riverfront Urban Renewal Plan.

PREVIOUS COUNCIL DIRECTION

[April 15, 2019 Work Session](#)

The Agency Board approved funding for the Downtown Riverfront park of \$8 million, initial plaza funding of \$4 million, and directed the Agency Director to come back to discuss funding strategies for other potential projects within the Riverfront District.

[October 28, 2019 Work Session](#)

Staff presented information on remaining Riverfront District resources, and possible uses of those resources. The Agency Board asked for staff to come back with more information on four specific projects (Affordable Housing, Steam Plant, Plaza, and parking) and overall funding strategy information.

March 8, 2021 Agency Board Work Session

The Agency Board received an update on the current financial status of the Riverfront District and had an initial discussion of four projects that could be pursued in the future, as requested by the Agency Board: 1) Steam Plant, 2) Plaza, 3) Affordable Housing, and 4) Parking. No action was taken.

January 26, 2022 Agency Board Work Session

The Agency Board approved terms for the sale and redevelopment of the Steam Plant, with the addition of the deal point that the project shall be constructed with prevailing wage and continue working with the development team during the due diligence period to identify funding and strategies to cover the funding gap; and that it is understood that neither the Agency nor City funds will be used to fill this funding gap.

September 12, 2022 Agency Board Work Session

The Agency Board discussed the remaining three Downtown Riverfront projects. No action was taken.

AGENCY BOARD OPTIONS

1. Direct the Agency Director to return with recommendations for the Affordable Housing, Steam Plant and Mobility Options/Parking projects utilizing current Agency funds (\$1.5 million), and either recommending the use of other funding sources or reducing the scope of the projects as needed.
2. Direct the Agency Director to draft a proposal to amend the Riverfront Urban Renewal Plan to expand the District's financial capacity and to schedule a work session to allow the Board to review and comment on that proposal.
3. Take no action at this time.

AGENCY DIRECTOR RECOMMENDATION

If the Agency Board would like to continue exploring the use of Urban Renewal funds to support the Affordable Housing project and/or the Steam Plant redevelopment, the Agency Director recommends that the Board direct the Agency Director to draft a proposal to amend the Riverfront Urban Renewal Plan to expand the District's financial capacity and to schedule a work session to allow the Board to review and comment on that proposal.

SUGGESTED MOTION

Move to direct the Agency Director to draft a proposal to amend the Riverfront Urban Renewal Plan to expand the District's financial capacity and to schedule a work session to allow the Board to review and comment on that proposal.

ATTACHMENTS

- A. Status of Current Projects
- B. Affordable Housing – Project Overview
- C. Steam Plant – Project Overview
- D. Cost-Benefit Analysis: Redeveloping the Steam Plant
- E. Mobility Options and Parking – Project Overview
- F. Riverfront District Financial Capacity
- G. Riverfront Urban Renewal District - Technical Details

FOR MORE INFORMATION

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Status of Current Projects

Most of the Riverfront Urban Renewal (UR) efforts have focused on the redevelopment of the Downtown Riverfront site, formerly EWEB's headquarters. Urban Renewal has been the essential tool in realizing the community's vision of transforming this former utility yard into a new neighborhood, as captured in the 2010 EWEB Riverfront Master Plan.

The Agency purchased the 16-acre site in 2018 and has made significant investments to spur the site's redevelopment. Most of the work to date has focused on four elements – the park, infrastructure, market-rate housing development, and Steam Plant.

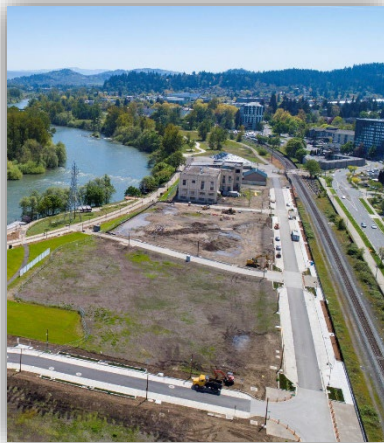
Riverfront Park & Plaza

The bulk of the Park development and construction work started in May 2020 and was substantially completed in June of this year. In April 2019, the Agency Board approved the use of \$8 million UR funds for a total park budget of \$14.3 million. The Park includes new walking and bicycle paths, stormwater treatment, new native vegetation, as well as river overlooks, decks, and seating areas. The Fifth Street Overlook includes an art pavilion, creating a gateway to fantastic views of the Willamette and establishing the long-envisioned connection between Downtown and the River.



Phase two of the Downtown Riverfront Park will be the Riverfront Plaza project, a one acre addition which will serve as the heart of the new neighborhood and a place to gather and play for the whole community. A smaller portion of phase two is the Southern Plaza, proposed as a unique outdoor public seating area between the Steam Plant and the river path, including an additional river overlook on the historic water intake structure. \$2.1 million of UR funding is allocated for the Plaza in the FY23 budget and last year the State approved \$5 million for the project. The plaza is currently in the planning and design phase.

For more information on the Park and Plaza, visit www.eugene-or.gov/RiverfrontPark.



Infrastructure

In 2020, the City and Agency began construction of the infrastructure needed to bring Downtown to the river. UR funds were used to build out the street network, stormwater and wastewater systems, and the utilities needed to serve the Park and future development. Infrastructure was completed in June 2022.

UR funds have also been allocated for the 3 quiet zone crossings located in the Riverfront district. The City has completed the design for the crossings, and acquired the Manufactured Gas Plant, or MGP, property from EWEB, located next to the substation. The City is now waiting on permit approval from the railroad before construction can begin.

Market-Rate Housing Development

The UR investments in the infrastructure and park will play a vital role in the neighborhood's future development. The market-rate housing development will be led by Atkins Dame Inc., who, in 2020, entered into a development agreement with the Urban Renewal Agency. Their planned multi-use concept includes hundreds of new housing units and new retail spaces.



Overall, Atkins Dame will pay \$11.1 million for the parcels. They closed on the first set of parcels in October of last year and two more closings are set to occur in the fall of this year and next year.

Late last year, Atkins Dame submitted applications for the Multi-Unit Property Tax Exemption (MUPTE) program for the first three of their projects. Council approved these applications in March 2022. When built, these projects will result in the creation of 381 new market-rate units Downtown. Atkins Dame began construction on their first project earlier this fall.

For more information visit www.eugene-or.gov/Riverfront

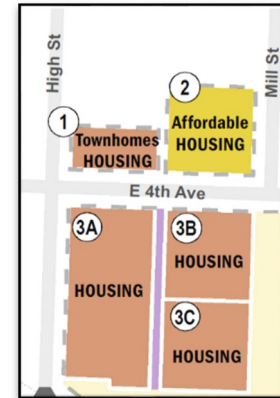
Steam Plant

See Attachment C for more information on the Steam Plant.

Affordable Housing – Project Overview

This attachment provides background information on the Downtown Riverfront Affordable Housing project, including estimated public investment and a summary of funding strategy information. Two examples of local projects supported by the City and built by local providers are included at the end of this attachment.

The Downtown Riverfront lot reserved for Affordable Housing (AH) is on the northwest corner of Mill Street and 4th Avenue (see map on right). In the [Housing Implementation Pipeline](#) (HIP), redevelopment of this site is part of goal #4 of the income qualified 5-year goals. The terms approved by the Agency Board in May 2020 for redevelopment of the Downtown Riverfront call for the AH project to consist of not less than 75 units of housing rented to households with income at or below 60% of area median income (AMI). Additionally, the term allows for sale of the property to either an affordable housing provider or Atkins Dame, who has since chosen not to pursue the development.



At the September 12, 2022, work session, the Agency Board indicated that the AH project is a priority for the success of the Downtown Riverfront. There are three key pieces needed in order for the Downtown Riverfront AH project to successfully move forward: 1) Council/Agency needs to decide whether to invest in the project; 2) the required project criteria needs enough flexibility to be competitive for State funding resources; and 3) Agency needs to partner with a developer. The following sections outline the AH landscape and financial considerations that impact these three pieces.

Affordable Housing Landscape

As with all AH developments, the project will need substantial public contribution to compensate for the low project rents to make it economically viable. AH subsidies often come from a combination of Federal, State, and local financial sources. AH developments are complex. The funding structure is not cut and dry – each funding source has its own preferences and set of regulations for eligibility criteria and AMI thresholds.

The main financial resource AH providers use is the Low Income Housing Tax Credit (LIHTC) program, awarded by the State through competitive processes. (See funding table below for more information on LIHTC.) Given the competitive nature of both LIHTC programs offered in Oregon, local AH providers would need to be strategic so that they would not be competing with another locally prioritized AH proposal in the same year. It is up to the developer to navigate the specific funding structure path for a particular site and project.

In Eugene, AH projects have typically had around 50 units and depended on three key financial mechanisms:

- a) the State's 9% LIHTC program;

- b) direct subsidy from the City (usually about \$1M-\$1.5M); and
- c) the City's Low-Income Rental Housing Property Tax Exemption (LIRHPTE).

In the years since the Agency Board originally established the 75-unit minimum for the Downtown Riverfront AH project, there have been shifts in the AH funding environment (mainly increased competition for State tax credits) and construction prices continue to significantly increase. The neighborhood character of the Downtown Riverfront, first articulated in the EWEB Master Plan and continued in subsequent City policy, includes high-quality, urban architecture. These denser, more durable buildings are a more expensive type of construction and higher cost-per-square-foot than more suburban "garden-style" apartments. It is reasonable that any AH developer interested in this project would try to meet the 75-unit requirement in this context with a project consisting entirely of studio and 1-bedroom units. Current State priorities¹ for allocating tax credits favor projects with multi-bedroom units rather than a project accommodating the same number of occupants via studio units. That is, a project with 75 bedrooms with fewer total units may be more competitive for State funding than a project with 75 studio units; yet both of those could house approximately the same number of people. The City typically aims to include as much flexibility as possible in AH Requests for Proposals (RFPs) to let the developer determine the appropriate unit mix and other project details to include in their proposal so as to successfully navigate the funding structure complexity and secure the critical LIHTC funding.

Financial Considerations

With rising costs resulting from inflation, rising interest rates, site constraints, the desire for the building to be responsive to the urban design context of the Downtown Riverfront while keeping rents affordable, it is expected there will be a need for significant subsidy – likely in the range of \$1.5-\$5 million. The Funding Summary table on the following pages outlines the potential funding sources and tools the City/Agency could choose to use to support the Downtown Riverfront AH project. Some key considerations include:

- Typical contributions the City can offer to AH projects are these buckets:
 - Land bank site donated to the project
 - City fee assistance
 - Development funds with the City's Federal HOME Funds or the Affordable Housing Trust Fund (AHTF)
- The [Housing Implementation Pipeline](#) (HIP) assumes that HOME and AHTF funds would not be used to support the Downtown Riverfront AH project, so that those funds would be available for other projects in order to maximize the number of units for the community overall. Given the other land plans in the HIP, putting the Downtown Riverfront AH project in the HOME or AHTF RFP would not be able to occur for three or more years.

¹ The state establishes its AH priorities through a 3-year Qualified Allocation Plan (QAP). The current 3-year QAP favors Permanent Supportive Housing and multiple bedroom units. This development will likely be under the next 3-year QAP, which means the State's priorities could change.

- The Downtown Riverfront AH project will likely pursue the State's LIHTC resources, but the programs are competitive and may not get funded the first time depending on other regional/local projects in the queue.

Council/Agency Board Direction Needed

In order to move the Downtown Riverfront AH project forward, direction is needed from the Agency Board that will impact the three key pieces described at the beginning of this attachment (local funding, criteria flexibility, and development partner). These decisions will impact whether the project will be able to attract a development partner, who will only pursue the project if it is feasible. Specifically, the Agency Board needs to decide if they are:

1. Willing to invest in the Downtown Riverfront AH for the best chance of a successful project? If so, what sources?
2. Willing to give developers the option of proposing a project with either at least 75 units OR at least 75 bedrooms (via inclusion of multi-bedroom units). The latter option may make the project more competitive for State funding options, while ensuring the project will house at least 75 individuals.

Next Steps

- The Agency Board is asked to provide direction on whether or not to continue exploring the use of Urban Renewal for this project. Should the Agency Board choose to initiate a plan amendment they could consider whether to invest in the Downtown Riverfront AH project using Urban Renewal funds. Should the Agency Board choose to let the Riverfront District sunset, they could choose to use some of the remaining funds (approximately \$1.5 million) on the AH project.
- Once Agency Board/Council provide feedback on the source(s)/amount of subsidy for the site, staff will do a Request for Proposals (RFP) to collect development proposals for Downtown Riverfront AH project.² The funding source(s) will impact the timing of the RFP. (See the Funding Options table below for information on possible sources, including timing considerations.)
- Because the land is owned by the Agency, the Agency Board will select the developer/project to transfer the property to.
- Timing from transfer to completion is approximately 18 months.

² Per the property disposition process approved November 27, 2017, the Agency Board will need to provide direction on how it would like to dispose of the AH property. This attachment assumes the use of a competitive Request for Proposals (RFP), the standard process for AH landbank properties. Staff recommends this approach.

Summary of Funding Options for Affordable Housing

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified. For some funding options, there are opportunity costs if those funds are allocated to the Downtown Riverfront AH project - those considerations are **bolded**.

Funding Type	Description	Summary of Issues to Consider
City of Eugene		
Affordable Housing Trust Fund (AHTF)	In May 2019, City Council passed Ordinance No. 20609 establishing a construction excise tax (CET) on commercial and residential improvements. The tax created a dedicated source of funding for housing programs and services affordable to people with incomes up to 100% of area median income, called the Affordable Housing Trust Fund (AHTF). Funding is collected annually. In May 2022, Council awarded just over \$1 million of the total \$1.6 million in the AHTF to two affordable housing projects: Peace Village Co-Op and Green Lane Veteran's Housing. The AHTF available to be allocated in FY23 for housing development is \$1.2 million, which includes General Fund (\$500,000), carry-over funds, and \$755,000 from the CET.	<p>Funds can be used throughout Eugene. There are a number of competing needs that the fund is be able to assist with. The development funds are offered through a Request for Proposals (RFP) process and can be used throughout Eugene. While it is difficult to fully predict future projects, the underlying assumption used to create the units pipeline in the HIP is that for every year of the AHTF RFP, 50 units of housing would be created. If a year of AHTF development funding is instead invested in the Downtown Riverfront AH project, that would be an estimated 50 fewer units elsewhere in the community.</p> <p><i>Timing:</i> If the property is put in the AHTF RFP, the soonest the Downtown Riverfront AH project would move forward would be in the spring 2026 RFP, with the developer selected the same year and estimated completion in 2028. Additionally, the land plan in the HIP is based on utilizing the AHTF RFP process for disposition of property for homeownership developments.</p>

Funding Type	Description	Summary of Issues to Consider
City Fee Assistance for Income-Qualified Housing Projects	<p>Housing for low-income persons is eligible for an exemption from paying local charges, but not regional Systems Development Charges (SDC). The SDC exemption is used in combination with other resources for larger multi-family rental developments but can also be used for rental developments and low-income homeownership development. Per Code, there is a capped exemption amount that is adjusted annually proportional to changes to the SDC base fee. Currently, approximately \$250,000 is available per year. The exemption may go to one project or be divided to support more than one project.</p> <p>For the past three years, City Council allocated General Funds or American Rescue Plan Act (ARPA) funds to pay SDC fees for affordable housing projects, most recently in the December 2021 Supplemental Budget. The City Fee Assistance with one-time General Fund and ARPA funds has been essential in supporting the timely development of local affordable housing projects including the Sarang (49 units, opened 2022), the Nel (45 units of permanent supportive housing, opening in 2022), and Peace Village (70 tiny homes, begins construction 2022).</p>	<p>Funds can be used throughout Eugene. The local need for the SDC exemption program often exceeds the program's capacity. There is a limit to the amount of exemptions available annually, so an exemption is not guaranteed for all developments that qualify. The annual exemption cap is not enough to cover the average SDC fees for a 50-unit project (estimated at \$300,000).</p> <p>The opportunity cost of using City Fee Assistance for the Downtown Riverfront AH project is that less will be available for other projects elsewhere in the community.</p>

Funding Type	Description	Summary of Issues to Consider
MUPTE – Moderate Income Housing Fee	As part of the 2015 update of the Multi Unit Property Tax Exemption Program (MUPTE) program, Council added a moderate-income housing contribution requirement. Applicants can meet this requirement through either providing moderate-income housing units or paying a moderate-income housing fee (10% of the total MUPTE 10-year benefit). The fee is intended to support moderate-income housing projects in Eugene. The program defines moderate income as up to 100% of area median income. The fee revenue from Gordon Lofts (estimated \$400,000) will be used as part of the subsidy for 1059 Willamette. The first 3 Atkins Dame projects with approved MUPTEs (lots 3BC, 7, and 9) are estimated to pay fees of about \$2 million.	<p>Funds can be used throughout Eugene. There are many competing needs that could be met through use of these funds and the Downtown Riverfront AH project does not align with the intent of the funds (the fee is intended to support moderate income housing, whereas the Downtown Riverfront AH project is targeted at 60% AMI or below).</p> <p><i>Timing:</i> The funds are not available until collected. Atkins Dame indicated they will pay the fee upfront, with a discount, in Year 1 of the exemption, and so the soonest we would expect available funds is FY25.</p>
MUPTE – HUB on Broadway’s payment ‘in lieu of affordable housing’	The 2014 resolution approving the MUPTE for this project included Council’s requirement that the project make a “payment in lieu of affordable housing” in years 6-10 of the exemption. By the end of FY26, a total of \$1.03 million will be collected. The total amount will be remitted to the City in increments from FY22 to FY26.	<p>Funds can be used throughout Eugene. The MUPTE resolution for the HUB states the intent at the time that at least a portion must be spent on an emergency or temporary shelter. The HIP 5-year financial forecast was modeled revenue payments from the HUB with 30% focused on unhoused/unsheltered (\$309,000) and 70% focused on Affordable Housing development (\$721,000).</p> <p><i>Timing:</i> The funds are not available until collected (incrementally from FY22 to FY26).</p>

Funding Type	Description	Summary of Issues to Consider
HOME Consortium Funds	<p>The HOME Investment Partnership Program is an annual federal program administered by the U.S. Department of Housing and Urban Development (HUD) to expand affordable housing opportunities for low-income persons. HOME funds are offered as a development subsidy through the annual Affordable Housing RFP process. The HOME Consortium Governing Board makes final decisions for use of HOME funds for development projects based on the input of an Evaluation Committee and direction of the City Council. Congress allocates a set amount of funds each year, which has been about \$700,000-\$900,000 for Eugene that the City typically applies to 1 or 2 projects each year.</p> <p>HOME-ARP (also called HARP) is a new one-time funding source provided to the Consortium through the American Rescue Plan Act of 2021. The funds are specifically for rental housing development serving people experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, and those at greatest risk of housing instability with attention to veterans meeting one or more of those categories. HARP funds would be offered like regular HOME funds through its own RFP process. Eugene will have approximately \$2.5 million available for two development projects.</p>	<p>Funds can be used throughout Eugene. These resources are competitive and limited. HOME funds or HARP funds would typically be paired with a land bank site and prioritized for that property in the HOME or HARP RFP.</p> <p>While it is difficult to fully predict future projects, the underlying assumption used to create the units pipeline in the HIP is that for every year of HOME RFP 80 units of housing would be created. If the Downtown Riverfront AH project is offered in the HOME RFP in fall 2025, that would be an estimated 80 fewer units invested in elsewhere in the community.</p> <p><i>Timing:</i> If Council decides to use the City's HOME funds to support the project, the soonest the Downtown Riverfront AH project would move forward would be in the fall 2025 RFP, with the developer selected in early 2026 and estimated completion in 2028.</p> <p>For HARP, the units pipeline is modeled on the assumption that those RFP(s) focus on development of Permanent Supportive Housing (PSH).</p>
Low-income Rental Housing Property Tax Exemption (LIRHPTE)	<p>Enabled by state statute, the LIRHPTE provides a 20-year tax exemption for rental properties constructed after 1990, or rental properties owned by 501c(3) non-profits. LIRHPTE is for properties that are offered for rent or held for the purpose of developing low-income rental housing. The income limit for the program is 60% of the area median income based on household size, as determined annually by the US Department of Housing and Urban Development.</p>	<p>LIRHPTE is not a source of development financing. The program helps property owners by reducing long term operating costs and assists owners to achieve lower rents affordable to households earning up to 60% of area median income.</p>

Funding Type	Description	Summary of Issues to Consider
SDC Credits from former EWEB facilities	The Agency has roughly \$350,000 in SDC credits available for the retained Downtown Riverfront properties (Affordable Housing, Steam Plant, and the ground lease parcels 6 & 8).	Opportunity cost of not preserving SDC Credits for the other projects (Steam Plant and parcels 6 & 8).
Urban Renewal Agency		
Existing Urban Renewal Funds	After taking into consideration anticipated tax increment revenue through FY24, property sales revenue, and accounting for already committed project costs, there is approximately \$1.5 million of anticipated funding available for future investments. Unless the Agency Board chooses to augment those resources, \$1.5 million is estimated to be the maximum amount that the Agency Board could spend on any remaining projects.	The forecasted \$1.5 million of property sale revenue available for projects is insufficient to fill the anticipated financial gap for the Downtown Riverfront AH project. Additionally, opportunity cost of not preserving these limited funds for one or more of the other outstanding Riverfront projects.
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024.	<p>To support development of the Downtown Riverfront AH project using Urban Renewal funds, Council would need to amend the Riverfront Urban Renewal Plan to increase the spending limit for the District.</p> <p>A plan amendment requires a public process and takes approximately six months. (See Attachment G for more information.) There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.</p> <p>If Urban Renewal funds are used, the community will benefit from more units overall in the long-run and will be able to invest in more projects with the City's HOME and AHTF dollars.</p> <p><i>Timing:</i> If Council chooses this route, timing of the Downtown Riverfront AH project RFP would depend on when the amendment is initiated. Urban Renewal funding for the site would be the fastest path for RFP and development, given the other land plans in the HIP.</p>

Funding Type	Description	Summary of Issues to Consider
State or Federal Sources		
4% Low-income Housing Tax Credits (LIHTC)	4% LIHTC were previously non-competitive. However, the State currently awards 4% tax credits in combination with State Local Innovation Fast Track (LIFT) or other State funds through a competitive process. Projects using 4% LIHTCs are typically larger (50-100 units). LIFT funds are currently focused on larger size housing units (aka those with multiple bedrooms). The development timeline to start construction is typically 18 months, including public engagement, Housing Request for Proposals (RFP) process, Council action, application/decision/allocation of State tax credits and potential gap funds, and finalizing financing.	4% LIHTC are now highly competitive due to their combination with LIFT and other State funds. ³ 4% LIHTC cover a smaller percentage of the construction costs, leaving a larger gap to be filled by local subsidies or other funds. That gap can be partially covered by the LIFT funds. The 4% LIHTC are awarded with (LIFT) funds are currently for developments focused on larger size (i.e. many bedroom) units. (See “Considerations for State Tax Credits” below.)
9% Low-income Housing Tax Credits (LIHTC)	<p>The State awards the tax credits through a competitive process. Projects using 9% LIHTCs are typically 35-60 units. Developers choose the type of housing based on the State’s priorities, per the Qualified Allocation Plan. The development timeline to start construction is typically 18 months, including public engagement, Housing Request for Proposals (RFP) process, Council action, application/decision/allocation of State tax credits and potential gap funds, and finalizing financing.</p> <p>The State is planning to skip a year of 9% LIHTC awards (only one round for 2023 and 2024). This could significantly impact affordable housing in Eugene’s pipeline, especially as we plan to award HOME and HARP funding to projects that would need these credits to proceed.</p>	<p>9% LIHTCs are highly competitive at the State level. Typically, only one local project a year is awarded. If a project proposal is not selected for LIHTCs or State funding in a particular year, the developer re-applies in the following year, shifting the timeline of the project.</p> <p>The number of units that have been discussed for the Downtown Riverfront thus far has been 75 units – however projects that receive 9% LIHTC are typically 60 units or fewer. To be competitive, developers will determine the type of housing per the Qualified Allocation Plan (QAP). The current 3-year QAP favors Permanent Supportive Housing and larger size units. This development will likely be under the next 3-year QAP, which means the State’s priorities could change. (See “Considerations for State Tax Credits” below.)</p>
<p>Considerations for State Tax Credits:</p> <ul style="list-style-type: none"> Both State tax credits are now competitive (before only the 9% was), which means that all AH projects compete against other local and regional projects for the limited tax credits that are awarded each year. In response to the pandemic, more federal development resources are available (e.g. HARP), but the State tax credits have remained the same. So, there is/will be even more competition for the tax credits, which means projects could be delayed waiting to be awarded the tax credits. Delay likely means the project costs will increase as construction prices continue to rise. 		

³ The State made this change in 2022, which significantly alters the assumptions staff made when the 75 units deal point was approved.

Two examples of financing for recently completed projects

- *Market District Commons (9% tax credits; completed October 2020):*
 - 5-story building with first floor commercial and residential above
 - 50 one and two-bedroom apartments
 - **City Contribution** (5.9% of total project):
 - HOME funds: \$700,000 permanent loan, \$700,000 construction loan⁴
 - SDC Exemption: \$224,829
 - Other State or Federal Funds:
 - Housing Trust Funds through OHCS \$2,000,000
 - OHCS gap financing \$400,000
 - Tax Credits: \$10,606,939 in equity
 - Project has a private bank loan, deferred developer fee loan, and will sell the first-floor commercial space to finance the building.
 - Total development cost: \$15,731,761
- *The Commons on MLK (4% tax credits; completed January 2021):*
 - 4-story building for permanent supportive housing with first floor 24/7 services
 - 51 studio apartments
 - **City Contribution** (9% of total project):
 - HOME Funds: \$749,534
 - Low-Income Housing Fund: \$150,466
 - SDC Exemptions: \$269,466
 - Other State or Federal Funds:
 - \$3,000,000 in state Mental Health Housing funds
 - \$540,000 from Oregon Health Authority
 - \$500,000 in Lane County funds
 - Lane County property donated to the project
 - Tax Credits: \$4,543,070 in equity
 - Project received private grants from health care providers (\$2,000,000); grant from the Federal Home Loan Bank of Des Moines (\$750,000); deferred developer fee loan
 - Total development cost \$12,874,011

⁴ The City rarely has enough funding to provide a construction loan.

Steam Plant – Project Overview

This attachment provides background information on the Steam Plant project, including a summary of the Agency Board approved terms, an update on the effort to fill the remaining financial gap, and a summary of funding strategy information.

The Steam Plant is part of the 16+acres of Downtown Riverfront property purchased from EWEB in April 2018. The building was the oldest of EWEB's operational buildings and is the only remaining structure. Constructed in 1931, the 28,000 square foot multi-story masonry building was used to generate standby electrical power and provide heat to downtown businesses. Steam Plant operations ceased in 2012 and the building is currently vacant. Located prominently on the banks of the Willamette River, the building is designed in the Art Deco style, typical of industrial buildings at the time. Built in three phases, the Steam Plant reflects the growth of the City of Eugene and has the potential to be an important landmark that connects Eugene's future to its past – and anchor the southern end of the Downtown Riverfront redevelopment.



Following a Request for Qualifications/Proposals process, in 2019 the Agency Board directed the Agency Director to enter into negotiations with the development team led by Mark Miksis and Mark Frohnmayer (Dream Plant, LLC) for the redevelopment of the Steam Plant. The team proposes to save and adaptively re-use the Steam Plant, transforming it into an iconic community destination that connects people with downtown and the Willamette River. The team envisions the ground floor as a gathering place where people come to work and play, collaborate, and experience a setting for arts and culture amidst Eugene's world-class beer, wine, coffee, and food. The upper levels would provide the fiscal foundation to make the redevelopment financially feasible. The team's initial proposal in 2019 depended exclusively on office space in the upper floors. Market shifts and COVID-related impacts led the team to adjust their proposal to a hotel.

Adaptive re-use of the existing building is ambitious, facing extraordinary challenges that include environmental, seismic, and financial obstacles. Because of those obstacles and the cost to address them, the Steam Plant has a negative value and the project is only feasible with the financial support of the Agency/City. At the January 26, 2022, work session, the Agency Board approved terms for the sale and redevelopment of the Steam Plant that allocates \$1.5 million of Urban Renewal funds for asbestos abatement, system development charges, and permit fees and provides the land at no cost.

The Dream Plant team estimates that even after accounting for the UR funds and their other sources of investment funds, the planned redevelopment has a remaining financial gap, which as of a year ago was estimated at over \$5 million, due to significant cost

escalations that impact the project feasibility. The approved terms state that the development team and Agency would continue to work together to identify funds to close the gap. The Agency Board added a deal point indicating an understanding that neither City nor Agency funds would be used beyond the initial investment. At the time, State funding opportunities were being pursued. Since the January work session, the State Legislature opted not to allocate funds to the Steam Plant during its recent session. Staff continues to work with the Dream Plant team to identify funding for this gap, although at this time, both parties have exhausted all known potential leads for funding sources that could meaningfully reduce the gap. If the remaining funding can be secured, construction start is estimated for FY24 or later (within 2 years of deal points approval).

At the September 12, 2022, work session, the Agency Board expressed interest in understanding what the Agency/City's return on investment would be should additional funds be allocated to the project. Attachment D presents a cost-benefit analysis for the Steam Plant that estimates the impacts associated with both the Agency's current financial commitment of \$1.5 million and an expanded commitment that would fill the Dream Plant team's funding gap.

Additionally, the Steam Plant has seen a significant increase in trespassing, vandalism, and burglary in the building in the past few months. With this uptick in criminal activity, the costs to protect the building has significantly increased. Staff expects security and maintenance costs to exceed \$100,000 this year and \$20,000 annually moving forward.

The trespassing and vandalism have not only increased costs to secure the building, the destructive activity has caused physical damage. That damage could increase the rehabilitation work needed to renovate the structure and many items of historical interest have been stolen. The longer it takes for the renovation project to start, the structure will continue to be vulnerable to costly damage. There is a risk that the historic architectural features will be permanently damaged.



Summary of Funding Options for the Steam Plant

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Urban renewal is not included based on the direction the Agency Board provided when the terms were approved in January 2022. Funding has not yet been identified.

Funding Type	Description	Summary of Issues to Consider
State or Federal Sources		
State or Federal Grants	Possible funding source, depending on what type of funding is released and what eligibility requirements are involved.	Grants can be uncertain in terms of timing and amount. So far, this project has not been a good fit for CARES or other recent State/Federal funding opportunities. The State legislature declined to award funding to the project in the 2022 session. It is unlikely there will be State funds available to support the Steam Plant during the upcoming session. Should other funds become available for which the Steam Plant would be eligible, the City could pursue the opportunity but there are no guarantees that the City would be able to secure it.
Opportunity Zone / Opportunity Funds	<p>An Opportunity Zone (OZ) is a federally designated, economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. The Downtown Riverfront is in an OZ.</p> <p>The program incentivizes investment in OZs by lowering the federal income tax burden on a qualified investment. Because their tax burden has been reduced, investors are willing to accept a relatively low rate of return on their investment.</p>	The development team has already incorporated Opportunity Funds into their funding structure.

Funding Type	Description	Summary of Issues to Consider
Federal Historic Tax Credits	The Federal Historic Preservation Tax Credits program encourages private sector investment in the rehabilitation and re-use of historic buildings. The income tax credit is administered in Oregon by the State Historic Preservation Office and is available for the rehabilitation of income-producing National Historic register buildings.	The development team has already factored Historic Tax Credits into their structure. The team anticipates using the maximum amount of tax credits available for the project (20% of the project cost).
Additional private financing and/or equity	<p>Typically, developers use a mix of equity (i.e., investor funds) and debt (i.e., bank loan) for development projects. Assembling a funding structure is a balancing act. Equity investors require a return on investment – if the rate of return is not high enough, they will invest their funds elsewhere. A real estate developer must attract equity investors by offering a competitive rate of return (OZs, discussed above, are a tool to attract equity willing to accept a lower rate of return).</p> <p>Debt financing is a commercial bank loan, and the debt must be serviced. For a developer to receive a bank loan, they must show that the completed project can generate enough revenue to cover debt payments.</p> <p>A development must balance between meeting both investor expectations and debt payments.</p>	The development team has already factored equity and debt financing into their funding structure.



Cost-Benefit Analysis: Redeveloping the Steam Plant



October 2022

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1 Summary

This report's primary purpose is to provide information regarding the long-term impacts of redeveloping the Steam Plant structure in partnership with Dream Plant, LLC, the development team. The analysis assumes the redevelopment will be consistent with the concept plan presented to the Agency Board in October 2021 and approved by the Agency Board in January 2022

The development team's plan includes a mix of uses: the ground floor will include a restaurant, co-working space, and performance/exhibit venue; the roof will offer a bar; the remainder will house a hotel. The ground floor and rooftop will be open to the general public. The hotel is the primary revenue generator for the whole project.

The development team estimates that the cost of redevelopment will be about \$56 million. The team has identified \$51 million in funding sources, including a \$1.5 million commitment from the City's Urban Renewal Agency. The proposed development has an estimated \$5 million funding gap.

If the gap is not filled, the development team is unable to move forward because the project is not financially feasible. One possibility is for the City of Eugene to fill the \$5 million gap. This analysis estimates the impacts associated with the City or the Urban Renewal Agency filling the gap.

If the gap is not filled

If the gap is not filled, the property's future is uncertain. The vacant building generates ongoing costs. Staff estimate that ongoing costs will include the cost of security services (roughly \$20,000 per year); staff time to manage security contracts and general maintenance; and ongoing costs of response to vandalism and other criminal activity from the Eugene Police Department. This analysis does not estimate the cost of staff time. City staff have estimated that demolishing the building will cost about \$2.0 million, based on costs associated with other City projects. Once demolished, the bare land could be redeveloped.

For the purposes of this analysis, staff have assumed the property remains vacant. It would not generate property, payroll, or transient room tax.

If the gap is filled

If the gap is filled, the project will move forward as planned and will have the fiscal impacts to the City of Eugene shown in Table 1. The redeveloped facility would also generate tax revenue to other taxing districts, but this analysis did not quantify that revenue.

Table 1. Summary of Annual Tax Revenue to the City of Eugene

Property Tax	
<i>If the UR District exists</i>	
Riverfront UR District	\$372,000
<i>If the District no longer exists</i>	
City of Eugene-Permanent Rate & Local	\$161,000
Payroll Tax	
City of Eugene	\$67,000
Transient Room Tax	
City of Eugene	\$315,000
Total Tax Revenue-with Riverfront UR	\$754,000
Total Tax Revenue-without Riverfront UR	\$543,000

The redeveloped Steam Plant would generate other economic impacts to the community.

- **Ancillary spending by hotel guests.** The hotel guests will spend an estimated \$8.5 million on food and drink, recreational activities, and other retail.
- **Employment and wages.** The facility will employ 80 people and pay \$2.6 million in wages. Those jobs will have ripple effects throughout the local economy as the workers spend their wages on local goods and services.
- **Enhance cultural identity.** By preserving the historic structure, the community is able to share the spaces in which earlier generations worked. Older structures are part of a community's history and preserving them enhances the City's cultural identity.
- **Conserve existing resources.** Restoration and redevelopment may consume less energy than demolition and new construction, and preservation continues to use the value of past energy investment. Demolition and new construction not only consume present-day energy but negates and wastes the past energy investment made in a building.

2 Framework

This report's primary purpose is to provide information regarding the long-term impacts of redeveloping the Steam Plant structure in partnership with Dream Plant, LLC, the development team. The analysis assumes the redevelopment will be consistent with the concept plan presented to the Agency Board in October 2021 and approved in January 2022.

Using a Request for Qualifications (RFQ) process, the City of Eugene selected the Dream Plant development team to redevelop the Steam Plant. The development team has since refined their redevelopment plan. Their plans shifted from a structure anchored by commercial office space to one anchored by a hotel. This decision was largely driven by the change in demand for office space over the course of the COVID-19 pandemic. Demand for office space has declined nationwide. The team identified a hotel as a viable use, and they are now working with an independent hotel organization to repurpose the Steam Plant into a boutique hotel.

Description of the development

This cost-benefit analysis is based on the description of the redevelopment plan provided by the Dream Plant development team in October 2021. The team intends to redevelop the structure so it can house three distinct uses, shown in Table 2.

Table 2. Planned Use and Square Feet

Use	Square Feet	% of Total
Public Spaces	13,300	16%
Co-working space	10,500	13%
Performance / exhibit venue	2,000	2%
Retail	800	1%
Food and Beverage	32,400	39%
Restaurant	29,600	36%
Rooftop bar	2,800	3%
Hotel	37,325	45%
77 rooms	33,775	41%
Hotel amenities	1,550	2%
Back-of-house services	2,000	2%
Total square feet	83,025	100%

The development plan includes a mix of uses. The team has included space on the ground floor and the rooftop that will be available to the general public so that the redeveloped Steam Plant is a community amenity. The co-working space, performance/exhibit venue, retail space, restaurant and rooftop bar will be available to the general public and hotel guests. The hotel rooms and some amenities will be available to hotel guests only.

The proposed plan includes a restaurant facing the Willamette River, which will achieve a long-held goal documented in the 2010 Riverfront Master Plan. The plan also creates a rooftop bar, offering elevated views of the Willamette River. Both facilities are open to the general public. These food and beverage facilities will be amenities that will bring people from across the community to the Riverfront area, which will increase visitation levels at the Riverfront park.

The plan includes a hotel, with a mix of rooms across a wide range of price points. There will be large and small rooms at a relatively high price point. The plan also includes 'group bunk' rooms, where a group of

travelers can share a room. The target market for the group bunk rooms is larger family groups or friends traveling together. These rooms will allow budget travelers to share a room and lower their individual costs.

3 Costs and Funding Sources

The Dream Plant development team has estimated the cost of redevelopment and their funding sources. Table 3 shows the cost of development by type of cost. The development team provided these figures to City staff in October 2021. At that time, they estimated that the redevelopment would cost over \$56 million.

Table 3. Estimated Redevelopment Costs

Cost Category	\$	% of Total Costs
Site and acquisition	\$1	0%
Hard costs	\$39,911,000	71%
Soft Costs	\$5,440,000	10%
SDCs and permit fees	\$1,055,000	2%
Asbestos Abatement	\$350,000	1%
Contingency	\$4,027,000	7%
Professional fees	\$4,418,000	8%
Financing	\$1,210,000	2%
Total square feet	\$56,410,000	100%

Numbers do not add due to rounding.

Table 4 shows the development team's planned funding type and source. The team plans to bring about \$14 million in equity to the project and to secure a \$30 million loan from a commercial lender. These two traditional funding sources comprise just over 75% of the total funds needed. They also expect to use the federal Historic Building tax credit program, which will cover 10% of the costs. In January 2022, the Urban Renewal Agency has committed to contributing up to \$1.5 million to the project for System Development Charges (SDCs), permit fees, and the expected costs associated with abating the remaining asbestos in the building

The development team has identified \$51.4 million in funding, which covers 91% of the expected costs. The funding gap is \$5.0 million, based on 2021 estimates. It is likely that the gap has grown, given that construction costs and interest rates have risen since the Fall of 2021.

Table 4. Funding Type and Source

Funding Type/Source	\$	% of Total Needed Funding
Equity/Investors	\$14,429,000	26%
Loan/Commercial Bank	\$30,000,000	53%
Federal Historic Tax Credits	\$5,576,000	10%
SDCs and permit fees/UR Agency	\$1,055,000	2%
Asbestos Abatement/UR Agency	\$350,000	1%
Total Identified Funding	\$51,410,000	91%
Funding Gap (Cost - Known Funding)	\$5,000,000	9%
Total Needed Funding	\$56,410,000	100%

4 Agency Investment Scenarios

The Urban Renewal Agency Board approved terms for the sale and redevelopment of the Steam Plant on January 26, 2022, committing the following to support the redevelopment:

- Sell the property to the development team for \$1. In 2018, a commercial appraisal of the building determined that the property had a negative value of -\$8.0 million.
- Contribute up to \$1.5 million in Tax Increment Financing (TIF) funds to the projects to cover the cost of SDCs, permit fees, and the expected costs associated with abating the remaining asbestos in the building.

Redeveloping the site will have direct fiscal impacts to the Agency and the City. The revenues include property tax revenue, Transient Room Tax revenue, and payroll tax revenue. This analysis estimates the fiscal impacts associated with two scenarios:

- A. Cap the Agency's investment in the project at \$1.5 million. This scenario is the commitment the City and its Urban Renewal Agency have already made to the redevelopment project.
- B. Increase the Agency's investment an additional \$5.0 million. This scenario includes the existing commitment with additional public funds contributing to the project.

Scenario A – Cap Agency investment at \$1.5 million

The City of Eugene has committed to transferring the real property to the development team and contributing up to \$1.5 million for specific predevelopment costs.

In this scenario, the development team lacks adequate funds to redevelop the Steam Plant. The team has stated that it has identified all funding sources available to it and it lacks adequate funds to move the project forward at this time. The building will remain vacant. The City can either demolish the structure or maintain it as is. The development team has indicated that it is willing to continue to consider other development options in the future but they cannot commit to a redevelopment plan that is not financially feasible.

The Agency can continue to maintain the structure, so that it could find a different redevelopment opportunity in the future. The structure has been repeatedly vandalized and there are costs associated with securing the building and responding to criminal activity. The Riverfront Urban District would continue to cover the cost of security for the structure. Staff estimate that ongoing costs will include the cost of security services (roughly \$20,000 per year); staff time to manage security contracts and general maintenance; and ongoing costs of response to vandalism and other criminal activity from the Eugene Police Department. This analysis does not estimate the cost of staff time.

City staff have estimated that demolishing the building will cost about \$2.0 million, based on costs associated with other City projects. Once demolished, the bare land could be redeveloped. Based on market demand, it is most likely that the land would be developed into market-rate housing if offered for market value without any public subsidy. For demolition to move forward, the Agency will need to identify a source of funds to cover the cost of demolition. The \$1.5 million currently allocated to redevelopment could be applied to demolition, but the Agency would need to identify an additional \$500,000.

In this scenario, the property's future is uncertain. Its future would depend on choices made by the Agency. For the purposes of this analysis, staff have assumed the property remains vacant.

Scenario B – Increase Agency investment by \$5 million

The development team has identified a remaining funding gap of \$5 million. If that gap were to be filled by the City or the Agency, the development proposal as described above would be feasible and would move forward.

The development team provided City staff with estimates of gross room revenue, employment, and project value, at stabilization.¹

- **Project value.** The development team estimates that the completed project will have a value of about \$31 million, based on a net operating income equal to \$2.0 million and a capitalization rate equal to 6.5%.
- **Employment.** The development team expects the hotel to employ approximately 40 people and the food and beverage facilities to employ approximately 40 people.
- **Gross room revenue.** The hotel is expected to generate \$7 million in gross revenue, at stabilization.

5 Fiscal Impacts

Redeveloping the site will have direct fiscal impacts to the Agency and the City. The revenues include property tax revenue, Transient Room Tax (TRT) revenue, and payroll tax revenue.

In Scenario A, in which the Agency caps its contribution at \$1.5 million, the property remains vacant. Given the information available at this time, staff estimate that the property would generate no tax revenue of any kind in this scenario

Property taxes

This analysis estimates the property taxes that would be generated to the Riverfront District, if it were to be extended, and to the City of Eugene, if the District expires.

The Downtown Riverfront site lies in the Riverfront Urban Renewal District, which collects tax revenue from the overlapping taxing districts on new assessed value (known as “increment”) that is added to the tax rolls during the existence of the District. In Fiscal Year 2022, the tax rate that is applied to the District’s increment is \$16.6363 per \$1,000 of assessed value. At this site, the increment associated with the redevelopment includes the land and new construction.

To estimate the assessed value of the land, staff relied on the development team to estimate real market value.² The development team estimates the facility will be valued at \$31 million, at stabilization. Staff then applied the changed property ratio for commercial property to calculate the assessed value. Table 5 below shows the estimated real market and assessed values.

¹ All dollar figures are in 2022 dollars. The development team estimates the facility would reach stabilization by the beginning of Year 3.

² Property tax revenue in Oregon is determined by multiplying the property tax rate for a taxing district by a property’s assessed value. In Oregon, ‘assessed value’ is not directly tied to a property’s appraised real market value. To calculate the assessed value, the ‘changed property ratio’ is applied to the appraised real market value. The changed property ratio is the average percentage difference of like properties (single-family residential, multi-family residential, commercial) between real market value and assessed value, as calculated and reported by the County Assessor.

Table 5. Estimate of New Assessed Value

Real Market Value	\$30,769,000
Changed Property Ratio-Commercial Property ¹	0.727
Estimated Assessed Value	\$22,369,000

1. Lane County Office of Assessment and Taxation. *Changed Property Ratio by Year*. Commercial property, 2021.

The new assessed value would generate property tax revenue. This analysis estimates the tax revenue that would be directed to the Riverfront District. The District, however, is scheduled to expire in 2024 before any redevelopment could be completed. The analysis also shows revenue that would be directed to the City of Eugene if the Riverfront District no longer exists.

Table 6 shows the estimated property tax revenue that would be generated by the redeveloped Steam Plant to the District and the City of Eugene.

Table 6. Estimate of New Property Tax Revenue

	Rate ¹	Annual Tax Revenue
<i>If the UR District exists</i>		
Riverfront UR District	16.6363	\$372,000
<i>If the District no longer exists</i>		
City of Eugene-Permanent Rate	6.8511	\$153,000
City of Eugene-Local Option Levy Library ²	0.1621	\$4,000
City of Eugene-Local Option Levy Parks & Rec ²	0.1792	\$4,000
City of Eugene-Total	7.1924	\$161,000

1. Lane County Office of Assessment and Taxation. *Tax District Rate*. Tax Code Area 00496.

2. Local Option Levies are short term and will expire unless renewed by Eugene voters.

The new development would also generate tax revenue to other taxing districts, which includes School District 4J, Lane Community College, Lane Educational Service, and General Obligation bonds. This analysis did not calculate those amounts.

The tax revenue from new assessed value generated by School District 4J's permanent tax rate is largely an impact on the State's budget because K-12 schools are mainly funded on a per-pupil funding formula (rather than by the level of property tax dollars generated within their boundaries). The State determines how much money must be allocated for the education of each pupil across the state. If more funds are available through local school property taxes, the State would have additional dollars to allocate as it chooses.

Tax revenue directed to General Obligation bonds will help pay the annual levied amount. New tax revenue will minimize the tax burden borne by other properties in affected taxing districts.

It should be noted that the development team has stated that it intends to apply for the Oregon's Special Assessment of Historic Properties program. The state program offers a reduced assessed value for 10 years to encourage the preservation of historic properties. The amount of the exemption is determined on a case-by-case basis and is determined by the local County assessor. For this analysis, staff did not have an estimate of the value of the exemption. The actual property tax revenue in the first 10 years would not be based on the full assessed value.

Payroll tax

The development team estimates that the facility will employ approximately 80 people, at full stabilization. To estimate the average earnings per job, this analysis relied on the federal Bureau of Economic Analysis, *Personal Income and Employment by County and Metropolitan Area*. We applied the 2020 statewide average earnings for 'Accommodations' to estimate average wage in the hotel and 'Food Service' for the restaurant and bar. These figures include wages only and do not include tips. Thus, the figures underestimate actual earnings of the staff, but they are reasonable figures to estimate payroll tax revenue. Table 7 shows estimated jobs and wages at stabilization.

Table 7. Estimated Employment and Wages at Stabilization

	Number of Employees ¹	Average Wage ²	Total Annual Wages
Hotel	40	\$32,148	\$1,286,000
Food Services	40	\$32,232	\$1,289,000
Total	80		\$2,575,000

1. Provided by Dream Plant team.

2. Bureau of Economic Analysis, *Personal Income and Employment by County and Metropolitan Area*, Oregon, 2020.

The City of Eugene's payroll tax includes different rates for the employer and employee contributions.

- The employer's portion is 0.0021 of subject wages, submitted on a quarterly basis. This is the equivalent of an annual rate of 0.0084.
- The employee's portion varies by wage level. The applicable tax rate for both industries is 0.0044, submitted on a quarterly basis. This is the equivalent of an annual rate of 0.0176.

Table 8 shows that the estimated annual payroll tax that will be generated at full stabilization is about \$67,000 annually.

Table 8. Estimated Payroll Tax at Stabilization

	Annual Rate	Annual Payroll Tax
Employer Portion	0.0084	\$22,000
Employee Portion	0.0176	\$45,000
Total	0.026	\$67,000

Transient room tax

At stabilization, the development team's hotel operator estimates that it will generate \$7.0 million in room revenue. This revenue will be subject to the City of Eugene's and Lane County's Transient Room Tax (TRT). This analysis focuses only on the City's TRT and does not include the County's share in this estimate.

The City of Eugene imposes a 4.5% TRT on all overnight stays in the city. Table 9 shows that the estimated annual TRT revenue, to the City of Eugene at stabilization, is \$315,000.

Table 9. Estimated City of Eugene Transient Room Tax at Stabilization

Gross Room Revenue	\$7,000,000
City of Eugene TRT rate	0.045
Annual TRT Revenue-City of Eugene	\$315,000

Staff investigated the possibility that the new hotel would not generate new TRT but would instead shift room stays from other hotels in the area to the Dream Plant. Based on discussions with hotel providers, we concluded that this facility would catalyze a net increase in Eugene's TRT revenue. This facility will add to local occupancy drivers and create some of its own demand. It will offer hotel room types unavailable elsewhere in the market: including high-end rooms with riverfront views and the 'group bunk' rooms that offer the unique space to budget travelers in larger groups. The facility will also offer unique architecture not found elsewhere in the region. These features, along with the restaurant, bar, co-working, and gallery spaces will generate new demand to the local market. As a centrally located hotel, it is within easy walking distance to a variety of retail, restaurant, and entertainment venues. It will have a competitive advantage over hotels in less central parts of the region. The hotel is likely to attract occupancy from existing hotel space from areas just outside Eugene.

The redevelopment of the Steam Plant will contribute to the community's overall identity as a visitor destination in a positive way. It will enhance the appeal of the Eugene area for tourism. The site's proximity to major athletic venues, including Autzen Stadium and Hayward Field, make it an obvious destination for visitors attending athletic events.

6 Non-Fiscal Impacts

Ancillary spending-hotel guests

During a hotel stay, guests purchase other goods and services. A 2019 study of the economic impact of the hotel industry calculated the amount the average hotel guest in the US spends on non-lodging items.³ The economic impact analysis identified five categories of non-lodging expenses: food and beverage, recreation, retail and other, transportation, and gaming.

For this analysis, staff calculated the estimated ancillary spending that would be made by hotel guests at the Steam Plant. Staff excluded figures that estimated average spending on transportation and gaming. We excluded transportation because much of those expenses are on airline tickets or rental cars, and much of that revenue will not go to local businesses. We excluded gaming because there is no gaming in the City of Eugene.

Table 10 shows that the hotel guests are expected to spend an additional \$8.5 million annually on local goods and services.

Table 10. Estimated Annual Ancillary Spending by Hotel Guests

	Per \$100 on Lodging	Estimated annual spending at Steam Plant
Lodging	\$100	\$7,000,000
<i>Ancillary Spending</i>		
Food and beverages	\$60	\$4,202,000
Recreation	\$34	\$2,396,000
Retail and other	\$27	\$1,924,000
Total ancillary spending	\$122	\$8,522,000

³ Oxford Economics. *Economic Impact of the US Hotel Industry*. 2019.

Employment and wages

As discussed above in Section 5.2, Revenue-Payroll Tax, the facility will employ 80 people and pay \$2.6 million in wages.

Non-market impacts

Scenario B would generate positive impacts to the community that are not quantified in dollar amounts.

- **Enhance cultural identity.** Adaptive reuse of the historic Steam Plant will preserve an important part of Eugene's past. Built structures are a tangible representation of history in a place. By preserving the historic structure, the community is able to share the spaces in which earlier generations lived and worked. Older structures are part of a community's history and preserving them enhances the City's cultural identity.
- **Conserve existing resources.** Restoration and redevelopment may consume less energy than demolition and new construction, and preservation continues to use the value of past energy investment. Demolition and new construction not only consume present-day energy but negates and wastes the past energy investment made in a building.

The true value of rehabilitation is how the cultural value of the older structures enhance the overall Downtown Riverfront site and help to make the place a unique part of the community.

Mobility Options and Parking– Project Overview

This attachment provides background information about anticipated needs related to mobility options and parking in the Downtown Riverfront area, including estimated public investment and a summary of funding strategy information.

The east end of downtown has seen significant redevelopment in recent years, including the Wayne L. Morse U.S. Courthouse, Northwest Community Credit Union, Gratitude Brewing in the Foundry Building, and the 515 (the 500-unit student housing formerly known as the HUB), creating a need for residents, employees, and visitors to access this area. This need is expected to continue increasing with the recent opening of the Riverfront Park, the construction of the Downtown Riverfront neighborhood, and the redevelopment of the Steam Plant. As activity in the area continues to increase, there is a need to evaluate how these areas are accessed and how to accommodate the new demands on the transportation system.

Mobility Options

At the September 12, 2022, work session, Council expressed a desire to explore providing access to the Downtown Riverfront via methods that would not require building more parking.

The City's multi-modal strategy for community access to the Downtown Riverfront includes improved access for people walking, biking, riding transit and driving. Mobility enhancements that involve physical improvements within the district are eligible for Urban Renewal (UR) spending. Below is a summary of the City's multi-modal strategy:

- Recent and current projects for walking and mobility device access include the new wayfinding program, the Railroad Quiet Zone intersection upgrades, and the new alignment of the South Bank Path.
- The Quiet Zone and South Bank Path improvements are also important projects for the bicycling system, as are the locating of PeaceHealth Rides bikeshare stations within the district and the non-UR funded 4th Avenue and High Street Bikeways.
- To improve transit access to the Downtown Riverfront, the City has collaborated with Lane Transit District (LTD) to bring a bus stop to the intersection of 4th and Mill, serving most of the park and development. The two agencies are also working together to study downtown transit needs (including the Downtown Riverfront) and the appropriate solutions for our community.
- The infrastructure project gives drivers and pedestrians access to the site from the north and south; the current status of parking is described below.

To effectively support and incentivize a multi-modal program in the Downtown Riverfront would take a significant investment. A high-level analysis provided by the City's Transportation Planning team estimates that a robust multi-modal program could range from \$500,000 to \$1 million in one-time costs, supported by \$400,000-\$600,000 in annual costs. Mobility enhancements that involve physical improvements within the district are eligible, however, many of the strategies and annual costs that are part of a robust multi-modal plan are not eligible for UR spending. Other strategies may emerge as staff continue to evaluate multi-modal transportation in Downtown and throughout the city.

Parking

To support businesses in the Courthouse district area and the associated new parking demand, the City leased a gravel lot from EWEB (formerly the manufactured gas plant (MGP) site), located just over the railroad tracks at 8th Avenue and Hilyard Street. The City ultimately purchased the site in 2021 in order to reconstruct the railroad crossing at 8th and Hilyard and provide southern access to the Downtown Riverfront as part of the Railroad Quiet Zone project. As part of those improvements, the City will provide additional pedestrian access to the Downtown Riverfront and will preserve about 66 parking spaces on the site.

The Downtown Riverfront redevelopment and new Park will significantly increase the need for parking in this area. The planned housing in the area includes parking to serve the needs of the private redevelopment. On-street parking is anticipated to meet most of the standard daily needs of people accessing public amenities, such as the Park, restaurant, and commercial spaces. However, on-street parking will not accommodate all of the parking needs during high demand periods such as nights and weekends, and during special events. In addition, the Steam Plant parcel size is not sufficient to accommodate anticipated parking needs for its future redevelopment into a mixed-use center.

While implementation of other mobility options may reduce the need for parking, it is still expected more parking is needed, at least in the medium term. The surface lot on the MGP site will help address some anticipated needs during the day (as a standard permitted parking lot) and would be open for additional public parking during the nights and weekends to serve the broader Downtown Riverfront area. In anticipation of the increased demand for parking, staff have been exploring opportunities for additional parking in the vicinity, including potential collaboration with nearby property owners. Staff estimates a 75-stall surface lot¹ would cost up to \$1.2 million (preliminary cost estimate of \$300,000 to \$450,000 for construction combined with potential land acquisition cost). Staff is still working to determine the feasibility of this option.

Next Steps

At this time, there are no specific projects in the category of Mobility Options and Parking. If opportunities to improve mobility options are identified, or if a location is available for parking investment, City Council/Agency Board will have an opportunity to discuss projects in more detail, including funding needs.

¹ Underground or structured parking would likely be cost prohibitive to pursue.

Summary of Funding Options for Mobility Options & Parking

The table below provides categories of potential funding sources and a preliminary assessment of each funding source's advantages and disadvantages. Funding has not yet been identified.

Funding Type	Description	Summary of Issues to Consider
City of Eugene		
Parking Fund	The Parking Fund can build, own, and operate parking. It can borrow funds for construction and repay them with parking permit revenue.	Due to the impacts of COVID-19, at this time the Parking Fund is financially unbalanced and does not have funds to build additional parking lots. The Parking Fund could repay an interfund loan over a 5-10-year period given that a new parking lot will be revenue generating with the sale of parking permits and daily parking.
Urban Renewal Agency		
Existing Urban Renewal Funds	After taking into consideration anticipated tax increment revenue through FY24, property sales revenue, and accounting for already committed project costs, there is approximately \$1.5 million of anticipated funding available for future investments. Unless the Agency Board chooses to augment those resources, \$1.5 million is estimated to be the maximum amount that the Agency Board could spend on any remaining projects.	The forecasted \$1.5 million of property sale revenue available for projects is insufficient to fund the remaining Downtown Riverfront projects, including mobility options and parking. Use of these limited urban renewal funds for this project could make it more difficult to find funds for other projects.
Extend Existing Urban Renewal	The Riverfront District's receipt of tax increment revenue from property taxes will cease at the end of FY24 on June 30, 2024.	Council could choose to pursue a plan amendment to increase the spending limit. A plan amendment requires a public process and takes approximately six months. (See Attachment G for more information.) There is risk that the plan amendment ordinance would not be supported by the overlapping taxing districts or would be referred by voters. For larger public investments, this could provide significant funding without raising taxes.

Riverfront District Financial Capacity

Note: The figures provided in this Attachment are projections based on information available as of October 26, 2022. These estimates may change (up or down) as actual events unfold.

Prior to sale of any Downtown Riverfront Property

- Projects funded
 - Phase 1 infrastructure (including borrowing costs, principal, and interest on the City's \$12 million bond issuance)
 - Quiet Zone three eastern crossings
 - MGP property acquisition from EWEB
 - Riverfront Park
 - Initial design work for Plaza
- Updated forecast assumptions for projection of remaining current resources \$ 0.6M

After sale of property to developer

Expected sales proceeds	\$11.1M
Other miscellaneous revenues (e.g., additional property taxes)	\$ 0.1M

Funding previously designated from sales proceeds to other Riverfront projects¹

Repay phase 1 loan from City funds	\$ 2.0M
Replenish initial Plaza construction	\$ 2.1M
Replenish River Loans program	\$ 1.0M
Phase 2 infrastructure	\$ 3.7M
Steam Plant deal points	\$ 1.5M

Projected urban renewal resources available for new projects \$ 1.5M

Current urban renewal property tax projections through FY24 show that tax increment revenues will be sufficient to repay the City's phase 1 infrastructure borrowing. However, it is important to note that expected land sale revenues are a potential source of repayment funds for this borrowing in the unlikely event that tax increment revenues come up short. The Intergovernmental Agreement between the City and the Agency sets out the terms of the construction and financing of the phase 1 infrastructure. The Agency agreed to provide the City with tax increment revenues, as available, to pay the principal, interest, and other costs of the City borrowing. If tax increment revenues are insufficient, the Agency will use proceeds from the sale of one or more of the lots in the redevelopment site to provide the City with the funds to repay the borrowing.

¹ May 2020 Supplemental Budget decision for phase 1 infrastructure and December 2020 Supplemental Budget for phase 2 infrastructure.

The forecast considers the estimated property tax revenues through the termination of the District's receipt of property taxes (scheduled in the District's plan for June 30, 2024), plus the anticipated proceeds from the sale of property to Atkins Dame, summarized below.

- Under the signed agreement, Atkins Dame will pay approximately \$11.1 million to purchase the parcels. Those payments are scheduled to occur during three separate closings, the first of which occurred in October 2021 (approximately \$4.8 million). The second closing is scheduled for December 2022 (approximately \$3.8 million); and the third for December 2023 (approximately \$2.5 million). In March 2021, Atkins Dame paid a non-refundable deposit of \$4.5 million that will be applied to the three closings.
- Part of the Atkins Dame property sales proceeds have been used to pay for phase 2 of the infrastructure project, which was necessary to make parcels 9 and 10 and the Steam Plant development ready. In addition, some of the property sales proceeds will be used for the Agency's portion of the Steam Plant redevelopment (estimated \$1.5 million) and some are needed to replenish initial funds for construction of the Riverfront Plaza and the River Loans program, and for repayment of the \$2 million loan from two City assessment funds that Council approved to enable phase 1 of the infrastructure to move forward in May 2020.

Riverfront Urban Renewal District - Technical Details

Urban Renewal Basics

In Oregon, Urban Renewal is enabled by ORS 457 and is used to help cities and counties implement plans to revitalize specified areas within their jurisdiction. An Urban Renewal district has a Plan that documents planned investments and infrastructure improvements that stimulate private investment, leading to economic vitality and livability. Urban Renewal districts have an Agency Board and in Eugene, the City Council has the role of the Agency Board.

The primary revenue source for urban renewal is tax increment revenue. Tax increment revenue comes from property value increases since that district was created. To be eligible for tax increment revenue funds, projects must be included in the Urban Renewal District Plan. The identified projects in the Plan, however, can be specific (such as 'high-speed fiber'), or broad (such as 'infrastructure'). Urban Renewal funds can be used for purchase of real property, rehabilitation or construction of buildings, site improvements and costs related to those things, and improvements to streets, sidewalks, and utilities.

Tax Increment Revenue

The primary revenue source for Urban Renewal is tax increment revenue. Tax increment revenue comes from taxable property value increases since the district was created. These increased property values generate tax increment revenue, which is directed to the district. When an Urban Renewal district is first created, the assessed value within the district boundaries is established as the "frozen base." If any boundary expansions subsequently occur, the assessed value within the expansion area is added to the district's existing frozen base. Any new property taxes generated within that area through increased taxable value is called the "incremental" or "excess" value. Overlapping taxing jurisdictions continue to receive property taxes on the frozen base, while the Urban Renewal Agency receives property taxes related to the incremental value. This is called the "division of tax" method of raising revenue in an urban renewal district.

An Urban Renewal Plan identifies planned investments, their estimated costs, and expected tax increment revenue. The Plan sets a spending limit, known as the "maximum indebtedness." When an Urban Renewal district is established, taxing jurisdictions that overlap the district forgo some of the tax revenue they would otherwise collect from that area. Overlapping jurisdictions regain that revenue stream once the district expires. To the extent that the district increases assessed value over what would otherwise have occurred without Urban Renewal investment, the taxing districts should see an increase in tax revenues in the long term.

Although school property taxes are reduced as a result of urban renewal division of tax, in Oregon the net impact on an individual school system's operating budget is minimal because schools are funded by the state on a per-pupil basis. The state determines how much money must be allocated for the education of each pupil across the state. If the money is not available from local property taxes, the state will make up the difference. An additional factor is the impact of compression, which results in 4J experiencing a net benefit as a result of the Urban Renewal districts in Eugene. (See explanation below in "fiscal implications" section.)

Eligible Uses of Tax Increment Revenue Funds

To be eligible for tax increment funds, projects must be included in the Urban Renewal plan. Currently the Riverfront Urban Renewal Plan includes categories of eligible projects and Section 700 of the Plan requires Agency Board approval of projects over \$250,000.

The Urban Renewal Agency must determine the scope and types of projects that are included in the Urban Renewal plan. Oregon statutes (ORS 457.170) govern the types of projects that may be funded with tax increment funds:

- Plan and implement neighborhood development programs;
- Rehabilitation or conservation work;
- Repair and rehabilitation of buildings and improvements;
- Acquisition, sale, and lease of real property;
- Clearance or rehabilitation of property acquired by the URA;
- Construction or reconstruction of streets, utilities, and site improvements;
- Relocation of individuals living in the URA; and
- Carry out work which a housing authority is authorized to perform (under ORS 456.055 to 456.235).

Some Urban Renewal agencies use tax increment funds to pay all or some system development charges, building permit fees, or local improvement district assessments. These costs are part of 'site improvements,' which are allowed under state statute.

Process to Amend the Riverfront Urban Renewal Plan

If Council wishes to continue to use Urban Renewal as a redevelopment tool in the Riverfront District, it will need to approve a substantial Plan amendment, known as a "Type 1" amendment. A Type 1 amendment requires multiple steps and public outreach, which would take approximately four to six months from when Council starts the amendment process. The steps include:

1. Agency Board directs the Agency Director to prepare a draft of an amendment to the District Plan. This step initiates the staff work to draft the Plan and to conduct an analysis of blight in the District.
2. Agency Board holds a work session to start the Plan amendment process. Staff provides a draft Plan amendment for the work session.
3. Notify overlapping taxing districts and the general public.
 - Notify overlapping taxing districts that amendments are proposed and inform them of the proposed hearing date. Districts receive a copy of the draft Plan and are given 45 days to provide written comments.
 - Solicit concurrence from overlapping districts. (A Type 1 amendment requires concurrence.)
 - Mail out postcards to the general public and place materials and proposals on the City website.
4. Planning Commission reviews and comments on the proposed amendment.
5. City Council Public Hearing on the ordinance amending the Plan.
6. Council work session to review overlapping taxing district recommendations, comments from the public, and the Planning Commission recommendation.
7. Council meeting to consider the ordinance amending the Plan.

In order to amend the Riverfront Urban Renewal Plan to retain the current level of tax increment revenues, Council would need to approve any amendment by January 2024. This estimate would allow for the 30-day referral period and, if referred, the necessary amount of time for the amendment to be placed on the May 2024 ballot.

Fiscal Implications – *If the Riverfront Urban Renewal Plan is amended with an increase to the spending limit*

The Riverfront District currently generates approximately \$3.1 million in tax revenue per year. The \$3.1 million in tax increment revenue will continue to be directed to the District, and that increment revenue will continue to grow. Table 1 below shows estimates of tax revenue from the overlapping districts.

Table 1. Division of Tax Impact on Overlapping Taxing Jurisdictions in FY22, Estimate of Current Property Taxes, Net of Discounts and Delinquencies

Taxing District	Type of Tax	Riverfront
Education Taxes		
Eugene School District 4J	Permanent Rate	\$880,000
Eugene School District 4J	Local Option Levy	0
Lane Community College	Permanent Rate	115,000
Lane Education Service District	Permanent Rate	40,000
Total		\$1,035,000
General Government Taxes		
City of Eugene	Permanent Rate	\$1,300,000
City of Eugene	Library LOL	0
City of Eugene	Parks & Rec LOL	0
Lane County	Permanent Rate	235,000
Lane County	4-H/Extension LOL	0
Lane County	Public Safety LOL	0
Upper Willamette Soil & Water	Permanent Rate	10,000
Total		\$1,545,000
Bonded Debt Taxes		
City of Eugene	Bonded Debt	\$155,000
Eugene School District 4J	Bonded Debt	280,000
Lane Community College	Bonded Debt	60,000
Total		\$495,000
Total Taxes		\$3,075,000

Source: Lane County Assessment & Taxation, Table 4e, Detail of Urban Renewal Plan Areas by Taxing District, Tax Year 2021-22.

Note: Although local property taxes to schools are reduced as a result of the division of taxes, school budgets are only minimally reduced, all else being equal, because schools are funded through a per-pupil formula from the state, and any loss in local property taxes is made up by an increase in state funding. This chart does not take into account any effects of Measure 5 compression on education taxes.

If the Riverfront Urban Renewal Plan is amended with an increase to the spending limit, the annual collection of tax increment revenue will eventually hit a cap per a newer state-mandated requirement in ORS 457.470. This annual cap does not affect the overall Plan spending limit, but rather it's a cap on the amount of tax increment revenue the District can collect in any one year. When the cap is reached, the annual tax increment revenue will plateau and remain flat in each subsequent year until the total spending limit of the Plan is realized. (Tax revenue beyond the annual cap would be directed to the overlapping taxing districts.) The practical impact of the annual cap is that it would take longer to collect enough tax increment revenue to reach the spending limit of the Plan. The annual cap can be waived if written concurrence is obtained from taxing districts imposing at least 75% of the amount of taxes imposed under permanent rate limits in the urban renewal area.

Fiscal Implications – *if the District no longer collects revenue from the division of tax*

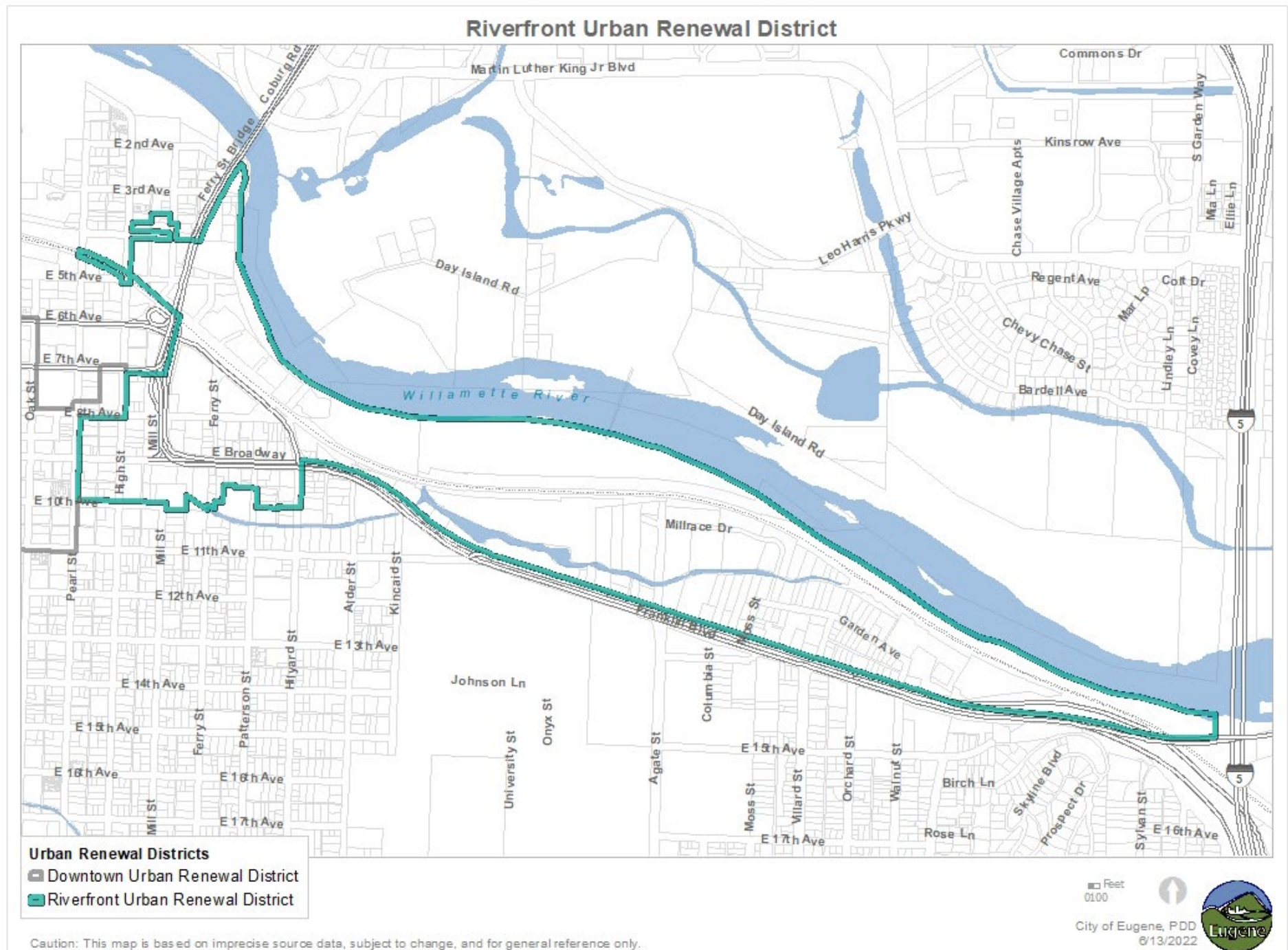
The tax increment revenue (currently approximately \$3.1 million per year) will be directed to the overlapping taxing districts. Under this scenario, the City's General Fund would receive approximately 42% of what the Riverfront District currently collects (approximately \$1.3 million per year). The actual revenue received by the overlapping districts may not match the amounts shown in Table 1, due to 'compression.' Compression occurs when the tax amount calculation for an individual property exceeds the Measure 5 limits of \$5 per \$1,000 of Real Market Value (RMV) for education taxes and/or \$10 per \$1,000 RMV for general government taxes. A property in compression pays a lower tax rate than the sum of all applicable tax rates. The Riverfront Urban Renewal District diverts permanent tax rate dollars out of the education category and into the general government category, which causes reduced compression in the education tax rate category for some properties.

It is important to note that under this scenario the impact to School District 4J's overall budget *would be negative*:

- **4J's permanent rate.** Schools in Oregon are primarily funded on a statewide per-pupil funding formula, rather than by the level of tax dollars generated within school district boundaries. If the local property tax revenue does not meet the per-pupil level, the state makes up the difference. If we assume a constant school funding formula and all else remains equal, staff estimate that 4J loses around \$20,000 annually as a result of permanent rate tax dollars diverted to the City's Riverfront Urban Renewal district, much less than the amount of property tax revenue that flows to the District.
- **4J's Local Option Levy.** The Riverfront District generates no revenue from the local option levy. However, it indirectly impacts the revenue generated by the levy, due to compression. The Urban Renewal District diverts permanent rate tax dollars out of the education category and into the general government category, which causes reduced compression in the education tax rate category for some properties. The end result is that 4J receives around \$170,000 more revenue from the local option levy annually because of the compression relieved by the Riverfront Urban Renewal District. The state funding formula does not apply to local option levies, so 4J realizes the full benefit of this increase.

The net impact to 4J of the District ceasing to collect revenue from the division of tax is a decrease of \$150,000.

Map of Riverfront Urban Renewal District



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Ambulance Transport Update

Meeting Date: November 9, 2022
Department: Fire & EMS
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Chief Mike Caven
Contact Telephone Number: 541-682-7115

ISSUE STATEMENT

The purpose of this work session is to provide an update on the ongoing work to redesign the Eugene Springfield Fire (ESF) ambulance transport system. The work session will include recent developments related to the non-emergency transport provider and plans for seamless transition of service.

BACKGROUND

Calls for service requiring medical transport continue to outpace available resources and cost recovery options. Eugene Springfield Fire (ESF) has been working to redesign the ambulance transport model to capitalize on the early successes of the Basic Life Support (BLS) system. Working within current available funding, ESF has begun to hire and train single-role Paramedics and EMT(s) to staff Advanced Life Support (ALS) traditionally staffed with cross-trained firefighters. This new deployment and staffing model will allow greater flexibility in deployment, increased capacity and access to a more diverse workforce. The EMS redesign will also address capacity concerns without adversely impacting the Ambulance Transport Fund (ATF).

ESF contracts with Metro West ambulance (DBA Mid-Valley Ambulance) for non-emergency transports. Non-emergency transports include facility to facility transfers for patient care and transfers from a facility to a skilled nursing facility or residence. The current contract with Metro West expires June 30, 2023. On October 5, 2022 the contractor notified ESF they will not be seeking renewal of this contract and want to work with ESF to terminate their contract and other resources from the Eugene Springfield area. On November 4, 2022 the contractor started eliminating non-contracted resources (such as wheelchair vans and non-ambulance stretcher cars to move patients between facilities or their home) and the impacts are already being felt in the local health care system. ESF has developed options for assuming the non-emergency workload and we will share an update on our progress including support we are receiving from Central Services and Public Works (Fleet). The forecasting for non-emergency work has a potential to help stabilize the ATF.

COUNCIL OPTIONS

Informational work session only.

PREVIOUS COUNCIL ACTION

[December 7, 2009, Joint Elected Officials Meeting](#)

JEO Eugene and Springfield City Councils met to discuss Ambulance Transport Funding Recommendations.

[May 27, 2020, Budget Committee Meeting](#)

The Budget Committee approved a motion recommending the City Manager and City Council hold a work session on the GEMT funding, the Ambulance Transport Fund ATF, overall funding of the Fire and Emergency Medical Services Department, and an update on the ESF merger progress.

[September 23, 2020, City Council Work Session](#)

Council held their first of two work sessions on the GEMT and ATF. This included a history and explanation of current challenges.

[December 14, 2020, City Council Work Session](#)

Council held their second of two work sessions on the GEMT and ATF. The City of Eugene Finance and Fire Staff completed a review of the Ambulance Transport Fund. This work included an analysis of the current budget, assessing the operational footprint to ensure that the cost of delivering the service is fully budgeted in the fund, and an updated assessment of the six-year forecast based upon the outcome of the analysis. An EMS Taskforce was also implemented in July 2020 to analyze how ESF deploys resources. The taskforce explored possible alternative and supplemental deployment strategies that could help leverage efficiencies in the existing system in order to reduce costs.

FOR MORE INFORMATION

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