MINUTES

Eugene City Council
McNutt Room—City Hall
777 Pearl Street—Eugene, Oregon

April 9, 2012
5:30 p.m.

COUNCILORS PRESENT: George Brown, Pat Farr, Betty Taylor, Andrea Ortiz, George Poling, Mike Clark, Chris Pryor, Alan Zelenka.

Her Honor Mayor Kitty Piercy called the April 9, 2012, work session of the Eugene City Council to order.

A. WORK SESSION: ConnectOregon Project Applications

Transportation Planning Engineer Chris Henry joined the council for the item. He sought direction from the City Council for the projects to be submitted for funding through the State of Oregon's ConnectOregon Program. He reviewed the applicable criteria and the projects proposed for Lane County. Councilors asked questions clarifying the details of the projects and agreed on the following priorities for Mayor Piercy, as the City's representative to the Lane Area Commission on Transportation (ACT), to share with the ACT: 1) City of Eugene, Eugene Airport; 2) City of Creswell, Creswell Airport; 3) City of Creswell, Creswell Airport; 4) Lost Creek Rock Products LLC; and 5) Fuel Logistics LLC.

B. COMMITTEE REPORTS

Mayor Piercy recognized City staff's excellent work cleaning up after the March snow storm. She also noted the recent Arbor Day celebration and the City's recognition as a Tree City USA. She reported that more than 100 residents planted trees in the community on Arbor Day. She called attention to the 2012 opening of Saturday Market on April 7.

Mr. Farr reported the March Human Rights Commission (HRC) meeting included discussion of possible areas of collaboration with the Sustainability Commission, including the proposed West Eugene EmX route. The HRC discussed whether the issue was a human rights issue and agreed that diminished services were more of a human rights issue than the route. He anticipated that the HRC would continue to discuss the issue and would seek to collaborate with other commissions on the third leg of the Triple Bottom Line, social equity.

Mr. Zelenka recalled that the council asked the Sustainability Commission to look into the potential of more local car sharing opportunities. He reported that as a result of those efforts, Lane Transit District had issued a Request for Proposals and selected "We Car" as a provider. There were now four We Car locations in Eugene-Springfield. He described the general location of the cars and how they could be reserved for use. He also noted the installation of electric vehicle charging stations throughout the community.

Mr. Zelenka reported that the Sustainability Commission had drafted a letter to the council asking it to oppose the passage of coal trains through the community because of the public health issues associated with coal dust, the impact of the trains on the neighborhoods they passed through, the impact of coal dust on crops, and climate change.

Continuing, Mr. Zelenka said the Sustainability Commission continued to reach out to the HRC regarding human rights issues. He anticipated the commission would make recommendations to the council regarding Envision Eugene and the proposed Capstone project. He noted the commission would soon have four vacancies. Kathy Jaworski was the new chair. He commended the work of outgoing chair Josh Skov.

Mr. Poling reported that Travel Lane County was holding weekly Tuesday Tastings at Gateway Center and Travel Lane County intended to restart its children's Adventure Club soon.

Mr. Pryor said that the Lane Council of Governments (LCOG) Board of Directors had narrowed the executive director candidates to two finalists. He said the organization's executive committee would meet on April 12 to discuss the budget, the budgetary challenges faced by member organizations, and what common ground they could find to ensure the continued survival of LCOG. He thought it was in the City's best interest to keep the organization going.

Mr. Zelenka reported that the Metropolitan Planning Committee (MPC) met with the local representative to the Oregon Transportation Commission, Mark Frohnmayer, who discussed the Oregon Department of Transportation (ODOT) Sustainable Transportation Initiative and alternative models for funding transportation projects. The MPC also approved the Metropolitan Transportation Improvement Plan and received a report from staff of the metropolitan planning organization that the Eugene-Springfield area was in compliance with federal air standards. The MPC was working on the greenhouse gas scenario planning required as part of Senate Bill 2001.

Also speaking to the work of the MPC, Mayor Piercy said the ACT and MPC agreed that the MPC's project priorities would be folded into the ACT's priorities in the order in which they came from the MPC. Differences between the two bodies would be resolved through meetings of their leadership.

Ms. Ortiz reported that ODOT had agreed fund sidewalk construction on one side of Highway 99 from the rail overpass to Roosevelt Boulevard and then onto Garfield Street. She also reported she was receiving calls from North Seneca Street residents who are experiencing flooding because of a lack of drainage. She hoped the City addressed that issue.

Ms. Ortiz said that Mr. Farr and she were joined by Lane County Commissioners Rob Handy and Jay Bozievich, Eugene Water & Electric Board Commissioner Rich Cunningham, and State Representative Val Hoyle at a very well-attended meeting of the Active Bethel Citizens. She wished her granddaughter a happy birthday.

Mr. Poling reported that the Harlow Neighborhood Association would hold a candidates forum for the Lane County commissioners race at the North Park Community Church on April 19 at 6 p.m. He said the association, Bertha Holt Elementary, Parents of Bertha Holt, North Park Community Church, Willakenzie Evangelical Church, Trader Joes, and Papa's Pizza partnered on a successful food drive for 70 elementary school children who qualified for the free lunch program.

Mr. Poling said he was receiving complaints about bad activities and garbage at the 105 overpass at Coburg Road and Oakway and asked City Manager Jon Ruiz to follow up with ODOT.

City Manager Ruiz reported that Peggy Keppler of Public Works one of ten public works professionals from across North America selected as an American Public Works Association Top 10 Leader for 2012. Public works professionals from throughout North America were recognized each year by their peers for their outstanding contribution and leadership and it was an achievement to be selected. City Manager Ruiz reported that Eugene Police Chief Pete Kerns was selected by the Oregon Association of Chiefs of Police to receive its top award for his efforts last year in response to the shooting of Officer Kilcullen, Occupy Eugene, and downtown public safety.

C. WORK SESSION:
Capstone Collegiate Communities Student Housing Development Proposal

The council was joined by Assistant City Manager Sarah Medary and Senior Planner Nan Laurence. Ms. Laurence provided an update on the public outreach done by Capstone Development in regard to its proposed development in downtown Eugene at the site of the former Eugene Clinic. She noted the major areas of concern expressed by residents and the responses offered by Capstone, which were summarized in Attachment B of the meeting packet, *Capstone Student Housing Proposal Questions and Answers*.

Mr. Brown asked questions for follow-up clarifying the amount of private equity in the project, projected enrollment levels at the University of Oregon, the current rental housing vacancy rate, the student housing vacancy rate, projected student enrollment for fall 2012, the University's housing construction plans, and the property's purchase price and sale price.

Responding to a question from Mr. Brown regarding Eugene Code Section 2.597, which stated the council would specific the percentage and duration of the Multi-Unit Property Tax Exemption (MUPTE), City Attorney Glenn Klein said nothing in State statute spoke to a percentage of the exemption and the City could not grant an exemption not authorized by State law. State law allowed the City to grant the exemption for less than a ten-year period. He believed that the reference to percentages was intended to refer to the portion of the property that was residential. Mr. Brown disagreed with City Attorney Klein's conclusions.

Mr. Zelenka requested information about the cost of both project phases. He anticipated that the project would be funded by institutional investors who would be unlikely to retain the project past the expiration of the MUPTE, and advocated for mandating onsite management for apartment developments of a certain size through the Eugene Code. He believed that such a regulation needed to be citywide rather than confined to a specific project, and should be based on beds. He was unsure the requirement should be retroactive and suggested that a definition of onsite management was needed. He asked for information about other jurisdictions that required onsite management for large apartment complexes.

Mr. Brown expressed skepticism that, given its past history, Capstone Collegiate Communities would continue to manage the development much past its construction and it would be sold by its investors. His research indicated that management ratings for former Capstone projects were dismal. He questioned whether Phase 2 of the project would be built and asked how that affected the MUPTE. Ms. Laurence said staff would address that question when the council considered the MUPTE application.

Mayor Piercy hoped staff's consideration of the project included consideration of capital improvements that facilitated bicycle mobility between the development and university.

Mayor Piercy observed that all the downtown projects in process had required a public investment. The question was whether the City was receiving a return on its investment. She wanted information about the project's impact on local employment and questioned whether it was possible to reduce the number of bedrooms per unit. She suggested incentives could be built in to the rent to encourage students to use alternatives like bicycles or We Car. She advocated for state of the art bicycle accommodations in the development to increase bicycle use. Mayor Piercy recommended that the council define more fully what it meant when it discussed "community benefits."

Mr. Brown said the City should be aggressive in its negotiations with the developer regarding the rate of return on investment and realize true community benefit. He also suggested the City, rather than the project owner, should benefit from any mortgage interest rate decreases. The City of Portland required developers who exceeded a profit in excess of an agreed upon threshold to pay that profit to the City; developers could also pay it back by providing below-market rate housing for a period following the expiration of the exemption.

Mr. Zelenka wanted to hear more about Portland's MUPTE rules. He questioned how the City could know for sure that the project would not be built in the absence of the MUPTE. He encouraged the developer to consider LEED construction and the potential of constructing garages that could be converted to another use. He determined from Ms. Laurence that staff had discussed locating a police substation on the site with the developers and they were interested.

Mr. Farr left the meeting for another commitment.

Mayor Piercy suggested the council needed to define "community benefit." She considered, for example, the developer's offer to widen the sidewalks serving Olive Plaza to be a community benefit but did not think that councilors were in concurrence as to the term's meaning.

Mr. Brown asked for information about other Capstone projects that had received similar tax abatements.

Mr. Clark suggested the chief benefit of the development would be that it was built and housed people. He pointed out that in ten years the property would begin to pay tax revenues to the City. He believed the proposed development supported many council goals.

Ms. Ortiz declared a potential conflict of interest due to her employment with PeaceHealth, the owner of the property in question.

Ms. Ortiz was concerned about the potential that the building currently on the site would remain unoccupied. If the project went forward it would create new jobs and ensure the site was redeveloped, which she considered a community benefit.

Ms. Taylor questioned how the City Council could know something else would not be built on the site in the future that provided more community benefit.

Mr. Zelenka asked if the construction jobs could be filled by local residents. Ms. Laurence said she would follow-up. She understood the developer was already in discussions with local contractors.

Mr. Pryor recommended that the council focus on reaching common agreement with the developer over the things that provided common benefit to both parties. He recommended against an approach that was overly proscriptive.

Mr. Brown believed that the development would take tenants from existing landlords who paid property taxes, which he did not think was fair. He questioned whether the number of projected jobs was worth the projected tax exemption. He expressed concern about the manner in which housing was proposed to be massed on two city blocks and asked how that benefited the neighborhood. He said he would be more supportive of the development if economic times were better, but instead it was a time of scarcity and the City needed revenue. He did not believe the developers would continue to own the development and they would not be part of the community in the future. He believed if the City was to grant an exemption of such a magnitude it should be to someone who intended to stay in the community.

Mr. Poling agreed with Mr. Pryor's remarks. He supported the project, saying it was exactly what was the community needed. He believed downtown was starting to "come back" and the project would inject more life into the area and spur more businesses to locate in the core.

Mayor Piercy adjourned the meeting at 7:21 p.m.

Respectfully submitted,

Beth Forrest

Beth Forrest
City Recorder

(Recorded by Kimberly Young)