

MINUTES

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

July 20, 2011
Noon

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

COUNCILORS ABSENT: Pat Farr.

Her Honor Mayor Kitty Piercy called the July 20, 2011, work session of the Eugene City Council to order.

A. EXECUTIVE SESSION:
Pursuant to Oregon Revised Statute 192.660(2)(i)

In accordance with Oregon Revised Statute 192.660(2)(i), the council met in executive session.

B. WORK SESSION:
City Manager Evaluation

Human Resources Manager Alana Holmes and Performance Development Manager Denise Smith were present for the item. Ms. Smith reviewed the council packet materials for the item, which included City Manager Jon Ruiz's self-evaluation; survey data collected from community members, members of the union leadership, and City employees; individual council evaluations; and a calculation of the manager's compensation.

City Manager Ruiz said it had been a productive year for the City organization. He commended the quality of City staff and looked forward to working on some challenging issues with the council and staff. He thanked the council for its guidance and input.

Mayor Piercy recognized the manager's ability to work with many different people to help achieve their goals. She appreciated his ability to foster staff growth, which added to the council's confidence in the work of staff. She appreciated his problem-solving ability and his follow-up. She also appreciated the professionalism of his work with her, and his care for the health and well-being of City staff.

In regard to the future, Mayor Piercy hoped the organization continued to work on economic stability and economic development that fit the community's values. She emphasized the importance of family-wage job creation.

Mayor Piercy looked forward to working with the manager in the future, saying that all parties were stronger when they worked together. She thanked the manager for his service.

Mr. Poling thanked City Manager Ruiz for declining his merit increase. He believed his action spoke to the manager's caliber and demonstrated his dedication to saving the organization money.

Mr. Poling said City Manager Ruiz did a good job keeping the council informed of emerging issues. He appreciated the manager's ability to work with the leadership of other jurisdictions and emphasized its value to the organization. Mr. Poling noted that City Manager Ruiz had recently led the Budget Committee through a challenging budget process and had worked with committee members and staff to develop creative solutions to budget shortfalls.

Mr. Poling believed that City Manager Ruiz had proved repeatedly he was an organizational leader. The manager continually challenged staff to come up with creative way to deliver services and save money. Mr. Poling suggested that sometimes the manager took constructive criticism too personally but he always managed to continue on and carry out the council's direction in a positive way.

Mr. Poling concluded by saying Eugene was fortunate to have City Manager Ruiz. He could not say enough about the work that City Manager Ruiz had done for the council. He thanked him for his work.

Mr. Zelenka also thanked City Manager Ruiz for declining his merit increase. He deserved the increase but Mr. Zelenka respected his decision. He agreed with Mr. Poling that Eugene was fortunate to have City Manager Ruiz. He said the manager had established a good, competent management team, and Mr. Zelenka appreciated his calm, can-do attitude, which had permeated throughout the organization. The manager had created an organizational expectation related to problem-solving and success that Mr. Zelenka considered the hallmark of his accomplishments.

Mr. Zelenka emphasized the manager's excellent leadership, particularly in regard to the budget and the Envision Eugene planning process. He believed the manager had led the City toward budget stability and improved customer service while cutting the budget dramatically. He believed that Eugene was heading in the right direction in regard to the Envision Eugene process.

Mr. Zelenka suggested the manager needed to continue to work on improved EPD-community relations, where some progress had been made but more work remained to be done. He also believed more work was needed on the management-AFSCME relationship.

Mr. Zelenka emphasized the importance of infrastructure development, job creation, and business development facilitation, and said those issues would be his focus over the course of the coming year.

Ms. Taylor believed one of the manager's best attributes was his ability to take criticism, which had not been an attribute of past managers. She indicated her major focus was on protecting neighborhood livability and the rights of individuals. She did not think the City could create jobs but it could make it possible for other people to create jobs. Ms. Taylor recalled that the City had worked to relocate Oregon Research Institute in the Sears pit several years ago, and she believed that had City Manager Ruiz been manager at that time the effort would have succeeded. She hoped the City Council's decisions regarding a future city hall did not result in a pit on the site of the current City Hall.

Mr. Pryor believed that City Manager Ruiz was the right person in the right place at the right time. He believed that City Manager Ruiz understood the community quickly and grasped its need for collaborative interaction. That made it easier for the manager to get things done and helped him to interact with the council. Mr. Pryor suggested the City was accomplishing things it could not before, such as filling the downtown pits with new construction and its street preservation efforts. He said the council could take some credit but it could only be as effective as its staff.

Mr. Pryor credited City Manager Ruiz with giving his staff the freedom to be creative and innovative and for not being a micro-manager. He said the council gave the manager freedom to be creative and innovative, leading to an unprecedented nexus that the council needed to take advantage of because it was "here, it's now, and you're in place and we're in place and they're in place and we can get things done." He found that incredibly exciting and assured the manager the degree to which he was in the center of that was a real value not only to the council but to the community as a whole. He termed the manager a "gift to Eugene," and said he deserved the merit increase but City Manager Ruiz was a great enough leader to recognize what the community needed.

Mr. Brown expressed appreciation that the manager and his staff had been able to balance the budget and the City continued to deliver an acceptable level of services. He thought it admirable that City Manager Ruiz rejected his merit increase, which set a tone for the organization, including its bargaining units. Mr. Brown said his only criticism was what he considered the manager's over-reliance on the mediation services of Bob Chadwick in association with Envision Eugene. However, he acknowledged that the City was in uncharted waters in that regard. Mr. Brown believed that eventually the issues would be sorted out and the City would reach the solution it needed.

Ms. Ortiz agreed with much of what had been said by other councilors. She agreed the manager had set the tone for the organization, which was a powerful thing. She believed staff had risen to the challenge set by the manager. She agreed about the manager's leadership ability. Speaking to staff development, Ms. Ortiz said that the manager encouraged staff to "try it on" and sometimes a new role fit and sometimes it did not, but it was always a good thing for people to have those experiences. She also recognized the manager's volunteerism, as evidence by the PSA he did for veterans' services.

Ms. Ortiz suggested if the manager took criticism personally it was because he was only human, and she identified with that trait. She suggested it was part of the overall experience that the council and manager were having. Ms. Ortiz also appreciated that the manager had declined the merit increase.

Mayor Piercy acknowledged past successes and anticipated future challenges that would require the council to work together. She said the fact the manager seemed to like Eugene and liked living in Eugene meant a lot to her. She interpreted that to mean that he cared about the community, which was also important to her.

Speaking to future challenges, Mayor Piercy believed the City needed to continue to work on homelessness and providing youth with positive things to do.

Mr. Zelenka said health care costs continued to be out of control and he challenged the manager to reduce costs in that area without reducing the services received by employees or forcing them to pay higher costs. He appreciated that the manager had maintained an organizational focus on the Climate & Energy Action Plan and his funding of a Climate and Energy Specialist. Mr. Zelenka expressed appreciation for City Manager Ruiz's staff empowerment efforts and for his relationship building with the council and the City's strategic partners. He also commended the manager's efforts in fostering downtown development and helping to bring several development efforts to fruition.

Ms. Taylor commended the manager's work with the Arts and Business Alliance.

Ms. Taylor, seconded by Mr. Poling, moved to accept the City Manager's offer to forego a five percent merit increase. The motion passed unanimously, 6:0; Mr. Clark not yet having arrived at the meeting.

Mayor Piercy expressed appreciation for the work the manager had done to incorporate the Triple Bottom Line (TBL) into council decisions.

C. WORK SESSION:

Multi-Unit Property Tax Exemption (MUPTE) - Envision Eugene Implementation

Planning Director Lisa Gardner and Senior Planner Nan Laurence joined the council for the item and provided a PowerPoint presentation entitled "Envision Eugene and MUPTE." Ms. Gardner placed MUPTE within the context of the Envision Eugene planning process and the two of the Seven Pillars of Envision Eugene, *Promote compact urban development and efficient transportation options* and *Protect, repair, and enhance neighborhood livability*. She envisioned that MUPTE could be used to support Opportunity Siting for denser multi-family development, and emphasized the high level of public involvement associated with the Opportunity Siting process.

Ms. Laurence provided more details on how MUPTE could be used as an implementation tool for Envision Eugene to encourage desired development and shape how the community grew. She reviewed the rules governing MUPTE and shared a brief history of its use in Eugene over the past 30 years.

Ms. Laurence reminded the council that the ordinance that enabled the use of the MUPTE in Eugene expires in January 2012. The State of Oregon recently extended the sunset for all MUPTE programs to 2022. She said the council could modify the boundary of the area to which MUPTE applied if certain criteria were satisfied, including that the new district or area needs to be either a 'core area' or 'transit-oriented area' (within one-quarter mile of transit) and projects within a transit-oriented area need to facilitate access to public transportation.

Ms. Laurence suggested the pending sunset date had implications for two downtown housing development proposals being contemplated as the developers had indicated the MUPTE was critical for the projects to succeed.

Ms. Laurence noted recent changes in State law that allowed the City to exempt commercial uses to support the development of mixed-use buildings. She suggested that represented an additional tool to encourage mixed-use development downtown on a case-by-case basis, and could be used to support mixed-use as a desired form to development to implement the recommendations of Envision Eugene.

Ms. Laurence anticipated that after the council recess staff would return with a proposed ordinance to extend the sunset date for the Downtown Plan area. She also suggested the possibility that the council would consider extending the use of the MUPTE as one of a range of incentives to help the community realize its goals around development form, character, and density along transit corridors as the City implemented Envision Eugene.

Ms. Gardner reported that the Eugene Planning Commission discussed MUPTE at its most recent meeting and indicated its interest in providing the council with input on where MUPTE was applied in the community.

Mr. Clark arrived during the presentation.

Referring to Attachment D of the Agenda Item Summary (AIS), *MUPTE boundary and Downtown Plan area*, City Manager Jon Ruiz clarified that the map shown on the attachment reflected the staff recommendation for the Core area MUPTE boundaries.

Mayor Piercy solicited council comments and questions.

Ms. Ortiz said she supported the MUPTE as a tool to encourage development where it was needed. However, she no longer supported the use of the MUPTE in the vicinity of the University of Oregon (UO) campus because she believed the area was saturated with multi-use development and it was time to change its appearance.

Ms. Ortiz indicated she did not want to preclude the use of the MUPTE for projects already in process.

Ms. Ortiz determined from City Manager Ruiz that any extension of the MUPTE to the Trainsong neighborhood or any other new area would require a separate council discussion and action. Action on the staff recommendation did not presuppose an outcome for other areas.

Responding to a question from Mayor Piercy, Ms. Laurence did not think that a developer making application for the MUPTE now would be able to secure approval by the end of 2011.

Mayor Piercy reminded the council that it was scheduled to consider a MUPTE application for Alder Park Apartments at 17th Avenue and Alder Street on July 25.

Ms. Taylor indicated a preference for 11th Avenue rather than 13th Avenue as a boundary for the Core area but said she could support the staff recommendation.

Ms. Taylor questioned the concept that developers could not build projects without the MUPTE. She asked what the City would have realized in tax revenues from the houses demolished to make way for new multi-family developments that received the MUPTE. Ms. Laurence did not know. Ms. Taylor thought that was a factor to consider. She also wanted information on the taxes paid by developments after the ten-year exemption expired, and asked if such developments received further exemptions because of depreciation. Ms. Laurence said she would follow-up.

Mr. Zelenka shared Ms. Taylor's interest in quantifying the assessed value of the improvement that was demolished to make way for a new development.

Mr. Zelenka believed that MUPTE was necessary in the Downtown Plan area but he did not feel it was needed any longer in the West University Neighborhood (WUN). The number of units outside the MUPTE boundary that had been constructed in that area far outstripped the number of units built inside the MUPTE boundary.

Mr. Zelenka indicated support for modifying the staff recommendation by adding the Trainsong neighborhood to the Transit Oriented Area. He suggested that discussion of other transit corridors could happen later.

Mr. Zelenka suggested the City's map of 20-minute neighborhoods be overlaid on the map shown on Attachment D.

Mr. Brown said the council was hearing a mixed message about the MUPTE and mixed use in downtown. The council had heard that the MUPTE encouraged mixed-use housing and commercial development

downtown and he agreed that was a good thing, but the council also recently heard that a requirement for mixed-use downtown represented a barrier to development. Developers argued that a requirement for commercial on the ground floor was a detriment to development, but the MUPTE encouraged ground floor commercial development. Ms. Laurence said it was difficult to require ground floor commercial because it represented added costs and it was often challenging for developers to fill the commercial space. It was more expensive to build such projects, so the State modified the MUPTE to allow that portion of the improvement to also be exempted from the property tax.

Mr. Brown advocated for the immediate end of the use of the MUPTE in the University area. He said the MUPTE was intended to foster development that would not otherwise have happened, and the development that was happening in that area would have happened anyway.

Mr. Clark supported extending the downtown MUPTE boundaries and looked forward to a discussion about the use of the MUPTE near the University. He hoped the council remained open-minded pending that discussion. He suggested the MUPTE had value in the University area because it allowed for development that might not otherwise make financial sense. Mr. Clark believed the council needed to consider all the factors involved in the cost of building inside and outside the MUPTE boundaries to better understand whether something was more marketable because of the MUPTE.

Mr. Clark suggested that the MUPTE was also related to the type of development that would be built and whether that development met the City's livability goals. He believed that developments built in that area with the assistance of the MUPTE tended to be better supported by the neighbors and helped create a more livable space. Mr. Clark anticipated that the neighborhood would continue to be developed in a dense fashion but that development would not be high quality if the quality was driven by the market and not incentivized by the City.

Mr. Clark supported the inclusion of the Trainsong neighborhood in the Transit Oriented Area.

Mr. Poling also supported inclusion of the Trainsong neighborhood. He agreed with Mr. Clark's remarks about the application of the MUPTE in the University area. He pointed out that buildings constructed with the assistance of MUPTE included green features and amenities that would not otherwise have been included. In addition, the process included both neighborhood and council input.

Mr. Pryor also agreed about the addition of the Trainsong neighborhood. He appreciated the council's support for the MUPTE as a tool. He suggested the council consider the MUPTE from the standpoint of a return on the city's investment. The MUPTE had an impact on the neighborhood, the quality of the construction, and on future growth patterns. He said all those impacts needed to be considered.

Speaking to the idea that the MUPTE be discontinued near the University, Mr. Pryor said he could support that with the expectation that the council would discuss its applications in other areas throughout the community. He suggested that without financial incentives, construction in that area would be larger in scale and have more impact on the residents. He was concerned that the City Council would create another problem while trying to solve another one. He supported the staff-proposed motion with the expectation more discussion would occur.

Mayor Piercy wanted the council to reach the point where it was able to use the MUPTE more like a scalpel than a hammer and refine it to be more useful in helping the council reach its goals. Speaking to the suggestion that Trainsong could be added at this time, Mayor Piercy believed the council had time for a fuller discussion about the merits of adding the neighborhood before the ordinance sunsetted.

Speaking to Mr. Zelenka's remarks about the construction occurring near the University campus without benefit of the MUPTE, Mayor Piercy said the neighbors believed the existence of the MUPTE encouraged more growth in that neighborhood. She questioned whether such construction would happen anyway and if the MUPTE might improve it, or whether the City would see less construction without the MUPTE.

Mr. Zelenka did not think that the MUPTE necessarily fostered better construction. He believed some of the construction outside the MUPTE boundaries was of higher quality than the construction inside the boundaries. He added that University area residents were less concerned about the quality of construction than they were about such things as on-site supervision, the inclusion of balconies in a development, the inclusion of common areas and open space, and the provision of adequate parking.

Mr. Zelenka requested information about the number of units built both in and out of the MUPTE boundaries in the last three years.

Mr. Zelenka proposed that the City Council consider establishing a tax exemption program to incentive LEED construction of multi-family housing. City Attorney Glenn Klein indicated that only the State could establish a tax exemption program, but the City could establish a tax rebate program for the purposes cited by Mr. Zelenka.

Mr. Zelenka looked forward to discussing the linkage of the MUPTE, LEED, and the City's transit corridors. He anticipated the transit corridors would be important to future development and what the city looked like, so the strategies related to the corridors would be critically important.

Mr. Brown believed the council needed to consider the budget and the fact that the University area was already one of the densest neighborhoods in the community. He thought the City needed to distribute density more to maintain the livability of the neighborhood. Mr. Brown also believed the University needed to take more responsibility for housing University students. That task should not be completely left to private developers.

Mr. Brown supported the retention of the MUPTE in the downtown area. He also supported extending the MUPTE to the Trainsong neighborhood. He suggested the Trainsong boundaries could be extended farther up Highway 99 to support improved development in those areas. He reiterated his support for ending the MUPTE in University neighborhoods.

Mr. Brown did not think that the lack of the MUPTE would result in slums given that developers had to meet the Building Code and other quality construction occurred in the community all the time without benefit of a tax exemption.

Ms. Ortiz did not mind taking more time on the issue of the Trainsong neighborhood and the boundaries for that area. She hoped to see the critical mass of people that lived near campus replicated in downtown and in west Eugene. She believed there was considerable redevelopment potential in those areas that would benefit the community. She suggested the MUPTE boundaries go down 8th and 5th avenues and along both sides of Highway 99.

Mr. Clark did not object to delaying the addition of Trainsong pending more discussion. He continued to believe that the issues of whether and what was built were crucial. He believed the MUPTE affected outcomes in both areas. He wanted a comparison of what was constructed when the MUPTE was not in place between 1996 and 2001 with what was constructed when the MUPTE was available to help answer the question of its impact on construction quality.

Mr. Clark pointed out development was driven by the market rather than the City, and the City could not stop development in the campus area. More students would come to the University in future years and there would be a demand for more housing independent of what the council did. He suggested the question then became what kind of construction occurred. Mr. Clark speculated that more than 2,000 new housing units could be built in the University area over the next 20 years. He believed the council was talking about what type of development would be built and whether residents would have input into what occurred in their neighborhood.

Speaking to Mr. Clark's request for information about what was developed near the University without benefit of the exemption, Mayor Piercy suggested that times had changed so much since the 1990s that the comparison would not be useful.

Mayor Piercy reported that the University planned to house all freshman and sophomores on campus and was in the process of constructing new student housing. She also attributed the large amount of multi-family housing construction in the University area to the fact that the only type of development that could get financed during the recession was student housing. Mayor Piercy suggested the council needed to have a discussion of where student housing should be located and how it could be encouraged.

Ms. Taylor, seconded by Mr. Poling, moved to direct the City Manager to proceed in two phases: 1) prepare an ordinance and hold a public hearing to extend the sunset date for the existing MUPTE boundary area in the Downtown Plan area; and 2) conduct additional work sessions in the fall to discuss other priority areas for council consideration and future action. The motion passed unanimously, 7:0.

Mayor Piercy adjourned the meeting at 1:24 p.m.

Respectfully submitted,

Beth Forrest

Beth Forrest
City Recorder

(Recorded by Kimberly Young)