MINUTES

Eugene City Council
Public Hearing/Work Session
Council Chamber
777 Pearl Street—Eugene, Oregon

April 19, 2010
7:30 p.m.

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

Her Honor Mayor Kitty Piercy called the meeting of the Eugene City Council to order.

1. PUBLIC HEARING
An Ordinance Adopting an Amended Urban Renewal Plan for the Downtown Urban Renewal District

City Manager Jon Ruiz provided an overview of the proposed Downtown Urban Renewal Plan amendment and four targeted downtown projects. He said the amendment for the four proposed projects only would increase the plan's spending limit by $16.1 million, expand the boundary if the Veterans' Administration (VA) chose a downtown site for its clinic, impose a sunset provision and establish an annual review panel. He said the council was scheduled to review comments from the public, Planning Commission and taxing districts at its May 10, 2010, work session, with action on the amendment scheduled for May 24. He noted that a frequently raised concern was the impact of the urban renewal district on School District 4J and stated that an analysis by the county assessor, in which the school district concurred, concluded that the school district was better off financially if the downtown urban renewal district continued. Specifically, the school district would lose $117,000 annually if the district was terminated.

Mayor Piercy opened the public hearing and recited the procedures for providing testimony.

Sue Prichard, Emerald Street, Eugene, Ward 3, said she was a semi-retired real estate broker and much of her professional activities had focused on the leasing and sales of downtown properties. She thanked the council for its commitment to downtown and developing a sensible, comprehensive plan. She said the past had proved that no one project was the solution for downtown; it was a complex puzzle that required a number of simultaneous activities in the public and private sectors and a continued commitment over time. She strongly supported a favorable vote to amend the urban renewal plan as proposed. It was a timely step forward and without it time would pass and nothing would change. She said tax increment financing was an effective tool and one of the few available to the City for downtown revitalization. She said all of the projects were important and well thought-out, particularly construction of a Lane Community College (LCC) campus downtown. Her life had been changed by the opportunity to attend LCC and there were thousands of similar stories in the community.

Ben Sappington, Mecca Avenue, Eugene, Ward 5, stressed the need for a thriving downtown and its importance to the economic well-being of the community and retention of young, talented workers central to the community's success. He urged the council to focus on the future and take advantage of projects that were ready to move forward now and an immediately available funding source that did not raise taxes or detract from public education. He fully supported the proposed urban renewal plan amendment.

William Kennedy, Lincoln Street, Eugene, said he was a member of the Downtown Neighborhood Association and lived, shopped and played in or near downtown Eugene with his family. He urged the council to do whatever was necessary to assure that the LCC project and other proposed projects downtown became a reality, including increasing the spending cap on the urban renewal district. He said little progress had been made in addressing downtown problems without urban renewal. He said opponents of urban renewal wanted the money spent on schools, public safety and public works, but schools were already being built, improvements were being made to the Park Blocks and measures were under way to improve public safety. He said Eugene's least sustainable aspect was the job market for young professionals and families and its struggling downtown. He had seen many peers move away for those reasons, but he chose to stay. He urged support for the four projects as there might not be many more changes to revitalize downtown.

Dan Herbert, Potter Street, Eugene, supported the ordinance amending the downtown urban renewal plan to provide funding for four projects and then sunsetting the district. He said opponents' plans to refer the issue to the ballot and end the district in 2010 was a bad idea. He said opponents' chief complaint was the diversion of funds from the City's General Fund, the schools and the County, but that was a weak argument because the City's General Fund could fare even worse if urban renewal funds could not be used to support the projects. He noted that the 4J School District had confirmed that it would not suffer financially from urban renewal as the State made up any shortfall in funds. He said the four projects would serve the entire County, not just Eugene. He said if a referral to the ballot succeeded in rejecting urban renewal, alternative means for funding the projects would cost an estimated $3 million more and an election would cost the City $25,000 and the County $75,000. He said a referral would also cause delays in the LCC project, risking increased costs or scuttling the entire project. He was concerned that an election would also result in a worsening of opponents' harsh rhetoric, with the effect of shutting down serious discussion of important issues.

Charles Biggs, Antelope Way, Eugene, did not support the plan amendment as currently written. He liked the LCC project, but it was not contingent on construction of housing. He said LCC already had a facility in downtown the same size as the proposed project and the amendment should be modified to require housing as part of the project. He did not see why the City should provide a "bailout" of $2.5 million in tax money to persuade the VA to locate a clinic downtown when the current owner of the facility—PeaceHealth—was a very wealthy organization. He said that information provided to the Planning Commission indicated there would be a $650,000 loss to schools and questioned the source of the new figures cited by the City Manager.

Alexis Garrett, West 18th Avenue, Eugene, Ward 1, had served as chair of the Eugene Redevelopment Advisory Committee (ERAC) since 2004 and the committee had been given the task and privilege of reviewing every viable project proposed to support downtown. She said the ERAC understood the unique costs and construction and staging challenges of building in the downtown area and the importance of creating funding to insure realistic projects moved from concept to completion. She said ERAC had sponsored and heard community input on every level and had previously supported and recommended other projects it felt would provide the foundation for desired development, living wage jobs, subsidized and market rate housing and inviting venues for the arts. She said it would not have been possible to predict the current economic challenges and perhaps in another time and economic cycle the plan amendment would have been a different proposal. She said after a thorough evaluation of the proposed downtown plan amendment, the ERAC unanimously supported it as a positive step forward and supported urban renewal as a viable, valuable and proven funding option.

Dennis Carr, Bent Tree Lane, Eugene, spoke on behalf of LCC about its vision for a new downtown center campus. He said it represented a tremendous opportunity for LCC, the City and the community. LCC was fully committed to the project and the new campus would embody its mission of accessible education and training and supported its core value of sustainability. He said the proposed site was consistent with the

City's redevelopment needs and sustainability goals and would provide a return on investment. The campus would house a variety of college programs, including energy management and renewable energy programs. He said the facility would also include meeting spaces available for business, community organizations and residents and housing constructed at the site would attract up to 200 new residents to downtown. He said the facility would create economic opportunity through a state-of-the-art training facility and immediate construction jobs. He thanked the Mayor and council for their leadership and willingness to invest in the project, which would provide decades of services to students and impact generations to come. He said the project could be shovel-ready by September 2010, with potential completion by fall 2012.

Scott Sanders, Susan Street, Eugene, commented that there was no "silver bullet" to revitalize downtown and believed that it was private investment that would eventually bring about the desired change, although improvements were needed now to attract more private investment over time. Those improvements included increasing viability, safety and activity in downtown and the proposed plan amendment would accomplish those things through the four targeted projects. He supported the plan amendment.

Chris Boone, Centennial Loop, Eugene, Ward 7, said he was a young professional who had lived in Eugene most of his life, leaving only to complete his education. He said for him and his peers it was imperative that progress be made on filling the empty spaces and increasing activity in downtown. He said a good base of young professionals was essential to a vital economy and one of the key elements of attracting and retaining that demographic was an attractive and vibrant downtown. He said the currently proposed projects were a major step in the right direction and would bring positive energy and activity downtown. He urged the council to avoid delay and use the funding tool that was currently available to support the projects.

Maylian Pak, Whitbeck Boulevard, Eugene, Ward 2, spoke in support of the downtown urban renewal district. She said a thriving downtown was essential to economic growth and an engaged community. She said it was critical for the council to support revitalization of the Park Blocks and augment public safety to attract businesses and individuals who would be engaged and active in helping to stimulate the local economy. She supported the proposed projects and without the council's support it was likely that there would be more vacancies and empty storefronts downtown. The plan amendment could re-energize efforts to reposition downtown as the heart and soul of Eugene.

Oliver Thornton, West 10th Alley, Eugene, stated that he supported the plan amendment, but with the condition that it was a ballot measure. He thought the public had the right to determine how public funds were spent in the downtown urban renewal district. He said the projects had broad appeal, but was concerned with the diversion of funds from the schools, the City and the County. He said the public should be able to prioritize the needs and determine which projects should be funded.

Craig Willis, Queens Way, Eugene, Ward 4, Lord Leebrick Theater artistic direction, said the theater was currently in the process of renovating its property downtown and joined other speakers in urging the strongest support possible for amending the urban renewal plan, which was vital to the success of current and planned redevelopment downtown. Regarding concerns about nonprofit organizations and the payment of property taxes, he stated that Lord Leebrick Theater Company will have paid over $20,000 in property taxes and would continue to do so in the future. He said that was possible because the theater's redevelopment plan called for retail space as part of its project and that was not exempt from property tax. He pointed out that the theater provided employment to many people who were also Eugene home owners and spent their salaries at businesses that employed Eugene residents who paid property taxes.

John Brown, Ward 5, Eugene, speaking as a private citizen, commended the council for the diversity of projects included in the urban renewal plan amendment. He fully supported all of the projects and had

personally been involved in efforts to locate a VA clinic in downtown for several years. He thanked the council for its work on downtown issues.

Jim Olney, Eugene, Ward 5, executive director of the Eugene Public Library Foundation, said the new library stood alone in its pursuit of literacy and community and he anticipated an outstanding partnership with LCC when its campus was constructed across the street from the library, following approval of the urban renewal plan amendment. He said the lively environment with more people downtown would also help to address public safety issues. He said the foundation supported the urban renewal funding and hoped it was approved by the council.

Mary Salinas, General Delivery, Eugene, spoke on behalf of the homeless community. She said homeless people were the same as other residents, but faced many challenges. She said public safety meant the homeless, particularly the young people in the downtown area. She listed many services that were needed to assist the homeless: a soup kitchen, legal parking for camping and a compassionate homeless shelter. She said homeless people were not transients; they represented a community and many had grown up in Eugene. She urged the council to help the homeless.

Tamara Underwood, Olive Street, Eugene, owner of Bagel Sphere and Novella Café in downtown Eugene, urged the council to support the urban renewal plan amendment as presented. She said it was targeted to projects that citizens had said were important to them and clearly stated the proposed funding for each. She said downtown needed critical mass and the projects would help to achieve that. She felt the proposal was a good start on downtown revitalization and urged the council to support it.

R. Joseph Newton, Cross Place, Eugene, Ward 7, stated that he was opposed to the previous urban renewal measure because he felt it was a subsidy to development interests and overrode the natural development of downtown. He now wished to speak just as strongly in favor of the current proposal. He said the urban renewal plan was about vital public services and institutions. He hoped the City did not stop striving for an indoor Farmers' Market and hoped that LCC would consider including a theater in its facility. He said he supported all of the projects and felt it was the right direction for urban renewal to take. He urged the council's support for the plan amendment.

Kit Kesey, West 34th Avenue, Eugene, owner of the McDonald Theater building downtown, spoke in support of the urban renewal plan. He said it was what he had hoped would occur downtown when he purchased his property and the public safety aspect was especially important to downtown businesses. He fully supported the plan.

Jim Welsh, Centennial Plaza, Eugene, speaking for the Eugene Association of Realtors, said realtors were supportive of efforts to revitalize downtown and expressed their gratitude to the council for its continued interest in and attention to downtown. He said there had been disappointments, but the City could not give up. He said worthy projects had been proposed and tax increment financing would help them move forward and pave the way for future growth, including growth that would increase tax payments. He was pleased that public safety was a part of the proposal and urged the council to approve the plan.

Richard York, University Street, Eugene, Ward 2, spoke in favor of the urban renewal plan amendment, which he felt was very carefully designed. The four projects were well thought out and provided vital public services that would improve the quality of life in the community, particularly the LCC campus that would make it much easier for people to access educational opportunities. He urged the council to support the amendment.

Kappy Eaton, Covey Lane, Eugene, speaking on behalf of the League of Women Voters of Lane County, said the league supported the proposed amendments to the downtown urban renewal plan and favored increasing the spending limit and expanding the boundary. She said the four projects included in the amendment would contribute to the plan goals of strengthening economic conditions in the plan area, as well as enhancing downtown's role as a center for public and private development and investment. She said tax increment financing was a reasonable method to raise revenue for such activities, which would support other activities planned or underway downtown. She spoke to the benefits of each of the four projects and urged the council to support the plan amendment. She said the league was not advocating for a referral of the plan amendment to voters, it would not be inappropriate given the expansion of maximum indebtedness and geographic boundary of the district.

Phil Farrington, East 11th Avenue, Eugene, Ward 1, representing PeaceHealth as its director of land use planning and development, said that PeaceHealth had been actively working with the VA to bring a new outpatient clinic of approximately 120,000 square feet into the area. He said the project would bring hundreds of family-wage jobs and provide services to thousands of veterans in the community and surrounding areas. He said the Willamette Street site was a strong candidate for the facility based on a number of factors and the City's ability to exercise its available tools to assist redevelopment on the site increased its viability. He said that while the VA had not yet made a decision, the financing tool gave the downtown site an advantage that could prove decisive. He urged the council to support the proposal.

Joy Marshall, Eugene, Ward 2, spoke in favor of the proposal for use of urban renewal funds, particularly the LCC project. She had been a strong advocate for school funding for the past decade and was distressed with use of the school funding argument to oppose the urban renewal plan amendment. She agreed there was a small amount of property tax funds diverted from the school district by urban renewal, but the State compensated for most of that loss. She noted that property tax funds were also used for many City functions such as fire, police and administration. She said the real question was whether the proposal was a reasonable, moderate and carefully designed proposal that was important to the community, and she felt it was. She urged people not to use a misguided argument against the urban renewal plan amendment because it would provide far more benefit to the community than harm. She said waiting for a better funding mechanism could result in loss of opportunity and public trust. She urged the council to support the amendment.

Zachary Vishanoff, Eugene, Ward 3, commented that the public had trust problems with urban renewal and LCC could inherit those problems if it used urban renewal funds. He recommended separating LCC from the urban renewal proposal package, which was trying to accomplish too many things at once. He assumed that the public hearing was also about relocating the police station outside of downtown because the plan amendment included a public safety component that would deflect outrage over that move. He felt the public would refer the plan to the ballot because of the lack of detail. He also questioned what organizations would be meeting in the space LCC would be providing and wondered if LCC students had been allowed to vote on that decision.

Misha Seymour, Lincoln Street, Eugene, opposed the downtown urban renewal plan. He said the stated intent to make downtown more welcoming for everyone was not true. He saw mean-spiritedness that was psychologically damaging the poor on a daily basis. He said that people were not allowed to gather on the sidewalk outside of the library. He said an urban renewal plan amendment should be used to provide low-income housing. He said chairs and tables had been removed from Ken Kesey Square and people were not allowed to sleep in the library. He said the community should be for everyone and that was not currently happening. He said the plan amendment should be placed on the ballot for a public vote.

David McLean, Beacon Drive, Eugene, Ward 5, said the urban renewal plan represented an opportunity to take steps to address issues in Eugene that had thwarted the community for decades and an opportunity to say "yes" instead of "no." He said the LCC project would spur the local economy and bring hundreds of students downtown, supporting local businesses and bring positive activities to the City's core. He said the public safety improvements would make downtown feel safe and welcoming, the Farmers' Market would continue to bring people downtown and the VA clinic would support area veterans and fill vacant space. He said the projects were ready to move forward and the funding mechanism did not require raising taxes or harm other services. He asked for the entire community to take advantage of the opportunity and support the projects, which would help the City move forward to create a downtown everyone deserved.

Thomas Kamis, Lincoln Street, Eugene, a downtown resident and business owner, said the plan amendment would not solve all of downtown's problems, but it was a good start. He said the other funding mechanisms available to support the projects were complicated and would take more time. He spoke to the benefits each of the projects would provide to the community and downtown area and urged the council to support the proposed amendment.

William Ivanoff, North Grand Street, Eugene, Ward 7, spoke in favor of the LCC and VA clinic projects downtown. He questioned whether the urban renewal district had increased the livability and vibrancy of downtown since 1967. He was not certain that urban renewal had caused many of the issues downtown today and felt there were other City policies that drove businesses from downtown. He said urban renewal would not solve all of the problems in downtown; it was a more complex issue. All of the City's policies that contributed to the current situation should be examined.

Duncan Rhodes, Lewis Avenue, Eugene, Ward 7, thought the projects were good, but the urban renewal district had been in existence for a long time and he wanted to see a financial accounting of its history, including the revenue generated and how it was spent. He said that information should be compiled and submitted to a referendum before any of the projects were approved.

Jared Mason-Gere, Willamette Street, Eugene, speaking on behalf of the Eugene Area Chamber of Commerce, said that often the City had ignored opportunities, but in this instance he was confident that would not happen. He commended the council's thoughtful deliberations and the well thought-out projects that were being proposed, which had wide support throughout the community. He said the projects would spur growth downtown, create many jobs, fill vacant space, attract a large number of people to downtown, address public safety issues and provide necessary services. He said the Chamber would prefer to see more private projects in the proposal that would generate taxes and the sunset provision eliminated, but those were the tradeoffs that were necessary in order to move forward as a community. He said it was a balanced plan and hoped everyone would support it.

Dave Hauser, Elkhorn Drive, Eugene, Ward 5, spoke on behalf of Downtown Eugene, Inc. (DEI). He said DEI was the voice of downtown business, promoting responsible development and improving public safety. He said downtown property owners voluntarily assessed themselves an additional tax that they invested in the downtown area in the amount of $4 million over the last 16 years. He said DEI stakeholders wanted to promote a vibrant, safe and diverse downtown. He said the plan addressed the future and its projects, and the LCC facility, especially, would create momentum downtown. DEI was opposed to sunsetting the urban renewal district earlier than planned as it was an important tool for enabling future projects, but now was the time to act and DEI was willing to accept that condition in order to move forward with the proposed projects, particularly the public safety improvements. He urged the council to approve the plan amendment and create positive momentum for downtown.

Mayor Piercy closed the public hearing and thanked those who spoke. She recognized that the proposal would not fix all of the problems downtown, but it was a good start and would provide momentum to the other efforts that were already under way.

Councilor Taylor thanked those who spoke. She was opposed to expanding and extending urban renewal. She pointed out that urban renewal opened the streets, but it also closed the streets and destroyed many historic buildings. She noted that many speakers were concerned about LCC, but felt its project could be accomplished without urban renewal. She said any extension of urban renewal should be by a vote of the people. She was willing to vote immediately to support LCC to remove any uncertainty about the project.

Councilor Clark thanked those who spoke. He was pleased to see so many people in the community support the proposed plan amendment, which was different from previous urban renewal plan amendments. He was enthusiastic and optimistic about the proposal.

Councilor Solomon left the meeting at 8:45 p.m.

Councilor Ortiz appreciated the comments from a wide range of constituents. She agreed there was no single solution to downtown's problems. She pointed out that there were other neighborhoods in the community that faced challenges and hoped future conversations could address those issues, but the current focus was on downtown and she supported the proposed urban plan amendment as the right thing to do.

Councilor Brown also thanked those who spoke. He said councilors supported each of the projects, but in a different way. He felt they could be accomplished without urban renewal. He said urban renewal had destroyed downtown and wiped out the community's architectural heritage and it was time to let it go. He said if the plan amendment was approved the City would lose $10 million from the General Fund in nine years. He preferred to explore the option of a revenue bond as a financing tool. He felt each of the projects had flaws, although they looked good from a distance, and could not support them in their current forms. He felt the City had adequate finances to move all of the projects forward and taxpayers should be able to vote on the expenditure of urban renewal funds.

Councilor Zelenka stressed that the urban renewal plan amendment was not the same proposal presented two years ago. He asked the City Manager to restate the information about financial impacts on the school district.

Mr. Ruiz said based on information provided by the Lane County Assessor, and City staff, and confirmed by School District 4J, the district would lose $117,000 annually if the urban renewal district was not continued. From a financial standpoint it was to the district's advantage to continue the district.

Councilor Zelenka commented that he had requested the analysis because of misperceptions about the fiscal impact of urban renewal on schools. He urged the public not to believe the rhetoric and support the proposal. Failing to support the urban renewal plan amendment would likely eliminate the Willamette Street site's potential for a VA clinic and could jeopardize the LCC project. He said all four projects could be accomplished with urban renewal funds without raising taxes, while the opponents' plan would actually raise taxes and cause financial harm to the school district. He urged support for the plan amendment.

Councilor Pryor stated he had served on the school board for 11 years and concurred with the analysis of the financial impact of urban renewal on the school district. He pointed out that the school district had confirmed the results of the analysis. He said the plan amendment was a viable means of moving forward immediately with the projects, then sunsetting the district when they were completed.

Councilor Poling remarked that there was nothing in the proposed plan amendment that would destroy any part of downtown; the projects would add to its beauty and vibrancy and the district would sunset when they were completed. He said opponents objected to the expenditure of funds on public and nonprofit projects that would not pay taxes, but objections to the previous urban renewal plan were based on expenditure of funds on private development instead of public services. He emphasized that expansion of the district was specific to the VA clinic site and would occur only if that site was actually selected for the clinic. He was concerned that if the council approved the plan and it was then referred to the ballot, the delay would jeopardize the projects and perhaps cause the City to miss a golden opportunity.

Councilor Taylor felt that the council should find another mechanism to assist LCC to avoid any delay in the event the plan was referred to the voters. She asserted that urban renewal did not create money, it came from taxes and if the funds continued to be diverted from the County, the County had a greater need to raise taxes to support public safety. She preferred to use the City's current resources to support the LCC project without putting it to a vote of the people.

Mayor Piercy expressed her appreciation for the community's outpouring of support for the projects. She stated that there had been a request to keep the record open until May 17 and typically the council allowed an additional 7 to 14 days when such a request was made. She said the City had agreed to keep the record open until April 30 for the overlapping taxing districts and asked that a motion to that effect be put forward.

> Councilor Clark, seconded by Councilor Taylor, moved to leave the record open until April 30.
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> Councilor Brown, seconded by Councilor Taylor, moved to substitute that the City Council, acting as the Urban Renewal Agency, keep the public record on the Downtown Urban Renewal District plan amendment open until May 17.

Councilor Ortiz inquired about the timing of council actions and efforts to gather signatures for a ballot referral if the record remained open until May 17 instead of April 30. Mr. Ruiz said the council was scheduled to take formal action on the amendment at its May 24 meeting. He was concerned that extending the record beyond April 30 would make it difficult for staff to provide the council with a compilation and evaluation of any additional testimony by its May 10 work session on the amendment. He said that could be accomplished if the record remained open until April 30. The operational date for signature gathering was the May 24 action by the council.

Councilor Poling said he could not support the substitute motion based on the timeline for council consideration of the amendment and formal action. He said if the substitute motion did pass, the May 10 work session and council action on May 24 should be postponed to allow staff adequate time to process additional information and the council time to review it.

Councilor Zelenka commented that the council typically granted a two-week extension if requested, which would extend the record to May 3. He suggested that as a compromise it would still allow staff time to prepare materials for the council. Mr. Ruiz said staff could provide responses in time for the May 10 work session if the record remained open until May 3.

Councilor Brown preferred to extend the record for a longer period of time because each of the projects was rich with problems and potentially legal problems associated with some of the proposed uses of tax increment financing. He felt that the process was moving too quickly and had not allowed sufficient time for discussion.

Councilor Clark indicated he was willing to extend the record to May 3.

Councilor Brown withdrew his substitute motion. Councilor Taylor agreed.

Councilor Clark amended his motion as follows: Move to leave the record open until May 3. Councilor Taylor concurred with the amendment. The motion passed, 7:0.

The meeting adjourned at 9:08 p.m.

Respectfully submitted,

Jon Ruiz
City Manager

(Recorded by Lynn Taylor)