

MINUTES

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

March 10, 2010
12:00 p.m.

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

Mayor Piercy called the work session meeting of the Eugene City Council to order at 12:00 p.m.

A. WORK SESSION – COMMITTEE REPORTS AND ITEMS OF INTEREST FROM MAYOR, CITY COUNCIL, AND CITY MANAGER

Ms. Piercy noted that Susan Muir was leaving her position with the organization for a position with the City of Mt. Angel. Ms. Piercy thanked Ms. Muir for her many years of service to the City of Eugene.

Ms. Piercy noted that the recent United Front Partners trip had been very successful and had also been attended by representatives from Lane County, the City of Springfield and several other local agencies. She noted that there had been a number of productive discussions particularly with respect to local transit issues.

Ms. Piercy noted that the City had hosted a high speed rail summit on March 9, and thanked Intergovernmental Relations Manager Brenda Wilson and LTD Board member Greg Evans for their efforts to organize that event.

Ms. Piercy reported she had participated in a press conference earlier that morning regarding the U.S. Census and had urged members of the community to complete their census forms. Ms. Piercy noted that the federal census data was important to the federal funding process for various education, transportation and health care areas.

Ms. Taylor noted that she had attended the high speed rail summit and commended the work of Program Coordinator Jessica Mumme who had also helped organize the event. Ms. Taylor further suggested that community members join the Association of Oregon Rail and Transit Advocates (AORTA) and that they also purchase personal automobile license plates since such revenues from those sales helped to fund high speed rail services.

Ms. Taylor corrected earlier comments she had made regarding the Tigard-Tualatin School District. She commented that some community members were unhappy with the current repairs along Crest Drive and had requested a redesign of the remaining work.

Ms. Taylor noted she had attended the recent Lane Workforce Partnership Board meeting and noted that they had been doing excellent work to prepare potential workers for new opportunities in the area.

Ms. Ortiz noted she had recently spoken twice at Lane Community College's volunteerism class. She commented on recent efforts to sign up children for the Oregon Health Plan.

Ms. Ortiz noted that a town hall event was scheduled for the weekend of March 13, 2010, at Willamette High

School with State Representatives Val Hoyle and Nancy Nathanson, and State Senator Chris Edwards.

Ms. Ortiz reported she had attended a recent NAACP dinner with Ms. Piercy and Councilor Taylor. She noted her attendance at a recent joint elected officials meeting in Springfield and appreciated the opportunity to speak with other elected officials from the region.

Ms. Ortiz planned to meet with Police Chief Pete Kerns and representatives of the West Eugene Community Organization during the next council break. She stated she had recently attended a Trainsong Neighborhood Association meeting and noted that a new leader for that group had been elected.

Ms. Ortiz reported that both the Trainsong and Bethel neighborhood associations had applied to join the Strategic Neighborhood Assessment and Planning (SNAP) program. She thanked the council members for the support of the resolutions that had been discussed during their meeting on March 8.

Mr. Pryor stated that the recent joint elected officials (JEO) meetings had been very productive particularly with respect to local street repair and improvement efforts. He commended the administrative staff of the JEO member agencies for their efforts.

Mr. Zelenka agreed that the recent JEO meeting had gone very well and appreciated the collaborative efforts of the JEO member agencies.

Mr. Zelenka noted a Fairmount Neighborhood Association meeting scheduled for March 10 to discuss the University of Oregon's new basketball arena and associated parking plans. He noted that University President Richard Lariviere was expected to attend that meeting.

Mr. Zelenka stated that the next meeting of the Central Lane MPO Metropolitan Policy Committee (MPC) was scheduled for March 11 and would include a public hearing on STP-U funding and the Lane County area committee on transportation (ACT).

Mr. Zelenka noted he had participated in recent fundraising events for the Birth to Three and Friends of Hendricks Park groups.

Ms. Solomon thanked Mr. Pryor for his comments regarding the productivity of the recent JEO meetings and their positive effect on local transportation matters.

Ms. Solomon appreciated the Eugene Police Department's (EPD) recent efforts to share their various commendation efforts with the council and the public.

Mr. Brown noted he had attended a recent meeting of the Jefferson Westside Neighbors association and noted that it had been attended by representatives from the Save Civic Stadium group. He noted his suggestion during that meeting that a levy might be used to purchase the Civic Stadium property.

Mr. Clark thanked Ms. Muir for her service to the community and wished her well in her new position with the City of Mt. Angel.

Mr. Clark reported he had attended a meeting of the Beltline Steering Committee with Ms. Ortiz and noted that that group had continued its work to investigate various ways to address problems on the Beltline between River Road and the Delta Highway intersection.

Mr. Clark appreciated the discussions from the recent JEO meeting and believed that the format of those

meetings had been particularly helpful towards addressing a number of important regional economic issues.

Mr. Clark reminded those present that the Eugene Police Commission was scheduled to meet on March 11 to review their final taser policy recommendations before forwarding them to EPD Chief Pete Kerns.

Mr. Ruiz noted he had also attended the recent high speed rail summit and thanked Ms. Wilson and Ms. Mumme for their efforts to help organize that event.

Mr. Ruiz reminded the council that plans for the Envision Eugene meetings and related ECLA discussions were being finalized and encouraged the council members to suggest items for discussion at the Envision Eugene process sessions.

Mr. Ruiz noted that Community Services Manager Richie Weinman would welcome the council's participation in the upcoming Project Homeless Connect event and encouraged them to do so.

Mr. Ruiz thanked Ms. Muir for her service to the community and stated that her transition to the City of Mt. Angel reflected positively on Eugene as a municipal organization.

Mr. Ruiz noted that Becky Carlson planned to retire in March and thanked her for her service to the community. He further noted that Ms. Carlson had served as an important part of the City's solid financial history. Mr. Zelenka added that Ms. Carlson had also been extremely helpful on local transportation issues.

Ms. Piercy commended Ms. Carlson for her years of service to the community.

Ms. Piercy noted that ODOT's recent purchase of two new Talgo trains represented an important step forward in the development of local high speed rail transportation.

Ms. Piercy responded to Ms. Taylor's previous comments regarding Crest Drive and noted that City Engineer Mark Schoening had provided an official response to various community concerns that had been raised regarding those street repairs.

Ms. Piercy thanked Representatives Nancy Nathanson, Terry Beyer and Phil Barnhardt for their participation in the high speed rail summit and appreciated the power that they had brought to those discussions. She referred to Mr. Clark's previous comments regarding the Beltline Steering Committee and suggested that the council needed an update from that group.

Ms. Piercy commented on recent planning efforts regarding the upcoming Project Homeless Connect event.

Ms. Taylor noted that Mr. Schoening and the street assessment committee had done a great job coming to agreement on several important items.

Mr. Clark, seconded by Ms. Taylor, moved to allocate \$3,500 from the City Council contingency fund to support the Human Rights Community Summit on April 10, 2010, and request a post-summit report with highlights and budget information.

Ms. Solomon supported the motion but noted her frustration that it had been raised at the last minute.

Mr. Ruiz, responding to a question from Mr. Brown, noted that there was approximately \$62,000 remaining in

the council's contingency fund. He further noted that approximately \$28,000 of the fund had recently been spent on downtown public safety efforts.

Mr. Brown asked how the council contingency fund was replenished each year. Mr. Ruiz answered that the fund had been reduced in the previous year due to budget constraints.

Ms. Taylor expressed her support for the motion and hoped that the council would continue to consider how the contingency fund would be used to fund important local causes in the future.

Ms. Ortiz noted that the Human Rights Community Summit corresponded well with the council's goals regarding racial issues in the community and felt that the motion reflected an appropriate use of the contingency fund.

Mr. Clark noted that the Human Rights Community Summit had been planned in conjunction with the work of the City's Police Commission and had been highly supported by the community.

Ms. Piercy called for a vote on Mr. Clark's previously stated motion. The motion passed unanimously, 7:0

Mr. Clark, seconded by Ms. Taylor, moved that the City send a letter to the Oregon Transportation Commission supporting the request to designate the Beltline Highway in honor of Randall C. Papé.

Ms. Piercy recognized that the motion as stated had come at the request of Governor Ted Kulongoski.

Ms. Piercy called for a vote on Mr. Clark's previously stated motion. The motion passed unanimously, 7:0.

Ms. Piercy adjourned the work session meeting of the Eugene City Council and convened the meeting of the Eugene Urban Renewal Agency (EURA) at 12:27 p.m.

B. WORK SESSION: Lane Community College Downtown Project

Mr. Ruiz commented on the City's recent efforts to coordinate with LCC and President Mary Spilde on the downtown development for the 10th Avenue and Charnelton Street site.

Urban Services Manager Denny Braud briefed the council on how the LCC downtown development process had gone forward since January. He stated that LCC had requested, and City staff had subsequently recommended, that the 10th and Charnelton property be transferred to LCC at no cost. He expressed that a no-cost property acquisition would make it much easier for LCC to break ground on the project although it would not eliminate the \$8 million budget deficit that LCC needed to fill to proceed with development.

Mr. Braud briefed the council on various additional barriers to the development project that had been identified and which was currently being addressed by LCC and City staff. He stated that one of the barriers to development concerned the ultimate fate of the current downtown LCC facility on Willamette Street. He noted that LCC would have no real use for the facility after the completion of the 10th and Charnelton project and that it was very important to capture the real value of LCC's Willamette Street building, now, so that proceeds from the sale could be incorporated into the funding for the downtown development project.

Mr. Braud noted from the agenda item summary memorandum to council that staff had recommended that the

City commit to the purchase of the LCC Willamette Street property for its appraised value of \$1.2 million with the caveat that the purchase price would be included in the \$8 million in funding assistance provided by a proposed amendment to the City's downtown urban renewal plan.

Mr. Braud stated that if LCC were not ultimately to move forward with development of the 10th and Charnelton site within a mutually agreed time period, the City and the EURA's commitment to purchase the property would be removed.

Mr. Braud reported that staff continued its efforts to help LCC complete a feasibility analysis with various consulting firms regarding the downtown development project and that the results of that analysis were expected to be presented to the LCC Board on March 16, with a subsequent report to be made available to the Eugene City Council.

Mr. Braud outlined the staff recommendation to the EURA for it to approve the sale of the 10th and Charnelton site to LCC at no cost (or \$1.00) and to commit to the purchase of LCC's Willamette Street building for the purchase price of \$1.2 million included as part of the proposed \$8 million in the urban renewal plan amendment.

Ms. Ortiz supported the staff recommendation and concurred with staff's assessment that their recommended course of action was necessary to ensure the ultimate development of the 10th and Charnelton project. Ms. Ortiz wondered if it might be better for LCC to put the Willamette Street building up for sale on the open market.

Mr. Ruiz responded to Ms. Ortiz's comment and expressed that current real estate market conditions might make it prohibitively difficult for LCC to sell its Willamette Street property outright.

Ms. Piercy understood the reluctance to the staff recommendation regarding the purchase of the Willamette Street building, but noted that there were certain timing issues to be considered that could ultimately affect the viability of LCC's plans to develop the 10th and Charnelton site.

Ms. Piercy perceived LCC's request and the resultant staff recommendation as part of public partnership efforts to improve level of educational opportunity and economic development in the downtown area.

Mr. Clark voiced his support for LCC's downtown development project, but noted his concern about the City "acquiring property when we should be divesting ourselves of it." Mr. Clark stated he was uncomfortable with the City "getting further into the development business" with respect to LCC's Willamette Street building and the City's current surplus properties.

Mr. Clark noted his discomfort with the \$1.2 million purchase price for LCC's current Willamette Street facility. He believed that the actual value of the property was subject to interpretation and that it would be unwise for the City to enter into a purchase agreement for that amount. Mr. Clark noted he planned to offer an amendment to the staff recommended motion to specify that the purchase for LCC's Willamette Street building be "no more than" the \$1.2 million appraised value and to further allow for renegotiation of the final sale price.

Mr. Brown supported the first part of the staff motion to provide the 10th and Charnelton site to LCC at no cost, but believed that the City should not purchase LCC's current Willamette Street property. He believed that the property represented a toxic asset for which it would be extremely difficult for the City to recoup its acquisition costs. Mr. Brown expressed that it would be foolhardy for the City to purchase LCC's current downtown property and believed that no one would be willing to pay \$1.2 million for the property in the future.

Ms. Taylor agreed with Mr. Brown's comments regarding the City's potential purchase of LCC's Willamette

Street property. She believed that the City did not need to own another empty building in the downtown area. Ms. Taylor noted she had made a motion at the council meeting on March 8 for the City Manager to consider other sources for funding assistance to LCC.

Mr. Klein, responding to a question from Ms. Taylor, stated that until the urban renewal plan amendment was approved, a referendum by voters might preclude the \$8 million in funding assistance for LCC's downtown project although such a referendum in and of itself could not be used to terminate the project.

Mr. Braud recognized the prevalent assumption that LCC would not proceed in earnest on their downtown development project without the site control and property disposition that was to be provided through the City's funding assistance from the urban renewal plan amendment.

Ms. Piercy reminded those present that the \$1.2 million for the purchase of LCC's current Willamette Street facility was part of the \$8 million funding assistance from the urban renewal plan amendment and was not additional to that overall amount.

Ms. Solomon stated she had previously been led to believe that LCC had planned to retain the Willamette Street property and had been very surprised to learn of LCC's intention to divest itself of the property. Ms. Solomon further believed that there would be no City funds available beyond the \$1.2 million purchase price to develop the Willamette Street property into a usable facility.

Ms. Solomon believed that more information was needed regarding the City's plans for the Willamette Street property should it eventually be purchased.

Ms. Solomon disagreed with Ms. Piercy's assessment of the City's negotiations and urban renewal discussions with LCC as a public partnership and alternatively stated that the purpose of urban renewal was to increase the amount of private and taxable entities in the downtown area. Additionally, Ms. Solomon noted that LCC was a public agency that would be exempt from paying taxes on its downtown facility.

Ms. Solomon pointed out that LCC's current downtown facility on Willamette Street still used steam heat and that the City might be saddled with the responsibility of converting such a system in the near future should the property be purchased in the manner that had been suggested.

Mr. Braud responded to Ms. Solomon's comments and noted that there was a certain amount of due diligence still to be performed on the part of both LCC and the City of Eugene. He noted that many elements of the due diligence process would concern the continued viability of LCC's current Willamette Street property.

Mr. Zelenka believed that in the absence of the LCC downtown project, the 10th and Charnelton site would not be developed by any agency for the foreseeable future.

Mr. Zelenka noted that any private agency that might have developed the 10th and Charnelton site would inevitably have attempted to utilize a multi-use property tax exemption (MUPTE).

Mr. Zelenka confirmed that the first part of the staff-recommended motion, which specified the sale of the 10th and Charnelton site, contained a repurchase option for the City to reacquire the property should LCC ever choose not to move forward with their project.

Mr. Klein, responding to a question from Mr. Zelenka, noted that in terms of the project's financing elements,

the EURA's approval of the staff recommended motion would direct the City Manager to negotiate the property transaction agreement although the City Manager could not actually execute the purchase without the approval of a supplemental budget by the EURA. Mr. Klein further noted that the actual property transaction agreements would contain a provision that the City had no obligation to purchase the Willamette Street property unless the EURA approved the supplemental budget

Mr. Zelenka maintained that in essentially providing LCC with \$8 million worth of funding assistance for their downtown development project he would rather that the City come out of the process with a useable or saleable property as opposed to nothing at all. He noted that he would rather have the City acquire the building and sell it to a private developer for almost nothing rather than have the property remain with LCC where it would continue to function as a non-taxable property.

Mr. Pryor sensed a certain amount of nervousness from those present regarding the potential sale and acquisition of LCC's current downtown facility on Willamette Street. He suggested that the council might split the staff-recommended motion so that the two elements of the City's sale of the 10th and Charnelton site and the purchase of the Willamette Street property might be voted upon separately.

Mr. Pryor believed it was important to pass the first part of the staff-recommended motion in order to provide LCC with the site control it needed in order to proceed with the next phases of the development project.

Mr. Braud, responding to a question from Ms. Piercy, clarified that the LCC was primarily seeking site control of the 10th and Charnelton site and a level of certainty regarding the future of the Willamette Street property that would allow LCC to move forward with its development plans.

Mr. Braud noted that several of Mr. Brown's concerns regarding the real value of the Willamette Street property had also been voiced by members of the LCC Board.

Ms. Piercy noted her confusion regarding the potential sale of the Willamette Street property since the City of Eugene had already indicated a willingness to provide the \$8 million in funding assistance that LCC needed to move forward.

Mr. Ruiz responded to Ms. Piercy's confusion and agreed that the City generally did not want to be in the property development business in the downtown area as part of its urban renewal strategies. Mr. Ruiz maintained that the City of Eugene ultimately had a greater ability to carry the Willamette Street property asset for a longer period of time and with less adverse financial effect than LCC.

Mr. Braud, responding to a question from Mr. Brown, noted that if the City did indeed purchase the Willamette Street property, LCC would remain in the building at no cost through the construction of the 10th and Charnelton facility, but would also continue to pay the utility and operating costs for the building for as long as they occupied it. Mr. Braud further noted that the specific terms of LCC's continued occupation of the Willamette Street property remained to be negotiated.

Mr. Brown believed that the City's acquisition of the Willamette Street property and LCC's occupancy plans were a "terrible idea" and an improper use of urban renewal funds.

Mr. Poling joined the meeting at 12:59 p.m.

Mr. Ruiz believed that LCC would not proceed without the City's purchase of their Willamette Street property

and that such a transaction would enable the City to demonstrate tangible support of the LCC development project while providing the City with an opportunity to invest in the council's ideals of a thriving downtown community.

Mr. Brown continued to advocate against the City's purchase of LCC's Willamette Street property.

Mr. Poling supported LCC's development project for the 10th and Charnelton site, but noted he had reservations regarding the City's proposed purchase of LCC's Willamette Street property. He believed that the City needed to "start getting out of the real estate business," and indicated he would most likely vote against the purchase should the proposed motion be split.

Mr. Clark expressed that if purchased by the City as part of its \$8 million in funding assistance to LCC, the Willamette Street property would represent a "\$1.2 million albatross." He noted there were still several serious issues with regard to the steam conversion capabilities of the Willamette Street property that needed to be explored.

Mr. Clark stated that the council needed to move forward with the 10th and Charnelton property acquisition to LCC, but that further information was needed before the City could proceed with any plans to purchase LCC's Willamette Street property.

Mr. Klein, responding to a question from Mr. Clark, noted that the staff-recommended motion provided for the City Manager or Agency Director to return with a supplemental budget regarding the purchase of the Willamette Street property for the council to approve.

Mr. Klein noted that the specific terms and conditions of the purchase agreement had been outlined in Attachment C of the EURA agenda item summary materials.

Mr. Clark, seconded by Ms. Taylor, moved to authorize the Agency Director to enter into an agreement with LCC consistent with the terms and conditions included in Revised Attachment C, March 10, 2010, to sell the 10th and Charnelton property to Lane Community College at no cost or for \$1.00.

Ms. Piercy commented on her understanding that the sale of the 10th and Charnelton property and the purchase of the Willamette Street property had been incorporated into the same motion because it was believed that both elements were required for LCC's development project to proceed.

Ms. Piercy recognized the council's concern about the viability of the Willamette Street property as legitimate.

Mr. Ruiz understood that the council was committed to increasing the cap on the City's urban renewal district by \$8 million in order to provide LCC with the necessary funding assistance for their development plans.

Mr. Clark clarified his previously stated motion and noted his reference to "the terms and conditions included in Revised Attachment C" referred only to those portions of Attachment C that pertained to the sale of the 10th and Charnelton site.

Mr. Zelenka stated it was entirely premature to refer to the Willamette Street property as a "toxic asset" or an "albatross" before performing the due diligence outlined in Attachment C. He further noted that the ultimate viability and usefulness of the Willamette Street property had not yet been definitively established.

Mr. Zelenka commented that the terms and conditions listed in Attachment C basically represented an option to

purchase the Willamette Street property rather than the purchase itself. He believed that the terms described in Attachment C would enable the City to learn more about the Willamette Street property so that the council might make a reasonably informed decision.

Ms. Piercy called for a vote on Mr. Clark's previously stated motion. The motion passed unanimously, 8:0.

Mr. Clark, seconded by Ms. Taylor moved to direct the City Manager to return to the council as soon as possible with a complete report on Lane Community College's proposed sale of its Willamette Street property to the City of Eugene.

Mr. Ruiz, responding to a question from Ms. Piercy, stated he did not know for certain if the proposed motion might put any elements of LCC's downtown development plans in jeopardy

Ms. Solomon appreciated that the stated motion would provide for longer, more informed discussions regarding the viability of the Willamette Street building as a City property. She further noted that additional independent appraisals of the Willamette Street building were needed in addition to more detailed information on the City's possible plans for the property.

Mr. Ruiz referred to Ms. Solomon's comment and noted that such information would be made available if the previously stated motion was passed.

Mr. Braud stated that the appraised value of \$1.2 million for LCC's Willamette Street property had been provided by the independent firm of Duncan & Brown.

Ms. Ortiz noted her concern regarding certain elements of the proposed sale of the Willamette Street property and how such a purchase might ultimately affect LCC's debt ratio.

Mr. Clark commented that he did not understand how the City's refusal to purchase the Willamette Street property might cause LCC to delay or revise its downtown development plans. Mr. Braud noted that LCC had no more desire to be in the real estate business than the City of Eugene and that LCC ultimately did not want to be stuck with the Willamette Street property as they moved forward with development at 10th and Charnelton.

Mr. Clark hoped that a more detailed plan regarding the future use of the Willamette Street building might be developed before the purchase of the building moved forward. Mr. Clark expressly stated he did not want the City to end up with another pit or vacant building in the downtown area. Mr. Ruiz responded that more detailed plans regarding the viability of the Willamette Street building would indeed be generated as part of the City's due diligence upon passage of the previously stated motion.

Mr. Pryor was encouraged by the level of public discussion surrounding the LCC downtown development project and was confident that a mutually beneficial solution could be achieved.

Ms. Taylor indicated she would not support the motion.

Mr. Brown advocated against the City purchase of the Willamette Street property unless an interested buyer was immediately available.

Ms. Piercy clarified the motion under discussion and noted that it only directed to the City Manager to collect

information and generate a report to be used for further council discussions regarding the potential sale of the Willamette Street property.

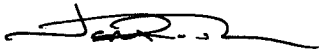
Ms. Piercy called for a vote on the previously stated motion. The motion passed, 7:1 (Ms. Taylor voting in opposition).

Mr. Poling noted that the Travel Lane County Center had recently opened in the Gateway area in Springfield and that the grand opening festivities for the center had been very well attended.

Ms. Piercy noted for Mr. Poling's benefit that the council had earlier in the meeting passed a motion to send a letter to the Oregon Transportation Commission supporting the request to designate the Beltline Highway in honor of Randall C. Papé.

Ms. Piercy adjourned the meeting at 1:21 p.m.

Respectfully submitted,



Jon Ruiz
City Manager

(Recorded by Wade Hicks)