

MINUTES

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

February 22, 2010
5:30 p.m.

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

Her Honor Mayor Kitty Piercy called the work session of the Eugene City Council to order. She noted that the meeting was a continuation of the council's February 10 work session on the City Manager's recommendations for downtown projects and funding options. She reviewed the council's actions on February 10, related to additional lighting, automated behavior crime reporting software and cameras, use of Springfield jail beds and funding for the downtown safety initiative.

Regarding the remaining recommendations for downtown, City Manager Jon Ruiz drew the council's attention to a handout that contained revisions to some of the proposed motions. The revisions were based on the council's February 10 discussion and provided clarity, but did not change the content.

**A. WORK SESSION:
Downtown Projects – Tools**

Mr. Poling offered the revised language provided by the City Manager as friendly amendments to the February 10, 2010, work session motions. Mr. Clark and Ms. Taylor accepted the amendment.

Ms. Piercy explained that the February 10 motions still on the table would be considered separately and she would read each motion prior to the council's deliberation and action.

Motion 1.d.

I move to present to the Urban Renewal Agency Board for its review a proposed amendment to the downtown urban renewal plan that would 1) restrict the use of tax increment funds and increase the spending limit to pay for (i) the Broadway Place Garage's debt, thereby freeing up funding for additional police officers *for downtown public safety and property crime reduction*, and (ii) *not more than* three other projects *if their inclusion is approved by later motions specified in the motion below*, and 2) terminate the downtown urban renewal district as soon as the projects are paid for or sufficient funds are collected to fund those projects. In addition, present to the council, at the same time that the City Manager brings forward a draft amendment to the urban renewal plan, an analysis of both a local option levy and a general obligation bond, instead of tax increment financing, to fund the specified projects.

Mr. Brown objected to a councilor calling the question at the February 10 work session and a majority of members concurring. He did not feel the urban renewal plan should be amended because the timeline was too short and several deadlines had already passed. He said it took 100 days to craft an urban renewal

plan amendment before it came to the council and the last election date was May 18. He said the amendment was referable to the ballot and believed that is what would occur. He regretted that voters would be forced to collect signatures to refer the amendment.

Ms. Ortiz thanked staff for the clarifications to motions. She reminded Mr. Brown that calling the question was an acceptable action under the council's operating procedures and she supported it because a council member had to leave early and requested that further action be delayed. She felt it was respectful and acknowledged that councilors had other obligations and commitments.

Mr. Clark commented that he was generally opposed to tax increment financing as a way to fund City business, but would support the motion because it would provide the council with information on the available options to facilitate decisions on how to proceed with improving downtown.

Ms. Taylor pointed out that Lane Community College (LCC) already had a presence in downtown and being opposed to urban renewal did not equate to being opposed to LCC. She said there were other ways to assist LCC with a new building.

Ms. Piercy related that she had spoken to many people in the community and most were aware that LCC's downtown facility was outdated and small. LCC's interest in building a new energy center downtown was an opportunity for the community to move in the direction of revitalizing downtown and she was pleased to explore options for making that happen.

Mr. Zelenka pointed out that the motion did not commit the council to a particular course of action; it was a request for information on funding options so the council could determine which approach was best suited to achieving its goals.

Mr. Brown reiterated his concern that the council was ignoring the deadlines for referral to the ballot. Planning and Development Executive Director Susan Muir said the tentative timeline for an urban renewal plan amendment, should the council take action at its March 8 meeting, included notifying taxing districts on March 12, and providing copies of the proposed amendments and an invitation to comment. She said a postcard would be sent to the general public announcing the proposed amendments and the public hearing date and all materials would be posted on the City's website. The amendments would be reviewed by the Planning Commission on March 29 and by the Eugene Redevelopment Advisory Committee (ERAC) on April 1. The council could hold a public hearing on the ordinance amending the plan on April 19 and conduct a work session on April 21 to review comments from taxing districts, jurisdictions, the Planning Commission and ERAC and the public. She said staff would provide refined plan amendments to the council on April 27, along with financial analyses and recommendations. The council could adopt the ordinance amending the plan on May 10 and the signature process would need to be completed by June 9. She said the deadline for the November 2, 2010, election was July 15 and the plan could be referred to that ballot.

Mr. Brown said the money in the urban renewal fund would be lost July 1 because it was the start of a new fiscal year. City Attorney Glenn Klein explained that if the council acted before the end of the current fiscal year the urban renewal agency would retain the funds until it was determined whether the plan was referred to the ballot, and if referred, whether voters accepted or rejected the plan. If rejected, the collection of tax increment funds would cease and the money would be returned to jurisdictions.

Mr. Brown asserted that he interpreted the statute differently. He questioned why the council would want to pursue that course of action instead of ending the urban renewal district now. He said the City's

General Fund would receive \$800,000 annually if the district was eliminated and could use those funds to hire new police officers and assist with hunger and homelessness.

Ms. Taylor preferred to assist LCC with existing funds, including current urban renewal funds and Facility Reserve, instead of increasing the urban renewal debt limit or extending the time.

Ms. Ortiz stated she was willing to do what was necessary to help LCC with a new downtown facility.

Mr. Zelenka asked how much was currently available in urban renewal funds. Mr. Klein said that as of June 30, 2009, there was slightly more than \$11 million in the two urban renewal districts; \$3 million of that was in the Riverfront district, leaving \$8 million in the downtown district. He said the \$8 million was composed of \$2.1 million in the downtown revitalization loan program, leaving \$5.9 million in tax increment funds. He noted that some of the \$5.9 million had subsequently been used for the final debt payment on the library. Without a plan amendment, the current spending limit would allow for the use of only \$500,000 of the remaining tax increment funds; the remainder would have to be returned to the County for redistribution to taxing districts, including the school district. He said the school district's share would become an offset to State school funding, resulting in a very small net gain to the district.

Mr. Ruiz said that updated information on urban renewal funds would be provided during the budget process.

Ms. Piercy urged the council to keep in mind its broader goals in the community as it pursued downtown projects and the impacts of moving funds around in the budget. She strongly supported the LCC project because of its education and economic development benefits and the creation of jobs. She said homelessness issues could be addressed by providing employment opportunities and it was important to accomplish all goals in a balanced and thoughtful way.

Mr. Pryor asked if approving the tax increment financing option would increase residents' property taxes. Mr. Klein said that approving the proposed urban renewal plan amendments would not result in any increase in property taxes. He said passing the motion would result in an analysis from staff that would address those types of questions.

Mr. Pryor noted that a general obligation bond or local option levy would increase property taxes.

Mr. Brown asserted that there were sufficient funds currently available to assist LCC and asked for an interpretation of ORS 457 to clarify his understanding that if bonded debt was satisfied and there was no plan amendment, all funds were returned to the jurisdictions. He supported the LCC project, but would not vote to extend the urban renewal district because there was already funding available for the things the council wanted to accomplish.

Ms. Taylor asked for an accounting of exactly how much would be returned to taxing districts. She was certain there were ways to find funds, such as the Facility Reserve, that could be used to help LCC. She said that property tax bills had information on them about both urban renewal districts and possibly higher County taxes could be avoided if the urban renewal funds were not being diverted from the County. She said LCC would also receive more funding if urban renewal was eliminated.

Mr. Brown urged the council to select the one most important project to support instead of trying to address many issues. He hoped the LCC project could be separated from the list and funds used to make it happen.

Mr. Zelenka was interested in reviewing the analysis and comparison of funding options that would result from passage of the motion as that would inform the council's decisions. He would support the motion.

The motion as amended passed, 6:2; Mr. Brown and Ms. Taylor voting no.

Motion 1.e.

I move to bring back to the council this spring a proposed ordinance requiring vacant properties to pay Downtown Service District fees \$350,000 in revenue.

Ms. Ortiz observed that the motion did not initiate fees; it only authorized a review of funding strategies.

Mr. Poling asked for information on the downtown vacancy rate.

Mr. Clark asked staff to determine from the owners of vacant property if the payment of fees would influence their future decision-making.

The motion passed, 7:1; Mr. Clark voting no.

Motion 1.f.

I move to work with Downtown Eugene, Inc. and the Chamber of Commerce on partnerships and other funding strategies with a goal of achieving \$350,000 in revenue.

Ms. Muir explained that the intent was to bring all stakeholders to the table to attempt to close gaps in funding for downtown public safety through public/private partnerships. Mr. Ruiz added that one option to be discussed was expanding the size of the downtown service district.

Ms. Taylor felt the wording of the motion was too vague.

Mr. Brown said he did not understand the implications of the motion and could not support it. Mr. Ruiz said it was part of the \$2.2 million package to support the downtown public safety initiative. Strategies that were recommended would come back to the council for action.

Mr. Brown saw the downtown guides being phased out if more police officers were assigned to downtown and that was his preference. He could not support the motion.

Ms. Piercy pointed out the intent was to bring people together to consider strategies with a goal of achieving additional funding.

Mr. Zelenka asked if the intent was to ask DEI and the Chamber to contribute to funding downtown public safety. Mr. Ruiz said the City would participate in conversations to identify additional resources and ways to make the best use of those that already existed, such as the guides. Ms. Muir added that the Downtown Safety Task Team had based its recommendation on the success of a similar effort in the Portland metro area.

The motion passed, 6:2; Mr. Brown and Ms. Taylor voting no.

Motion 1.g.

I move to direct the City Manager to limit new annual expenditures for the downtown safety initiative to \$2.2 million.

Mr. Ruiz explained that the amended motion was in response to the council's direction to specify the amount of funds related to downtown public safety.

Mr. Clark remarked that the public safety needs were massive and the package represented a good initial step. He was reluctant to place limits on future efforts based on new opportunities, revenues or solutions. Mr. Ruiz said the intent of the limitation was related to the current initiative being proposed. Mr. Klein added that the language placed limits on the City Manager, not the council; the council could decide to spend additional funds in the future or take other action in the future.

Mr. Zelenka said he had requested the motion because the initial recommendations did not include any direction to the City Manager with respect to cost. He said there were real budget constraints on what could be spent and the motion placed limits on the current downtown public safety proposal, not future actions the council might take.

Ms. Taylor said she found the language confusing and thought it could be reinterpreted to mean the council approved spending that amount instead of establishing a limit on expenditures. She said it was not clear what the funds would be used for.

Ms. Ortiz would support the motion, but noted there were other areas in the community with pressing public safety needs.

Mr. Pryor said it was helpful to have a dollar figure attached to the proposal in order to understand the financial implications of council action. He did not see it placing limitations on future discussions of public safety.

Mr. Zelenka agreed with Ms. Ortiz that there were significant public safety problems in other areas, particularly related to property crime, which is why he wanted to place a financial limitation on the downtown initiative. He said people wanted to feel safe in their neighborhoods and that needed to be addressed as well.

The amended motion passed, 7:1; Mr. Clark voting no.

Motion 2.

I move to include for the proposed downtown Lane Community College development at 10th Avenue and Charnelton Street, \$8 million as part of the proposed urban renewal plan amendment, *a portion of which can facilitate a public plaza or open space area at that site and potentially a downtown public safety substation.*

Mr. Brown asked if LCC was supportive of a public safety substation at its facility. Mr. Ruiz said that LCC was open to the suggestion as long as it was not a dominant feature.

Mr. Poling asked if funding for the LCC development would be included in the analysis of all three funding options that staff would provide to the council. Mr. Ruiz said it would be included.

Mr. Zelenka offered a friendly amendment to incorporate language in motions 2, 3 and 4 that included \$8 million for the LCC development as part of a UR plan amendment, general obligation bond, or local option levy. Mr. Clark and Ms. Taylor accepted the amendment.

The amended motion passed, 6:2; Mr. Brown and Ms. Taylor voting no.

Motion 3.

I move to include as part of the proposed urban renewal plan amendment, *general obligation bond or local option levy* an additional \$500,000 for improvements to the Park Blocks to enhance that area for the Farmers' Market.

Ms. Piercy commented that there were discussions under way in the community about the future of the Farmers' Market and she hoped the council would be involved in those before making a final decision with respect to including the market in any of the funding strategies.

Mr. Zelenka hoped the Park Street area could become a plaza area similar to the plaza at Willamette Street and Broadway.

Ms. Taylor said she was willing to discuss the proposal later but could not support it at this time. She said the council was trying to do too many things, all of which were leading toward urban renewal.

Ms. Solomon asked if Ms. Piercy's point was that if the Farmers' Market relocated outside of downtown, the \$500,000 might not be needed. Ms. Piercy said she felt a discussion with the Farmers' Market was necessary before any funding decision was made.

Ms. Solomon remarked that a majority of Farmers' Market participants were not Eugene residents and she had concerns about subsidizing their activities when that assistance was not being provided to other groups that were Eugene citizens or to downtown business owners.

Mr. Brown reiterated his concern that there were too many projects under consideration. He acknowledged that the Farmers' Market and Saturday Market were very popular and brought many people downtown, but felt that the public would consider the markets a low priority given other community needs. He said it was a misuse of the urban renewal plan to amend it for improvements to benefit the Farmers' Market. He said the \$500,000 remaining in the current spending limit could be available if the district was terminated.

Mr. Poling agreed that a majority of Farmers' Market sellers were not Eugene residents, but at least 90 percent of the consumers were. He supported affirmative action to improve the Farmers' Market and encourage purchase of locally grown food.

Ms. Piercy noted that supporting the Farmers' Market was consistent with the council's food security goal. She said there had been a number of comments about there being too many projects and activities under consideration and emphasized that the initiative addressed three areas—public safety, social services and economic development—in a carefully crafted, strategic approach to improving downtown.

Mr. Pryor concurred that the sellers at Farmers' Market might not be local, but the buyers were. He shared the example of how Walla Walla, Washington had invested significantly in its farmers' market to benefit the community. He appreciated the strategic approach to downtown revitalization and supported the motion.

Ms. Taylor commended the Farmers' Market but could not support tying it to urban renewal.

The amended motion passed, 5:3; Mr. Brown, Ms. Taylor and Ms. Solomon voting no.

Motion 4.

I move that if the Veteran's Affairs (VA) pursues PeaceHealth's Willamette Street site for a new VA Clinic, include the VA Clinic as part of the proposed urban renewal plan amendment, *general obligation bond and local option levy*. The amended motion passed, 6:2; Mr. Brown and Ms. Taylor voting no.

Motion 5.

I move to pursue additional grant opportunities for steam conversion and electric vehicle charging stations. The motion passed unanimously, 8:0.

Mr. Ruiz said the information and analyses would be presented to the council at its March 8, 2010, work session.

Ms. Taylor, seconded by Mr. Zelenka, moved to ask the City Manager to look for all other sources of funding for LCC, including the Facility Reserve, for the council's consideration.

Ms. Taylor clarified that the research could include existing urban renewal funds, but not a general obligation bond or local option levy.

Mr. Poling, seconded by Ms. Solomon, moved to strike the words "Facility Reserve." The amendment passed, 5:3; Ms. Taylor, Mr. Zelenka and Mr. Brown voting no.

The motion as amended passed, 7:1; Mr. Brown voting no.

Mr. Poling announced that his appointment to the Sustainability Commission, Brian Erickson, had declined and he was appointing Kathi Jaworski in his place.

The meeting adjourned at 6:40 p.m.

Respectfully submitted,



Jon Ruiz
City Manager

(Recorded by Lynn Taylor)