

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Downtown Projects

Meeting Date: January 11, 2010
Department: Planning & Development
www.eugene-or.gov

Agenda Item Number: B
Staff Contact: Amanda Nobel Flannery
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ISSUE STATEMENT

This work session is a continuation of the council's discussion of downtown economic development and will specifically focus on downtown projects and funding options. This work session will be an opportunity for the staff to listen to council and get feedback about specific funding options related to the proposed downtown projects. That feedback will be used to formulate the City Manager's recommendation for your next work session, tentatively scheduled for February 10.

BACKGROUND

The council's discussion of downtown revitalization is part of a larger conversation on local economic development actions. (See Attachment A for a summary of the 2009 council discussions.) The overarching goal is to foster a vibrant downtown while boosting the local economy. At the most recent council work session on December 14, the council reviewed eight projects that were identified based on the council's recent downtown collective statements and strategies; public input from the downtown revitalization survey; prior public involvement; and planning documents. The four strategy areas and the related projects are listed below. (See Attachment B for a diagram.)

Strategy 1) Jobs & Redevelopment

- Lane Community College New Downtown Center
- Veterans Affairs Clinic
- Business Assistance and Housing
- Green Infrastructure
- Beam Development

Strategy 2) Safety

- Illegal Behavior, Consequences, Coordination & Physical Space

Strategy 3) Parking

- Rebranding, Easy Payments & Free Parking

Strategy 4) Attractions & Amenities

- Arts and Entertainment District

Project & Funding Information

As the council continues to discuss and refine the desired downtown projects and City actions, funding options and implications quickly become important. Attachments C through I provide information on the funding options for implementing specific City actions in support of the project. The project descriptions from the December work session are also included in the attachments. [On December 14,

the council acting as the Urban Renewal Agency Board directed staff to move forward with a financing plan for the Beam Development project. The council is scheduled to act on a resolution on this subject January 11. As such, no funding information is attached related to the Beam project.]

In response to feedback at the December work session, the Arts and Entertainment District project has been modified in two ways: 1) funding for Farmers' Market expansion has been removed and 2) a pocket park was added. An update on the Farmers' Market expansion idea is attached (See Attachment J.) Additionally, the rebranding amount for parking was reduced to \$100,000 and the free parking amount was increased to \$600,000 (see Attachment H).

Attachment K includes a memo on the Downtown Urban Renewal District's status with regard to the maximum indebtedness limit and information about the impact of the 2009, legislative changes on the District's maximum indebtedness amount.

Public Involvement

The Eugene Redevelopment Advisory Committee met on November 10, and December 17, to discuss downtown strategies and projects. The two meetings were for informational purposes only; no formal recommendation to staff was made.

As part of the public outreach effort, staff has planned two open house events to share information and gather feedback on the eight projects (January 6 and 7). The open houses will include a "virtual" walking tour of potential project sites and information stations where participants can learn more about the project details, job creation, costs, and timing and provide comments. (See Attachment L for the press release.) Input from the events will be compiled and forwarded to the council prior to the work session. In addition to the open houses, the www.vibranteugene.org website has project descriptions and opportunities to provide feedback through online surveys and an online community discussion board. As of January 1, the site had 241 visitors. The Vibrant Eugene discussion board (available since December 30) has eight discussion topics posted for community input.

RELATED CITY POLICIES

Downtown revitalization and the projects in this AIS are supported by the Downtown Plan, the council's 2009 Vision & Goals, and a number of plans and reports related to downtown.

COUNCIL OPTIONS

1. This work session is an opportunity to get feedback from the council on funding options; no action is requested so no options have been identified. Options and a recommendation will be provided at your next work session on this item, tentatively scheduled for February 10, 2009.

CITY MANAGER'S RECOMMENDATION

The City Manager will use the feedback obtained in the public involvement sessions, along with council feedback and develop a specific recommendation for the council to consider on February 10, 2009.

SUGGESTED MOTION

No motion necessary at this time.

ATTACHMENTS

- A. Summary of Council Discussions of Economic Development & Downtown
- B. Downtown Projects Diagram
- C. Lane Community College New Downtown Center – *funding options and project description*
- D. Veterans Affairs Clinic – *funding options and project description*
- E. Business Assistance & Housing – *funding options and project description*
- F. Green Infrastructure – *funding options and project description*
- G. Illegal Behavior, Consequences, Coordination & Physical Space – *funding options and project description*
- H. Rebranding, Easy Payments & Free Parking – *funding options and project description*
- I. Arts & Entertainment District – *funding options and project description*
- J. Farmers' Market Expansion – update
- K. Memo Regarding Urban Renewal Questions
- L. Press Release for Public Events January 6 and 7, 2010

FOR MORE INFORMATION

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Summary of Council Discussions of Economic Development & Downtown

Council's discussion of downtown revitalization is part of a larger conversation on local economic development actions. Below is a summary of those discussions from 2009.

January 2009: Council unanimously approved a City of Eugene Mayor and City Council Economic Development Statement.

April 13 & May 27, 2009: Council completed an initial review of possible local stimulus actions on April 13. On May 27, council approved actions on three economic development related items: 1) sale of surplus City real estate for identified development projects, 2) initiation of amendments to extend the expiration period for approved land use applications, and 3) consideration of an amendment to the Downtown Urban Renewal Plan. [On November 9, council approved extending the life of approved land use applications to help projects that may have stalled during difficult economic conditions. The ordinance provides a one-time, automatic three-year extension for certain land use applications that have already gone through a public process and been approved by the City. Council received a memo on strategies for the sale of surplus property dated December 3.]

July 8, 2009: Council held a follow-up work session on methods to reinforce existing programs and businesses downtown and to create a series of stimulus actions to strengthen the City's role in community economic development. No formal action was taken; however, council did express interest in talking about desired downtown outcomes prior to resuming discussion on the various tools available for achieving those outcomes.

August 10, 2009: At a workshop, council discussed and categorized desired downtown outcomes after reviewing a summary of the current downtown-related policies, plans, and prior public involvement efforts. Following the workshop, staff compiled councilors' outcomes into collective statements using the model from the City Council Consensus Workshop Report February 6-7, 2009 prepared by Consensus Associates.

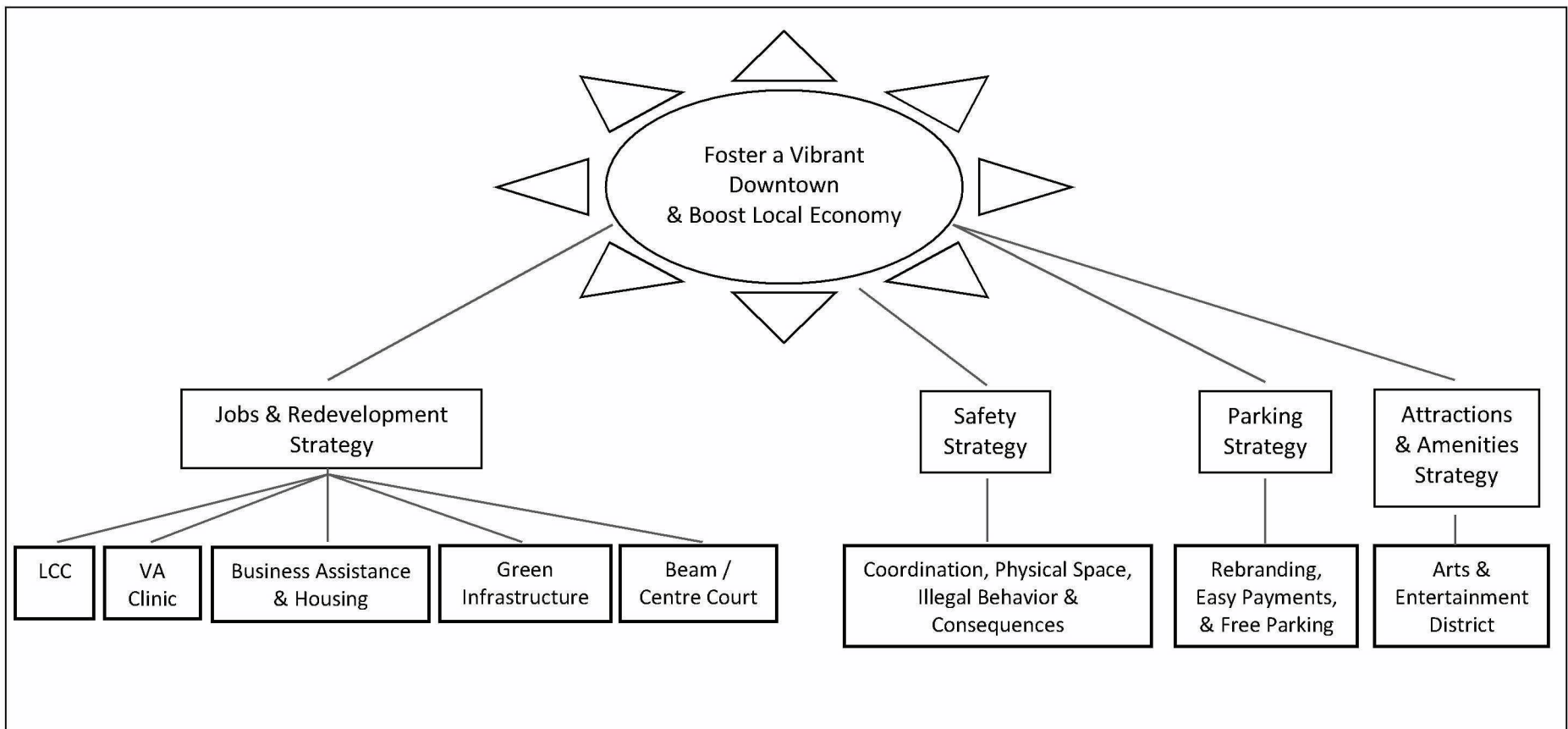
September 14, 2009: On September 14, council reviewed initial results of a downtown revitalization survey conducted by Strategy Research Institute. Similar to the survey conducted the prior year for the road bond, the downtown survey was conducted to provide specific information on the level of community support for particular policies and actions under consideration. The full set of survey questions, response percentages, and a sample cross tabulation by council ward were attached to a memo for council dated October 1.

October 21, 2009: Council approved continuing downtown discussions according to a set revitalization process and requested staff to return with specific projects and potential tools to implement four strategies for downtown revitalization.

December 14, 2009: Council reviewed eight specific projects to implement the four strategies for downtown revitalization.

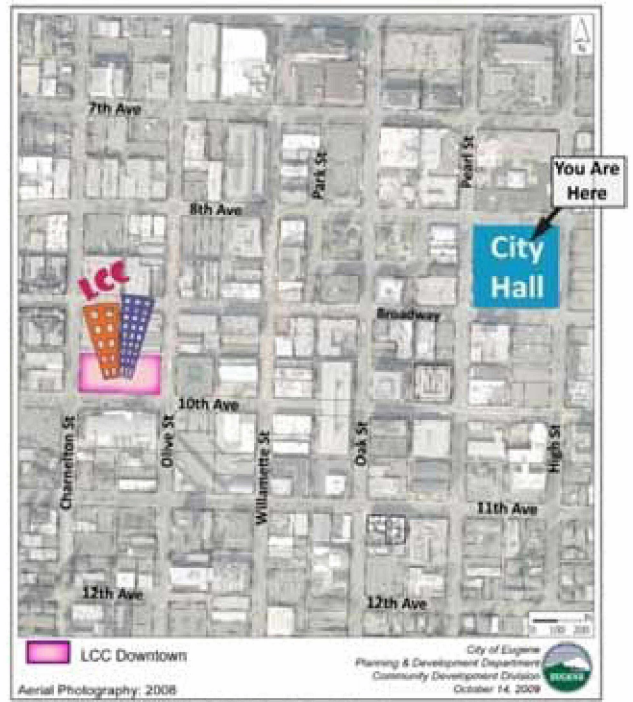
Downtown Projects Diagram

The eight potential projects are grounded in council’s recent downtown collective statements and strategies; public input from the downtown revitalization survey; prior public involvement; and planning documents. They are designed to contribute to boosting the local economy and fostering a vibrant downtown through the four downtown strategies (jobs and redevelopment, safety, parking, and attractions and amenities). The projects shown below will serve as a starting point for public and council discussions and may be expanded or contracted based on future conversations.



LCC New Downtown Center

Lane Community College (LCC) has selected the 10th & Charnelton Development Site as the preferred location for a new 80,000 square foot Downtown Center. To date, LCC has secured approximately \$17 million for the project through a local bond measure and state matching funds. Although the total cost of the project is unknown at this time, the most recent estimate is \$27 million. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table below lists potential City actions to cover a portion of the remaining estimated gap.



| City Action | Estimated Cost* |
|--------------------------------|---------------------|
| Site Prep/Imps, Permits & SDCs | \$ 7,500,000 |
| Public Safety Station | \$ 500,000 |
| Total | \$ 8,000,000 |

* General estimates based on costs of similar projects

FUNDING OPTIONS – PROS & CONS

Below is information on potential funding sources and implications.

| ➤ General Obligation Bond (\$8 million) | |
|---|--|
| PROS | CONS |
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund a portion of the project ○ The community is familiar with this funding mechanism ○ Provides generational equity, as the project is paid for by the community over the useful life of the project ○ Clarity on level of community support for these projects because the bonds must be approved by voters | <ul style="list-style-type: none"> ○ Annual cost to average taxpayer over 20 years within City of Eugene is about \$8 ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ Outcome unknown; could delay start of project ○ Spreads the cost of a County-wide service to just the City of Eugene residents ○ Reduces capacity to issue debt for other projects ○ The City has other needs that may be candidates for funding; this proposal could compete with other high priority needs with the voters ○ Voters have already approved a G.O. Bond for this project and may be confused about the additional request |

➤ **Local Option Levy** (*downtown safety related*)

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund a portion of the project ○ Could be coupled with other public safety related funding needs ○ The community is familiar with this funding mechanism ○ Clarity on level of community support for these projects because the levy must be approved by voters | <ul style="list-style-type: none"> ○ A one-year local option levy for \$500,000 would cost the average taxpayer about \$7 ○ A local option levy for \$500,000 would be very small for the amount of process needed to pass a measure ○ Reduces capacity to use limited “general government” property taxes under Measure 5 tax rate cap for other City or County purposes ○ The City has other needs that may be candidates for local option levy funding; this proposal could compete with other high priority needs with the voters ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ Outcome unknown; could delay start of project |

➤ **Grants & Tax Credits**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ Non-City funds ○ No additional cost from borrowing ○ Potential for eligibility alignment for grant opportunities is high | <ul style="list-style-type: none"> ○ Outcome unknown; could delay start of project ○ Several federal and state grants are in a formative stage that may provide assistance to the LCC project, such as for energy management and the American Graduation Initiative. The specific criteria and application/funding timing is not yet available ○ LCC is considering the use of New Market Tax Credits. Amounts, project eligibility, and feasibility are unknown at this time |

➤ **Facility Reserve** (*for public safety station \$500,000*)

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ Funds already available and set aside in Facility Reserve for this purpose. | <ul style="list-style-type: none"> ○ Reduces reserve available for other purposes |

➤ **LOAN from City’s Urban Renewal Agency** (*\$8 million*)

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Existing program that would not require new processes or actions ○ Funds would be recaptured when loan is repaid | <ul style="list-style-type: none"> ○ Amount of available funds may not be sufficient to address LCCs funding gap (\$1.8 million available currently) ○ Utilization of all or most of program funds in a single project would limit ability to impact other projects |

| | |
|--|--|
| | <ul style="list-style-type: none"> ○ LCC has indicated that the added debt service cost related to borrowing would likely result in downsizing the project and elimination of existing educational and instructional programs |
|--|--|

➤ **GRANT from City’s Urban Renewal Agency (\$8 million)**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Project not burdened with loan repayment | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to Downtown Urban Renewal District |

➤ **GRANT from General Fund (\$8 million)**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Project not burdened with loan repayment | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

GENERAL BACKGROUND

The new facility will house the programs currently located in LCC’s Downtown Center – continuing education, non-credit workforce development programs, English as a Second Language, and Adult Basic Education. In addition, the Business Development Center and Employee Training, eDev, Senior Companion Program, and Successful Aging Institute will relocate from LCC’s facility at 14th and Willamette. Career and Technical Energy Programs that support training for “green” jobs such as Energy Management and Renewable Energy will be relocated from the main campus to the downtown facility. It is intended that the multi-use facility will include space for lease by tenants and other community uses. For example, the Oregon Small Business Development Center Network, hosted by LCC and currently leasing space from the City of Eugene, will move into the building. The building is projected to have a 100% utilization rate for approximately 16 hours per day, 6 or 7 days a week. A feasibility study regarding the inclusion of student housing in the building has been completed.

The new building will be a “state of the art” educational building and a learning laboratory for the Energy Management students. LCC is targeting LEED Platinum certification and the Living Building Challenge as standards for the building.¹ Both building programs include standards which will add to the overall cost of construction but will ultimately provide significant operating savings to LCC.

SPECIFIC CITY ACTIONS

Because LCC’s capital and operating funds available for this project are limited, resources from Federal, State, and City partnerships are critical. Described below are potential City actions for the project. Specifics will be negotiated by the City and LCC.

¹ The Living Building Challenge (LBC) was established by the Cascadia Region Green Building Council. LBC goes beyond LEED Platinum certification in terms of sustainability. To date the Living Building Challenge has not been met by any single building.

1. Site Preparation/Improvements, System Development Charges & Permits

Site constraints, including infrastructure and other impediments, may be present and may need to be addressed to make it development-ready. The City could pay for permit fees and/or SDCs, as well as contribute to construction costs. In total these City provided incentives would enhance the feasibility of the building and help LCC reach its goals for sustainability, high quality design, and a multi-use facility benefiting the entire community. Beyond the sustainable building features and activity generated by the new Downtown Center, it will be important for the project to provide a positive pedestrian experience. The City could consider funding to enhance the public space adjacent to the building, including art, sidewalk features, landscaping, pedestrian cover, and open space.

2. Public Safety Station

Preliminary discussions are ongoing regarding the need for a downtown public safety station in the core area of downtown. LCC and the City will explore public uses in the new facility that may also be possible.

HOW

Project design and construction would be managed by LCC. The City would act in partnership with LCC to convey ownership of the site, provide input on design, and assist with project costs.

WHEN

LCC selected Gerding Edlen Development Company to be the project manager and has issued a request for proposals for an architect. LCC would like to have the terms of the property transaction with the City negotiated by January. Construction is anticipated to start in late 2010 or early 2011, for completion no later than 2012. City Council will discuss the 10th and Charnelton Development Site after the new year.

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impact | Description | Total |
|-------------------------------------|--|---------|
| Temporary Construction Related Jobs | Jobs based on cost of construction project, business purchases related to construction, and employee purchases | 298-406 |
| Permanent Jobs | Jobs relocated to downtown core | 45+ |
| Job Training Programs | At least 6 job training programs servicing 8,000 students | |
| Indirect Economic & Other Impacts | Influx of LCC students and employees will attract new businesses, housing, and related services; exceptional building replaces the current hole and parking lot. | |

Temporary Construction Related Jobs²: Expansion of LCC's downtown presence will impact downtown's economy as well as the regional economy. The benefits to downtown will be realized beginning with the construction phase of the building. With a projected total investment of \$25-35 million, the project will result in as many as 272 to 380 temporary construction jobs estimated to last 18 months and approximately 26 indirect and induced jobs in areas such as production and transportation of construction materials.

² Temporary construction jobs were calculated based on the estimated costs of construction. Staff applied the U.S. Department of Energy standard: for every \$92,000 invested in a project one temporary construction job will be created. Staff provided the estimated construction costs to the Oregon Employment Department to calculate the number of temporary construction jobs that would be created by "new" money flowing into the local economy.

Permanent Jobs: The new Downtown Center investment will ensure that LCC's existing, professional employment base will remain downtown. LCC plans to employ approximately 150 individuals at the new facility, about 45 of these employees will be relocated from other college sites. It is projected that a portion of the LCC building will be occupied by tenants. Specific tenants are unknown at this time; however, it can be assumed that one employee per 400 square feet would occupy additional leased space.

Job Training Programs: The facility will include programs that lead to degrees and/or certificates in energy management, renewable energy, water conservation, building operations, sustainable building advising, and building auditing/inspecting. These programs represent some of the fastest growing career fields in today's economy, and the new Downtown Center will be well positioned to prepare the workforce for the rapidly growing green jobs sector. Additionally, core career and technical training programs offered through the Downtown Center create career pathways, enhanced job skills, and retraining opportunities for community members. The Downtown Center will offer education and training in areas such as massage therapy, nutritional therapy, emergency medical technician, fitness education, AutoCAD, graphics, word processing, and English as a second language.

In the 2008-2009 school year, LCC served 36,909 individuals. Approximately 3,500 of those students were served through the current LCC Downtown Center. LCC anticipates serving up to 8,000 students through the programs that will be housed in the new LCC Downtown Center. Based on the most current data available, in the 2007-2008 school year, LCC awarded 738 degrees and certificates. An average of 84% of LCC's former career technical students who graduated found employment in jobs related to their LCC training within nine months. LCC reports that its full-time enrollment grew by 15.7% last year and growth is expected to continue as displaced workers return to college to train for the new economy and as high school graduates seek a quality and affordable post-secondary education. LCC's programs will have the ability to expand in the downtown building to meet this growing demand. Therefore, more people will benefit from these programs that advance skills, improve salaries and wages, and develop businesses.

The living laboratory aspect of the building for the Energy Management Program will further the national reputation of LCC's Energy Management program and attract even more students to this already desirable field. Of the LCC students graduating from the energy programs, 90% find employment within three months of graduation and earn an annual salary between \$48,000 and \$50,000. The cultivation of a significant labor pool of highly-trained energy management specialists is in Eugene's best interest. The presence of these programs and the skilled graduates that the program produces will be assets in attracting new, green industries to Eugene and in advancing the sustainability of our existing businesses.

Indirect Economic Impacts: The extensive hours of operation will create both daytime and evening activity at a key intersection of downtown. Economic opportunities for current and future downtown businesses will be created as students, employees, and visitors support restaurants, retail, services and cultural venues.

RELATED POLICIES/GOALS

The new LCC Downtown Center project addresses many goals for Eugene and downtown, including activity in the core, culture and education, employment and job training, and sustainability. This project is supported by the Downtown Plan; Downtown Code Amendments; West Broadway Advisory Committee Recommendations; Downtown Urban Renewal Plan; Central Area Transportation Study; Downtown Vision; City Council's Downtown Collective Statements from August 2009; Downtown Policing Action Plan Team Short-Term Public Safety Strategy Recommendations 2004; Cultural Policy Review; Mayor's 2004 Committee on Economic Development; Growth Management Policies; Sustainable Business Initiative; and JEO's regional economic development principles.

Veterans Affairs Clinic

The Department of Veterans Affairs (VA) is planning to locate an expanded clinic in leased space in the Eugene area. Downtown Eugene may be an ideal area for the clinic because of its central location and proximity to Lane Transit District’s Eugene Station and the Greyhound Station. PeaceHealth is poised to submit a proposal for the use of their clinic property at 12th and Willamette. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table below lists potential City actions that are explained after the funding options.



| City Action | Estimated Cost* |
|---------------------|---------------------|
| Lighting | \$ 200,000 |
| Steam Replacement | \$ 300,000 |
| Tenant Improvements | \$ 500,000 |
| Total | \$ 1,000,000 |

**General estimates based on costs of similar projects*

FUNDING OPTIONS

Below is information on potential funding options and implications.

| ➤ Self-Supporting Bond – VA Payments (\$1 million) | |
|---|--|
| PROS | CONS |
| <ul style="list-style-type: none"> ○ Conduit revenue bond would be based solely on the financial capacity of the VA, and would not use the City’s credit ○ The bond payments would be made from payments from the VA. | <ul style="list-style-type: none"> ○ The VA can access tax-exempt financing on its own, so this option is likely to just be adding intermediaries and additional costs above what they could achieve on their own ○ Added cost of debt payments may limit competitive advantage of 12th & Willamette site (increased rent rate beyond VA’s capacity) and lead VA to choose an alternate site ○ VA’s operating funds may not have room to accommodate increased rent from added debt service cost, required debt service payments could negatively impact operating budget ○ If the VA did not make debt payments, it could reflect poorly on the City in the credit community ○ The City does not currently have a conduit bond program set up, and the initial costs for developing the new program could be substantial and would be passed on to the borrower |

➤ **Local Option Levy (\$1 million)**

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ This mechanism is well understood by voters ○ A local option levy for capital costs is an appropriate use of one-time funding ○ It would be clear whether the community supports this project because it is required to be approved by voters | <ul style="list-style-type: none"> ○ A one-year local option levy for \$1 million would cost the average taxpayer about \$15 ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ The City has other needs that may be candidates for local option levy funding; this proposal could compete with other high priority needs with the voters ○ A local option levy for \$1 million would be very small for the amount of process needed to pass a measure ○ Reduces capacity to use limited “general government” property taxes under Measure 5 tax rate cap for other City or County purposes ○ Outcome unknown; could delay start of project ○ Spreads the cost of a regional service to just the City of Eugene residents |

➤ **Grants**

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Non-City funds ○ No additional cost from borrowing ○ Potential for eligibility alignment for grants targeted at energy efficient upgrades | <ul style="list-style-type: none"> ○ Site selection and specific building improvements are unknown; it is hard to estimate funding applicability, cycles, or amounts ○ Grants would likely be applied for by Peace Health, as the owner of the property, if this site is selected by the VA |

➤ **LOAN from City’s Urban Renewal Agency (\$1 million)**

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ Existing program that would not require new processes or actions ○ Funds would be recaptured when loan is repaid | <ul style="list-style-type: none"> ○ Amount of available funds may not be sufficient (\$1.8 million available currently) ○ Utilization of all or most of program funds in a single project would limit ability to impact other projects ○ Added cost of repayment may limit competitive advantage of 12th & Willamette site (increased rent rate beyond VA’s capacity) and lead VA to choose an alternate site ○ VA’s operating funds may not have room to accommodate increased rent from added debt service cost, required debt service payments could negatively impact operating budget |

➤ **GRANT from City's Urban Renewal Agency (\$1 million)**

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Project not burdened with loan repayment | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping jurisdictions to the Downtown Urban Renewal District |

➤ **Payment from the City's General Fund (\$1 million)**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Project not burdened with loan repayment | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced; there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

GENERAL BACKGROUND

PeaceHealth is poised to submit a proposal for the use of their clinic property at 12th and Willamette. The building is large enough to accommodate the 93,000 square feet required in the Request for Proposals. The site also has adequate on-site parking to meet the requirements.

SPECIFIC CITY ACTIONS

PeaceHealth anticipates that the VA will favor a building with modern systems and sustainable features. The PeaceHealth clinic is currently comprised of a building that was constructed in the 1920's, 1950's and 1960's. Substantial rehabilitation is needed to update the buildings and to potentially make it LEED certified. A new HVAC system would replace the EWEB-supplied steam system and new energy efficient lighting would need to be installed. The new clinic will likely include a full pharmacy and laboratory. These functions may require an extra level of security.

HOW

City assistance, if needed to support the VA locating downtown, would be targeted toward sustainability improvements through a contract with the building owner, as the VA plans to occupy the building through a long-term lease.

WHEN

The Department of Veterans Affairs issued an RFP on December 22, 2009. Responses are due on January 22, 2010. The successful proposal would result in a 20-year lease of the property and allow the VA to occupy the new location by May 2012, when the lease on the VA's current clinic ends.

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impact | Description | Total |
|-------------------------------------|---|--------|
| Temporary Construction Related Jobs | Jobs related to construction project cost, business purchases related to construction, and employee purchases | 148 |
| Permanent Jobs | Jobs relocated to downtown & newly created | 57-100 |
| Indirect Economic Impacts | Better health services for area residents and influx of businesses and services related to the clinic's relocation to downtown (jobs from VA permanent job purchases) | 33 |

Temporary Construction Related Jobs¹: Retrofitting the downtown PeaceHealth medical clinic into a modern VA Clinic will result in temporary construction jobs. The estimated construction costs associated with the VA Clinic project are estimated to be as much as \$12 million. The private investment in this project will result in 120 temporary construction jobs that would last approximately one year and 28 jobs related to indirect business purchases.

Permanent Jobs: According to the US Census Bureau's North American Industry Classification System (NAICS), a clinic like the proposed VA Clinic project has the potential to create as many as 370 jobs.² The existing VA Clinic has 57 full-time equivalent employees on staff. The new facility is expected to approximately double the current staff size when it opens in 2012, with an expectation to add more staff over time. The jobs will include doctors, nurses, pharmacists, lab technicians, and other medical professionals.

Indirect Economic Impacts: Currently, the PeaceHealth medical clinic is mostly vacant and not contributing to the economic growth of downtown. The employees, suppliers, patients, and families that would come to downtown for the new VA Clinic could all be expected to have a positive economic impact on nearby businesses. In fact, an estimated 33 jobs related to just employee purchases would be created. Additionally, the area surrounding the VA Clinic could benefit from the development of new industry clusters related to the clinic. Medical-related businesses and services will be more likely to locate in the downtown area. Another indirect impact is the improvement to the overall quality of life for residents and the increase of health care services available throughout Eugene.

RELATED POLICIES/GOALS

The VA Clinic downtown project is supported by the Downtown Plan (Implementation Strategy D: Work with local, state and federal offices to locate, remain or expand downtown; Implementation Strategy F: Work with major medical providers to locate their facilities in and near downtown) and the Growth Management Policies.

¹ Temporary construction jobs were calculated based on the estimated costs of construction. Staff applied the U.S. Department of Energy standard: for every \$92,000 invested in a project one temporary construction job will be created. Staff provided the estimated construction costs to the Oregon Employment Department to calculate the number of temporary construction jobs that would be created by "new" money flowing into the local economy.

² Employment density of up to one permanent employee for every 400 square feet, with an estimated 148,000 in total square feet (western section 72,000 sq. ft.; eastern section 69,000 sq. ft.; annex building 7,000 sq. ft.), at full-use the VA Clinic project would result in as many as 370 jobs.

Business Assistance & Housing



The goal of the Business Assistance & Housing project is to strengthen the economic viability for local businesses, downtown properties, and housing developments. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table below lists potential City actions that are explained after the funding options.

| City Action | Unfunded estimate* |
|---|---------------------|
| <i>Business Related: Building Improvements</i> | \$ 1,000,000 |
| <i>Housing Related: SDC/Permit Credit Pool</i> | \$ 1,000,000 |
| <i>Housing Related: Site Preparation & Improvements</i> | \$ 1,000,000 |
| Total | \$ 3,000,000 |
| <i>*General estimates in current dollars</i> | |

FUNDING OPTIONS

Below is information on potential funding sources and implications.

➤ **LOAN through Bonds Backed by Payments from Businesses** *(for business assistance action)*

The City could issue conduit revenue bonds with the private parties as the borrower, and take advantage of provisions of the Build America Bond program that allows a broader access to tax-exempt financing for businesses. The bonds would be based solely on the credit of the private parties and not backed by the City, so the borrowers would have to meet minimum credit levels. The bond payments would be made from payments that the private parties make to the City.

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Allows businesses to access lower interest rates through tax-exempt borrowing. Tax-exempt rates generally run about 1-2 percentage points lower than taxable rates (i.e., instead of paying 8%, a business might pay 7% or 6% for the financing) | <ul style="list-style-type: none"> ○ This tool only works for large-scale projects (around \$1 million), as the costs for issuing bonds are substantial ○ Availability of loan funds for business related improvements may not be enough to positively impact project feasibility ○ Credit requirements may be a significant obstacle for many businesses ○ If the businesses do not make payments on the debt, bondholders would not get paid, and this could reflect poorly on the City in the credit community |

| | |
|--|---|
| | <ul style="list-style-type: none"> ○ The City does not currently have a conduit bond program set up, and the initial costs for developing the new program could be substantial and would be passed on to the borrowers, which could negate the nominal interest rate savings |
|--|---|

➤ **GRANT from Federal Affordable Housing Programs** *(for affordable housing projects ONLY)*

Affordable housing developments could be eligible for Federal Community Development Block Grant (CDBG) and HOME funds.

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Non-City funds ○ Projects not burdened with loan repayment | <ul style="list-style-type: none"> ○ Funds are somewhat limited and used for a wide range of community and affordable housing purposes ○ Level of funding varies from year to year; must be made available through annual competitive allocation processes and be used to meet identified community needs ○ Funds trigger an array of federal regulations related to income, rents, environmental review, and eligible uses ○ The income and rent requirements will not allow the City to incentivize the development of market rate housing in order to achieve a mix of housing types in the downtown |

➤ **LOAN from City's Urban Renewal Agency**

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ Existing program that would not require new processes or actions ○ Funds would be recaptured when loan is repaid | <ul style="list-style-type: none"> ○ Amount of available funds is insufficient to complete the listed City actions (\$1.8 million available currently) ○ Utilization of all or most of program funds in a single project would limit ability to impact other projects ○ Housing lease rates do not support the cost of new construction; Adding debt to the project will further erode the feasibility ○ Availability of loan funds for business related improvements may not be enough to positively impact project feasibility |

➤ **GRANT from City's Urban Renewal Agency**

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Projects not burdened with loan repayment | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to Downtown Urban Renewal District |

| ➤ GRANT from General Fund | |
|--|--|
| PROS | CONS |
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Project not burdened with loan repayment | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

GENERAL BACKGROUND

Targeted financial assistance is critically needed given the effect of the economic downturn on businesses and employment. City actions could help support investments that would result in additional employment opportunities. Currently, businesses and property owners need assistance with specific building upgrades to improve the look and feel of downtown. As the region’s largest employment center, investment in a healthy downtown supports employment opportunities for the entire community.

In addition to business assistance, housing is essential to the vitality and the character of the downtown core. People who live downtown, particularly homeowners and long-term renters, become stakeholders for the health of downtown. The Downtown Plan encourages additional housing units and acknowledges that market conditions and the higher cost of building housing downtown may require public sector financial participation.

SPECIFIC CITY ACTIONS

Building Improvements: Interior and exterior improvements to entrances, windows, awnings, and signage are needed to enhance the pedestrian experience, attract additional business activities, increase marketability and attract more customers. Providing assistance with funding, technical information, or financing for building improvements would directly improve downtown’s image and economic health. All existing businesses and start-up businesses would be eligible. Interior and exterior improvements estimated at \$100 per square foot will support approximately six projects. Awnings and signage estimated at \$300 per foot will assist façade improvements on approximately six block faces.

Housing projects could benefit from the two City actions described below – Targeted sites could include the vacant site on Willamette between 10th Avenue and Broadway (adjacent to the Centre Court building), the vacant building on the northwest corner of Broadway and Willamette (a portion of which was recently occupied by Taco Time), or the current Lane Community College Downtown Center on Willamette between 10th and 11th avenues.

Credit Pool for System Development Charges (SDCs) & Permits: Because there are higher costs to develop housing in the downtown core, public funds could be used to pay SDC’s and permit fees when such incentives are needed to help make a project financially feasible.

Site Preparation & Improvements: Existing utility configuration and environmental conditions create financial barriers for the development of new housing downtown. Public funds could offset some of these extraordinary costs such as steam conversion, utility relocation, and environmental contamination. Public funds could also be used to enhance housing projects by providing pedestrian amenities, landscaping, open space and other improvements in the public realm. The projected \$1 million in public financial participation for housing is scaled to support two mid-rise housing projects in the downtown core, with the goal of creating approximately 150-200 new housing units.

HOW

A matching grants program would be created for property owners or tenants to assist with building improvements. The City could partner in a private housing development or non-profit affordable housing development and contribute the credit pool and site preparation/improvement funds as a grant.

WHEN

The matching grants program for building improvements could begin immediately and be available until funds are depleted. With adequate resources and improved market conditions, it is reasonable to target two new mid-rise housing developments within the next 5-7 years.

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impacts | Description | Total |
|-------------------------------------|---|-------|
| Temporary Construction Related Jobs | Jobs based on cost of construction project, business purchases related to construction, and employee purchases | 301 |
| Permanent Jobs | Jobs based on filling current vacancies in key areas | 472 |
| Residents | Additional people living downtown | 150 |
| Indirect Economic Impacts | Contribute to a positive perception of the downtown by making downtown more attractive for visitors and employees; Allow opportunities for more residents in the downtown area contributing to the sense of community and investment in the area. | |

Temporary Construction Related Jobs¹: Two housing projects will result in approximately 174 temporary construction jobs, 71 of which would be from new money in the economy. Building improvements of \$2 million will result in 20 temporary construction jobs that are estimated to last one year. Both types of projects, housing construction and building improvements, will also result in 67 indirect jobs driven by business purchases related to these projects. The business assistance and housing projects will also contribute to the creation of 40 induced jobs based on employee purchases.

Permanent Jobs: Building improvements will help attract businesses and investors to the downtown area resulting in an ongoing, positive economic stimulus to downtown. Specifically, building improvements would work toward reducing the retail vacancy to a healthy rate of 3-5%. Currently, an estimated 114,000 square feet of office space and 61,000 square feet of retail space is vacant.² Filling these vacancies would result in an estimated 472 jobs in the downtown core.³

Residents: Downtown businesses, restaurants, retail, and cultural venues benefit from an additional 150 residents and their potential expenditures and presence on the streets. Furthermore, the county and city will benefit from increased property tax revenue in an estimated amount of \$140,000 per year. Of course this tax benefit would be delayed for 10 years if the projects receive the Multiple-Unit Property Tax Exemption (MUPTE).

¹ Temporary construction jobs were calculated based on the estimated costs of construction. Staff applied the U.S. Department of Energy standard: for every \$92,000 invested in a project one temporary construction job will be created. Staff also provided the estimated construction costs to the Oregon Employment Department to calculate the number of temporary construction jobs that would be created by “new” money flowing into the local economy.

² Estimate is based on interviews with property owners/leasing agents and from informal observations all focused along West Broadway and Willamette streets.

³ Staff calculated this estimate using the standard of 250 sqft per retail employee and 500 sqft per office employee

Indirect Economic Impacts: Investment in housing and business assistance programs will contribute to a positive perception of the downtown by making downtown more attractive for visitors and employees. The projects will also make it possible for more individuals and families to live in the downtown area. The presence of new residents will also contribute to the sense of community and investment in downtown.

RELATED POLICIES/GOALS

Business assistance and improvements to the building stock downtown and the addition of new housing units in the downtown core is supported by City Council's Downtown Collective Statements August 2009; Downtown Plan; West Broadway Advisory Committee Recommendations; Park Blocks Master Plan; Central Area Transportation Study; Downtown Vision; Cultural Policy Review; and Growth Management Policies.

Green Infrastructure

The goal of the Green Infrastructure project is to increase the energy efficiency and economic competitiveness of downtown properties. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table below lists potential City actions that are explained after the funding options.



| City Action | Funded | Unfunded estimate* |
|--|-------------------|---------------------|
| Energy Efficiency | \$ 300,000 | \$ 1,000,000 |
| Vehicle Charging Stations | \$ 52,600 | \$ 250,000 |
| Total | \$ 352,600 | \$ 1,250,000 |
| <i>*General estimates in current dollars</i> | | |



FUNDING OPTIONS

Below is information on potential funding sources and implications.

➤ **LOAN through Self-Supporting Bonds issued by EWEB** *(for energy efficiency improvements ONLY)*

The City could sub-allocate a share of its Recovery Zone Facility Bond authorization to EWEB, who could then issue conduit revenue bonds with the private parties as the borrower. This would take advantage of provisions of the Build America Bond program that allows broader access to tax-exempt financing for businesses. The bonds would be based solely on the credit of the private parties and would not be backed by EWEB, so the borrowers would have to meet minimum credit levels. The bond payments would be made from payments that the private parties make to EWEB.

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Intergovernmental cooperation to accomplish the project ○ Allows businesses to access lower interest rates through tax-exempt borrowing. Tax-exempt rates generally run about 1-2 percentage points lower than taxable rates (i.e., instead of paying 8%, a business might pay 7% or 6% for the financing) | <ul style="list-style-type: none"> ○ This tool only works for large-scale projects (around \$1 million), as the costs for issuing bonds are substantial; steam conversion is estimated at \$75,000 for the average building ○ Not all property owners can absorb the cost of borrowing ○ The likelihood that local businesses would meet strict credit standards to qualify for this type of financing is questionable ○ If the businesses do not make payments on the debt, bondholders would not get paid, and this could reflect poorly on EWEB in the credit community ○ EWEB does not currently have a conduit bond program set up, and the initial costs for developing the new program could be substantial and would most likely be passed on to the borrowers |

➤ **GRANTS from Federal Government** *(for energy efficiency improvements ONLY)*

The City has received \$300,000 from the Federal Department of Energy for a downtown building retrofit loan program through the Energy Efficiency and Conservation Block Grant (EECBG). The City has partnered with EWEB to serve as a sub-grantee to the City of Portland's Clean Energy Works-Oregon proposal for an additional grant from the EECBG program. Announcement of awarded recipients is anticipated for March 15, 2010. If successful, the grant would provide an additional \$6 million for steam conversion and energy efficiency retrofits for downtown buildings. No other grant opportunities are known at this time.

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ Non-City funds ○ Energy efficiency recipients not burdened with loan repayment | <ul style="list-style-type: none"> ○ Outcome unknown ○ No match required; however federal funds must be highly leveraged (goal of at least 5:1 per dollar awarded) |

➤ **GRANTS from Private Sources** *(for vehicle charging stations ONLY)*

With a grant from U.S. Department of Energy, Nissan and Electric Transportation Engineering Corporation will introduce 1,000 Nissan Leafs (first mass produced 100% electric vehicle). It is possible that Nissan and ETEC could fund up to half of the installation cost for charging stations also.

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ Non-City funds ○ Preliminary indications that private sources will be interested in participating | <ul style="list-style-type: none"> ○ Private grant opportunity unknown, including timing and amount ○ Not likely to fund 100% of installation ○ Getting all jurisdictions and stakeholders moving towards the December 2010 goal has challenges |

➤ **Parking Fund** *(for vehicle charging stations ONLY)*

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Good match between source of funds and outcome (vehicles recharge while in a parking space) ○ Meets existing need for an additional parking garage amenity ○ Charging stations would become a component of the services offered to parking customers in the structures and surface lots; Monthly and daily parking rates would recoup expenses associated with capital and operating costs | <ul style="list-style-type: none"> ○ Parking Fund is operating at a deficit ○ Added expense to the parking fund for this action is unknown; Fund is not likely to have the capacity for 100% of installation without adjusting existing revenue or expenses |

➤ **LOAN from City's Urban Renewal Agency** *(for energy efficiency improvements ONLY)*

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Existing program that would not require new processes or actions ○ Funds would be recaptured when loan is repaid | <ul style="list-style-type: none"> ○ Amount of available funds may not be sufficient (\$1.8 million available currently) depending on other project priorities ○ Utilization of all or most of program funds for energy retrofits would limit ability to impact other projects (like façade upgrades) ○ Not all property owners can absorb the cost of borrowing |

➤ **GRANT from City's Urban Renewal Agency** (\$1.25 million for all actions)

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Energy efficiency recipients not burdened with loan repayment | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes from overlapping taxing districts to Downtown Urban Renewal District |

➤ **GRANT from General Fund** (\$1.25 million for all actions)

| PROS | CONS |
|---|--|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Energy efficiency recipients not burdened with loan repayment | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

GENERAL BACKGROUND

The costs of building upgrades, such as steam conversion, are expected to be substantial, and business and property owners will need assistance to fund those projects. Targeted financial assistance is especially needed given the effect of the economic downturn on the availability of commercial financing. The State of Oregon is actively working to be a national leader in the electric vehicle industry. The City of Eugene is a partner in the State's push to add 100% electric vehicles, as well as supporting infrastructures (such as charging stations), to communities. The current focus is in "electrifying" the I-5 corridor, from Eugene to Portland, with opportunities for local action to assist the effort.

SPECIFIC CITY ACTIONS

Energy Efficiency: Energy efficient upgrades and steam conversion are needed for downtown properties. Almost 70 privately owned buildings downtown currently rely on EWEB's aging steam infrastructure, which is planned for decommission by June 2012. (Of those, 25 non-city buildings are within the Downtown Urban Renewal District.) Although energy savings result from steam conversion, the cost is quite significant, estimated at \$19.6 million (estimated at \$2.85 million for conversion of the 25 Downtown District properties). The cost of steam operation increases for the remaining customers as each customer leaves the steam system. The City could collaborate with EWEB, who is already working with the Oregon Department of Energy, to secure financing options for building owners.

Other green upgrades could also decrease occupancy costs and improve the appeal of downtown buildings. EWEB offers business customers rebates and a streamlined way to upgrade lighting systems, equipment, and windows with energy efficient products. City resources could be coordinated with EWEB to increase the number of upgrades completed in the downtown core.

The cost range for steam conversion is \$2.70 to \$7.00 per square foot, typically \$50,000 to \$100,000 per building. Other green upgrades would depend on specific building needs and opportunities for coordination with EWEB. The City has received \$300,000 from the Federal Department of Energy for a downtown building retrofit loan program through the Energy Efficiency and Conservation Block Grant (Downtown Retrofit Program). An additional \$1 million in funds for energy upgrades would accommodate less than half of the estimate for steam conversion in the downtown core.

Vehicle Charging: With a grant from U.S. Department of Energy, Nissan and Electric Transportation Engineering Corporation will introduce 1,000 Nissan Leafs (first mass produced 100% electric vehicle) and 2,000 charging stations for the vehicles in December 2010 to I-5 corridor communities, from Eugene to Portland to Vancouver, B.C. The Eugene/Springfield metro area is expected to receive about 100 charging stations for public use (on public and private property). Determining optimal locations will be critical, as each publicly available charging station will require proper connection to the power grid. An Oregon Transportation and Education Research Consortium grant will assist with an electric vehicle community needs assessment for the region. Although, the final estimate for charging station infrastructure costs has not yet been determined, \$250,000 is the current place holder for an estimated 25 stations in the downtown core. (Each station is estimated to cost \$10,000, half for the actual charging station and half to connect the station to electric grid, with the potential for an ETEC/Nissan grant to fund up to 50%.) Every major auto maker is expected to introduce a hybrid or 100% electric vehicle in the next few years.

HOW

A matching grants program would be created for property owners or tenants for green upgrades. (The grants would be coordinated with other funding sources available through EWEB.) For vehicle charging, the University of Oregon’s Community Planning Workshop will help determine optimal locations for the publicly available electric charging stations. The City of Eugene is a partner with Community Planning Workshop on the project. However, because there is a shared cost, individual businesses and organizations will determine the feasible locations of the charging stations.

WHEN

Energy efficiency upgrades through the funded Downtown Retrofit Program are anticipated to begin by the spring. Upgrades using other funds could begin at that same time and would be available until the funds are depleted. Vehicle charging stations could be added in installments over the next one to three years. A requirement of the federal grant is that the majority of the stations be installed by fall 2010.

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impact | Description | Total |
|-------------------------------------|---|--|
| Temporary Construction Related Jobs | Jobs based on cost of construction, business purchases related to construction, and employee purchases | 33 |
| Energy Savings | Saved from steam conversion annually | 180,000 therms 18 billion BTUs \$896,000 |
| Indirect Economic Impacts | Reduced operating costs for businesses; Supports downtown as a Green District; Encouragement of electric vehicle related business | |

Temporary Construction Related Jobs¹: With a projected total investment of \$2 million, the Green Infrastructure project will result in as many as 22 temporary construction jobs estimated to last 18 months. In addition to the temporary construction jobs, the construction phase of the project will also create jobs that support the construction industry such as production and transportation of construction materials (a total of 11 indirect and induced jobs).

¹ Temporary construction jobs were calculated based on the estimated costs of construction. Staff applied the U.S. Department of Energy standard: for every \$92,000 invested in a project one temporary construction job will be created. Staff also provided the estimated construction costs to the Oregon Employment Department to calculate the number of temporary construction jobs that would be created by “new” money flowing into the local economy.

Energy Savings: Once complete, the energy efficiency of the newer systems will reduce utility costs for operation. EWEB estimates that in the downtown area, converting to a gas system will reduce annual therms by 180,000, BTU's by 18 billion, and costs by \$896,000.²

Indirect Economic Impacts: Energy efficiency projects supported by the City will help to attract businesses and investors to the downtown area resulting in an ongoing, positive economic stimulus to downtown. A focus on supporting redevelopment of existing structures will enhance the density of commercial activity in the core area.

The number of jobs created and energy saved from the electric vehicle charging stations have not been determined. Each station, whether located at home or in public, will require trade skills to safely operate. The introduction of electric vehicles is also spurring related industries in the region stretching from Portland to Eugene and within the metro areas themselves. Some of these related industries include the introduction of other electric vehicles, battery technology development, and electric vehicle infrastructure and component manufacturing.

RELATED POLICIES/GOALS

The Green Infrastructure project is supported by past public involvement and policy documents including the Sustainable Business Initiative; the Downtown Plan, the City Council 2009 Vision and Goals; and the Downtown and Riverfront urban renewal plans.

² Project savings is the difference in annual steam cost and the cost of natural gas after transition.

Illegal Behavior, Consequences, Coordination & Physical Space

An increased police and security presence downtown, coordination of existing services and physical modifications to the downtown area will improve safety and establish an environment that makes the downtown a safe and welcoming place for all community members. Results of the Downtown Public Safety Task Team will be presented to council on January 27, 2010. Specific City actions and amounts are not known at this time. For the purpose of this work session on Downtown Projects, the anticipated actions fall into two main categories of spending: 1) operational and 2) physical capital improvements. Below is information on potential funding options and implications.



➤ **General Obligation Bond** *(for physical capital improvements ONLY)*

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund a portion of the project ○ The community is familiar with this funding mechanism ○ Provides generational equity, as the project is paid for by the community over the useful life of the project ○ Clarity on level of community support for these projects because the bonds must be approved by voters | <ul style="list-style-type: none"> ○ Annual cost to average taxpayer over 20 years within City of Eugene is about \$1.25 per \$1 million ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ Outcome unknown; could delay start of safety actions ○ The City has other needs that may be candidates for funding; this proposal could compete with other high priority needs with the voters ○ Reduces capacity to issue debt for other City purposes |

➤ **Local Option Levy**

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund both operating and capital costs ○ Could be coupled with other public safety related funding needs ○ The community is familiar with this funding mechanism ○ Clarity on level of community support for these projects because the bonds must be approved by voters | <ul style="list-style-type: none"> ○ A five-year local option levy for \$1 million per year would cost the average taxpayer about \$15 per year ○ The City has other needs that may be candidates for local option levy funding; this proposal could compete with other high priority needs with the voters ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ Outcome unknown; could delay start of safety actions ○ Local option levy is not on-going funding and is not suitable for on-going programs, such as adding police officers |

➤ **Downtown Service District Adjustments**

The City currently collects fees from property owners located in the Downtown Services District (DSD) based on occupied square footage. The DSD fees are passed through to Downtown Eugene, Inc. under a contract to provide special services within the district such as public safety (Downtown Guides) and maintenance (graffiti removal). The DSD currently collects approximately \$250,000 annually, and that amount could be increased in order to fund additional downtown amenities.

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Existing program that can be adjusted by council ordinance ○ Funds already being used for safety ○ Property owners share in the costs | <ul style="list-style-type: none"> ○ Adds costs that would likely be passed on to tenants as higher rent ○ Adds to the negative perceptions about the cost of doing business downtown ○ May get resistance from property owners ○ To raise an additional \$500,000, the rate would need to be increased by 200% |

➤ **Human Services Commission (HSC) Allocation Adjustments**

HSC is an intergovernmental system where Lane County, Eugene, and Springfield jointly support social services. The City of Eugene provides \$1.37 million in General Funds as a contribution to the HSC, not specifically earmarked for any programs. Eugene earmarks additional funds through the HSC for homeless services and prevention programs. Many HSC funded programs benefit downtown, either directly or indirectly. HSC funds may be reprioritized, especially if Eugene directs any part of its contribution as an “earmark.” The HSC board, which includes elected officials from each jurisdiction, selects grantees based on an evaluation of the highest priority community needs. Eugene has two City Councilors and a Budget Committee member on the eight member HSC board. The HSC funds programs in two-year periods and the allocation process has already started for the next biennium.

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Re-directs limited City funds to an identified City priority | <ul style="list-style-type: none"> ○ Any significant change in funding priorities will likely meet with organized opposition ○ As the allocation process has already started, timing any change in priorities will be difficult to accomplish quickly ○ Earmarking the entire contribution of funds or advocating for a reprioritization will result in reducing funding for existing priority services, most of which directly or indirectly benefit downtown safety ○ Diminishes the effectiveness of the regional priority setting model |

➤ **Increase Downtown Daily Parking Rates**

Downtown daily parking rates have been unchanged since 1999:

- On-street meter rates are \$0.75 per hour, Monday – Saturday, 7:00 AM to 6:00 PM
- Parking structures are \$0.75 per hour or \$3.50 per day, Monday – Friday, 7:00 AM to 6:00 PM
- The two downtown surface lots are \$0.75 per hour, \$3.50 per day, Monday – Saturday
- Train Depot Transportation Lot is \$1.00 per hour, \$6.00 per day, Monday – Sunday

In comparison, almost all of the downtown private parking lots are at least \$1.00 per hour and \$5.00 - \$6.00 for all day parking. And, many charge evening and weekend rates of a few dollars.

Monthly parking permit rates, however, have increased over the last decade, usually by \$1 every two to three years. The City’s downtown parking rate structure has reached a point where it is less expensive for downtown employees to purchase daily parking, which includes 1 hour of free parking in two garages, than a monthly permit. As a result, the number of monthly permits has steadily declined and daily parking has increased over the last five years.

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Increased revenue could be used for one-time or on-going expenses | <ul style="list-style-type: none"> ○ Increasing rates to market value could alienate visitors from downtown ○ Rate increases in weak economic conditions can be unpopular |

➤ **City’s Urban Renewal Agency** *(for physical capital improvements ONLY)*

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to Downtown Urban Renewal District |

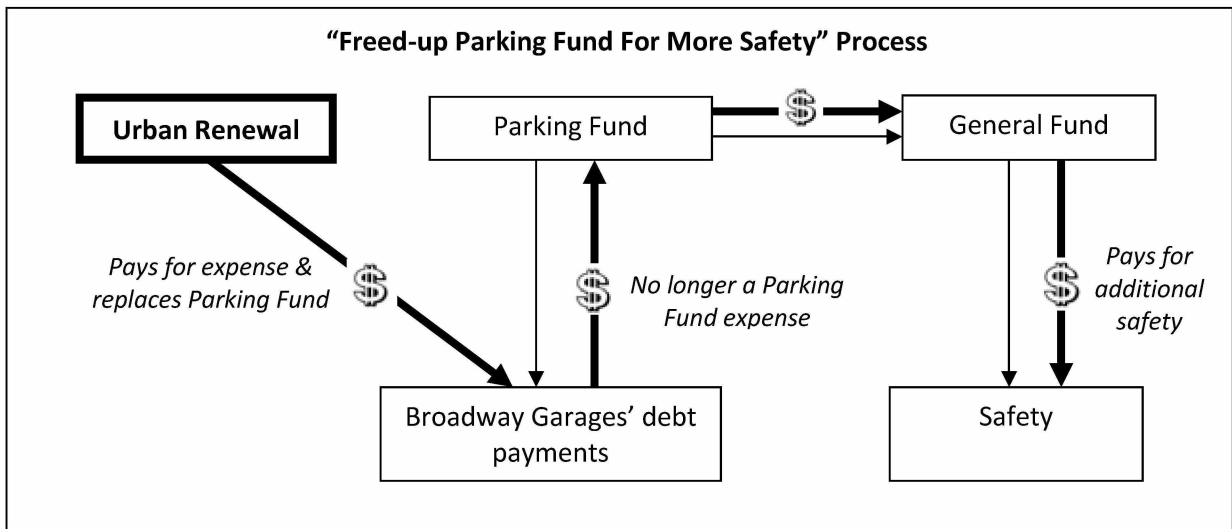
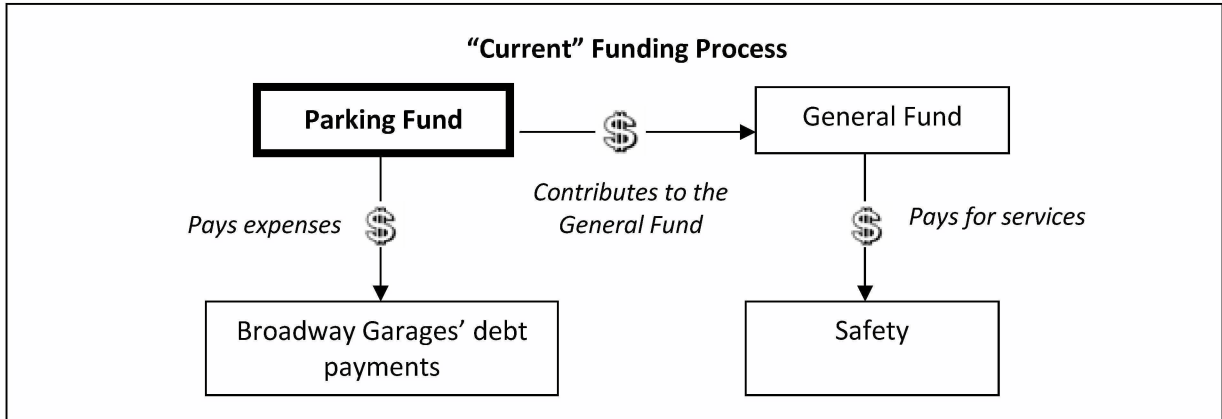
➤ **Payment from the City’s General Fund**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

➤ **Shift Existing Costs to Urban Renewal District**

Urban Renewal funds could be used to pay for certain eligible expenses that are currently paid for by another fund. The other fund would then have extra cash available for council to use for desired City actions to benefit downtown safety.

The Parking Fund currently pays between \$700,000 and \$800,000 each year on debt issued to fund the Broadway Place Garages. If Urban Renewal makes the garages’ debt payment, the Parking Fund could have that additional amount to contribute to the general fund. The general fund could then use these funds for downtown safety items. The current funding process for parking is illustrated below followed by the revised funding process under this scenario. The PROS/CONS are listed after the diagrams.



| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ No increase in taxes ○ Enables funding for desired downtown safety actions | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to Downtown Urban Renewal District ○ Cost shifting among funds may be confusing to the community |

GENERAL BACKGROUND

In November 2009, a broad-based Downtown Public Safety Task Team was convened jointly by the Eugene Police Department and the City Planning and Development Department in recognition of the vital link between safety and other redevelopment efforts. Below is a brief summary of the theme area and several example city actions discussed by the Task Team.

1. **Illegal & Unpleasant Behaviors:** Strategies to address illegal and unpleasant behavior include more parole and probation officers downtown and the use of more safety-zone exclusions; housing answers for chronic offenders, especially people with mental illness and/or alcoholism; coordinated efforts to increase jail space options; crime reduction focused on chronic offenders; reducing the number of people supporting

panhandlers; and programs to encourage people on the street to respect their own community and change negative behaviors.

2. **Accountability & Consequences:** Many of the strategies under consideration by the Task Team included some degree of enhanced police presence in the downtown area to decrease crime and unpleasant behaviors and increase the perception of safety for community members. Some of the proposed strategies include: the establishment and staffing of a downtown public safety station to coordinate bike and foot patrol officers as well as security personnel and crime prevention experts (addressed in the LCC Downtown Center project description); expanding the number of downtown patrol officers, especially during night-time hours; extending the authority for citations and/or complaints to security personnel; and researching the possibility of creating downtown work crews sentenced in Municipal Court to work in the downtown area.

3. **Coordination of Services & Planning:** The need to coordinate services with safety providers and stakeholders is a critical component of the strategy to improve downtown safety. The Task Team identified the need for improved communication between all of the private and public security groups, development of an “Umbrella Concept” to overlay police officers and security providers for maximum coverage of key trouble areas, better coordination of event programming to draw more people to downtown Eugene (addressed in the Arts & Entertainment District project description) and the possibility of focusing some of the City’s Human Service Contributions to downtown issues.

4. **Physical Space & Environment:** Strategies for the physical space and environment theme area include improvements to lighting and the addition of seasonal lights at other times of the year; improved cleanliness such as more frequent power washing of streets, increased litter and waste pick-up as well as bio-hazard removal; resolving the public restroom debates; and the establishment of a arts and entertainment district to increase activities in the area (addressed in the Arts & Entertainment District project description).

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impacts | Description |
|------------------|--|
| Economic impacts | Safety contributes to an active and economically vital downtown. Improvements to existing safety activities and related amenities in the downtown support downtown businesses and contribute to the overall positive experience of visitors. |

RELATED POLICIES/GOALS

Downtown safety is supported by past public involvement and policy documents including several of the Council’s 2009 vision and goals on Neighborhood Empowerment, Arts and Outdoors, and initiatives concerning Police, Homelessness, Downtown, and Sustainability. Public safety strategies are supported by the Downtown Plan, Central Area Transportation Studies, JEO Regional Economic Development Principles, and Growth Management Policies.

Rebranding, Easy Payments & Free Parking

Currently there are 15,000 downtown parking spaces, 1,000 of which are on-street spaces. With approximately 14,000 people working downtown, the availability of on-street customer parking is a concern for downtown businesses. Making parking easier to find and pay for as well as providing targeted free parking opportunities may spur greater use and draw more people downtown. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table to the right lists potential City actions that are explained after the funding options.

| City Action | Unfunded Estimate* |
|------------------------------|---------------------|
| Rebranding | \$ 100,000 |
| Easy Payments | \$ 300,000 |
| Free Parking | \$ 600,000 |
| Total | \$ 1,000,000 |
| <i>*General placeholders</i> | |

FUNDING OPTIONS

Below is information on potential funding sources and implications.

➤ Sale of Assets (Parking Garages)

The City could sell one or more parking garages to generate one-time cash funding. The City owns the Hult Center, Parade, Overpark, Pearl Street, Broadway North, and Broadway South Garages. Only the two Broadway Garages has outstanding debt of \$4.8 million, which will be paid in full in FY 2018. Depending on which structure is sold, the one-time cash funding could be used to pay off outstanding debt on the Broadway Place Garages. If the Broadway Place Garages are sold, the proceeds must be used to pay off the outstanding debt.

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ One-time resources could be used to pay for one-time costs, such as rebranding or easy payment upgrades ○ Reduces the number of parking assets to maintain, including major capital needs and ongoing maintenance ○ Asset sale may be able to pay off outstanding debt to free up about \$700,000 annually that could be used for other purposes, such as free parking | <ul style="list-style-type: none"> ○ Parking garages generate resources for the overall parking system ○ Revenue loss from garages reduces the Parking Fund’s transfer to the General Fund, which is currently 13% of total annual parking revenue ○ Limited number of potential buyers ○ Loss of control over parking assets ○ Parking garages are used as a tool to incent development downtown |

➤ Downtown Service District Adjustments

The City currently collects fees from property owners located in the Downtown Services District (DSD) based on occupied square footage. The DSD fees are passed through to Downtown Eugene, Inc. under a contract to provide special services within the district such as public safety (Downtown Guides) and maintenance (graffiti removal). The DSD currently collects approximately \$250,000 annually, and that amount could be increased in order to fund additional downtown amenities and programming.

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Existing program that can be adjusted by council ordinance ○ Property owners share in the costs | <ul style="list-style-type: none"> ○ Adds costs that would likely be passed on to tenants as higher rent ○ Adds to the negative perceptions about the cost of doing business downtown ○ May get resistance from property owners ○ To raise an additional \$500,000, the rate would need to be increased by 200% |

➤ **Increase Downtown Daily Parking Rates**

Downtown daily parking rates have been unchanged since 1999:

- On-street meter rates are \$0.75 per hour, Monday – Saturday, 7:00 AM to 6:00 PM
- Parking structures are \$0.75 per hour or \$3.50 per day, Monday – Friday, 7:00 AM to 6:00 PM
- The two downtown surface lots are \$0.75 per hour, \$3.50 per day, Monday – Saturday
- Train Depot Transportation Lot is \$1.00 per hour, \$6.00 per day, Monday – Sunday

In comparison, almost all of the downtown private parking lots are at least \$1.00 per hour and \$5.00 - \$6.00 for all day parking. And, many charge evening and weekend rates of a few dollars.

Monthly parking permit rates, however, have increased over the last decade, usually by \$1 every two to three years. The City’s downtown parking rate structure has reached a point where it is less expensive for downtown employees to purchase daily parking, which includes 1 hour of free parking in two garages, than a monthly permit. As a result, the number of monthly permits has steadily declined and daily parking has increased over the last five years.

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Increased revenue could be used for one-time or on-going expenses (rebranding, easy payments, or free parking options) | <ul style="list-style-type: none"> ○ Increasing rates to market value could alienate visitors from downtown ○ Rate increases in weak economic conditions can be unpopular |

➤ **City’s Urban Renewal Agency** *(for physical capital improvements ONLY)*

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to the Downtown Urban Renewal District |

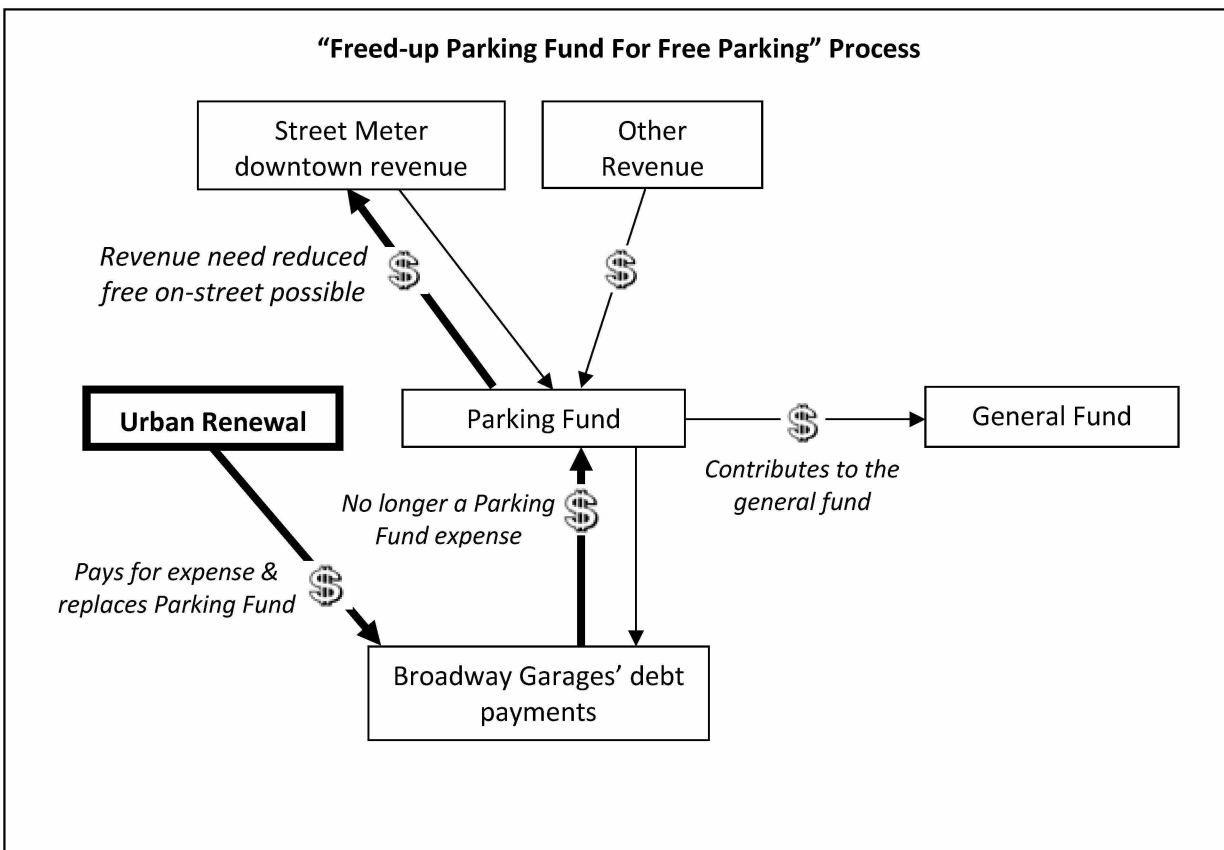
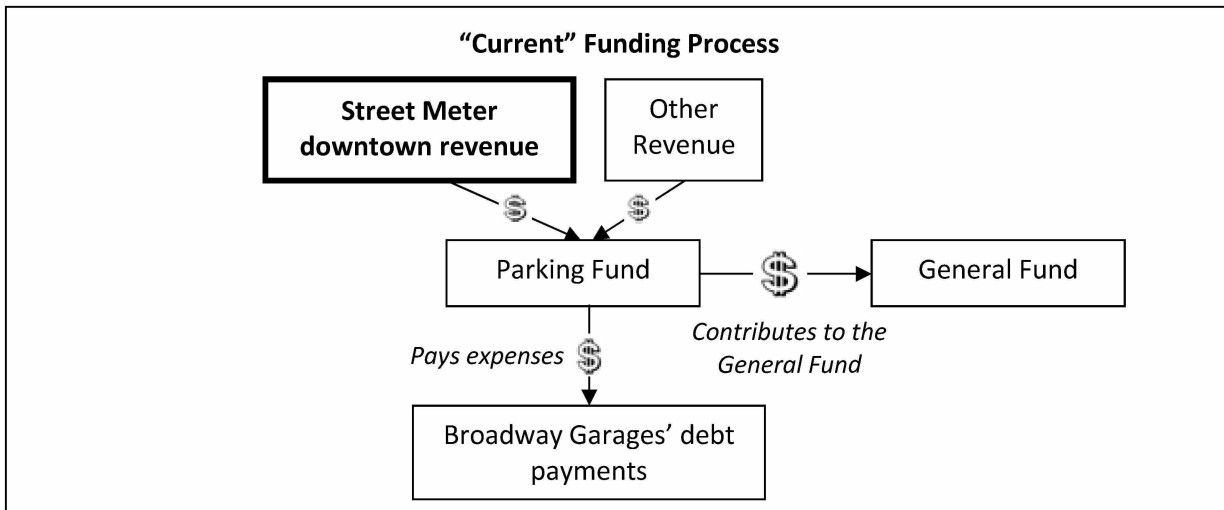
➤ **Payment from General Fund**

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

➤ **Shift Existing Costs to Urban Renewal District**

Urban Renewal funds could be used to pay for certain eligible expenses that are currently paid for by another fund. The other fund would then have extra cash available for council to use for desired downtown City actions, such as free on-street parking.

Staff has identified a budget-neutral method for free on-street parking through the use of urban renewal. The Parking Fund currently pays between \$700,000 and \$800,000 each year (through FY 2018) on debt issued to fund the Broadway Place North and Broadway Place South Garages. If Urban Renewal provides funding for the garages' debt payment, the Parking Fund could have that additional amount to counter-act the lost revenue from free on-street parking. The current funding process for parking is illustrated below followed by the revised funding process under this scenario. The PROS/CONS are listed after the diagrams.



| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to Downtown Urban Renewal District ○ Cost shifting among funds may be confusing to the community |

GENERAL BACKGROUND

The City of Eugene’s Parking Services program manages downtown, campus, and neighborhood parking, including the operation of off-street parking facilities, code enforcement, and Municipal Court services. The program also contributes 13% of its annual revenue to the General Fund (above the central service allocation), pays debt service, and strategically manages the long-term parking needs of the community. A year ago, the city council established a subcommittee to work on downtown parking issues and to support the broader goal of creating a vibrant downtown. Last August, the Downtown Parking Subcommittee reviewed parking ideas and options that could readily be implemented to spur greater use, draw more people, and leverage economic opportunities in downtown.

SPECIFIC CITY ACTIONS

Rebrand the Downtown Parking System: A consistent brand or image helps visitors find and remember downtown parking services. Portland’s SmartPark System and Vancouver, B.C.’s EasyPark have had great success through brand identification. City parking lots and structures would be clearly visible to motorists, as well as hours of operation, costs, and parking options. The City of Eugene’s parking structures are free on weekends and evenings, but it is not clearly communicated to our potential downtown visitors.

Currently, the City parking system is often confused with other private parking operators. The City of Eugene operates the majority of the parking structures in downtown Eugene. Improving wayfinding signs and using consistent signage at all City parking facilities would increase their accessibility and help promote the City’s parking services, which offer business parking validation, 1st Hour Free parking, and evening and weekend free parking. (In downtown Portland, the launch of the SmartPark brand resulted in a revenue increase of 30%.)

Specific action steps are to (1) create an easy to identify image for the City’s parking services, (2) market the parking program, which already includes 1st Hour Free and Free Saturdays/Sundays in garages, and parking validation by downtown businesses, and (3) create a clear and unified system to help downtown visitors find City garages (wayfinding). We have completed step one with the brand of “Epark – Its Easy, Economical, and Eugene.” An informal cost estimate from the company that rebrand Portland, OR’s SmartPark and Vancouver, B.C.’s EasyPark systems was \$600,000 for the City of Eugene. This includes a brand image, power washing, resigning, repainting, and improved lighting in all of the parking structures and lots. An estimated investment of \$100,000 would focus on the ground levels of each parking asset.

Easy Payments: Many other municipal parking operations have experienced higher customer satisfaction and an increased use of parking when the payment transaction is as easy as possible. When credit card or pay by cell phone options are presented to customers, the payment transaction happens quickly and customers continue to their destination. Easy payment technologies increase the use of parking spaces and therefore increase revenue. The cities of Portland and Boulder have experienced an over 40% increase in on-street revenue after installing multi-space, credit card meters. These systems, however, do increase operating expenses, including maintenance, software licenses, merchant credit card fees, and cellular connections. We

have been piloting a pay by credit card retrofit of existing meter heads. This proposal would upgrade 200 meter heads to the pay by credit card option in the downtown core.

The revenue control equipment in the Parcade and Overpark garages continues to fail. These two garages represent 1,000 off-street parking spaces and are strategically placed in our downtown core. City parking customers experience frustration in using the garages as they cannot enter the garages or are backed up in the garage trying to exit due to failing equipment. The estimated replacement cost of the access control equipment is \$200,000. The estimated total cost for easy payment improvements is \$300,000.

Free Parking: The City's current 1st Hour Free Parking, Business Parking Validation, and free evenings and weekend parking are popular programs that are frequently used by the public. Additional ideas for downtown parking incentives are described below and are estimated to reduce parking revenue by \$125,000 to \$1 million.

- *First ticket is free!* – Give a warning parking ticket for the first parking violation. Subsequent tickets, within the next six months, would include fines that increased with each ticket. The City of Fort Collins, Colorado calls the first ticket an “Ooops” ticket. The system resets itself if the vehicle is parking ticket free for six-months. The impact of this policy change is a citation revenue loss of \$125,000.
- *Sprinkle “Customer 30 Minute Parking” around downtown* – This option would add 30 minute customer parking spaces around downtown to support businesses’ need for parking space turnover. Enforcement of 30 minute parking zones would be challenging. Key areas would be on the blocks that serve public institutions (e.g. the downtown library, City Hall, Lane County) and a sprinkling customer parking around downtown for retail businesses that do not have surface parking available. Disaggregating the free parking areas would minimize foregone revenue.
- *Free downtown parking during holidays or targeted dates* – In partnership with downtown businesses, create guidelines and a marketing plan for free parking during the holidays and targeted dates to support downtown businesses. (The current holiday parking is one such example of this option.) Additionally, Parking Services could work with downtown businesses to rotate a limited number of time-limited, but free parking spaces around downtown to promote a downtown business.
- *90-minute free on-street parking in the downtown core* – Convert all on-street meters in the downtown core (Downtown Urban Renewal District, Downtown Public Safety Zone, and Downtown Services District encompass roughly all the same area). The estimated foregone Parking Fund revenue is \$600,000, as detailed in a September 17, 2009 memo to the City Council Parking Subcommittee. Additionally, the Parking Fund’s contribution to the General Fund would decrease by \$78,000.

HOW

City actions described above and would be coordinated with Downtown Eugene, Inc., as appropriate.

WHEN

Staff can implement strategies and projects as per City Manager directive and appropriate timing.

JOBS/ECONOMIC DEVELOPMENT IMPACT

| Impacts | Description |
|------------------|---|
| Economic impacts | The availability of parking contributes to a safe, active, and economically vital downtown. Improvements to existing parking and related amenities in the downtown support downtown businesses, contribute to the overall positive experience of visitors, and allow employers with a large employee base to locate downtown. |

Parking is a development tool that integrates with the vision of an active and vibrant downtown. New and existing public parking can be used to support desired private and public development. Appropriately managed parking encourages downtown business and cultural activities, and creates a positive experience and perception of downtown. A strategic approach to parking management requires a balance of competing priorities. Parking must be perceived by users as easy to locate and readily available. At the same time, businesses require frequent parking space turnover, especially in key locations, such as on-street spaces. Management strategies include coordinating the type and location of parking, hours of enforcement, rates, and signage.

Parking is an economic development resource for downtown businesses. The availability of bulk parking permits for spaces in city owned garages supports larger employers, like Enterprise which currently employs 300 people, to locate their offices downtown. On-street parking spaces directly tie to the success of downtown businesses that rely on steady customer demand. On-street parking spaces represent just 6% of the total number of downtown parking spaces. Coupled with the downtown parking exemption that allows a business to not provide on-site parking, on-street parking is very important and valuable to commercial activity. The City of Fort Collins estimates that a parking space in front of a retail establishment can directly contribute up to \$300,000 in gross revenue per year.

RELATED POLICIES/GOALS

Improvements to downtown parking is supported by City Council’s 2009 goals and vision; City Council’s Downtown Collective Statements August 2009; Eugene City Code 9.6410 (4) – Downtown Parking Exempt Zone; the Downtown Plan; the Central Area Transportation Study; the Growth Management Policies.

Arts & Entertainment District

| City Action | Funded | Unfunded Estimate |
|-----------------------------------|------------------|--------------------|
| Signage & Wayfinding | - | \$ 150,000 |
| Public Art | - | \$ 300,000 |
| Public Amenities & Infrastructure | - | \$ 250,000 |
| Park Blocks Improvements | - | \$ 300,000 |
| Pocket Park | - | \$ 350,000 |
| Programming | \$ 15,000 | \$ 50,000 |
| Total | \$ 15,000 | \$1,400,000 |

**General estimates in current dollars*



Arts, entertainment, and cultural activities are a critical component of Eugene’s identity and economic health. Reinforcing these venues and increasing the opportunities for increased desired activities downtown requires a focused, strategic investment in the amenities, character and public identity of the public spaces. This attachment provides information on the funding options for specific city actions, general background, description of the city actions, economic/job impact, and related policies and goals. The table above lists potential City actions that are explained after the funding options.

FUNDING OPTIONS

Below is information on potential funding options and implications.

➤ **General Obligation Bond** (\$1.35 million for all actions except programming)

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund a portion of the project ○ The community is familiar with this funding mechanism ○ Could be coupled with the next proposal for funding PROS projects ○ Provides generational equity, as the projects are paid for by the community over the useful lives of the projects ○ Clarity on level of community support for these projects because the bonds must be approved by voters | <ul style="list-style-type: none"> ○ Annual cost to average taxpayer over 10 years within City of Eugene is about \$1.50 ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ A GO Bond for \$1,350,000 would be very small for the amount of process needed to pass a measure ○ Outcome unknown; could delay start of the projects ○ Reduces capacity to issue debt for other projects |

➤ **Local Option Levy** (\$1.35 million for all actions)

| PROS | CONS |
|---|---|
| <ul style="list-style-type: none"> ○ Provides a new revenue source to fund a portion of the project ○ Could be coupled with other parks, recreation or cultural funding needs | <ul style="list-style-type: none"> ○ A one-year local option levy for \$1,350,000 would cost the average taxpayer about \$20 ○ A local option levy for \$1,350,000 would be very small for the amount of process needed to pass a measure |

| | |
|--|---|
| <ul style="list-style-type: none"> ○ The community is familiar with this funding mechanism ○ Clarity on level of community support for these projects because the bonds must be approved by voters | <ul style="list-style-type: none"> ○ Reduces capacity to use limited “general government” property taxes under Measure 5 tax rate cap for other City or County purposes ○ Requires a lot of lead time and the schedule is inflexible; must be approved at a May or November election or with a double-majority at other elections ○ Outcome unknown; could delay start of the projects |
|--|---|

➤ **Federal Grants & Donations** (\$300,000 for public art only)

| PROS | CONS |
|--|---|
| <ul style="list-style-type: none"> ○ Non-City funds ○ Community donations might build additional enthusiasm for particular pieces of art | <ul style="list-style-type: none"> ○ Grants and donations are uncertain in terms of timing and amount ○ No Federal grant sources have been identified; Similar Districts in other communities did not rely on Federal grants ○ Donations typically support an identified piece, usually a memorial, not a piece chosen for artistic content or merit |

➤ **Downtown Service District Adjustments** (\$450,000 for signage/wayfinding, public amenities/infrastructure & programming)

The City currently collects fees from property owners located in the Downtown Services District (DSD) based on occupied square footage. The DSD fees are passed through to Downtown Eugene, Inc. under a contract to provide special services within the district such as public safety (Downtown Guides) and maintenance (graffiti removal). The DSD currently collects approximately \$250,000 annually, and that amount could be increased in order to fund additional downtown amenities and programming.

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ Existing program that can be adjusted by council ordinance ○ Property owners share in the costs | <ul style="list-style-type: none"> ○ Adds costs that would likely be passed on to tenants as higher rent ○ Adds to the negative perceptions about the cost of doing business downtown ○ May get resistance from property owners ○ To raise an additional \$450,000, the rate would go up by 180% |

➤ **City’s Urban Renewal Agency** (\$1.35 million for all actions except programming)

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ Funds come from a source intended for such use ○ No increase in taxes | <ul style="list-style-type: none"> ○ Requires urban renewal plan amendment, multiple month process ○ Continuation of current redistribution of taxes among overlapping taxing districts to the Downtown Urban Renewal District |

➤ **Payment from the City's General Fund** (\$1.4 million for all actions)

| PROS | CONS |
|--|--|
| <ul style="list-style-type: none"> ○ No increase in taxes | <ul style="list-style-type: none"> ○ General Fund is not structurally balanced, and there are not sufficient funds available to pay for a new program ○ Requires taking money away from something else |

GENERAL BACKGROUND

Currently, downtown Eugene is home to a wide array of entertainment options including: theater, dance, concerts, art galleries, and restaurants. Most of these are located along Willamette and Broadway or take place in the Park Blocks. Lord Leebrick Theatre Company's property purchase along West Broadway and the success of The Shedd Institute at the eastern end of Broadway provide significant cultural bookends for this key downtown street. Organizations such as DIVA, local galleries and restaurants provide destinations and desired activity in between. Similarly, the Hult Center and the McDonald Theatre and the galleries in between on Willamette provide downtown destinations for residents and visitors in our community.

The initiation and support of an Arts and Entertainment District along Broadway and Willamette, and support for the Park Blocks activities would tap the potential of these events and venues to characterize downtown as a rich arts and culture city center. An Arts and Entertainment District in downtown would encompass Broadway, from Charnelton to High Street, and Willamette from 7th to 11th avenues. Creating an Arts and Entertainment District requires a concerted, collaborative effort to support and sustain the programs, events, and accessory uses.



In conjunction with the Arts and Entertainment district, improvements to the Park Blocks and expansion of available space will support a cornerstone of downtown activity and one of the most significant public event venues in the city. The Park Blocks are the historic center and most identifiable public space in downtown.

SPECIFIC CITY ACTIONS

Signage & Wayfinding: The Arts and Entertainment District needs a distinct, identifiable character to serve as a local destination, coordinate marketing efforts, and draw visitors to downtown. Overall concept design and installation at key locations would cost approximately \$150,000. Signage for individual businesses could be coordinated with the wayfinding system.

Public Art: The installation of additional public art downtown would allow a creative identity and image to define the District and reinforce Eugene's distinctive community character. Selection of the pieces would be determined by the City's Public Art Committee and coordinated with the Public Arts Master Plan. Primary locations for the pieces would be along Willamette and Broadway and in the Park Blocks. The identified amount of \$300,000 would purchase and install an estimated five works of public art.

Public Amenities & Infrastructure: Improvements to sidewalk and plaza comfort are envisioned to provide an inviting and safe downtown environment. The identified amount of \$250,000 would concentrate on careful additions or upgrades to lighting, landscaping, signage, benches, and paving. Expenditures for improvements to Broadway Plaza could include temporary installations from May to September to support "summer in downtown" attractions, enliven the space, and compliment other efforts in the downtown core.

Park Blocks Improvements: Improvements to the Park Blocks reinforce the continued use of a signature downtown destination. An investment in improvements to the Park Blocks the amount of \$300,000 would

include a covered stage and lighting to provide a year-round location for downtown venues and attractions. In conjunction with the identified amount for public art, a child-friendly sculpture or interactive water feature could be installed in the Park Blocks for a family-friendly destination.

Pocket Park: The City would look for partnership opportunities with downtown developments to create a pocket park. Generally, a pocket park could be between 1/8 and 1/2 acre in size and could include basic park amenities such as furniture, possibly small play equipment, art, trees and green space to serve downtown residents and visitors. This could be done, for example, as part of the Lane Community College new Downtown Center project. An estimated cost for a pocket park would be a minimum of \$350,000, not including land cost.

Programming: Programming provides a coordinated and strategic approach to enhance the image of downtown as a safe and welcoming destination, supporting downtown businesses, enlivening public spaces, celebrating the unique assets of downtown, and engaging the community through participation in events. Currently, \$15,000 is budgeted for annual programming. An additional \$50,000 would support programming, marketing, and staging events throughout the year.

HOW

Public art selection and installation would be coordinated through the City’s Public Arts Committee. Creation of a pocket park would need to be coordinated with private parties, as applicable.

WHEN

Projects would be prioritized over an estimated one to five year period, with public art purchases occurring annually.

JOBS/ECONOMIC IMPACTS

| Impact | Description |
|---------------------------|--|
| Permanent Jobs | Jobs created within the arts and entertainment sector itself as well as hotel, restaurant, and retail jobs supported by visitors to events and performances. |
| Indirect Economic Impacts | Jobs created by new businesses and professionals attracted to the downtown because of a large offering of art and culture activities. |

The arts and culture sector is a growth industry that supports jobs, generates government revenue, and is the cornerstone of tourism.¹ An art district in the downtown will contribute to a positive public image; business, community, and cultural diversity; and the tax revenue base.

According to a study by the US Department of Agriculture, the national average of annual sales at farmers’ markets across the country is \$312,000. This national average is thought to be low, and Eugene’s markets are actually considered larger than the average farmers’ market.² Money spent at a farmers’ market supports small and medium sized growers in the region who oftentimes are not able to market their produce to larger venues. In many cases, a farmers’ market provides supplemental income or is the small or medium-sized farmer’s sole source of income.

¹ Americans for the Arts, Economic Impacts

http://www.artsusa.org/information_services/research/services/economic_impact/default.asp

² This statement is based on information from Larry Lev, a professor in Oregon State University’s Department of Agricultural and Resource Economics.

Permanent Jobs: Currently in Eugene, 617 arts and culture related businesses provide 2,891 jobs.³ The majority of these jobs and businesses are clustered in downtown. However, arts and entertainment related businesses do more than provide permanent jobs within that industry. The events and performances sponsored by the arts and culture sector attract visitors to the downtown whose purchases cause rippling economic effects in other sectors. Downtown restaurants, hotels, parking garages, and retail stores all experience positive economic benefits from visitors to arts and culture related events. In turn, downtown businesses are able to retain their employees and to expand their businesses.

Indirect Economic Impacts: A vibrant arts and entertainment community is good for local businesses. By improving the quality and livability of downtown with the addition of a designated Arts and Entertainment District, downtown will become more attractive to companies considering relocation. In this way, supporting the District may attract additional sources of revenue and contribute to the overall economic vitality of the area.

RELATED POLICIES/GOALS

The Arts and Entertainment District concept is supported by public involvement efforts and policy documents including the Downtown Plan, the Cultural Policy Review, and the West Broadway Advisory Committee Recommendations. The Great Streets concept, the backbone of the Arts and Entertainment District along Broadway and Willamette, is an element of the Downtown Plan, adopted in 2004. Adopted policies support connecting special places downtown and reinforcing the creative, distinct culture of downtown as the cultural center for the city and the region.

³ This statement is based on a presentation by Randy Cohen of Americans for the Arts. (11/6/09, Hult Center for the Performing Arts)

Farmers' Market Expansion – Update

As part of the current downtown goals, strategies, and projects, staff has considered the possibility of the City acquiring all or a portion of the Butterfly Parking Lot from Lane County to support the Farmers' Market space needs (see map below). The purchase and demolition of the Butterfly Parking Lot to accommodate an expanded Farmers' Market was previously included as part of the Arts & Entertainment District project, with an estimated cost of \$4.1 million. At the December 14, 2009 work session, Councilors expressed an interest in exploring a property swap or identifying alternative expansion locations. City staff has continued to work with the Farmers' Market to identify solutions. Staff has also begun conversations with the County to discuss a potential property swap. These conversations will continue after the New Year. Additional background information and a brief description of possible options are provided below.

The Farmers' Market is a cherished attraction in Eugene's downtown, bringing visitors and residents to the center of the city for healthy, local food options. Supporting the Farmers' Market downtown, in addition to the Saturday Market, is a key goal and policy for downtown. Both markets thrive on the success of the other; both are critical components of Eugene's identity and downtown activity. Currently, on days when both markets are present, the Saturday Market occupies the two main Park Blocks, while the Farmers' Market occupies the small space in front of the Lane County-owned Butterfly Parking lot (entrance on 8th Avenue). In addition, the Farmers' Market sets up booths along Park Street, on the west side of the Butterfly Parking lot.

*Farmers' Market
Location on Saturdays*



The Farmers' Market has identified limited space as an impediment to increasing the success and size of the market. In addition, the configuration of the space in front of the Butterfly Parking lot presents a logistical challenge to creating a double-sided corridor through the farmers' booths, which would allow patrons to walk by two sets of booths, rather than the front of one and the back of another.

The City attempted to address this issue with improvements to the planting areas and paved areas, but the issue of limited space remains. City staff also considered a concept to allow booths on the top level of the Butterfly Parking Lot, or even to construct stairs up to that level. However, the slope of the parking surface on the upper level is too steep for access by mobility impaired individuals.

In addition, the farmers face obstacles along Park Street. The booths in that area conflicts with entries and parking for businesses that front on Park Street. The City has worked to address these

issues, with parking controls and mediating business owners' complaints, but the reality of the limited space continues to be an issue.

The Farmers' Market has considered expanding into the Wayne Morse Free Speech Plaza, in front of the County's Public Service Building. This plaza is currently used by local drummers; the noise, related activities and available space are not compatible with the expansion of Farmers' booths into this area. The Farmers' Market has also looked into the use of the City-owned lot directly across the street from City Hall, currently a surface parking lot. While the space is compatible with an expanded Farmers' Market, the location would not provide the synchronicity and synergy that the proximity with the Saturday Market creates.

Historically, the Park blocks included all four corners of the 8th and Oak intersection. Many public involvement efforts as well as concept designs have included an expanded public open space design that includes all or part of the Butterfly Parking lot, to recreate that historic public realm, and allow adequate space for the Farmers' Market.



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MEMORANDUM

Date: January 4, 2010

To: Mayor Piercy and City Council

From: Glenn Klein, City Attorney, 541-682-8447
Sue Cutsogeorge, Finance Director, 541-682-5589

Subject: Urban Renewal Questions

This memo addresses three questions related to urban renewal. First, what is the status of the downtown urban renewal district? Second, what happens to the district if the Council and Urban Renewal Agency Board (URA) take no action to amend the plan? Third, what changes did the Legislature make in 2009 to the urban renewal statutes that affect the downtown urban renewal plan?

The downtown urban renewal plan was amended in 1998 (as part of Measure 50's implementation). At that time, the Council established a maximum indebtedness (a cumulative spending limit) amount of \$33 million for the downtown urban renewal district (primarily to pay much of the cost of the new library). In addition, the Council chose a city-wide special levy, together with the more traditional tax increment financing, as the method for collecting ad valorem property taxes sufficient to pay the debt obligations of the urban renewal agency.

As of FY2008/2009, the city-wide special levy was discontinued, leaving only the more traditional tax increment financing. The tax increment funds flowing to the agency in FY10 will be sufficient to provide funds for the last library bond payment, as well as place in the bank sufficient funds to cover the amount of tax increment dollars that the URA is authorized to spend under its existing spending limit. In December of 2009, the final payment for the library bonds was made. After that final payment, the URA is able to spend approximately \$500,000 in tax increment funds on projects included with the downtown urban renewal plan, as well as pay for administrative costs of the district through FY2010/2011.

The maximum indebtedness figure limits the amount of tax increment dollars that can be spent over the life of the district, but not the amount of other funds – for example, proceeds from the sale of property owned by the URA. The URA also has available to it an additional \$1.8 million of non-tax increment funds in the Downtown Revitalization Loan Program.

Unless the Council adopts an ordinance amending the urban renewal plan before the end of this fiscal year (June 30, 2010), tax increment financing for the downtown district will cease. The 2009 Legislature passed HB 3056 related to urban renewal. That legislation took effect on January 1, 2010. One of the changes resulting from HB 3056 now requires that an urban renewal

agency notify the county assessor when the agency has sufficient tax increment funds to fully pay the principal and interest on the maximum indebtedness. The county assessor then will notify the country treasurer, who will discontinue distributing tax increment funds to the URA for the downtown district. At that point, the only revenue coming to the URA for the downtown district will be from such actions as repayment of loans the URA made and the proceeds from the sale of property owned by the URA. Council could choose to terminate the downtown urban renewal district and plan at that point, or could continue it, using only non-tax increment dollars to fund the district's activities.

In addition to the 2009 legislative change noted above, there is another 2009 legislative change that directly affects Eugene and the current discussion about whether to increase the maximum indebtedness amount. HB 3056 provides that increases in maximum indebtedness generally may not exceed an aggregate of 20% of the original spending limit of the plan, including an indexing from July 1, 1998 to July 1, 2009. The index that may be used is the inflation rate included in the initial spending limit calculations. Under the provisions of this new statute, the \$33 million original spending limit would increase to \$56.4 million, using the original 5% inflation rate from July 1, 1998 to July 1, 2009, and the greatest spending limit figure allowed (without overlapping taxing district concurrence), including a 20% increase from that amount, would be \$67.7 million.



Planning & Development Department

News Release

FOR IMMEDIATE RELEASE

December 31, 2009

Contact: Laura Hammond, Community Outreach Coordinator, 541-682-6021

City Seeks Feedback on Downtown Revitalization Projects

Two open houses will be held next week to share information and gather feedback on eight potential downtown revitalization projects that aim to boost the local economy and foster a vibrant downtown. The events will be held:

Wednesday, January 6th

Noon to 2:00 pm

5th Street Market

296 East Fifth Street (next to Gervais Salon & Day Spa)

Thursday, January 7th

6:00 pm to 8:00 pm

Downtown Initiative for the Visual Arts (DIVA)

110 West Broadway

The open houses will include a “virtual” walking tour of potential project sites and information stations where participants can learn more about the project details, job creation, costs, and timing and provide comments. The eight projects include:

- Lane Community College’s New Downtown Center
- Veterans Affairs Clinic
- Downtown Safety Improvements
- Business Assistance & Housing
- Arts & Entertainment District
- Beam Development’s Centre Court building rehabilitation
- Green Infrastructure
- Downtown Parking Improvements

“We know that no single project will solve the challenges downtown all at once,” said Amanda Nobel Flannery, City project manager, “But together, these projects could work to generate jobs and create an active downtown center that feels safe and welcoming for everyone. We are looking forward to hearing what people think.”

In addition to the open houses, the www.vibranteugene.org website has project descriptions and opportunities to provide feedback through online surveys and an online community discussion board. The City Council is scheduled to discuss downtown revitalization projects on January 13 at noon.

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