

# EUGENE URBAN RENEWAL AGENCY

## AGENDA ITEM SUMMARY



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### Work Session: Lane Community College Downtown Project

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Meeting Date: March 10, 2010  
Department: Planning & Development  
*www.eugene-or.gov*

Agenda Item Number: B  
Staff Contact: Denny Braud  
Contact Telephone Number: 541-682-5536

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### ISSUE STATEMENT

Lane Community College (LCC) has been selected to redevelop the 10<sup>th</sup> and Charnelton property (see Attachment A map) for its new downtown campus project. The Urban Renewal Agency (URA) Board provided direction to enter into an exclusive negotiation with LCC, negotiate a purchase and sale agreement, and return to the URA Board for final approval of the terms. The URA Board is being asked to review and approve the terms.

### BACKGROUND

At the January 25, 2010 URA work session, the following motion passed:

Move to select LCC to redevelop the 10<sup>th</sup> and Charnelton property as the location for its new downtown education facility. Direct the Agency Director to enter into an exclusive negotiation agreement with LCC for a period of six months, negotiate proposed terms for a purchase and sale agreement for review and approval by the URA Board.

LCC is currently conducting a feasibility analysis addressing site conditions, code requirements, potential tenants, housing feasibility, conceptual design, and a preliminary cost estimate. The feasibility report is the first phase of the project and is expected to be completed in early March. The project concept being analyzed in the feasibility phase includes a new 80,000 square foot education building and adjoining 80,000 square feet of student housing which would accommodate approximately 200 students.

LCC has had preliminary discussions with their Board of Education regarding the needs associated with acquisition of the 10<sup>th</sup> & Charnelton property. The URA's negotiations with LCC have centered on assistance provided by the URA to help remove specific project barriers including 1) site control, 2) timing of the disposition of the existing Willamette Street property (see Attachment B map), and 3) maximizing funds available for project financing.

Because there are significant costs and commitments associated with the second phase of the project work, LCC will need to secure site control before moving into phase two. Site control will also be important for LCC to access potential financial resources that are targeted for "shovel ready" projects. Site control will occur when the URA enters into an agreement with LCC regarding the site. LCC is seeking to enter into an agreement by April 2010.

The timing of the disposition of LCC's existing Willamette Street property also has implications that impact the amount of project financing available for the new downtown campus project. LCC may need to capture the value of their existing Willamette Street property up front so that it can be contributed to the overall construction financing for the new project. LCC selling its property after it has been vacated does not provide an upfront source of funding for construction and creates uncertainty regarding the timing and amount of sale proceeds that can be generated in the future. Additionally, LCC has expressed concern regarding the Willamette Street property remaining vacant for a long period after they move out and believe that the URA would be more successful facilitating the reuse or redevelopment of the property.

The outline of terms proposed for the purchase and sale agreement between the URA and LCC are included in Attachment C. The basis for the proposed agreement includes selling the 10<sup>th</sup> & Charnelton Street property to LCC at no cost. (The most recent appraisal of the 10<sup>th</sup> & Charnelton site indicated a value of \$1.6 million)

The URA would also commit to purchasing LCC's Willamette Street property for the appraised value of \$1.2 million, but only if the City Council amends the downtown urban renewal plan to increase the maximum indebtedness limit, and includes LCC as a project in that amendment. The agreement would require the \$1.2 million to be used in the new downtown campus project. The \$1.2 million cost of purchasing the LCC property will be deducted from the amount of URA financial assistance called for if the urban renewal plan is amended (i.e., if the plan amendment includes \$8 million of assistance, then the URA's actual financial contribution would be reduced to \$6.8 million). The agreement would not include or imply a commitment of additional financial assistance beyond the property transactions.

The agreement would allow LCC to occupy the Willamette Street building until the new project is complete. If LCC's project does not move forward in a timely manner (generally based on the projected project timeline forecasted in LCC's pending feasibility report), the URA would have the right to repurchase the 10<sup>th</sup> & Charnelton property at no cost. In this scenario, the URA's commitment to purchase the Willamette Street property would be removed. The agreement would also allow either party to void the agreement if an environmental investigation of the property is not satisfactory.

## **RELATED CITY POLICIES**

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.

## **URA BOARD OPTIONS**

1. Authorize the Agency Director to enter into a purchase and sale agreement with LCC consistent with the terms and conditions included in Attachment C.

2. Amend the terms and conditions included in Attachment C, and authorize the Agency Director to enter into a purchase and sale agreement with LCC consistent with the amended terms and conditions.
3. Take no action at this time.

#### **AGENCY DIRECTOR'S RECOMMENDATION**

The Agency Director recommends that the URA Board authorize the Agency Director to enter into a purchase and sale agreement with LCC consistent with the terms and conditions included in Attachment C.

#### **SUGGESTED MOTION**

Move to authorize the Agency Director to enter into an agreement with LCC to 1) sell the 10<sup>th</sup> & Charnelton property to LCC at no cost (or \$1.00) consistent with the terms and conditions included in Attachment C, and 2) if the City Council amends the downtown urban renewal plan to increase the maximum indebtedness limit, and includes LCC as a project in that amendment, then the URA will agree to purchase LCC's Willamette Street property for \$1,200,000 consistent with the terms and conditions included in Attachment C.

#### **ATTACHMENTS**

- A. Map of 10<sup>th</sup> & Charnelton Site
- B. Map of LCC Willamette Street Property
- C. Terms for the Transfer of Property

#### **FOR MORE INFORMATION**

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ATTACHMENT A

10<sup>th</sup> & Charnelton Property Map



City of Eugene  
Planning and Development Department  
Community Development Division  
January 15, 2010

Total Approximate Taxlot Acres: 1.2  
Aerial Photography: 2008

Caution: This map is based on imprecise source data, subject to change and for general reference only.