

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Ridgeline Acquisition Proposal from Arlie and Company

Meeting Date: November 8, 2010
Department: Public Works
www.eugene-or.gov

Agenda Item Number: C
Staff Contact: Neil Björklund
Contact Telephone Number: 541-682-4909

ISSUE STATEMENT

This item is to discuss a proposal from Arlie and Company to sell additional land to the City for a new park south of Lane Community College and to name the park after Suzanne R. Arlie.

BACKGROUND

In May 2008, the City purchased 200 acres from Arlie and Company to extend the Ridgeline Park system east from Mt. Baldy toward Lane Community College. This purchase was primarily funded via the 2006 Parks, Recreation and Open Space (PROS) Bond, with a portion funded via Parks Systems Development Charge (SDC) funds. A sale agreement signed on May 20, 2008, included provisions that: (1) the City shall complete a master plan for the property on or before July 1, 2010, (2) within 60 days of the City's completion of a master plan for the area, Arlie and Company would donate \$600,000 to the City or to a mutually agreed-upon 501(c)(3) tax-exempt entity, and (3) the funds could be used for any park-related purpose, with expenditures not related to the subject property being subject to approval by Arlie and Company. The City's master plan for the site was completed on schedule and was adopted by Administrative Order on June 25, 2010. The 60-day period for Arlie to make its donation has passed, and Arlie was unable to make that donation due to the company entering Chapter 11 bankruptcy proceedings.

Arlie and Company contacted the Parks and Open Space Division in April 2010 indicating an interest in selling additional land to the city adjacent to the land acquired in 2008. At a June 14, 2010, City Council work session, the City Manager was asked to bring back information relating to the proposed acquisition and options for funding the acquisition

On June 28, 2010, the Parks and Open Space Division signed a non-binding letter of intent with Arlie and Company indicating interest in acquiring additional land south of Lane Community College, contiguous with the land acquired from Arlie in 2008. The letter of intent was needed prior to July 31, 2010, in order to maintain the possibility of a sale and donation by ensuring the proposal would be considered as part of the Chapter 11 reorganization process. On October 8, 2010, Arlie staff informed Parks and Open Space staff that the bankruptcy court had approved the sale of land as described in the letter of intent.

ANALYSIS

General

The Park, Recreation and Open Space Project and Priority Plan (hereafter “Project and Priority Plan”) is the City’s adopted policy document that guides future park and open space acquisition and development. The Project and Priority Plan was developed through an extensive public process over four years, and covers a planning horizon of twenty years, from 2006 through 2025. Each project is assigned a priority level of 1 through 5, with Priority 1 projects being highest priority, and generally being completed first.

The creation of a community or metropolitan park east of Mt. Baldy is not among the park projects contained in the Project and Priority Plan. The acquisition of additional natural area acreage in the corridor east of Mt. Baldy could be considered consistent with a Priority 3 project in the Project and Priority Plan that says: “acquire natural areas to connect Ridgeline system east to Pischah and Willamette River system.” On the other hand, that project could be considered to have been completed with the 2008 acquisition of 200 acres from Arlie and Company. Since the Project and Priority Plan does not address the creation of a new community or metropolitan park in this area, the decision and policy direction to implement this project must come directly from the council.

Potential Funding Sources

The letter of intent referred to above sets out a proposed sale price of \$1,944,000 for the 315 acres described therein. To fund a purchase of this size, capital funding sources, such as general obligation bond funds, Park Systems Development Charge (SDC) funds, stream corridor acquisition funds, where appropriate, or general capital funds, are the most likely sources of funding for acquisition of park lands.

Arlie and Company has made it a requirement to close the acquisition by the end of December 2010, which precludes seeking funding from potential sources not currently in-hand (e.g., state or federal grant programs).

FY11 projected revenue for Parks SDC and Parks General Capital Funds *combined* is \$562,000. Clearly, these funds will be insufficient to fund this purchase, and spending the funds on this proposal would delay other high priority, planned projects.

The remaining option is to re-allocate funds from the 2006 Parks, Recreation and Open Space bond measure. Approximately \$10.2 million of the remaining 2006 Bond Measure funding is uncommitted. The specific projects listed on the ballot included “purchasing land for neighborhood and community parks in the Bethel, River Road/Santa Clara, South Eugene, Willakenzie and Willow Creek areas.” These five areas are park planning sub-areas associated with the adopted Project and Priority Plan, and the site of the Arlie acquisition proposal is mostly within the South Eugene sub-area.

The informational brochure disseminated to households throughout Eugene by the City about the bond measure provided additional information about the bond measure, including five focus areas (see table below) and what would be accomplished within each category. For the acquisition of neighborhood and community parks, the brochure listed:

- “13 new neighborhood park sites across Eugene. Parks site acquisitions would be targeted for the following neighborhoods: Bethel, River Road/Santa Clara, South Eugene, Willakenzie and Willow Creek.
- A new community park in Santa Clara. Existing funds would be supplemented to acquire a 35-40 acre site to provide active and passive recreation opportunities.

- Expansion of existing community parks including Skinner Butte Park to preserve access to the Shelton-McMurphy-Johnson House, Amazon Park to address space limitations, and Golden Gardens Park to improve safety and recreation opportunities.”

Staff has conferred with the City’s bond counsel, and confirmed that from a legal standpoint, the council has the authority to direct that \$1.944 million in bond funds to purchase land for a park and open space site that was not specifically described in the ballot measure language or in the City’s informational brochure about the bond measure. The legal limitation is that the City cannot use a “bait and switch” tactic by getting voters to approve the bond measure with a promise of one or more projects that it did not intend to finance with bond proceeds. Beyond this legal issue, there may also be policy or political issues associated with changing the plan for how bond proceeds are to be spent.

The following table shows the amount originally allocated to each focus area, as well as the current status and the funds remaining for each.

Bond Focus Area	Original Allocation	Status	Uncommitted Funds Remaining
Acquire land for neighborhood and community parks	\$10,500,000	<ul style="list-style-type: none"> ▪ 20 acres acquired for Santa Clara Community park (20 more acres needed). ▪ In-holding at Amazon Park acquired. ▪ Negotiation to acquire land adjacent to SMJ House stalled after exhaustive efforts. ▪ One new neighborhood park acquired, and access to one future neighborhood park has improved to date. Suitable park sites with willing sellers have been extremely difficult to find within the target areas that currently lack access to neighborhood parks. 	\$9,348,000 ¹
Expand and develop Golden Gardens Park	\$2,000,000	Completed.	\$0
Acquire land for natural area parks	\$7,750,000	<ul style="list-style-type: none"> ▪ More than 370 acres of ridgeline natural areas acquired (Bond target was 60-100 acres). ▪ Willamette River frontage yet to be acquired (30-45 acres) ▪ Gillespie Butte access improvement discussions continue with property owners (1.7 acres). 	\$1,695,000
Synthetic surface athletic fields	\$5,000,000	Four new synthetic fields completed. Replacement of two existing synthetic fields remains.	\$412,000

West Eugene Wetland Education Center	\$1,750,000	On hold pending private fund raising to match City contribution.	\$0
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¹Typically, per acre costs for acquiring land for neighborhood and community parks in developed residential areas is several times higher than those for acquiring natural areas outside the city and/or UGB.

Future Park Uses

The land acquired from Arlie and Company in 2008 is part of the Ridgeline Park system, whose primary function is to provide passive recreational uses such as hiking, wildlife watching, and, in some areas, mountain bike riding. The Master Plan for the 2008 acquisition area was completed in June 2010, and calls for most of the area to be dedicated to passive recreation, with a system of trails. A portion of the area is designated as a site for a potential future, naturalistic disc golf course.

The Parks, Recreation and Open Space Comprehensive Plan (PROS Plan) was adopted by City Council in 2006. Although the PROS Plan is not in effect as adopted land use policy due to a state remand, it provides a framework for distinguishing the different types of parks and their intended purposes and uses. Community Parks are intended to draw users from a two-mile radius, and to include facilities such as:

- Neighborhood park components, including children’s play areas, and basketball courts
- Reservable picnic areas
- Performance and gathering spaces
- Restrooms
- Soccer and softball/baseball fields
- Paved pathways and trails
- Natural areas
- Off-street parking, transit access and bike parking.

A second park type of a similar, regional nature described in the PROS Plan is the Metropolitan Park, which is intended to “preserve unique cultural and natural areas or to provide features, facilities and events that attract users from the entire Eugene-Springfield metropolitan area.”

Given the location of the proposed acquisition area, its relationship to existing Ridgeline Park land, the landforms and habitat types that exist on the site (wetlands, prairie, oak savanna, mixed forest, riparian corridors, as well as disturbed areas), the site’s location outside the Urban Growth Boundary, and the character of surrounding properties, this site appears very suitable for a Metropolitan Park, whose purpose would be to protect a unique community resource, while also providing a unique opportunity to serve currently unmet needs for active trail uses including mountain bike trails, mountain biking skills facilities, as well as disc golf and a variety of passive recreational uses.

Mountain bike trail riding and disc golf are two recreational needs that are growing rapidly in the community and are significantly underserved by the current parks and open space system. This site provides unique opportunities to significantly enhance provision of services to these local recreational communities, while minimizing conflicts with or impacts to other, existing park uses and activities.

Given the types of uses that would be most compatible with this site, and with the uses designated for the existing City-owned land, this site would most likely be considered a Metropolitan Park.

Cost of Ongoing Maintenance

Ongoing maintenance costs for this site would vary, depending upon how the site is developed. Annual maintenance costs would be lower while the site is land-banked site for future development; however, costs would rise after new features and amenities are developed. At a City Council work session on

October 11, 2010, Parks and Open Space Division staff presented information on annual operations and maintenance costs (O & M costs) and needs. As part of that presentation, the council was informed that, at present, the City is spending \$111 per acre in maintaining natural area sites in the ridgeline system, which is insufficient to keep these areas from declining in quality. To sustain these sites over time, the City would need \$325 per acre annually to keep these sites from declining. In the table below, these two figures are shown as applied to the proposed 315 acre acquisition area.

Short-term Status of Site	Annual O&M Cost per Acre	Acres	Total Annual O&M Cost
1. In the near term, site is land-banked and maintained at the current level	\$111	315	\$34,965
2. In the near term, site is land-banked and maintained at a sustainable level	\$325	315	\$102,375

The highest ongoing maintenance costs would be associated with development of a fully developed community park, with typical community park features as described above. In order to calculate the ongoing O & M costs for the new park, the number, size and type of features within the developed park would need to be known. Since those details are unknown at this point, staff can only provide examples to illustrate the range of costs implied by different development options.

Long-term Status of Site	Estimated Total Annual O&M Cost
Example #1: In the long run, site is rehabilitated and developed only with 2.5 miles of trails	\$127,000/year
Example #2: In the long run, site is rehabilitated and developed as a Metropolitan Park with a system of 5 miles of trails, a 3-acre mountain bike skills facility and a 18-acre disc golf course	\$183,000/year
Example #3: In the long run, 40 acres of site are developed as a Community Park with high intensity sports facilities, playground, etc., and the remainder is rehabilitated as natural area with 5 miles of trails, a 3-acre mountain bike skills facility, and an 18-acre disc golf course	\$868,000/year

Cost of Park Development

The total cost of developing a new 515-acre park would vary widely depending upon the specific features included within the park. As with calculating ongoing O & M costs, the number, type and size of all the developed features in the park would need to be known. Using the same three examples used for ongoing O & M costs above, the following table provides examples of potential development costs.

Long-term Status of Site	Estimated Park Development Cost
Example #1: In the long run, site is rehabilitated and developed only with 2.5 miles of trails	\$1,200,000
Example #2: In the long run, site is rehabilitated and developed as a Metropolitan Park with a system of 5 miles of trails, a 3-acre mountain bike skills facility and a 18-acre disc golf course.	\$1,700,000

Example #3: In the long run, 40 acres of site are developed as a Community Park with high intensity sports facilities, playground, etc., and the remainder is rehabilitated as natural area with 5 miles of trails, a 3-acre mountain bike skills facility, and an 18-acre disc golf course	\$6,400,000
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Trade-Offs

Assuming that the most viable funding source is reallocating funds from the 2006 PROS Bond, the primary trade-off in considering this proposed acquisition would be that it would reduce funding for other capital projects previously identified in the bond package. Given the level of difficulty staff has encountered in attempting to find suitable land with willing sellers within each of the 13 areas targeted for new neighborhood parks, it is possible that staff will ultimately be unable to expend all of the funds identified for those neighborhood parks.

Another consideration is the comparison of the ongoing annual operations and maintenance costs of the proposed new neighborhood parks compared to the operations and maintenance costs of the proposed new Suzanne R. Arlie Park. This comparison cannot be made until it is clear what type of park would be created, what types of facilities would be developed, and how many neighborhood parks of what size would not be constructed.

Park Naming

On September 27, 2010, a new naming policy was adopted by the council for facilities owned by the City, including parks. Under this new policy, authority for legal naming of entire City-owned parks rests with the City Council:

“The establishment of formal legal names of permanent real property owned by the City of Eugene, including parks, requires legislative action and cannot be accomplished through administrative action. Only the Eugene City Council retains the authority to carry out legislative action to establish legal names. Features or distinct areas within parks, however, such as picnic structures or gardens, can be named through administrative action.”

Arlie and Company has indicated that naming the park after Suzanne R. Arlie is a requirement of the transaction. In Section 5, Appendix A, the council’s new naming policy states that if the appraised value of the total area is \$500,000 or greater and the donated portion is at least 51% of the total area, the park can be named after the donor or their designee. The area that Arlie has proposed to be named after Suzanne Arlie includes the 200 acres acquired in 2008, plus the approximately 315 acres in the present proposal.

Acquisition	Appraised Value	Donation Amount	Acres Acquired	Equivalent Donated Acres ²	Percent Area Donated
2008 acquisition	\$3,000,000	\$0	200	0	0%
2010 proposed acquisition	\$3,434,000 ¹	\$1,489,800 (discount) \$ 600,000 (cash donation)	315	209	65%
Total	\$6,434,000	\$2,089,800	515	209	41%

¹This appraisal was completed in 2008, and Arlie has indicated it does not have an updated appraisal available at this time.

²This was calculated by dividing the total donation amount by the appraised value per acre for land south of the existing ridgeline park. If a portion of the total donation amount was applied to the land north of the existing park, the percentage would be lower.

In the May 2008 sale agreement, Arlie proposed a trail connection easement running north to Lane Community College, which would comprise about six acres. If this easement area was treated as a 100-percent donation and included in the calculation above, the revised total of 215 donated acres out of 521 total acres would constitute just over 41% of the total proposed park area.

Since the donated acreage within the area proposed to be named does not comprise more than 51% of the total area, this proposal would not meet the threshold for naming the park after a donor, as stated in Section 5, Appendix A, of the council's naming policy. However, the policy does have other provisions that could be applied in this case, including a provision that allows that:

“Park land and features may be named to honor a living person whose gift or service to the community is of a most extraordinary nature.”

As shown in the table above, Arlie and Company is proposing a total donation of more than \$2 million to the City for the creation of this park, which could be viewed as a gift of an extraordinary nature.

Timing and Negotiable Items

Arlie and Company has provided information to the City indicating that, due to the decisions of the bankruptcy court, the acquisition transaction would have to be completed no later than December 31, 2010. With this required timeframe, and the requirement that any changes to the price per acre or any substantial change to the number of acres would have to be approved by the bankruptcy court, there will not be sufficient time further to negotiate either of these items (i.e., the purchase price or significant changes in acreage) and still get court approval. Arlie and Company has indicated (see attached memo dated October 19, 2010) that only a very minor change in the number or location of the acres acquired would be negotiable under the terms approved by the bankruptcy court.

The general provisions of the council's naming policy require that the process for assigning a legal name to a City-owned facility include an opportunity for public comment. The policy does not specify the length of the comment period. If the council were to direct the City Manager to proceed with the acquisition, it would need to either waive the public comment period, or initiate the public comment period such that the comments could be gathered and reviewed by the council, and the final naming decision made with sufficient time for the acquisition to close on or before December 31, 2010.

RELATED CITY POLICIES

As discussed in the section above, the City Council has adopted a naming policy for facilities owned by the City, including parks.

The Parks, Recreation and Open Space Project and Priority Plan, adopted by the council in 2006, does not directly address this proposed acquisition. The most closely-related direction is a Priority 3 Project to “Acquire natural areas to connect Ridgeline system east to Pisgah and Willamette River system.” Although this proposed sale would add land to the south of existing City ridgeline park land, creating a wider connection to the east, it would not extend it any further to the east. There is no existing policy direction that calls for establishment of a community or metropolitan park in the subject area.

COUNCIL OPTIONS

The City Council is requested to provide direction to staff regarding how to respond to the Arlie proposal. Options include:

- A. Purchase the approximately 315 acres as shown on Attachment A and as detailed in the letter of intent included as Attachment B, contingent upon inclusion of the \$600,000 donation previously agreed to, (2) use proceeds from the 2006 Parks, Athletic Fields and Preservation of Open Space bond measure to purchase the property; and (3) initiate the public comment period on the proposal to name the park after Suzanne R. Arlie such that there is sufficient time for a final naming decision to allow the acquisition to close on or before December 31, 2010.
- B. Purchase the approximately 315 acres as shown on Attachment A and as detailed in the letter of intent included as Attachment B, contingent upon inclusion of the \$600,000 donation previously agreed to, (2) use proceeds from the 2006 Parks, Athletic Fields and Preservation of Open Space bond measure to purchase the property; and (3) waive the public comment period for the naming process and name the park after Suzanne R. Arlie.
- C. Not pursue purchase of the property as shown in Attachment A.
- D. Other, as directed by the council.

For either option A or B, funding of ongoing maintenance will be considered as part of the continued overall Parks and Recreation O & M funding discussion.

CITY MANAGER'S RECOMMENDATION

If the council chooses to pursue purchase of the property, the City Manager recommends Option A.

SUGGESTED MOTION

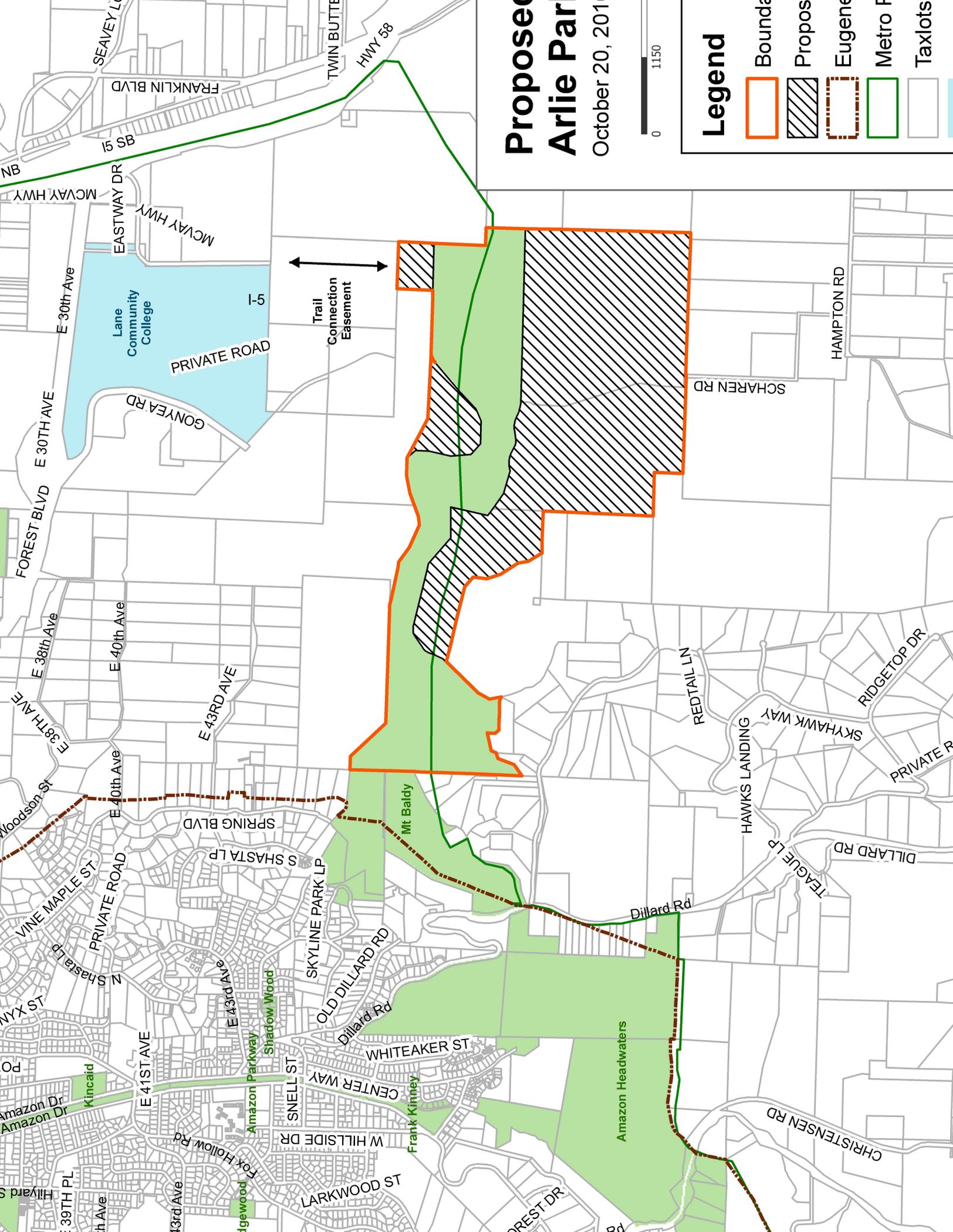
None.

ATTACHMENTS

- A. Map of proposed sale area
- B. June 28, 2010, Letter of Intent from Eugene Parks and Open Space Division to Arlie and Company
- C. Memo from Arlie and Company dated October 19, 2010
- D. Eugene City Council Naming Policy
- E. Application for Naming Facility

FOR MORE INFORMATION

Staff Contact: Neil Björklund, Parks and Open Space Planning Manager
Telephone: 682-4909
Staff E-Mail: neil.h.bjorklund@ci.eugene.or.us



Proposed Arlie Park

October 20, 2011



Legend

- Boundaries
- Proposed
- Eugene F
- Metro F
- Taxlots

SEAVEY LN
FRANKLIN BLVD
TWIN BUTTE
HWY 58

NB
MCVAY HWY
EASTWAY DR
E 30th Ave
Lane Community College
PRIVATE ROAD

FOREST BLVD
E 30TH AVE
GONVEA RD
E 38th Ave
E 40th Ave
E 43RD AVE

Woodson St
VINE MAPLE ST
PRIVATE ROAD
SPRING BLVD
S SHASTA LP
SKYLINE PARK LP
Mt Baldy

Amazon Parkway
Shadow Wood
SNELL ST
Dillard Rd
OLD DILLARD RD
WHITEAKER ST
CENTER WAY
Frank Kinney

Amazon Dr
Kincaid
E 41ST AVE
Fox Hollow Rd
LARKWOOD ST
DREST DR

Trail Connection Easement

SCHAREN RD
HAMPTON RD

REDTAIL LN
HAWKS LANDING
SKYHAWK WAY
RIDGETOP DR
PRIVATE R
DILLARD RD
TEAGUE LP

CHRISTENSEN RD



**EUGENE
Parks and
Open Space**

Keeping Eugene Green

A DIVISION OF PUBLIC WORKS

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PARKS AND OPEN SPACE PLANNING

PARK OPERATIONS

URBAN FORESTRY

NATURAL RESOURCES



June 28, 2010

LETTER OF INTENT



Arlie & Company
2911 Tennyson Avenue, Suite 400
Eugene, OR 97408

Dear Ms. Arlie,

The purpose of this letter is to express the interest of the City of Eugene ("Eugene") in negotiating with Arlie & Company ("Arlie") for the purchase of real property in the general vicinity of the property depicted on the attached Exhibits A and B. Although the specifics of an actual sale/purchase still need to be agreed upon, the types of terms and conditions are expected to include, but not be limited to, the following:

1. **Sale.** Arlie would sell to Eugene real property in the general vicinity of the property described on the attached Exhibits A and B.
2. **Consideration.** The consideration for the purchase of the property would be as follows: for the property lying south of the Ridgeline Trail, the price would be \$5,000 per acre (approximately 286.60 acres) and for the property lying north of the Ridgeline Trail, the price would be \$18,000 per acre (approximately 28.40 acres), for an approximate total purchase price of approximately \$1.944 million. The property to be conveyed would need to be certified by an Oregon licensed surveyor to verify the exact acreage once actual property lines are finalized. The final sales price would be reduced by a \$600,000 credit in payment of the obligation of Arlie as set forth in the purchase and sale agreement between the parties dated May 20, 2008, covering the sale of adjoining property.
3. **Closing.** The parties anticipate closing no later than 30 days following approval by the Bankruptcy Court and no later than December 31, 2010.
4. **Effect of this Letter.** This letter sets forth the intent of the parties only, is not binding on the parties, and may not be relied on as the basis for any claim whatsoever. The parties understand that no party shall be bound until a formal purchase and sale agreement has been negotiated, delivered, and approved by the City, by the Bankruptcy Court in connection with Arlie's Chapter 11 reorganization proceeding, and by the Board of Directors of Arlie.
5. **Termination of Negotiations.** This letter may be terminated at any time by either party giving written notice to the other.

6. **Easements.** Eugene would grant easements to Arlie for continued use of existing unimproved roads. Eugene would grant an access easement of not less than 28 feet in width for any Arlie parcels landlocked as a result of the proposed sale.

7. **Land Use.** The parties would cooperate in complying with all applicable land use requirements in connection with any lot line adjustment deeds used to accomplish the proposed transfer including reserving minimum lot size requirements for all land retained by Arlie from which property is conveyed.

8. **Naming.** Due to the significant financial donations that would be associated with both this transaction and the prior related agreement dated May 20, 2008, unless the City Council agreed that the property in its entirety would be named the Suzanne Arlie Community Park, Arlie would not move forward with this proposed sale.

Sincerely,



Johnny R. Medlin
Parks and Open Space Director



ACCEPTED AND AGREED TO:

ARLIE & COMPANY

By:  _____

Its: VP _____

Date: 6/28 _____, 2010

COPY



A1 & C
Combined 39.10 Acres

SCHAREN RD

LAGUNA

- Legend**
- Proposed Acquisition
 - Potential Trails
 - Taxlots
 - Metro Plan Boundary
 - Current City Park Land

0 350 700 1350 Feet



EXHIBIT A
June 25, 2010

15 58



EXHIBIT A

June 25, 2010



Legend

-  Proposed Acquisition
-  Potential Trails
-  Taxlots
-  Metro Plan Boundary
-  Current City Park Land

EXHIBIT B
APPROXIMATE ACRES AND CALCULATION OF SALE PRICE

MAP & TAX LOT	ACRES	COST PER ACRE	TOTAL COST	AREA LABEL
South of Trail Corridor				
1803160000200	39.10	5000 \$	195,500.00	A1 & C
1803160000200	8.20	5000 \$	41,000.00	B1
1803220000300	99.70	5000 \$	498,500.00	D
1803220000100	139.60	5000 \$	698,000.00	E
Subtotal South Side	286.60	5000 \$	1,433,000.00	
North of Trail Corridor				
1803150000300	19.70	18000 \$	354,600.00	F1
1803150000300	8.70	18000 \$	156,600.00	G
Subtotal North Side	28.40	18000 \$	511,200.00	
GRAND TOTAL	315.00	\$	1,944,200.00	



**NOTE: The above figures are approximate acreages.
 Prior to closing, final acreages and thus the sale price will be based on legal descriptions prepared by a licensed surveyor.
 The intent is to include about 28 acres on the north side and 287 acres on the south side resulting in a sale price of about \$1,944,200.00.**



MEMORANDUM

October 19, 2010

TO: Johnny Medlin, Parks and Open Space Director
Neil Bjorklund, Parks Planning Manager

FROM: Teresa Bishow, Planning Director

SUBJECT: CITY PURCHASE OF ARLIE & COMPANY LAND FOR PARK AND OPEN SPACE

This memo responds to your request for clarification regarding:

1. What is the relationship between the City's purchase of additional land from Arlie & Company and the \$600,000 donation?
2. What aspects of the Letter of Intent (LOI) dated June 28, 2010 are negotiable and what changes would require approval by the U.S. Bankruptcy Judge?

In 2008, when the City purchased 200 acres from Arlie & Company, we made a pledge to donate \$600,000 within 60 days of the City staff's approval of a master plan for the property. The sale agreement stated the donation could be used for "any park-related purpose, such as land acquisition, natural resource restoration, or ridgeline trail design/construction within Eugene's park system." The determination of what park-related purposes would benefit from the donated funds was within the City's sole discretion, except that any use of funds not directly associated with the 200 acres was subject to Arlie's approval. Based on the significant financial contribution by Arlie, upon receipt of the donation, the City agreed to name the segment of the Ridgeline Trail through the property the "Suzanne Arlie Ridgeline Trail Corridor".

In January 2010, Arlie & Company filed for financial reorganization under Chapter 11 of the U.S. Bankruptcy code. We believe we will emerge from the Chapter 11 process a stronger and more focused organization. When the City completed the master plan for the trail corridor in June, we wanted to fulfill our obligation to donate \$600,000 for City park-related purposes but remained strapped for cash.

The pending transaction began with an offer from Arlie & Company to:

- Sell the City 330 acres south of the ridgeline trail corridor at a discounted price of \$5,000 per acre (50% of the appraised value).
- From the proceeds of the sale, Arlie & Company would immediately donate back to the City \$600,000 for park-related purposes.
- The \$600,000 donation would no longer be limited to the Suzanne Arlie Ridgeline Trail Corridor and could be used for any City park-related purpose, including maintenance.
- In recognition of the substantial financial donation, especially in this tough economy, and in honor of Suzanne Arlie's service to the community, the City would name the entire park land purchased from Arlie & Company the Suzanne Arlie Park. *(The name "Suzanne Arlie Ridgeline Trail Corridor" in the original sale agreement would not be used. The City would retain the exclusive right to name specific trails or features within the park.)*

As you know, City staff expressed an interest in purchasing a large block of land south of the trail corridor and two smaller pieces of property on the north side. Arlie & Company signed the LOI prepared by the City agreeing to sell approximately 315 acres. Land on the south side is being sold at \$5,000 per acre (50% below appraised value) and land on the north side is being sold at \$18,000 per acre (10% below the appraised value).

WHAT IS THE RELATIONSHIP BETWEEN THE \$600,000 DONATION AND THE PURCHASE PRICE?

As stated in the Letter of Intent, the City would purchase approximately 315 acres for approximately \$1.944 million. As part of the real estate transaction, Arlie & Company would donate back to the City \$600,000 for park-related purposes. The donated funds would come directly from the money received from the City for the purchase of the property. The donated funds would not be limited to the ridgeline trail and could be used at the City's sole discretion for any park-related purpose, including maintenance.

WHAT ASPECTS OF THE LOI ARE NEGOTIABLE?

Upon receipt of the Letter of Intent from the City, all parties to the Chapter 11 bankruptcy proceedings and the public were informed of the LOI, offered the ability to tour the property and provided an opportunity to file an objection to the sale. At the conclusion of the required 30 day period, no objections were filed. On October 15, 2010 the U.S. Bankruptcy Judge filed an order granting Arlie & Company the authority to sell property to the City. The order states that the purchase and sale agreement "*shall be substantially the same as the Letter of Intent and shall not be materially less favorable to the Debtor...*" (A copy of the court order is enclosed.)

According to the court order, any substantive or material change to the provisions in the LOI would not give Arlie & Company the authority to sell the property and would likely not be acceptable to Umpqua Bank and Arlie's other creditors. For example, if the City wants to make a minor adjustment to the total acreage of land being purchased (and thus the total sale amount) this would not require going back thru the process. Arlie & Company would be able to continue to donate \$600,000 to the City. However, if the City wants to decrease the purchase price per acre, this would require going back to the U.S. Bankruptcy Judge for approval. It would also require providing new notice of the lower sale price with the opportunity for any Chapter 11 party, including the public, to file an objection to the sale. An objection to the sale is now more likely due to the recent comparable sale of the Wildish property for a county park at a fair market value equal to \$18,500 per acre.

Arlie & Company is also not willing to go back thru the Chapter 11 procedure since, as stated in the LOI, the transaction must close by December 31, 2010. This condition in the LOI gives Arlie & Company substantial tax benefits for the year 2009 and is one of the reasons why Umpqua Bank supported the sale. Without those tax savings, we question whether the bank would be on board with the sale at the discounted price especially given the recent comparable sale of Wildish property.

PARK NAME

In the prior sale agreement the City agreed to name the trail the "Suzanne Arlie Ridgeline Trail Corridor". **If the City only purchased additional park land south of the trail corridor, the discounted sale price would be equivalent to a 50% donation in land area.** Arlie & Company preferred not to sell land north of the trail corridor, but at the request of City staff agreed to do so at a discounted price of 10% below appraised value. **If the City purchases the land as described in the LOI, the combined discounted sale price would be equivalent to a 46% donation in land area.** This is a substantial donation especially given these challenging economic times. As stated in the LOI, with

both the substantial discount in sale price and the \$600,000 cash donation, the entire new community park (515 acres) would be named after Suzanne Arlie. The City would retain the sole discretion on naming specific trails and other park features.

Please let contact me if you have any further questions at 344-5500 or teresa@arlie.com.

Enclosure:

U.S. Bankruptcy Court Order Granting Authority to Sell Property of the Estate and Approving Sale Free and Clear of Liens (College Park Property)



MEMORANDUM

October 19, 2010

TO: Johnny Medlin, Parks and Open Space Director
Neil Bjorklund, Parks Planning Manager

FROM: Teresa Bishow, Planning Director

SUBJECT: CITY PURCHASE OF ARLIE & COMPANY LAND FOR PARK AND OPEN SPACE

This memo responds to your request for clarification regarding:

1. What is the relationship between the City's purchase of additional land from Arlie & Company and the \$600,000 donation?
2. What aspects of the Letter of Intent (LOI) dated June 28, 2010 are negotiable and what changes would require approval by the U.S. Bankruptcy Judge?

In 2008, when the City purchased 200 acres from Arlie & Company, we made a pledge to donate \$600,000 within 60 days of the City staff's approval of a master plan for the property. The sale agreement stated the donation could be used for "any park-related purpose, such as land acquisition, natural resource restoration, or ridgeline trail design/construction within Eugene's park system." The determination of what park-related purposes would benefit from the donated funds was within the City's sole discretion, except that any use of funds not directly associated with the 200 acres was subject to Arlie's approval. Based on the significant financial contribution by Arlie, upon receipt of the donation, the City agreed to name the segment of the Ridgeline Trail through the property the "Suzanne Arlie Ridgeline Trail Corridor".

In January 2010, Arlie & Company filed for financial reorganization under Chapter 11 of the U.S. Bankruptcy code. We believe we will emerge from the Chapter 11 process a stronger and more focused organization. When the City completed the master plan for the trail corridor in June, we wanted to fulfill our obligation to donate \$600,000 for City park-related purposes but remained strapped for cash.

The pending transaction began with an offer from Arlie & Company to:

- Sell the City 330 acres south of the ridgeline trail corridor at a discounted price of \$5,000 per acre (50% of the appraised value).
- From the proceeds of the sale, Arlie & Company would immediately donate back to the City \$600,000 for park-related purposes.
- The \$600,000 donation would no longer be limited to the Suzanne Arlie Ridgeline Trail Corridor and could be used for any City park-related purpose, including maintenance.
- In recognition of the substantial financial donation, especially in this tough economy, and in honor of Suzanne Arlie's service to the community, the City would name the entire park land purchased from Arlie & Company the Suzanne Arlie Park. *(The name "Suzanne Arlie Ridgeline Trail Corridor" in the original sale agreement would not be used. The City would retain the exclusive right to name specific trails or features within the park.)*

As you know, City staff expressed an interest in purchasing a large block of land south of the trail corridor and two smaller pieces of property on the north side. Arlie & Company signed the LOI prepared by the City agreeing to sell approximately 315 acres. Land on the south side is being sold at \$5,000 per acre (50% below appraised value) and land on the north side is being sold at \$18,000 per acre (10% below the appraised value).

WHAT IS THE RELATIONSHIP BETWEEN THE \$600,000 DONATION AND THE PURCHASE PRICE?

As stated in the Letter of Intent, the City would purchase approximately 315 acres for approximately \$1.944 million. As part of the real estate transaction, Arlie & Company would donate back to the City \$600,000 for park-related purposes. The donated funds would come directly from the money received from the City for the purchase of the property. The donated funds would not be limited to the ridgeline trail and could be used at the City's sole discretion for any park-related purpose, including maintenance.

WHAT ASPECTS OF THE LOI ARE NEGOTIABLE?

Upon receipt of the Letter of Intent from the City, all parties to the Chapter 11 bankruptcy proceedings and the public were informed of the LOI, offered the ability to tour the property and provided an opportunity to file an objection to the sale. At the conclusion of the required 30 day period, no objections were filed. On October 15, 2010 the U.S. Bankruptcy Judge filed an order granting Arlie & Company the authority to sell property to the City. The order states that the purchase and sale agreement "*shall be substantially the same as the Letter of Intent and shall not be materially less favorable to the Debtor...*" (A copy of the court order is enclosed.)

According to the court order, any substantive or material change to the provisions in the LOI would not give Arlie & Company the authority to sell the property and would likely not be acceptable to Umpqua Bank and Arlie's other creditors. For example, if the City wants to make a minor adjustment to the total acreage of land being purchased (and thus the total sale amount) this would not require going back thru the process. Arlie & Company would be able to continue to donate \$600,000 to the City. However, if the City wants to decrease the purchase price per acre, this would require going back to the U.S. Bankruptcy Judge for approval. It would also require providing new notice of the lower sale price with the opportunity for any Chapter 11 party, including the public, to file an objection to the sale. An objection to the sale is now more likely due to the recent comparable sale of the Wildish property for a county park at a fair market value equal to \$18,500 per acre.

Arlie & Company is also not willing to go back thru the Chapter 11 procedure since, as stated in the LOI, the transaction must close by December 31, 2010. This condition in the LOI gives Arlie & Company substantial tax benefits for the year 2009 and is one of the reasons why Umpqua Bank supported the sale. Without those tax savings, we question whether the bank would be on board with the sale at the discounted price especially given the recent comparable sale of Wildish property.

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City of Eugene Application for Naming Facilities

The naming of facilities follows City of Eugene policy. The Eugene City Council has sole responsibility for establishing the formal, legal names for City-owned facilities.

I/We, Dennis Konrady request that the name of
(Name of applicant)
Suzanne Arlie Park be considered for the
(proposed name)

515 acre new park acquired from Arlie & Company located
(current or functional facility name)

South of Lane Community College, east of Mount Baldy.
(address or description of location)

Summary of recommendation (additional documents may be attached to this form)

If proposed name recognizes a living or deceased person, please include the following:

- ✓ Compelling evidence of the extraordinary contribution of the individual to the community
- ✓ Date of the death, if applicable
- ✓ Explanation of how renaming facility would improve community awareness and historical perspective

Over the years, Suzanne Arlie has made extraordinary contributions to the community through both her personal service and financial contributions to local non-profit agencies. (Refer to document attached).

With the pending park transaction, Suzanne's company will have donated to the City of Eugene (land and cash) over \$2,000,000. This is a substantial financial contribution to Eugene's park network.

Naming the park after Suzanne will not just recognize this substantial donation, but also acknowledge her extraordinary contribution to the community through long-standing support of local non-profit agencies.

Person(s) submitting this proposal (please print):

Dennis Konrady

Address: 855 Meadow Butte Loop
Eugene OR 97401

Phone: (541) 636-3220 Email: ~~XXXXXX~~ k-tribe@msn.com

Date submitted: November 3rd, 2010

SUZANNE ARLIE'S

Extraordinary Contributions to the Community

Suzanne Arlie has made exceptional contributions to our community. Below is a brief description of how she has made a difference with just a few of our local non-profit agencies.

Founder of the Golden Ribbon Foundation

The Golden Ribbon Foundation provides grants to any women in Lane County diagnosed with gynecological cancer regardless of their income level. Suzanne was inspired to create the Golden Ribbon Foundation after being treated for ovarian cancer. She realized how much of her overall healing process was helped by the holistic and complementary therapies she utilized and wanted to give other women these same opportunities. She understood personally how these non-traditional methods would help other women heal faster and easier and have fewer side effects from aggressive cancer treatments. I've had the privilege of serving on the board with Suzanne and it has been a humbling and heart-warming experience to witness the energy, commitment and determination that Suzanne brought to the task of manifesting a non-profit organization from the ground up. Suzanne embodies a special blend of empowerment and humility, strength and tenderness. She appreciates her good fortune and is committed to helping to improve the lives of others. *Cammie Stein, Golden Ribbon Foundation Board Member*

President of the Relief Nursery

Suzanne put her heart and soul into serving the Relief Nursery. She first worked with the Relief Nursery's replication and quality assurance program and while doing so, brought a strong business sense to the Relief Nursery Board. She examined, from a nationwide perspective, what value could be added to the lives of people who had the opportunity to work with the Relief Nursery. She contributed exceptional talent in marketing and design, but her most notable skill was to be able to give of herself and her time, but never to put her own goals in the way of the cause. She always put others ahead of herself; made sure that people around her were able to succeed, and that they were adequately recognized for their contributions. For Suzanne, her commitment to the board was always about the kids. *Jean Phelps, former Relief Nursery Executive Director*

Children First for Oregon Board Member

Founded in 1991, Children First is Oregon's non-partisan child advocacy organization committed to improving the lives of Oregon's vulnerable children and families. Suzanne donated her time and financial support for the agency. Suzanne was instrumental in ensuring the success of our annual fundraising event with the offer of a matching gift of up to \$5,000 for every donation received at the event. As a result of that challenge, and Suzanne's participation, we raised more from individuals that evening than in any other year. *Robin Christian, Children First Executive Director*

Food for Lane County

Suzanne always responds rapidly to a crisis and finds novel ways to quickly get a solution. The thing that really jumps out for me is when Suzanne found out we had a severe shortage of food she

arranged for a company in Seattle to send about **23 thousand pounds** of salmon, to Food for Lane County. Salmon is a high protein food that is very hard to get. Suzanne has also been a large contributor to Food for Lane County's auctions offering distinct, high-end items resulting in significant financial donations. Suzanne also demonstrated her commitment to service by regularly leading her company staff in a day of work in the Food for Lane County warehouse.

Pat Farr, former Executive Director Food for Lane County

Rotary Club Member

Suzanne was very instrumental moving communications forward for the Rotary. She worked with others on a book titled, "Book of Invocations". Suzanne approaches everything with a zeal for success instead of a fear of failure. As a Rotarian, Suzanne understands our complex society, never takes our focus off making things go forward. Whether she is working for the Relief Nursery, the Child Center, the Rotary, and any other organization, she never takes her foot off the gas. She makes an exceptional positive impact wherever she gets involved. ***Ed Barclay, former Rotary President***

Suzanne Arlie, thru her family foundation and her company, donated hundreds of thousands of dollars to local community non-profit agencies. She has also given hundreds of hours of time and personal resources to these agencies. As President of Arlie & Company she has provided support and encouragement for all employees to actively contribute to the community. She has extended her service ethic into the cultural of the company with over half of the employees currently serving as officers on local non-profit agency boards.

Suzanne Arlie has made financial contributions to the following local non-profits: (partial list)

- Birth to Three
- Broadbase Programs (Springfield Regional Sports Center)
- CASA of Lane County
- Center for Community Counseling
- Centro Latino
- Children First for Oregon
- Committed Partner for Youth
- Eugene Opera
- Eugene Parks Foundation
- Festival of Trees
- First Book
- Food for Lane County
- Golden Ribbon Foundation
- Greenhill Humane Society
- HIV Alliance
- Lane County Animal Services
- Lane County SMART Program
- LCC Foundation

- March of Dimes
- Project Homeless Connect
- Save the Pets
- The Child Center
- The Relief Nursery
- Volunteers in Medicine
- WomenSpace

Suzanne has demonstrated extraordinary contributions to our community and the lives of others.