

URBAN RENEWAL AGENCY AGENDA ITEM SUMMARY



Urban Renewal Agency Work Session: Disposition of Real Property

Meeting Date: October 31, 2012
Department: Planning & Development
www.eugene-or.gov

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

ISSUE STATEMENT

An offer has been received to purchase the real property owned by the Urban Renewal Agency (URA) located at 8th Avenue and Ferry Street west of the Federal Courthouse. The council is being asked to approve the disposition of the property.

BACKGROUND

The Urban Renewal Agency (URA) owns the 1.89 acre commercial (C-2) property located immediately west of the Federal Courthouse (see Attachment A map). The property is a remnant from the 8.9 acre parcel that was acquired from Chiquita and AutoCraft in 2001 for the new Federal Courthouse project. The property was partitioned and the western 4.46 acre parcel was sold to the federal government for the Courthouse. The eastern parcel was further divided through the dedication of 2.57 acres for construction of the new road system in the Courthouse area. The remaining 1.89 acre parcel is considered to be a redevelopment site with the potential to advance the goals of the Downtown Plan and Riverfront Urban Renewal Plan.

The City has received a signed letter of intent to purchase the property from Northwest Community Credit Union (NWCCU). An outline of the proposed terms that are subject to URA approval is included in Attachment B.

NWCCU was founded in 1949 as the Weyerhauser Credit Union and has grown into a well-established state-wide financial institution. They are proposing to construct a new regional facility that is expected to be approximately 60,000 square feet in a multi-story building. The primary function of the facility would be a regional office that would function as the support center for NWCCU's state-wide branches. The facility would also include a retail branch on the ground floor. The branch would require a drive-thru teller to support retail operations. Because the property has a zoning overlay which prohibits drive-thru uses, NWCCU has indicated that the City's approval of the drive-thru use is a required condition for the closing of the sale. Initial employment at the new facility would be 150, with plans to grow to 200 in the near future. Although NWCCU is a non-profit financial cooperative, they pay property taxes.

The proposed site is located on 8th Avenue, one of the four Great Streets in downtown Eugene. The redevelopment of this important site proposed by NWCCU addresses long held goals and policies for a vibrant, prosperous, inviting downtown connected to the riverfront. NWCCU will create an active use

compatible with the Federal Courthouse, contribute to the vitality of the downtown, and strengthen the pathway to the riverfront. The proposed redevelopment of this site supports downtown as a strong regional center and draws significant numbers of employees to this key downtown location. The proposed NWCCU investment will support the overall mix of uses envisioned for the courthouse area including the new retail destinations recently established across the street, and strengthen the opportunities for additional commercial investment in this area of downtown. The development will take full advantage of the large transportation infrastructure investment completed for the Courthouse and designed for a use such as the one proposed.

The design of the NWCCU facility and overall site concept will be important factors in bringing this area to life and strengthening the key location on the path to the river. The architect selected for the project led the Eugene Water & Electric Board's (EWEB) Riverfront Master Planning project, and is well aware of the overall vision and potential for this singular area of downtown and the role of 8th Avenue as the direct link to the riverfront. NWCCU and the architect will work closely with City staff during design of the project. It is important that the development generates positive pedestrian activity, provides an inviting sidewalk experience, and more closely weaves together the core of downtown and the downtown riverfront.

A portion of the property is currently being used by the University of Oregon for its Courthouse garden project. The URA and University executed an Intergovernmental Agreement in 2010 that provided for the use of the property through February 23, 2013. The University has indicated that the garden will be discontinued at this site with consolidation on campus being considered at this time.

The URA acquired a total of 9.16 acres for \$6.3 million, which included the purchase of property from Chiquita (\$4.1 million) and AutoCraft (\$1.65 million), and relocation costs for AutoCraft (\$550,000). The AutoCraft property also included the .26 acre parcel located on the on the south side of 8th Avenue. The federal government purchased the 4.46 acre Courthouse parcel for \$3.8 million. The URA contributed 2.57 acres at no cost for the new road system right-of-way. If the sale of the 1.89 parcel is approved, the .26 acre parcel south of 8th Avenue will be the only URA-owned property remaining from the property consolidation related to the Courthouse project.

RELATED CITY POLICIES

The sale and redevelopment of the property addresses many goals for Eugene and downtown, including:

Eugene Downtown Plan

- Build upon downtown's role as the center for government, commerce, education and culture in the city and the region.
- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Facilitate dense development in the courthouse area and other sites between the core of the downtown and the river.

Envision Eugene Pillars

- Provide ample economic opportunities for all community members.
 - Meet all of the commercial land needs (office and retail) within the existing Urban Growth Boundary.
- Promote compact urban development and efficient transportation options.
 - Integrate new development and redevelopment in the downtown, in key transit corridors and in core commercial areas.

Regional Prosperity Economic Development Plan

- By 2020, create 20,000 net new jobs in the chosen economic opportunity areas; reduce the local unemployment rate to, or below the state average; and increase the average wage to or above the state average.
- Continue to work with property and business owners to expand, upgrade and construct state-of-the-art facilities.

COUNCIL OPTIONS

1. Authorize the City Manager to sell the property to NWCCU consistent with the terms included in Attachment B.
2. Amend the terms included in Attachment B, and authorize the City Manager to sell the property to NWCCU.
3. Do not approve the sale of the property at this time.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends approval of the sale of the property to NWCCU consistent with the terms included in Attachment B.

SUGGESTED MOTION

Move to authorize the Agency Director to sell the parcel identified in Attachment A to Northwest Community Credit Union consistent with the terms included in Attachment B.

ATTACHMENTS

- A. Map – Property Proposed for Sale
- B. Outline of Terms for Sale of Property

FOR MORE INFORMATION

Staff Contact: Denny Braud
Telephone: 541-682-5536
Staff E-Mail: denny.braud@ci.eugene.or.us

ATTACHMENT A

Attachment A

East Courthouse Lot



City of Eugene
Planning and Development Department
Eugene
October 25, 2012

Caution: This map is based on imprecise source data, subject to change, and for general reference only.
Orthophotography 2011

Outline of Terms

Buyer: Northwest Community Credit Union

Seller: Urban Renewal Agency of the City of Eugene

Property: Land (approximately 1.89 acres) located at 8th Avenue and Ferry Street (map and tax lot number 17-03-32-22-00704).

Purchase Price: \$1,235,000, cash paid at closing.

Earnest Money Deposit: \$50,000 paid upon execution of a Purchase and Sale Agreement, and non-refundable after the 90-day due diligence period. Earnest Money Deposit will be credited toward the purchase price at closing.

Due Diligence Period: Upon the execution of a Purchase and Sale Agreement, Buyer will have a period of 90 days in which to review property information and to conduct on site testing to determine the condition of the property.

Environmental Condition: During the Due Diligence Period, Buyer will be able to perform environmental investigation to satisfy itself of the environmental condition of the property, the results of which will be provided to the Seller for review. Based on the information provided in the environmental assessment, Buyer may either move forward with the purchase of the site or rescind the offer to purchase the site. If Buyer performs a Level II investigation and terminates the agreement during the Due Diligence Period as a result of environmental conditions, Seller will reimburse Buyer for one-half of the cost of the Level II study, but not to exceed \$20,000.

Purchase and Sale Agreement: Following the Urban Renewal Agency's approval of terms, Buyer and Seller shall enter into a formal Purchase and Sale Agreement.

Closing Date: The closing of the sale shall occur no later than April 1, 2013.

Project Description: The project shall consist of a minimum 50,000 square foot multi-story building. The building will be oriented to address 8th Avenue for its main pedestrian entry. The project will include a regional support center office use and a ground floor retail branch with a drive thru. URA staff will be allowed to provide input during the Project's design process. Buyer shall submit project drawings to URA staff for review during concept design as well as prior to applying for development or building permits.

Commencement of Construction: Construction of the Project must begin no later than December 31, 2013.

Right of Repurchase: The URA shall retain the right to repurchase the property at Buyer's purchase price based upon the failure to commence construction prior to December 31, 2013.

System Development Charges: The URA will pay the system development charges (SDC's) related to the construction of the Project.

Drive Thru: City will grant approval of a drive thru use on the Property.

Existing Building: The URA will be responsible for removing the Agripac office building located on the property.

Current Garden Use: The URA will not renew or extend the intergovernmental agreement with the University of Oregon for the garden use, and the URA will be responsible for facilitating the removal of the garden in a timely manner.

Curb Cuts: City will grant approval of the cuts necessary to provide reasonable access for the Project.

On-Street Parking: City will work with Buyer to reasonably provide accessible on-street parking along 8th Avenue for retail customer usage.

8th Avenue Study: Based upon the overall Downtown Plan goals related to Great Streets and connections to the riverfront, City will conduct a future study related to 8th Avenue west of Mill Street, including but not limited to two way traffic options.

Utilities: During the Due Diligence Period, City will work with Buyer to determine the level of utility extensions in the public right-of-way that are necessary for the Project to be developed. In the event that there are deficiencies or needs identified in the right-of-way, City will work with Buyer to investigate options and potential funding sources for improvements in the right-of-way.

Exclusive Negotiation: URA will not enter into negotiations with any other party.

Brokerage Commission: Buyer is responsible for all broker fees.