

URBAN RENEWAL AGENCY BOARD

AGENDA ITEM SUMMARY



Work Session: Downtown Improvements Financing Strategy

Meeting Date: March 14, 2016
Department: Planning and Development
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Agenda Item Number: A
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ISSUE STATEMENT

This work session is a continuation of council's discussion from February 8 on funding options for downtown improvements. The Urban Renewal Agency Board/City Council will consider and give feedback on a proposed range of project packages and two primary funding strategies. If Downtown Urban Renewal is desired as a possible funding strategy, the Agency Board would need to begin the process for making a substantial amendment to the Downtown Urban Renewal Plan, which would include review by the public and overlapping taxing districts prior to making a final decision in June. If the Agency Board does not wish to keep Downtown Urban Renewal as a possible option, the City Council would convene a work session to address other funding strategies.

BACKGROUND

On December 14, 2015, council directed the City Manager to schedule a work session to inform the council on the downtown high-speed fiber project and improved park blocks and all the mechanisms for funding these projects. On January 11, 2016, council discussed the two projects and gave feedback on the scope to inform the January 20 work session on funding mechanisms.

At the January 20 work session, council discussed a variety of funding options and requested follow-up information that was provided at the January 27 work session. The most recent council work session occurred on February 8 and resulted in direction to the City Manager to present to the Agency Board for its review:

- 1) A proposed amendment to the Downtown Urban Renewal Plan that would increase the spending limit to pay for:
 - a) Creation of a high-speed fiber network downtown,
 - b) Park Blocks/open space improvements,
 - c) A permanent, improved space for a possible year-round Farmers' Market, and
 - d) Redevelopment of the old Lane Community College building at 1059 Willamette Street;
and
- 2) A recommended alternative to Downtown Urban Renewal funding option.

See Attachments A through D for summary information on those projects. Project packages range from \$17M to \$48M. Because elements of each project are yet to occur (e.g. public engagement for Park Blocks/open space, design engineering for fiber, property negotiations for Farmers' Market), there is a range of opportunities within each project. Staff is providing an estimated range of

potential packages to give a sense of scale and scope. Council is not limited to these three packages. Possible packages for discussion purposes include: A = \$17 million, B = \$25 million, C = \$48 million.

Two Primary Funding Strategies

The council asked for a downtown urban renewal option and an alternative to the urban renewal option. A brief description of the two primary funding strategies is provided below. A comparison analysis is included in Attachment E. Regardless of which strategy is pursued/utilized, the projects are assumed to receive funding from additional sources (e.g. grants for high-speed fiber, if awarded).

#1. Downtown Urban Renewal *(described more fully in Attachment F)*

Under this funding scenario, council would amend the Downtown Urban Renewal Plan to increase the spending limit and change the boundary, which would continue the current collection and redistribution of tax revenue. Summary points include:

- Uses current Downtown District tax increment financing
- No change in taxes (continues slight \$0.55 per year increase for the typical home)
- No vote required (could be referred)
- Overlapping taxing district impact remains the same

#2. Alternative to Downtown Urban Renewal *(described more fully in Attachment G)*

The alternative to Downtown Urban Renewal funding strategy utilizes a) proceeds from ceasing division of taxes in the Downtown Urban Renewal District and b) a General Obligation (GO) Bond. With a portion of the new General Fund dollars resulting from terminating tax increment financing in the Downtown District, the City would issue a 20-year General Fund bond that would generate \$7 million. Under this funding scenario, the City would also ask voters to approve a GO Bond to pay for any cost beyond \$7 million. Summary points include:

- New cost to taxpayer of \$7 to \$30 per year (depending on project package) for 20 years for the typical home
- Will obligate half of the new General Fund revenue for 20-year term (the other half would be used for project delivery administration)
- Vote required
- Lane County, LCC and Lane ESD will receive additional property taxes
- School District 4J has net loss of approximately \$340,000 per year

Timing

To keep Downtown Urban Renewal as a possible funding option, the Agency Board would need to send a draft amendment out for public input (start the process) on or before April 11 in order to have a plan amendment in place in time to retain the current level of tax increment revenues. Project preparations (e.g. Park Blocks/open space community engagement, fiber design engineering) would occur over the next several months, all of which could inform final decisions about amending the plan and utilizing Downtown Urban Renewal.

RELATED CITY POLICIES

High-speed fiber, Park Blocks/open space improvements, year-round Farmers' Market, and activating the old LCC building address many goals for Eugene and downtown, including:

Envision Eugene Pillars

- Provide ample economic opportunities for all community members.
- Promote compact urban development and efficient transportation options.
- Protect, repair and enhance neighborhood livability.
- Provide for adaptable, flexible and collaborative implementation.

Regional Prosperity Economic Development Plan

- Strategy 5: Identify as a Place to Thrive - Priority Next Step - Urban Vitality
 - As we foster a creative economy, dynamic urban centers are an important asset. Eugene, Springfield and many of the smaller communities in the region recognize the importance of supporting and enhancing vitality in their city centers. Building downtowns as places to live, work and play will support the retention and expansion of the existing business community and be a significant asset to attract new investment. The Cities of Eugene and Springfield will continue to enhance their efforts to promote downtown vitality through development and redevelopment.

City Council Goal of Sustainable Development

- Increased downtown development

Eugene Downtown Plan

- Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.
- Emphasize Broadway, Willamette Street, 5th and 8th Avenues as Great Streets through public improvements and development guidelines. Include portions of these streets as follows:
 - 8th Avenue between Willamette Street and the Willamette River.
- Enhance public places throughout downtown through the careful design of civic buildings, streetscapes, parks and plazas. Include public art and other elements to create special places for all ages.
- Connect special places downtown with enhanced street designs, public art, directional signs, transit routes and historic markers to create an inviting and memorable route through downtown.
- Support public safety activities that increase visibility, access actual and perceived safety for individuals and property downtown.
- Enhance functional designs for streets, sidewalks and related public improvements with carefully chosen design elements, including materials, alignments, plantings and streetscape elements.
- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.

Climate Recovery Ordinance

An active, inviting, well-designed public open space downtown enhances walkability and livability, supports downtown as a 20-minute neighborhood, and reduces reliance on fossil fuels.

AGENCY BOARD OPTIONS

1. Provide feedback on the proposed range of project packages (A, B, C).
2. If Downtown Urban Renewal is desired as a possible funding strategy, adopt the motion to start the amendment process.
3. If Downtown Urban Renewal is not desired as a possible funding strategy, reconvene as the City Council to address other funding options.
4. Take no action at this time.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends getting public input on the proposed range of project packages (A, B, and C) and keeping Downtown Urban Renewal tax increment financing as an option by starting the amendment process, which would include review by the public and overlapping taxing districts prior to making a final decision in June. The Downtown Urban Renewal funding strategy:

- Limits economic impacts to individuals by not creating a new tax;
- Maintains net benefit to 4J school district of approximately \$340,000 per year; and
- Accomplishes downtown goals with resources intended for these purposes.

The requested action is to forward proposed amendments to the Downtown Urban Renewal Plan to the Planning Commission and overlapping taxing districts for their review and input prior to holding a public hearing before the City Council. (Attachment H includes a draft of the amended plan. Attachment I includes a report on the plan that sets out financial information about the impact of the plan with the proposed range of project packages (A, B, and C). The plan amendment process is described in Attachment F.)

SUGGESTED MOTION

Move to forward to the City, including the Planning Commission, as well as to the overlapping taxing districts, and request that the City Manager schedule a public hearing on proposed amendments to the Downtown Urban Renewal Plan, consistent with the draft plan and report included in Attachments H and I.

ATTACHMENTS

- A. High-Speed Fiber – *Project Summary*
- B. Park Blocks / Open Space – *Project Summary*
- C. Year-Round Farmers' Market – *Project Summary*
- D. Old LCC Building – *Project Summary*
- E. Comparison of the Funding Strategies
- F. Downtown Urban Renewal – *Funding Strategy*
- G. Alternative to Downtown Urban Renewal – *Funding Strategy*
- H. Draft Downtown Urban Renewal Plan
- I. Draft Report on the Downtown Urban Renewal Plan

FOR MORE INFORMATION

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