

# Council advances city center spending | A plan would devote \$21.7 million to redevelopment efforts

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Ignoring threats of a ballot referendum, the Eugene City Council on Monday set the wheels in motion to spend \$21.7 million on public redevelopment projects and increased law enforcement for downtown.

The council's 6-2 vote is the first step toward changing the urban renewal district plan so the city can support Lane Community College's proposed new downtown campus and a possible Veterans Administration Clinic, make improvements for the Lane County Farmers' Market, and boost public safety.

The ideas would be a "catalyst to make our downtown a better place and more vibrant," Councilor Alan Zelenka said.

The council will have a public hearing on the proposal on April 19. A final council vote is scheduled for May 24.

But the plan relies on tax increment financing, a funding method that can be controversial. The method diverts property taxes from local governments, including schools, and allows the city to use the money downtown. Schools, however, are compensated for nearly all the losses by state funding.

The new plan would raise \$8 million to help LCC construct an 80,000-square-foot building on the excavated pit and parking lot on West 10th Avenue, near the public library; \$4.8 million to pay off debt on the Broadway Place parking garages, which would free funds that the city could use to hire police officers for downtown; \$2.5 million for the city to help lure a VA medical clinic to what is now the PeaceHealth medical clinic south of 11th Avenue and Willamette Street; and \$500,000 in Park Blocks improvements for the benefit of the Farmers' Market.

The rest of the \$21.7 million would be consumed by interest payments and legal, administrative and debt issuance costs.

Three years ago, the city went through a hotly debated election over a proposal to spend \$40 million raised by tax increment financing in support of a proposed commercial and housing development on two blocks of West Broadway. Faced with an all-but-certain referendum effort, the council put the matter on the ballot. Voters soundly rejected the measure, killing the project before it started.

Councilor George Brown, a downtown merchant who opposed the 2007 proposal before joining the council, predicted that tax increment financing critics would gather enough signatures to refer the council's expected decision to the ballot. Brown was joined by Betty Taylor in opposing Monday's proposal to go forward with the tax increment financing idea.

Brown said the council could put the question before voters, but instead was being “undemocratic” by “forcing us to get signatures, and we can do that.”

The signatures of 8,041 registered Eugene voters would need to be collected to put the matter on the ballot later in the year.

But some on the council majority said they are confident that the new plan can survive a ballot test. The previous proposal would have subsidized private development, but all the spending in the current proposal would go for public purposes, including LCC, they said.

Also, tax increment financing would not raise property taxes, the majority said, and it would cost the city less than other options, mainly because it would pay debt off more quickly.

Two of those other ideas, asking voters to approve a general obligation bond or five-year levy, were dismissed, mainly because they would increase property taxes.

Keeping the “urban renewal district long enough to let it do the job, on balance, is the most prudent way to go,” Councilor Chris Pryor said.

Another idea, to use existing city funds, including money that would be freed by the termination of the downtown urban renewal district and the end of tax increment financing, would have required a \$450,000 transfer from the city’s general fund.

With the city already needing to cut \$6.5 million in general fund spending, that is “code for cutting programs,” Zelenka said.

Brown and Taylor argued that the city could end the downtown urban renewal district and use existing city money to pay for the projects. Taylor offered a motion to limit the city’s financial help to \$8 million for LCC, but it was defeated on a 6-2 vote.

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## Funding options

### Highlights of four proposals:

End downtown urban renewal district, use existing money — City would use \$2.4 million in one-time funds and receive an extra \$810,000 annually in property taxes. The annual property taxes on a home of about \$158,000 would drop \$1.66. Cost, including \$5.2 million interest, would be \$24.7 million.

General obligation bond — Ask voters to approve \$8.2 million bond measure to help Lane Community College build. Property taxes would rise \$7.34 a year for 20 years. Cost, including \$5.7 million interest, would be \$25.5 million.

Local option levy — Ask voters to pass \$5.7 million special levy every five years to pay for more police officers downtown. Property taxes would rise \$7.34 a year for length of levy. Cost, including \$7 million in interest, would be \$26.5 million.

Downtown urban renewal — Continue present method of funding downtown projects. No change on property tax. Cost, including \$2.2 million in interest, would be \$21.7 million.

Source: City of Eugene