

Feds Seek City Subsidy

Council may hit local taxpayers/schools with federal courthouse bill.

The General Services Administration (GSA) gave in to popular demands for a wheelchair ramp at the new federal courthouse last week but then demanded that the city guarantee at least \$8 million in roadwork for the courthouse by diverting money from local government services and schools.

"It is a diversion of funding the city could use to fund schools and essential services," City Councilor Bonny Bettman objected.

The idea that the federal government, with a \$2.2 trillion budget, is forcing the city of Eugene, now struggling to find a few thousand dollars to fund shelters for homeless youth and stray cats, to subsidize a silvery courthouse project may be hard for many in Eugene to swallow.

"I don't understand why anyone would consider Eugene taxpayers the deep pockets," Bettman says.

But the council majority gave in to the federal demand for a local subsidy of the U.S. courthouse. In a 6-2 vote, the council voted to move forward with plans to subsidize the federal project.

The city subsidy will only be used if the city fails to get federal road money for highway and street projects around the courthouse. City Manager Dennis Taylor told councilors "it's highly likely" that the federal money will come through. But the funding will require an act of Congress, which GSA appears to doubt will happen. "In light of the constraints on the federal budget, we cannot assume federal funding to be a guarantee," GSA wrote the city last week. Without city money, "the infrastructure improvements may not be realized for years to come," GSA wrote.

With the city now guaranteeing funding, Bettman asked "what incentive do the state and federal government and ODOT [Oregon Department of Transportation] have to fund it?"

The city subsidy of the federal government will come in the form of urban renewal money. Urban renewal is a controversial and complex method of funding that boosts tax bills and diverts property tax money from local government services and state school funding. In Eugene, critics have condemned urban renewal as an unaccountable slush fund for pork projects for developers that has de-

stroyed the historic downtown and threatened Eugene's riverfront natural area.

Despite the controversy, the city is pushing forward with plans to triple the size of its urban renewal districts and keep them going another 20 years.

Bettman warned that the city's subsidy to the courthouse could grow far beyond \$8 million to \$10 million, \$20 million or more. She said the GSA also appears to be demanding that the city build a parking garage, surface lots, a pedestrian bridge, storm water improvements, other infrastructure for the courthouse and cover any construction inflation or cost overruns.

"There are a lot of projects here that the GSA says they want," Bettman said. "We can multiply the liability." None of these additional costs will be covered by money from Congress, Bettman pointed out.

Councilors Gary Papé and David Kelly shared concerns that the city could be left holding the bill for millions of dollars in federal cost overruns, like what recently happened on the Ferry Street Bridge project. "Are we going to be the backstop?" Papé asked.

The impact of so much money diverted to subsidize the federal courthouse could be significant. The Riverfront Urban Renewal District will likely be almost entirely dedicated to funding infrastructure to serve the

courthouse. The district now generates about \$600,000 a year in diverted revenue from state school funding and local government services. That money will increase in later years with the city's planned 20 percent expansion of the district.

To fund the road projects up front, the city will likely borrow millions backed by decades of dedicated urban renewal revenue. "Generations of Eugene taxpayers are going to be paying," Bettman said in an interview.

About half the diverted money will come from state school funding, about a third from city coffers and the rest from Lane County and other taxing districts.

Dedicating all the urban renewal money to the courthouse will also mean the city can't fund important projects for daylighting the millrace in the area and building a new City Hall or police station with the help of urban renewal, according to Bettman.

Bettman says the city should protect Eugene taxpayers by forcing GSA to live up to its contract to buy the property. "We have finished our part of the deal, and now they are asking us to bring additional money to the table at the expense of city taxpayers," Bettman said. "Why isn't the city advocating on behalf of city taxpayers?"

City Attorney Glenn Klein said the city could force GSA to pay the \$3.5 million it contracted to buy the property for, but the city could not force GSA to actually build the courthouse.

Even with the council's move to subsidize the courthouse, it's uncertain whether the infra-

structure will ever be built. State law requires a public hearing before the city can actually amend its urban renewal plan to include the courthouse infrastructure in a long, vague list of projects in the district. Even then, a later council could decide not to appropriate the money for the project in favor of a different project on the list.

Even if the road projects are funded and built, it's also unclear that they will succeed in reconnecting the courthouse district with downtown. To allow pedestrians an easier way to cross the busy Ferry Street Bridge on-ramp to access the district, the city plans to reduce traffic by building a diverter highway along the railroad tracks. But critics charged during the design process two years ago that the additional road would only add more traffic and isolate the district on an island surrounded by highways.

Scott Wylie, a local designer, said instead of a "Mississippi River of traffic," the city will have "two Columbia Rivers of traffic" and an even greater pedestrian barrier.

Councilor Betty Taylor said she was surprised that the city would so quickly support subsidizing the courthouse where in the past many councilors have "quibbled" over just a few thousand dollars in city subsidies for services provided by other local governments.

But despite the risk of a big bill to local taxpayers, the mayor and council majority appear likely to give in to GSA demands. Mayor Torrey said, "The question we have to ask ourselves is how badly do we want this courthouse?"

EW



Federal courthouse design and GSA Regional Administrator Jon Kvistad.

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