

City Hall vs. Developer Subsidy

City may have to choose one or the other

The city of Eugene may have to choose between spending millions on subsidizing a downtown developer or a new City Hall.

"Once this council moves to spend \$50 million and give it to a private developer, they're going to be very hard-pressed to find voters willing to hand them another \$100 million" for a new City Hall, said Councilor Bonny Bettman at a July 11 meeting.

Councilor Betty Taylor also questioned whether the city could do both. "People are going to say, why didn't you save that money instead of spending it there" on the developer, Taylor said.

Portland developer KWG has proposed replacing local downtown businesses with upscale chain stores, restaurants, condos and parking garages.

Even without the massive developer subsidy, the City Hall proposal will face a tough time passing next November. A May poll by city consultants found majority support for only a \$50 million bond measure for a new City Hall.

That's far less than the current estimated cost of up to \$163 million for a new City Hall. The poll found 59 percent support for a \$50 million City Hall measure, declining

to 26 percent support for a \$200 million measure.

Even after pushed with biased arguments in support and no estimate of average taxpayer cost, a \$155 million City Hall measure garnered only 48 percent support in the poll.

Bettman argued that instead of spending \$50 million subsidizing the downtown developer, the city should use that money for a new City Hall to reduce the cost to taxpayers.

The city estimates that about \$40 million of the money will come from urban renewal funds with another roughly \$10 million from city tax breaks.

The new Eugene Public Library was built mostly with urban renewal funds, and the City Hall project could legally tap the funds also.

The city's controversial urban renewal program creates a funding stream by diverting some property taxes from schools and other government services. About 40 percent of the money is diverted from state school and community college funds, 51 percent from city of Eugene tax revenue and 9 percent from Lane County revenue. To fund \$40 million in urban renewal over the next 24 years, the program would take

about \$16 million from school funds, \$20 million from Eugene funds and \$4 million from county funds.

If the city used \$40 million in urban renewal for City Hall, it could add that money to the roughly \$40 million it has stashed away in recent years for the project. The City Hall stash was created in recent years by not providing some services to citizens while still collecting taxes. Along with a \$50 million bond, that's almost enough to pay for some of the more modest City Hall proposals the city has examined.

The city might also save about \$2 million in rental and moving costs if it chose a different site rather than tearing down the existing City Hall.

Councilor Taylor said the city should use its pit across from the library plus purchase options on adjacent property for a new City Hall. The city has proposed using the sites to subsidize the downtown redevelopment plans of KWG.

Council conservative Mike Clark joined progressives Taylor and Bettman in voting against using the current City Hall site. With the downtown redevelopment project up in the air, "I think we don't have as clear enough picture of our downtown to make this decision" to chose a site, he said. Clark also argued that the city should spend its City Hall money to "fix the potholes first."

One wildcard in passing a City Hall bond measure is the police station. Bond votes for a new police station have failed three times at the polls. In the most recent 2004 vote, the

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— COUNCILOR BONNY BETTMAN

city asked voters for only \$7 million, proposing to use about \$29 million then in the City Hall stash for the rest. But the measure still failed with 60 percent voting no.

Bettman said the city appears to be heading toward repeating that failed vote. In an earlier council vote, the city decided to move police patrol out of City Hall into a separate building. Now the council has voted 6-2 to consider an "incremental" approach to a City Hall that could involve building the police station first.

City staff denied it, but Bettman said that could result in two bond measures: one for a police station followed by one for City Hall. Bettman said given that the 2004 measure "failed miserably," the two measures would fail. "It will never happen."

If so, the city would have come full circle back to the same failed ballot measure after spending \$2 million on City Hall consultants. **EW**

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