

Alley Oops

City gave UO basketball arena big subsidy

The city of Eugene charged the UO about five times less than adjacent property owners charged for land for the new basketball arena.

If the city of Eugene had sold its alley and street land for the new basketball arena at the same rate that adjacent landowners charged the Nike-backed UO project, the city could have made taxpayers \$1.7 million more than it charged.

"The discounts on the property were arbitrary and not in the public's interest," said Councilor Bonny Bettman. "I'm not interested in giving away another public asset."

The City Council voted 5-3 on Aug. 13 to sell the land to the UO for \$482,950 or \$17.05 per square foot. But when the UO bought property for the project from the Williams Bakery and an adjacent landowner last year, the university paid an average of \$76.84 per square foot. If the city had charged the same, Eugene taxpayers would have made about \$2.2 million on the sale.

In 2005 the UO paid \$22.2 million for the bakery land or \$78.95 per square foot,

according to a city report estimating the value of the city land. That price did not include the UO's added cost in having to demolish the bakery to ready the land for the arena.

Last year the UO also paid \$579,000 for adjacent property along Villard Street (a 7-11, former gas station and offices), or \$37.98 per square foot. This price also did not include the UO's cost of demolition.

Taken together, the UO bought a total of 296,438 square feet of land for the arena from private landowners for an average \$76.84 per square foot. But when it came to buy the public property, the city sold its 28,328 square feet of public alley and street property to the UO for only \$17.05 per square foot.

City staff argued that what they charged was a fair price. "We think the [city] appraisers used their best professional judgment," said City Manager Jon Ruiz.

City staff chose not to include the Williams Bakery value in a comparables analysis because it also included a bakery building. But the bakery building was not an asset but a liability for the UO, which had to tear it down

and remove it to build the arena.

"The bottom line is that the buyer paid \$22.2 million for seven acres of dirt, plus the substantial costs to demolish the former bakery to make it 'shovel ready,'" wrote Steve Roth, president of the Springfield Chamber of Commerce and a former city of Springfield development official in an Aug. 1 *Register-Guard* op-ed arguing for urban sprawl.

The city staff did consider the adjacent Villard property value, although it also included buildings to demolish, in estimating a value for its land at about \$37 per square foot. But the city staff then cut that price in half, arguing that they needed to account for the value of public rights for utilities and pedestrian space to serve the project.

But Councilor Bettman pointed out that the city normally requires developers and homeowners to provide the land for such easements and pedestrian space serving the property without the city paying for or buying the land.

"We have a code provision requiring a homeowner when they do an improvement to build a sidewalk," Bettman said.

City documents note that the street land sold for the project is for a plaza area in front of the arena so that queuing pedestrians don't spill out into the street. The UO "will be required to meet all current code standards" for pedestrian access, the city states.

"The university is going to need a sidewalk; that is to their benefit for the arena," said Bettman.

New city buildings like the arena also can't

be built without easements to connect the structure to the city's water, sewer and electric systems.

City Attorney Glenn Klein, who is hired by the city manager, argued that the council couldn't increase the price set by staff but only vote to accept or deny the sale.

The president of the private law firm that Klein works for served as UO President Dave Frohnmayer's top deputy when Frohnmayer was Oregon attorney general. The firm has denied any conflicts of interest.

After Bettman questioned Klein's all or nothing legal reasoning. Klein said, "Yes, it seems odd."

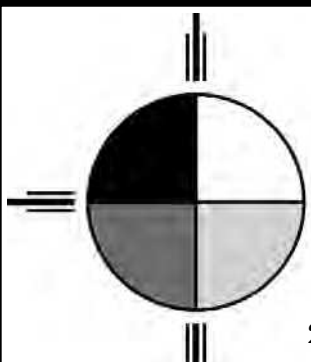
Bettman moved to reject the UO sales offer and renegotiate the deal.

But Councilor Mike Clark repeated the UO's argument that any delay in the project "would cost them as much as a million dollars a month."

Councilor Alan Zelenka called that argument "a total red herring." Zelenka pointed out that the UO has still not obtained the required conditional use permit for the project. "They are really going to sit on this for several months," he said. "The UO manufactured this sense of urgency."

Zelenka said that the UO has not had the same sense of urgency in addressing neighborhood concerns regarding the traffic, noise and trash impacts of the massive project. "The UO has been four years with the exact same issues," Zelenka said. "We still do not have a single concrete proposal to address those issues."

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