

Musings from Down South



The Capstone guys are probably laughing at us

Pounding a few ice-cold pints of Snake Handler Double IPA down at Dave's Pub in Birmingham. I'd be celebrating, too, if my company were just handed \$3 million more in profit than even we had said was required to build a spa-like enclave for wealthy students in downtown Eugene.

And I sure as hell would lift my frosty mug to the city's Community Development Division staff who did their best to bamboozle councilors into a rushed decision that gave up far more than was necessary and got much less than the community deserved.

Then, I'd regale my buddies with each step of the almost surreal sequence of events by which the local staff hoodwinked their own elected officials to muffle community voices and stuff more cash in our coffers.

The story would go like this: "I gotta tell you fellows, the city staff were marvelous in how they kept our project under wraps for so long. We submitted permit documents in mid-November of 2011, but the first the community heard about our plans was in early February. Even then, the city staff kept all the information off the city's website and scheduled a council decision without any work sessions or public events. If that nosy councilor George Brown hadn't intervened, we would have had a *fait accompli* before the community even got wind.

"Well, you roll with the punches. Fortunately, staff were still able to convince councilors that if they didn't rush the decision we would take our mega-project to some other, more accommodating town. It was almost unbelievable how councilors bought into staff's story — even after we submitted two permit applications in March and April changing our target completion date for Phase I from 2013 to 2014. If councilors had found out about that, the rush-rush gambit would have been over.

"Phasing ... you gotta love how that concept played! Our original plan, as described in the November permit document I mentioned, was always to have two phases. But to get the tax exemption for both phases, we applied for the tax exemption as if the project wasn't phased. Not only did staff go along — even though they'd worked with us on traffic analysis that was based on a phased approach; when the opportunity arose, staff went right along with our story that we were breaking the project into phases *at the request of the community*. Staff even backed our claim that this 'new' approach would cost millions more than the 'unphased' approach, which had always been just a ruse.

"Of course, the key to the lock on this tax exemption was the 'but for' (oddly suggestive term that city staff coined) criterion. We had to convince councilors that only by avoiding payment of \$9 million in tax obligations could we generate the 9 percent return on investment that our lenders demanded. So we cobbled up a silly little one-year 'pro forma' that no serious investor would have considered for a second and then left it to staff to sell the story to councilors.

"We had a near miss, however, when in the last week before the council vote a pesky community member provided councilors a *pro forma* — using our own data — showing that only *seven years* of tax exemption would provide at least a 9 percent return and 10 years exemption would just give Capstone an additional \$3 million in excess profits — every dollar taken from what otherwise would provide much needed revenue for the city and local schools.

"Anyway, thankfully city staff came to our rescue once again. They put together a presentation on the day of the council vote and claimed that limiting the tax exemption to seven years would reduce the development's value by *\$14 million*. When I watched the staffer say that on the webcast, I almost spewed coffee at my iPad screen. But man, it worked!

"I waited for some councilor to call staff on the fabricated number — I mean, it was so absurd. By even the most pessimistic analysis, the difference would be less than \$3 million. But even that Alan Zelenka guy who's always spouting about how much he knows about large projects swallowed staff's bogus number. I had to laugh when Zelenka helped our case even more by explaining how there were risks to our project, as if the risk factor wasn't already completely accounted for by the 9 percent return criterion.

"Well, we got by that close call. We were just lucky no one ever got around to providing the council with a valid analysis of our projected return, which is gonna be — get this — 12 percent or more per year. I've heard some local folks have now produced that analysis, but it's too late to change the council's vote. Whew!

"Well guys, all we need to make this story complete is for Jimmy Fallon to read one of his thank-you cards for us: 'Thank you Eugene, for being the plumpest turnips that ever fell off the turnip truck.'"

Paul Conte is a 35-year resident of Eugene's Westside Neighborhood who has received local and national recognition for his community service on behalf of neighborhood residents.



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LEFTOVER SALMON AQUATIC HITCHHIKER: The new project features all original material. There's some Cajun, some calypso, a bit of blues and, yes, a bit of bluegrass. Think The Band meets the Dead meets the Nitty Gritty Dirt Band, and you'll be in the ballpark. The end result, Thom said, is a little rootsier than the bands previous recordings. Even hardcore bluegrass traditionalists will be tapping and bouncing along to this recording.

SOUTH MEMPHIS STRING BAND OLD TIMES THERE: Avin Youngblood Hart declares, We're back from retirement and we think this is an even better record than the first one. For the follow up, Luther Dickinson, Avin Youngblood Hart and Jimbo Mathus dug deep into a repository of songs that reflect the essential southern-ness of their common background and recruited a fourth member, Justin Showah, to help them delve into that musical heritage.