



Eugene City Council

125 E. 8th Ave., 2nd Floor
Eugene, OR 97401-2793
541-682-5010 • 541-682-5414 Fax
www.eugene-or.gov

EUGENE CITY COUNCIL AGENDA

October 12, 2020

5:30 p.m. CITY COUNCIL WORK SESSION

Due to Governor Brown's Stay Home, Save Lives Executive Order to combat the spread of Covid-19, this meeting will be held remotely using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

**Meeting of October 12, 2020;
Her Honor Mayor Lucy Vinis Presiding**

Councilors

Emily Semple, President
Mike Clark
Chris Pryor
Betty Taylor

Jennifer Yeh, Vice President
Greg Evans
Claire Syrett
Alan Zelenka

5:30 p.m. CITY COUNCIL WORK SESSION

- 1. WORK SESSION: Urban Reserves Options**
- 2. WORK SESSION and POSSIBLE ACTION: UPS Enterprise Zone Extension Request**

For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

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or visit us online at www.eugene-or.gov.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Urban Reserves Options

Meeting Date: October 12, 2020
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Rebecca Gershow
Telephone Number: 541-682-8816

ISSUE STATEMENT

The purpose of this work session is to continue discussion of Urban Reserves Options with the Eugene City Council in preparation for direction on a preferred Urban Reserve option at their meeting on October 21, 2020. Following Council direction, staff will return to the Board of Commissioners in November to seek their direction on a preferred Urban Reserves option. Once consistent direction is reached, staff will begin preparing an Urban Reserves adoption package to be considered in 2021 through a process that will include public hearings before the planning commissions, County Board and City Council.

BACKGROUND

State law requires cities to periodically demonstrate that their urban growth boundary (UGB) includes enough land for 20 years' population growth. In a growing city like Eugene, this may require a UGB expansion. The State allows cities to pre-plan for UGB expansions by designating "Urban Reserve" land outside the UGB that can be considered a first priority if and when a city needs to expand its UGB. The goal of Urban Reserve planning is to identify an appropriate supply of land for possible expansion, so the City is prepared to grow in a way that meets the community's needs and values.

Land designated as Urban Reserves will remain rural, and cannot be urbanized, unless it is brought into the city's UGB through a formal process. Expansion of the UGB is a highly prescriptive process governed by state law that includes first looking at growth monitoring results to determine if there is a need to expand, then considering measures to grow more efficiently inside the current boundary before expansion can be considered.

Based on the guidance provided by the pillars of Envision Eugene, the Urban Reserves process advances our community vision beyond 2032 and reflects deep collaboration among the City, County, community, and service providers. Since state rules give communities flexibility when deciding on the size of Urban Reserves, decision-makers can choose to designate enough land to meet the needs of anywhere between 10 and 30 years of population growth beyond Eugene's 20-

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year UGB, or beyond 2032. Urban Reserves identifies land for housing, parks, schools, and jobs needed by Eugene’s population in the long-term future, while implementing the area’s regional open space vision, including preservation of significant farm and forest land, waterways, and natural resources.

On July 20, 2015, as part of the City Council’s direction on the UGB, staff was directed to begin Urban Reserves planning, with a target to bring an Urban Reserve proposal for City and County consideration within two years of the state’s approval of the UGB, which was in January 2018. However, the schedule has been adjusted due to the work involved in the necessary analysis, and the need to take more time to involve property owners, the public, and the project’s Technical Advisory Committee in review cycles of complex information during a pandemic. If decision-makers agree on a preferred option this fall, staff will begin the formal adoption process, with the goal of scheduling formal public hearings beginning in spring 2021.

Work to Date

As described at the [September 21, 2020 work session](#), the order of analysis and minimum elements included in Urban Reserves planning is highly prescriptive and is laid out by state law, particularly Oregon Administrative Rules, Chapter 660, Division 21. The Urban Reserves project is designed to be completed in five phases; each phase builds on the previous one, as shown below. We are currently completing the Develop Options phase.

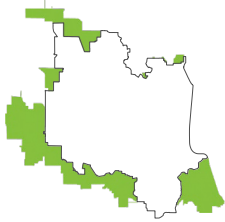


In order to develop options, land identified as potentially suitable for Urban Reserves was considered for inclusion based on its land classification, with non-farm and non-forest land being prioritized over high-value farm and forest land.

As mentioned above, state rules allow communities to designate enough land in Urban Reserves to meet the needs of anywhere between 10 and 30 years of population growth beyond the UGB planning period; for Eugene that means looking 10- to 30-years beyond 2032. City Council previously indicated an interest in seeing a 30-year option among those considered. Using the analysis described at the September 21, 2020 work session, staff began by identifying the best Urban Reserve option to meet a 30-year land need, then evaluated a range of other scenarios. There were several urban reserve options explored that were not moved forward, primarily due to physical constraints and land patterns that would negatively impact the cost and ease of future serviceability. Preliminary options were refined from eight to four, with the help of the Envision Eugene Technical Advisory Committee.

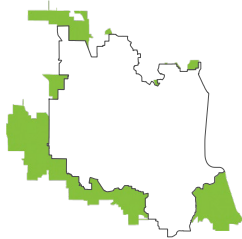
The final four options under consideration reflect the largest possible Urban Reserve size (30-year), the smallest possible Urban Reserve size (10-year) and two options that protect our

highest-class soils, to slightly different degrees. For more information, please review the [Urban Reserves Options Story Map](#). The options are summarized below in order from largest to smallest. For a **Comparison Table of the Urban Reserve Options**, please see **Attachment A**.



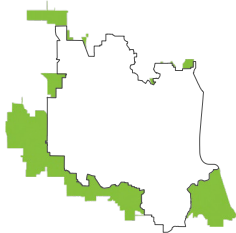
Option 1 (largest):

This option reserves enough land to meet the projected needs of 30 years of growth beyond 2032, based on Eugene's expected population in 2062. A 30-year Urban Reserve is the maximum size allowed by law. It provides the most flexibility in the future for urban growth boundary expansion. The suitable lands excluded from this option are some agricultural properties with predominant Class 1 and 2 land, some properties partially constrained with flood plain, or areas more difficult to serve if included. See **Attachment B (Urban Reserves 30-Year Option)**.



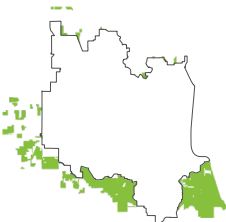
Option 2 (preserves Class 1 land):

This option preserves the highest value farmland by removing from consideration the properties with the highest value soils. It reserves enough land to meet the projected needs of 29 years of growth beyond 2032. The additional suitable lands excluded from this option are all agricultural properties with predominant Class 1 land. See **Attachment C (Urban Reserves 29-Year Option)**.



Option 3 (preserves Class 1 and adjacent Class 2 land):

This option preserves the highest value farmland and additional properties with higher value soils. It reserves enough land to meet the projected needs of 27 years of growth beyond 2032. The suitable lands excluded from this option are all agricultural properties with predominant Class 1 land and the directly adjacent agricultural properties with predominant Class 2 land. See **Attachment D (Urban Reserves 27-Year Option)**.



Option 4 (smallest):

This option reserves enough land to meet the projected needs of 10 years of growth beyond 2032. A 10-year Urban Reserve is the smallest size allowed by law. It provides the least land in the future for urban growth boundary expansion and preserves the most farm and forest land. The scattered pattern of properties included by necessity in this option significantly limits opportunities for efficient and cost-effective future neighborhoods. This may make these areas more costly to serve and less likely to develop. The suitable lands excluded from this option are all agricultural and forest properties with predominant Class 1, 2, 3, or 4 land. See **Attachment E (Urban Reserves 10-Year Option)**.

Project Coordination and Public Review and Input

As described at the September 21, 2020 work session and in the [agenda item summary](#) for that meeting, a variety of project committees and groups have been involved in Urban Reserves

planning with differing responsibilities, including the Project Management Team, Service Provider Working Group, The Triple Bottom Line (TBL) Sounding Board, and the Envision Eugene Technical Advisory Committee (EETAC). See **Attachment F** for committee and team members.

Study area residents and other interested parties have participated in five in-person public meetings—two at the downtown library, and three near the study area. Then, in order to ensure adequate public review of Urban Reserve Options during the pandemic, staff held a month-long [virtual open house](#), which attracted over 1,300 visits and over 200 survey participants. Of those participating, Option 3, the 27-Year option was the most preferred.

Envision Eugene Technical Advisory Committee (EETAC) Recommendation

On July 16, 2020, after seventeen meetings over the course of 22 months, the EETAC provided their final input and recommendation to staff on the Urban Reserve Options under consideration. There were two motions passed, as described below:

1. *The EETAC supports the Urban Reserves analysis as technically sound.* It passed by a vote of 11 thumbs up (supporting) and 1 thumb sideways (reservation or concern).
2. *The EETAC's preferred Urban Reserve option is the 27-year option that preserves Class 1 and adjacent Class 2 land [Option 3], with the acknowledgement that the year-range is an estimate based on current population forecasts and existing Land Use Code.* It passed by a vote of 10 thumbs up and 2 thumbs sideways.

Planning Commission Recommendations

In August 2020, the Eugene and Lane County Planning Commissions both met twice on Urban Reserve options. The role of City and County Planning Commissions was to recommend one of the Urban Reserve options to the City Council and the Board of Commissioners (respectively).

- The Eugene Planning Commission recommended *Option 3, the 27-Year option* (7-0 vote).
- The Lane County Planning Commission recommended *Option 1, the 30-Year option, with a plan policy requiring that the Class 1 and 2 farm land in the Awbrey subarea be the last of the urban reserve land to be considered for expansion of Eugene's urban growth boundary* (5-3 vote).

Answers to Questions from the [September 21, 2020 Work Session](#)

Staff has provided answers to the questions or requests for more information from the joint elected officials work session in **Attachment G**. There was also a question regarding what changes or adjustments would be allowed within the parameters of state law as part of the public adoption process. This information is included in **Attachment H**.

Elected Officials Decision-Making

The Eugene City Council and Lane County Board of Commissioners have joint decision-making authority in the Urban Reserves project, including the following:

1. Provide direction on a proposed Urban Reserve option (2020)

2. Convene public hearings, consider the Planning Commission recommendations, and act to adopt by Ordinance the Urban Reserves proposal as spelled out in state statute (2021)

Tonight's meeting is in preparation for #1, above. The City and County will each be asked to initiate the land use review process for one of the four Urban Reserve options described in this AIS.

Under this process, after receiving consistent direction from both bodies, staff will prepare the necessary materials, including plan and code amendments, intergovernmental agreements and findings. The record will then open and anyone can submit written testimony. There will be a public hearing before the Eugene and Lane County Planning Commissions and the Planning Commissions will then make recommendations to the City Council and Board of Commissioners. The record materials from the Planning Commission process will then be forwarded to the City Council and the Board of Commissioners; another public hearing will be held before the Council and Board before taking action and adopting Urban Reserves.

COUNCIL OPTIONS

No action is requested at this time. Options will be provided at the time of Council direction, scheduled for October 21, 2020.

CITY MANAGER'S RECOMMENDATION

This item is scheduled for discussion only. The City Manager will make a recommendation to be included in the Council packet for the October 21, 2020 meeting.

ATTACHMENTS

- A. Comparison Table of Urban Reserves Options
- B. Urban Reserves 30-Year option map
- C. Urban Reserves 29-year option map
- D. Urban Reserves 27-year option map
- E. Urban Reserves 10-year option map
- F. Committee and Team Members
- G. Memo from Staff Responding to Questions from 9.21.20 Work Session
- H. Memo from Emily Jerome, Deputy City Attorney

FOR MORE INFORMATION

Staff Contact: Rebecca Gershow, Senior Planner Urban Reserves

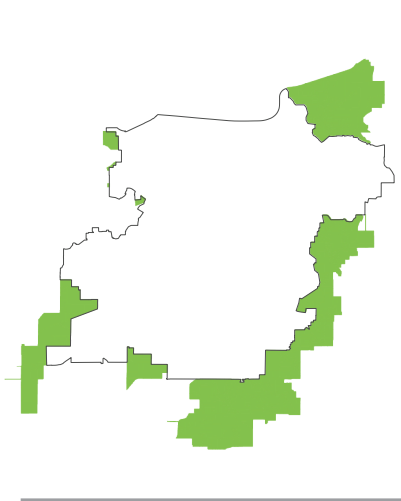
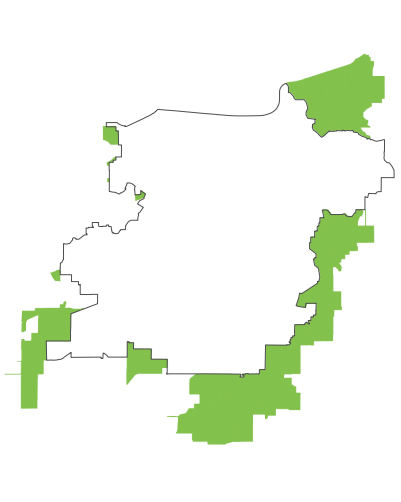
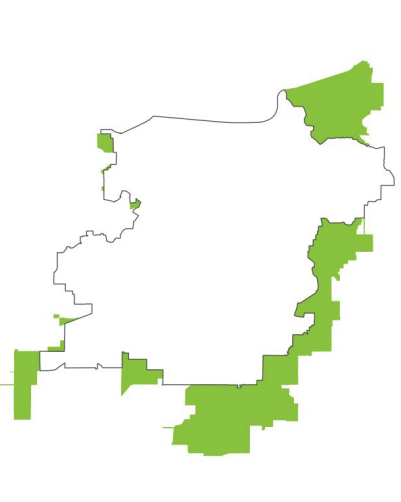
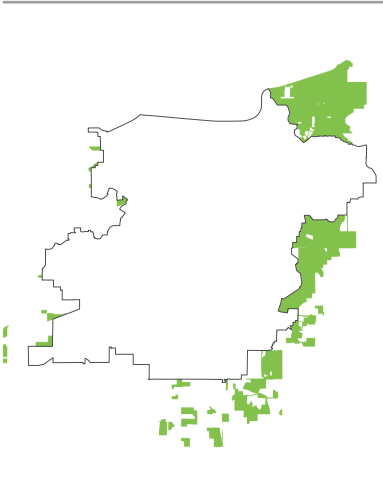
Telephone: 541-682-8816

Email: RGershow@eugene-or.gov

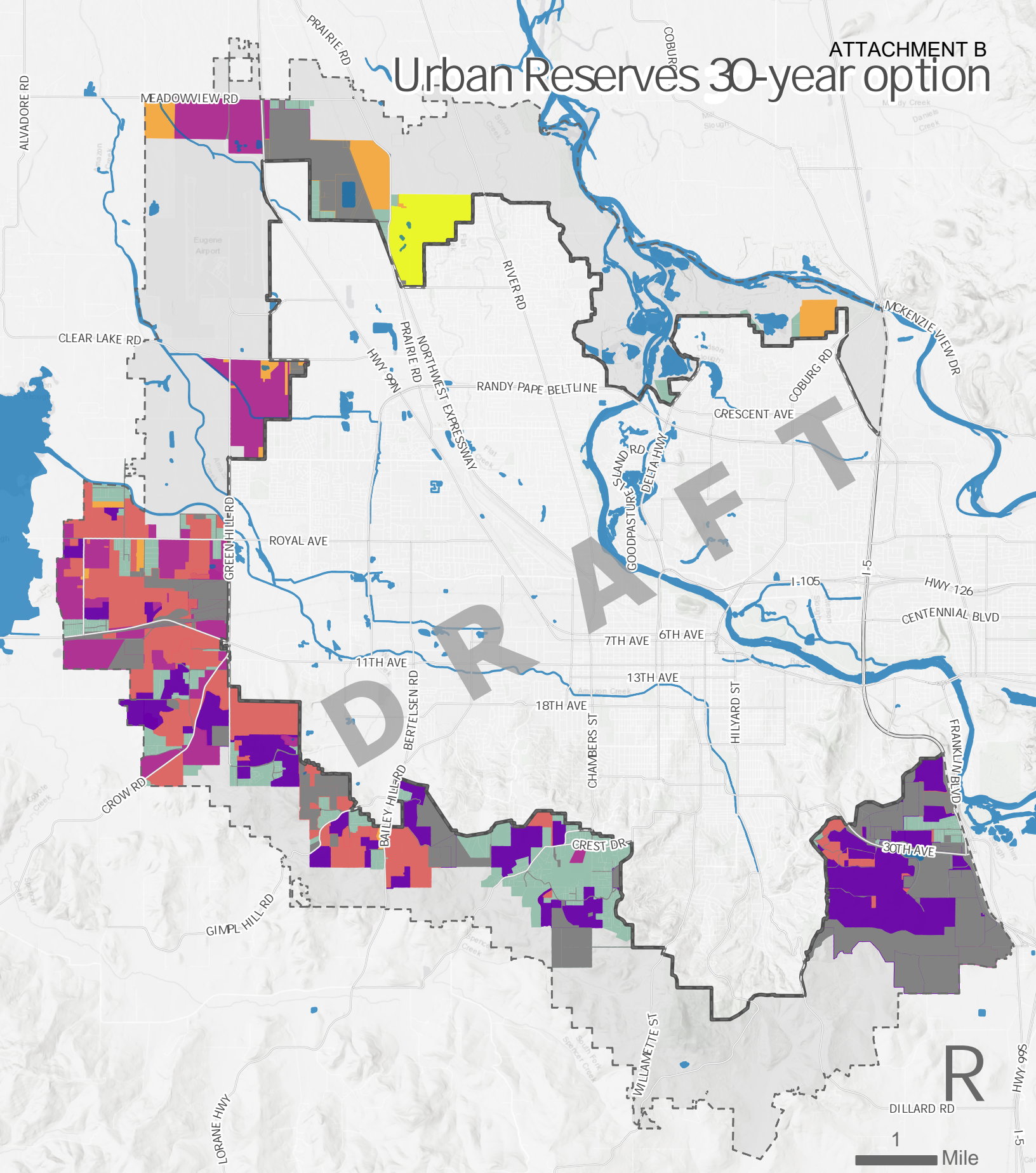
Web: <https://www.eugene-or.gov/UrbanReserves>

Urban Reserves

Option Comparison

	OPTION 1	OPTION 2	OPTION 3	OPTION 4
				
How many years of growth will this option accommodate, beyond 2032?	30 years	29 years	27 years	10 years
How much developable land is included?	6,365 acres	6,220 acres	5,940 acres	2,670 acres
What type of developable land is included in this option?	789	808	782	779
	407	407	407	387
	5,063	4,899	4,646	1,408
	106	106	106	95
Which farm and forest lands are included in this option? <small>(Class 1 is highest value, Class 6 is lowest value)</small>	Properties with predominant Class 1 to 6 land	Properties with predominant Class 2 to 6 land	Properties with predominant Class 2 to 6 land	Properties with predominant Class 6 land
Which farm and forest lands in the study area are excluded from this option?	Some farm and forest properties with predominant Class 1 and 2 land, constrained with flood plain, or difficult to serve	All farm and forest properties with predominant Class 1 land	All farm and forest properties with predominant Class 1 land and directly adjacent properties with predominant Class 2 land	All farm and forest properties with predominant Class 1-4 land
What is the average estimated residential capacity of this option, in number of dwelling units per developable acre?	5.1	5.02	4.85	3.65
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Urban Reserves 30-year option



Eugene UGB

Full study area

Land Committed for Public Use

Non-Farm and Non-Forest Land

Farm or Forest Predominant Land Class*

Class 1 | Higher capability | More productive land

Class 2

Class 3

Class 4

Class 6 | Lower capability | Less productive land

This map is intended for illustrative purposes, and is not suitable for legal, surveying, or engineering purposes. The draft study area is based on imprecise source data and is subject to change.

Map created July 2020 by City of Eugene Planning Division.

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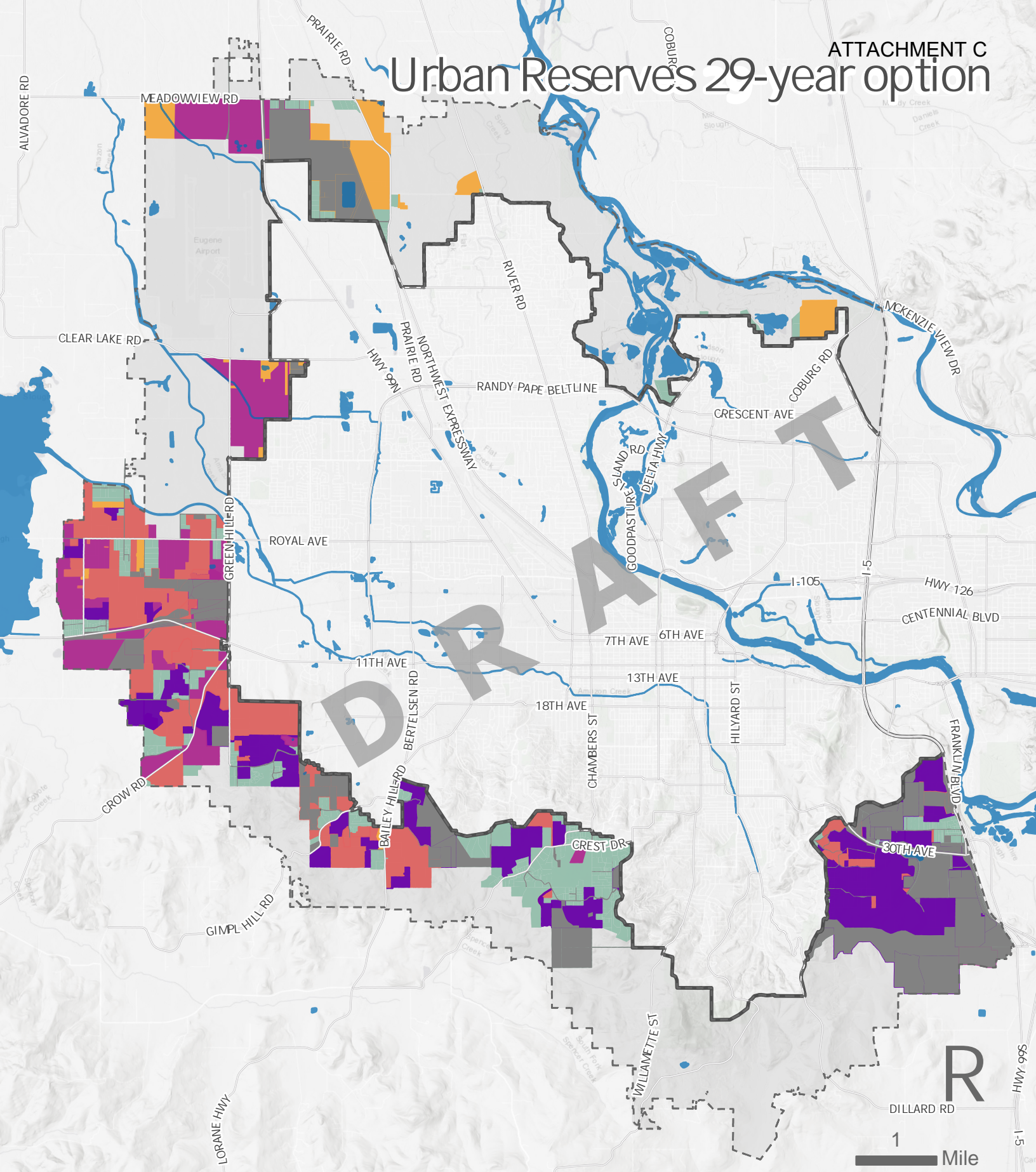
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For additional information, visit www.eugene-or.gov/UrbanReserves

*There are no suitable farm or forest properties with a predominant land class of 5, 7, or 8.



Urban Reserves 29-year option



— Eugene UGB

- - - Full study area

■ Land Committed for Public Use

■ Non-Farm and Non-Forest Land

Farm or Forest Predominant Land Class*

■ Class 1 | Higher capability | More productive land

■ Class 2

■ Class 3

■ Class 4

■ Class 6 | Lower capability | Less productive land

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Map created July 2020 by City of Eugene Planning Division.

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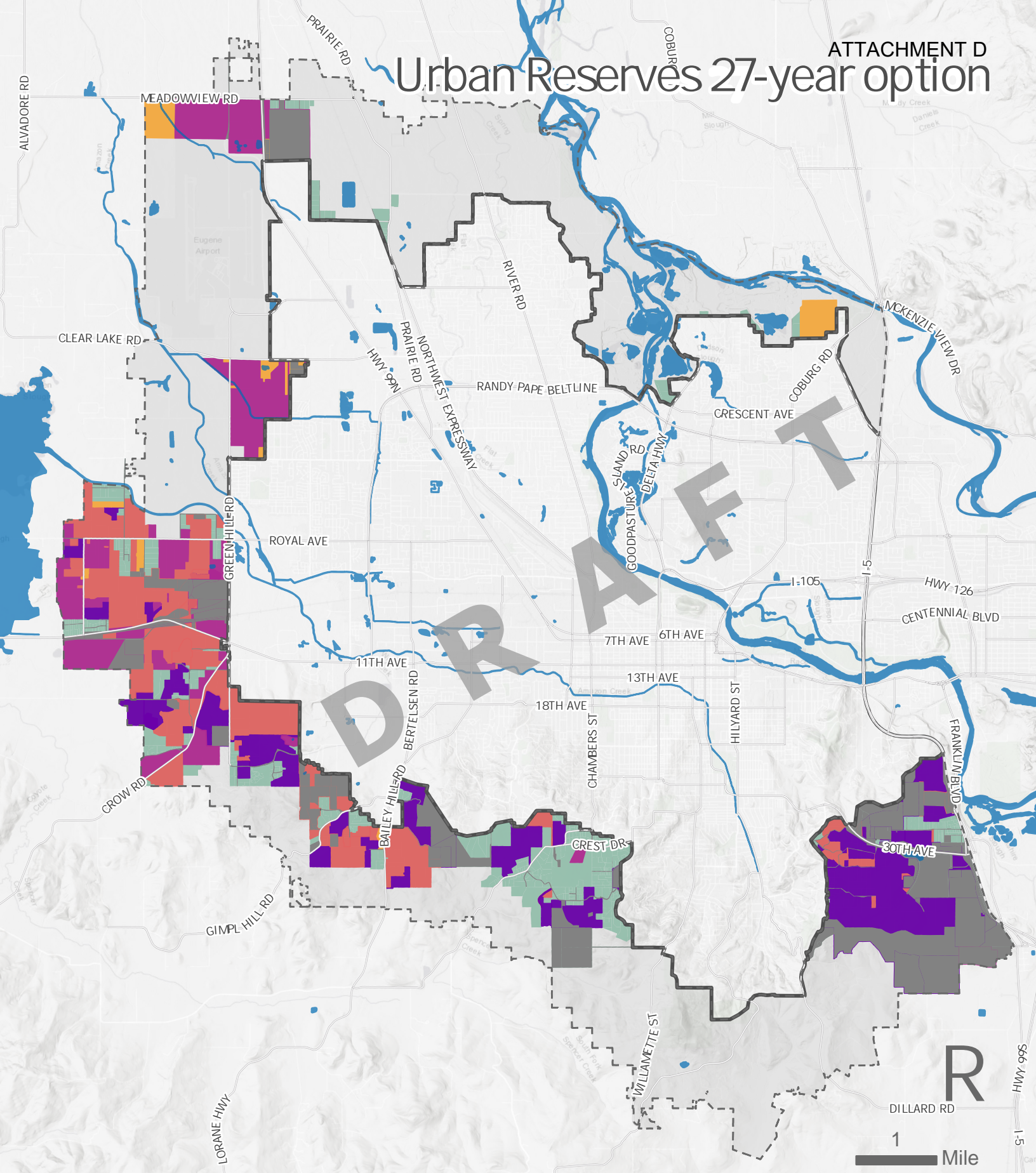
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For additional information, visit www.eugene-or.gov/UrbanReserves

*There are no suitable farm or forest properties with a predominant land class of 5, 7, or 8.



Urban Reserves 27-year option



- Eugene UGB
- Full study area
- Land Committed for Public Use
- Non-Farm and Non-Forest Land

Farm or Forest Predominant Land Class*

- Class 1 | Higher capability | More productive land
- Class 2
- Class 3
- Class 4
- Class 6 | Lower capability | Less productive land

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Map created July 2020 by City of Eugene Planning Division.

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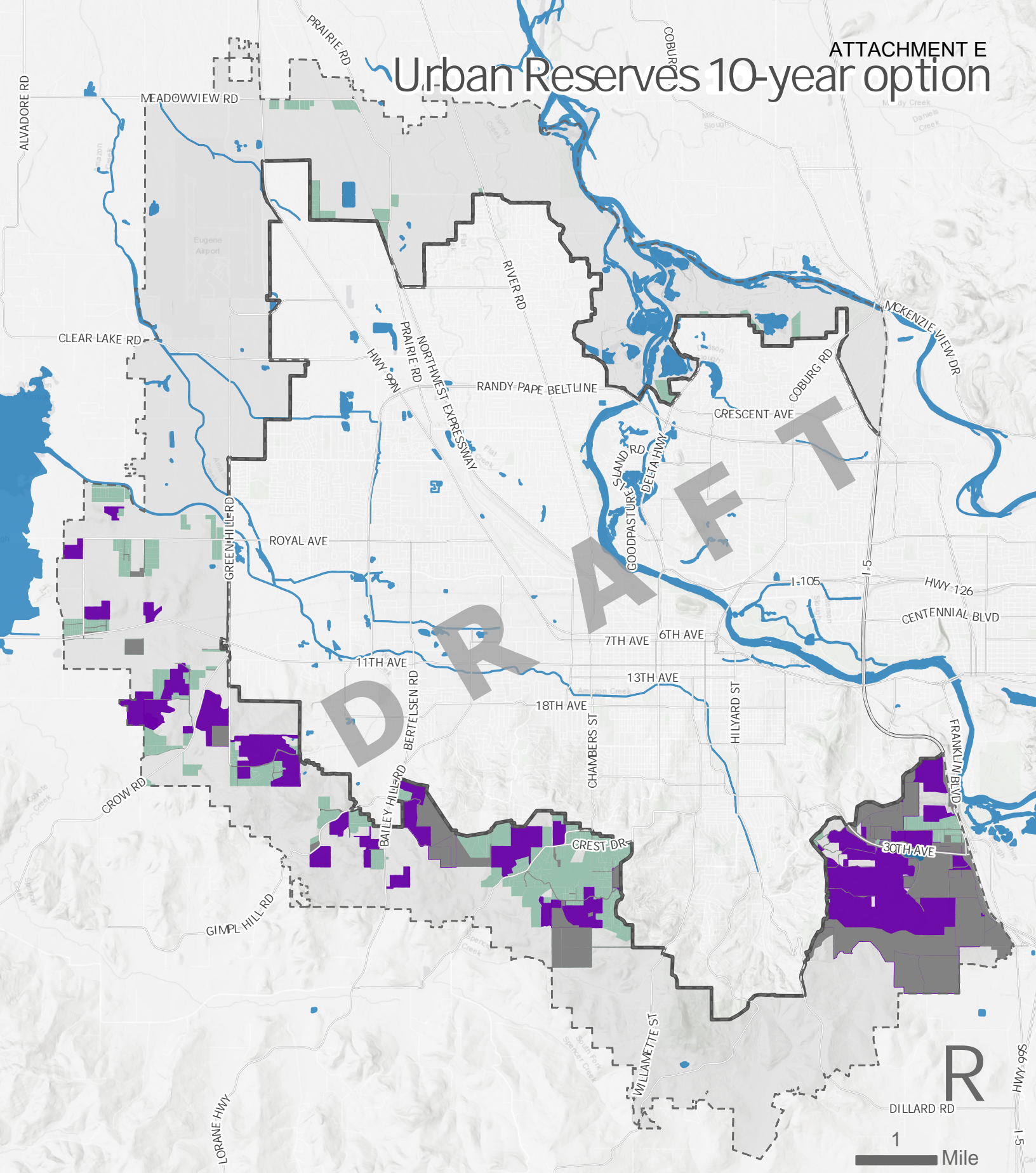
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For additional information, visit www.eugene-or.gov/UrbanReserves

*There are no suitable farm or forest properties with a predominant land class of 5, 7, or 8.



Urban Reserves 10-year option



- Eugene UGB
- Full study area
- Land Committed for Public Use
- Non-Farm and Non-Forest Land

Farm or Forest Predominant Land Class*

- Class 1 | Higher capability | More productive land
- Class 2
- Class 3
- Class 4
- Class 6 | Lower capability | Less productive land

This map is intended for illustrative purposes, and is not suitable for legal, surveying, or engineering purposes. The draft study area is based on imprecise source data and is subject to change.



*There are no suitable farm or forest properties with a predominant land class of 5, 7, or 8.

Committee and Team Members, as of August 2020

Envision Eugene Technical Advisory Committee (EETAC)

The 13-member EETAC provides technical advice to staff on growth management issues, specifically the Growth Monitoring and Urban Reserves projects. The EETAC has met 17 times on Urban Reserves since October 2018 and has been critical in reviewing and providing input on the Urban Reserves analysis.

EETAC members include:

- John Barofsky (co-Chair), Planning Commission
- Howard Saxion (co-Chair), Sustainability Commission
- Jennifer Yeh, City Council
- Ed McMahon
- Alexis Biddle
- Kevin Shanley
- Lisa Arkin
- Mark Reed
- Michelle Hunt
- Philip Farrington
- Rick Duncan
- Sue Prichard
- Tiffany Edwards

Triple Bottom Line (TBL) Sounding Board

The TBL Sounding Board has met twice, in May and November 2019. The TBL is a framework the City of Eugene is using to reach its sustainability goals. It's designed to help us think about and explore the environmental, equity and economic impacts, benefits and trade-offs of our decisions. The work of the TBL Sounding Board particularly helped inform Criteria #3 in the suitability analysis, *Comparative economic, energy, social, and environmental impacts*. Members include:

- Daniel Borson, Human Rights Commission
- Kristen Taylor, Planning Commission
- Zachary Mulholland, Sustainability Commission
- Eliza Kashinsky, Budget Committee
- Mindy Schlossberg, EWEB Board of Commissioners
- Isaac Judd, Housing Policy Board
- Kate Perle, Neighborhood Leaders Council
- Kate Reid, Lane Transit District Board
- Betsy Schultz, Lane County Planning Commission
- Tom Poage, Lane County Transportation Advisory Committee

Service Provider Working Group

The Service Provider Working Group is made up of area service providers who analyzed each subarea for serviceability. They include water, wastewater, stormwater, transportation and fire protection representatives, who have met several times as a group and individually with staff. This work is included

in the [Preliminary Analysis of Orderly and Economic Provision of Public Facilities and Services](#) and summarized for each subarea in the suitability analysis. Members include:

Urban Service Providers:

- Jeanine Parisi, EWEB
- Laura Farthing, EWEB Water
- Bill Johnson, EWEB Water
- Richard Fatooh, EWEB Electric
- Richard Jeffries, EWEB Electric
- Therese Walch, City of Eugene Public Works
- Doug Singer, City of Eugene Public Works
- Jennah Maier, City of Eugene Public Works
- Katie Marwitz, City of Eugene Public Works
- Dave Breitenstein, Metropolitan Wastewater Management Commission
- Amy Linder, Eugene Springfield Fire and EMS
- Andrew Martin, Lane Transit District
- Lindsey Eichner, Lane County Land Management
- Sasha Vartanian, Lane County Transportation
- Bill Johnston, Oregon Department of Transportation
- Philip Richardson, City of Eugene Parks and Open Space

Study Area Service Providers (meeting participants):

- Terry Ney, Lane Fire Authority
- Brandon Nicol, Junction City Rural Fire Protection District
- Rick Engstrom, Lane Electric
- Doug Barab, Emerald People's Utility District

Project Management Team

The Project Management Team (PMT) includes City and County staff tasked with carrying out the project in accordance with the Project Charter. The PMT has been meeting monthly since January 2018.

Members include:

- Rebecca Gershow, Senior Planner & Project Manager, Planning and Development
- Alissa Hansen, Planning Director, Planning and Development
- Terri Harding, Principal Planner, Planning and Development
- Lindsey Eichner, Senior Planner, Lane County
- Emily Jerome, Deputy City Attorney
- Thea Evans, GIS Analyst, Planning and Development
- Sophie McGinley, Assistant Planner, Planning and Development
- Heather O'Donnell, Senior Planner, Planning and Development
- Philip Richardson, Parks Planner, Parks and Open Space



Memorandum

Date: September 30, 2020

To: Eugene Mayor and City Council, and Lane County Board of Commissioners

From: Rebecca Gershow, Senior Planner

Subject: Response to questions and requests for additional information

At the September 21, 2020 joint elected officials work session on Urban Reserves, there were a few questions or requests for additional information, which staff is sharing below.

Population estimates:

There were several questions about the population projections used in the analysis, since one of the key assumptions used for planning Urban Reserves is population growth. Here is a little more information:

As required by state law (ORS 195.033; OAR 660-032-0020), the project is using the 2019 Population Forecast for Lane County from the Oregon Population Forecast Program, developed by the Population Research Center at Portland State University. The Oregon Population Forecast Program issues new population forecasts every four years. The 2019 Lane County Population Forecast was official as of June 30, 2019. The population forecast includes the area within Eugene and its urban growth boundary (UGB). See the [Coordinated Population Forecast for Lane County, its Urban Growth Boundaries \(UGB\), and Area Outside UGBs 2019-2069](#), for complete information on all of Lane County.

Cost of development:

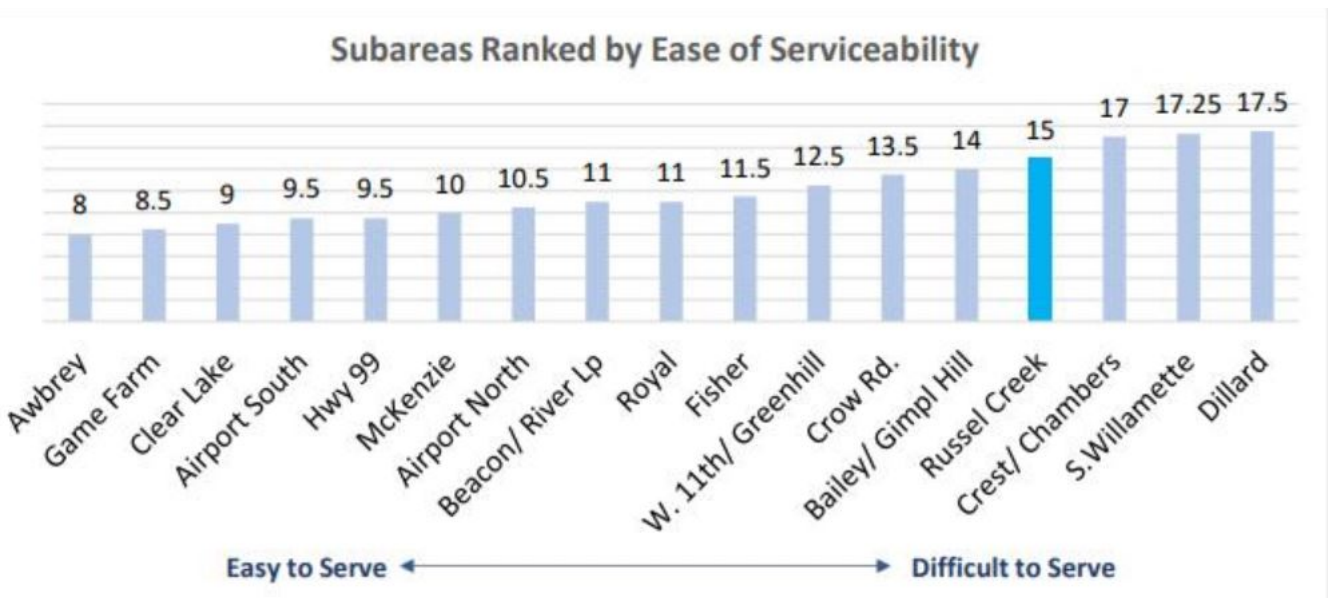
Several questions were raised at the work session regarding how the cost of development is factored into Urban Reserves decision-making. The primary way that potential future cost of development can be considered is through the **cost to serve** future development. In 2019, project staff and service providers developed a [Preliminary Analysis of Orderly and Economic Provision of Public Facilities and Services](#) (Serviceability Analysis). The information in this 43-page report was summarized in our Suitability Analysis as one of the four key factors considered.

The report is a preliminary assessment of what it would take to provide an urban level of public services to land within the Urban Reserves study area. Services analyzed include wastewater, water, fire protection, transportation, transit and stormwater. Each subarea includes a high-level narrative description of the land uses and constraints within it and the relative serviceability of each area (easy,

moderate or difficult), based on a qualitative assessment by service providers and project staff. Also included is a generalized cost estimate, which represents preliminary estimates for the major components of the individual systems. Cost information is provided on a \$ to \$\$\$\$\$ scale, with one dollar sign (\$) denoting the least cost and five dollar signs (\$\$\$\$\$) denoting the greatest cost. The scale used for each type of utility or service varies and is not comparable to other utilities or services. For example, a \$ for wastewater does not equate to a \$ for transportation.

The information provided in this report was then summarized in the Suitability Analysis Reports for each subarea, under section #2, “Orderly and economic provision of public facilities and services.” In several subareas, the cost to serve played a major role in removing land from further consideration.

The summary table below, from the Serviceability Analysis, ranks each subarea by ease of serviceability based on a qualitative assessment by service providers. (For details, see the full [report](#).) The Awbrey and Game Farm subareas are ranked as easiest to serve. The Dillard and Willamette/Fox Hollow subareas are ranked as the most difficult to serve and were ultimately removed from consideration in the Suitability Analysis, in great part due to the Serviceability Analysis findings. The more distant areas of three other subareas were also removed from consideration, in part due to the cost to serve (portions of Crow, Bailey/Gimpl Hill, and Crest/Chambers subareas). See the suitable lands map [here](#). In general, the flatter areas in the north and west of the study area were identified as easiest to serve. Soil productivity is not considered in cost-to-serve analysis.



Soil classification:

There was a question about the dates of the soil classification maps used in the analysis. The spatial soils data used in the Urban Reserves analysis were updated by USDA-NRCS on September 10, 2019. The detailed soil type and slope data determine the land (agriculture and forest) classification. So even though Lane County hasn't updated their Lane County Soil Ratings for Forestry and Agriculture report since August 2011, the underlying detailed soils data used in the Urban Reserves analysis is updated annually.



Eugene City Attorney's Office

Memorandum

Date: September 30, 2020

To: Mayor and City Council

From: Emily N. Jerome, Deputy City Attorney

Subject: Response to Request from Councilor Syrett; A Primer on Things the City and County Could Adjust in Response to Public Comment Received During Review of an Urban Reserve Proposal

At your September 21st joint work session, staff presented four different options for establishing urban reserves for Eugene. The City Council and County Board are asked to select one of the options and to initiate a formal review process to consider adoption of that urban reserve option. Staff will then prepare the plan amendments, code amendments and intergovernmental agreements legally required for the selected option, along with written analysis showing the City and County have adequately addressed and properly applied state law criteria for establishing urban reserves. The amendments and analysis will constitute the urban reserve proposal to be taken through a formal review process in 2021. The review process will include public hearings and solicitation of written testimony. At the September 21st joint work session, Councilor Syrett asked staff to provide a primer on the things the City and County might adjust in response to public comment received during that review process.

Undoubtedly, some of the public comment will urge the City and County to completely abandon the urban reserve project. The City or County could decide not to establish urban reserves at all (urban reserves are not legally required). Other public comment will urge the City and County to change the option selected, arguing generally for a smaller or larger supply of land in urban reserves. Although it would result in a significant delay (staff would need to prepare different plan and code amendments, intergovernmental agreements and written analysis), the City and County could change their direction regarding the options.

Some public comment will pertain to specific property, asserting that the property should be included in, or removed from, urban reserves. State law is extremely prescriptive for identifying land that must be included in or excluded from urban reserves. The City and County are required to apply particular factors in a particular order and are prohibited from considering other, “extrinsic,” factors. The four options now presented are the result of staff’s application of the state-required analysis for urban reserves. Any request to include or remove particular land must also be evaluated based on the state’s factors, applied in the state-prescribed order.

The information presented by staff in work sessions that began in 2018 has given you some familiarity with the relevant issues to be addressed during the public review process. See Attachment B to September 21, 2020 AIS entitled “List of Planning Commissions, Board of Commissioner and City Council Meetings” and Attachment C “Urban Reserves Outline of Analysis.” Below are *some* questions that, if answered in the negative, could lead to a change in the urban reserves proposal as a result of public testimony.

- Does the proposed analysis begin with a large-enough study area?
- Does the proposed analysis use reasonable / correct assumptions, projections and calculations for identifying Eugene's long-term land needs? (The law requires use of PSU's population projections; other laws may apply).
- Does the proposed analysis correctly identify (and exclude) land that is not developable?
 - Under urban reserve law, "developable land" is "land that is not severely constrained by natural hazards or designated or zoned to protect natural resources" and that "is either entirely vacant or has a portion of its area unoccupied by structures or roads."
- Does the proposed analysis correctly identify (and exclude) land that is, on balance, not suitable for urban reserves based on consideration of all (and only) the locational factors of Statewide Planning Goal 14 factor? Those factors are:
 - efficient accommodation of the needed land
 - orderly and economic provision of public facilities and services
 - comparative environmental, energy, economic and social consequences
 - compatibility of the land's urbanization with nearby agricultural and forest activities
- Does the proposed analysis correctly categorize land as it is identified in Lane County's rural comprehensive plan or the Metro Plan? The relevant categories are:
 - Non-resource land
 - exception areas
 - marginal land
 - resource land (agricultural land and forest land)
 - resource land completely surrounded by exception areas, unless such resource land is a high-value crop area or prime or unique agricultural lands and defined by the US Department of Agriculture"
- Does the proposed analysis correctly identify the capability classification for agricultural land and the cubic foot site classification for forest land?
- Does the proposed analysis correctly identify land where "future urban services could not reasonably be provided due to topographical or other physical constraints?"
- Does the proposed analysis correctly identify land that is needed in urban reserves "for maximum efficiency of land uses" within the urban reserves?

Answering "no" to any of these questions could result in a change to the urban reserves proposal. If the change includes removal or addition of land, there may be a change in the forecasted period of time for which the urban reserves will serve Eugene's growth. State law prohibits an urban reserve that is forecasted to serve the City's needs for more than 30 years so, if an addition of land would result in a forecast exceeding 30 years, other land would need to be removed.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session and Action: UPS Enterprise Zone Extension Request

Meeting Date: October 12, 2020

Department: Planning and Development Department

www.eugene-or.gov

Agenda Item Number: 2

Staff Contact: Amanda D'Souza

Contact Telephone Number: 541-682-5540

ISSUE STATEMENT

United Parcel Service (UPS) submitted an Enterprise Zone Authorization Application seeking a tax exemption on a proposed investment of \$10 million for the construction of a new facility in northwest Eugene. The Authorization Application included a request for a two-year extension of the standard three-year exemption (total of five years). Council is asked to consider approval of UPS's two-year extension request consistent with the conditions included in the resolution in Attachment A.

BACKGROUND

UPS is an international package delivery company started in 1907. UPS plans to build a new packaging center at a property at the northwest corner of Northwest Expressway and Irving Street. The company currently operates a Customer Service Center in a leased building in Glenwood. The new facility is larger and will provide UPS with the ability to handle increased levels of package volume. The 68 employees at the existing facility would transfer to the new location, and UPS expects to create at least 7 jobs. UPS recently acquired the property and plans to start construction of the \$10 million, 43,000 sq. ft. facility later this year, with completion expected next year.

UPS's new location is within the West Eugene Enterprise Zone and Urban Growth Boundary, but is not currently within City limits (that means the facility will not pay property taxes to the City.) The City is a co-sponsor of the West Eugene Enterprise Zone, therefore Council must consider and take action on UPS's extension request. Should Council approve the request, Lane County Board of Commissioners will need to consider the request as the other co-sponsor.

UPS's planned investment is eligible by-right for the program's standard three-year exemption, should they meet the basic Enterprise Zone requirements. The program is designed to encourage new investments that create jobs and increases tax revenue. To qualify for the three-year exemption, the business must be a (non-retail) manufacturing, processing, call-center, headquarters, distribution, or warehouse business that will increase its base employment by at least ten percent.

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UPS has met the qualifications for the three-year exemption and will receive the exemption benefit in Years 1-3 (estimated at \$213,000) regardless of Council's decision on the two-year extension request.

Two-Year Extension

UPS has requested an optional two-year extension that, if approved, would extend the tax exemption benefit to a total of five years. State statute allows businesses to request a two-year extension, subject to approval by the local zone sponsors (City Council and County Board of Commissioners). To receive the extended exemption, a business must qualify for the standard three-year exemption, and (1) provide all new employees an annual compensation of at least 150% of the county's average annual wage, (2) abide by any additional conditions that the sponsor may reasonably request, and (3) enter into a written agreement with the zone sponsor confirming the conditions associated with the extended exemption. The provision for additional conditions associated with the two-year extension is guided by state administrative rules. If the additional conditions include an economic cost to the company, Oregon Administrative Rule (OAR 123-065-2540) states that any additional requirements "shall not substantially offset or reduce the relevant tax benefit for the eligible business firm, such that... these costs shall not exceed one-third of the tax savings".

UPS's Extension Request

The extension is expected to provide an additional \$153,000 tax exemption in Years 4 and 5 (because the location is not located in city limits, there is no impact to the City's tax revenue). In recognition of the extension, UPS will make a community benefit investment of \$50,000 to Lane Community College's (LCC) Diesel Technology program and donate at least 2 decommissioned vehicles to LCC for educational purposes. The draft extension agreement details are included in the resolution (Attachment A), and summarized below:

- Average annual compensation (with benefits) of new employees must be greater than or equal to 150% of county average wage ($\$43,784 \times 150\% = \$65,676$), consistent with state statutes.
- Annual financial contribution of \$10,000 for 5 years to Lane Community College's Diesel Technology program to support the program and enrolled students.
- Donate a minimum of 2 vehicles to the Diesel Technology program for educational purposes.

Should either zone sponsor choose not to approve UPS's request for the two-year extension, UPS could still receive the standard exemption benefit in Years 1-3, as long as they continued to meet ongoing program requirements.

Next Steps

If Council approves the extension request, the Lane County Board of Commissioners will be asked to consider approval of the request. Following approval by both Zone sponsors, both sponsors will enter into an agreement with UPS consistent with the terms included in the resolution (Attachment A).

PREVIOUS COUNCIL DIRECTION

[July 24, 2017 Council Work Session](#)

Council adopted an ordinance amending the West Eugene Enterprise Zone Public Benefit Criteria. The Criteria is applicable to eligible business firms seeking an enterprise zone tax exemption with the intent to impose a public benefit contribution of up to 25% of the tax exemption value based on their conformance with the public benefits.

[June 8, 2016 Council Work Session](#)

Council adopted a resolution authorizing the City Manager to re-designate the West Eugene Enterprise Zone for another ten years. Council also voted to convene a committee to review and recommend modifications to the program's Public Benefit Criteria.

COUNCIL OPTIONS

1. Approve the exemption extension resolution (Attachment A).
2. Amend the terms and approve a resolution with the amended terms.
3. Deny the exemption extension.
4. Take no action at this time.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approval of UPS's two-year extension request consistent with the conditions in the resolution (Attachment A).

SUGGESTED MOTION

Move to adopt a Resolution Approving a Two-Year Extension Request For a Property Tax Exemption to United Parcel Service, Inc./BT OH, LLC For Its Operations in the West Eugene Enterprise Zone.

ATTACHMENTS

A. Resolution

FOR MORE INFORMATION

Staff Contact: Amanda D'Souza
Telephone: 541-682-5540
Staff E-Mail: adsouza@eugene-or.gov

RESOLUTION NO. _____

A RESOLUTION APPROVING A TWO-YEAR EXTENSION REQUEST FOR A PROPERTY TAX EXEMPTION TO UNITED PARCEL SERVICE, INC./BT OH, LLC FOR ITS OPERATIONS IN THE WEST EUGENE ENTERPRISE ZONE.

The City Council of the City of Eugene finds as follows:

A. The City of Eugene and Lane County are co-sponsors of the West Eugene Enterprise Zone, which became effective on July 1, 2016.

B. United Parcel Service, Inc. / BT OH, LLC (“UPS”) is an eligible business firm as provided in ORS 285C.135 and has the right under ORS 285C.175 to seek property tax exemptions in the enterprise zone.

C. UPS has filed an authorization application with the West Eugene Enterprise Zone Manager seeking a three-year property tax exemption for its operations in the West Eugene Enterprise Zone under ORS 285C.175. That application will be approved, if at all, by the West Eugene Enterprise Zone Manager and the Lane County Assessor.

D. UPS also seeks a two-year extension to the tax exemption, for a total five-year exemption.

E. If the Council approves the two-year extension, the request would then be considered by the Lane County Board of Commissioners.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Pursuant to ORS 285C.160, the City Council approves UPS’s request for an additional two-year tax exemption at the end of any tax exemption period authorized by the West Eugene Enterprise Zone Manager and the Lane County Assessor pursuant to ORS 285C.140, provided that UPS complies with the following conditions for each year of the entire exemption period:

(a) UPS will annually compensate all new employees hired by UPS at a rate of at least 150 percent of the county average annual wage for each assessment year during the tax exemption period, in accordance with the specific definitions and guidelines in Oregon Administrative Rules (OAR), Chapter 123, Division 674 (OAR 123-674-0600).

(1) The county average annual wage is set at the time of authorization, except as provided in ORS 285C.160(4). According to the “Annual Average Wage by County by Year” created by Business Oregon using data collected by the Oregon Employment Department, the 2018 Lane County average annual wage was \$43,784; 150 percent of which equals \$65,676;

(2) Average level of compensation is calculated for new jobs, which is defined as jobs filled for the first time between the date of November 11, 2019, which was the date of submission of the authorization application, and December 31 of the first year for which an exemption is claimed and whose duties are performed within the current boundaries of the West Eugene Enterprise Zone; and

(3) Only full-time, year-round and non-temporary employees engaged in a majority of their time in UPS’s eligible operations consistent with ORS 285C.135 and 285C.200(3) are counted, regardless of whether such employees are leased, contracted for or otherwise obtained through an external agency or are employed directly by UPS.

(b) UPS shall meet the following additional requirements as reasonably requested by the Zone Sponsors under ORS 285C.160(a)(B):

(1) UPS shall pay \$10,000 per year to Lane Community College’s Diesel Technology program, on or before July 1 in each of the five years of the enterprise zone exemption to support the program and enrolled students.

(2) UPS shall donate a minimum of 2 vehicles to the Diesel Technology program for educational purposes.

Section 2. The City Manager is authorized to sign agreements with Lane County, the co-sponsor of the West Eugene Enterprise Zone, and UPS incorporating the terms described in this Resolution only if the following two conditions are met:

(a) The West Eugene Enterprise Zone Manager and the Lane County Assessor approve the application for authorization for the initial three-year property tax exemption; and

(b) UPS accepts the conditions outlined in this Resolution.

Section 3. The City Manager is authorized to take appropriate action to facilitate the extension of the property tax exemption as described in this Resolution.

Section 4. In the event that UPS fails to comply with any of the conditions in Sections 1 and 2 of this Resolution, the City Manager shall notify the Lane County Assessor that UPS has become unqualified for the exemption.

Section 5. This Resolution is effective immediately upon its passage by the City Council.

The foregoing Resolution adopted the ____ day of _____, 2020.

City Recorder