



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

October 11, 2023

12:00 p.m. CITY COUNCIL WORK SESSION and URBAN RENEWAL AGENCY MEETING

City Council Wednesday work sessions will be held 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 11, 2023;
Her Honor Mayor Lucy Vinis Presiding**

Councilors

Randy Groves, President
Lyndsie Leech
Jennifer Yeh
Mike Clark

Matt Keating, Vice President
Emily Semple
Alan Zelenka
Greg Evans

12:00 p.m. CITY COUNCIL WORK SESSION and MEETING OF THE EUGENE URBAN RENEWAL AGENCY

1. **WORK SESSION: Riverfront Parcel 3A**
 - A. **WORK SESSION AND ACTION: Downtown Riverfront Development Atkins Dame Terms**
 - B. **ACTION: An Ordinance Concerning the Skinner Butte Height Limitation Area and Downtown Riverfront Special Area Zone, Amending Figures 9.3155(3) and 9.6715(3) of the Eugene Code, 1971.**
 - C. **WORK SESSION and POSSIBLE ACTION: MUPTE Application – Riverfront Parcel 3A**
2. **WORK SESSION: Finance and Revenue Update**

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. 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.

For more information, contact the Council Coordinator at 541-682-5010,
or visit us online at www.eugene-or.gov.

URBAN RENEWAL AGENCY BOARD

AGENDA ITEM SUMMARY



Work Session and Action: Downtown Riverfront Development Atkins Dame Terms

Meeting Date: October 11, 2023
Department: Planning and Development
www.eugene-or.gov

Agenda Item: 1A
Staff Contact: Will Dowdy
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

At this work session, the Urban Renewal Agency Board will be asked to review and take action on a proposed change to the terms the Agency Director uses to approve the Disposition and Development Agreement for the Downtown Riverfront. The change would allow for the development of additional housing units on Parcel 3A. (See map in Attachment A.)

BACKGROUND

The Urban Renewal Agency Board's discussion of Downtown Riverfront redevelopment is part of a decades-long community planning and visioning effort to connect downtown to the river. The Urban Renewal Agency Board purchased about 17 acres of largely vacant Downtown Riverfront property from the Eugene Water & Electric Board in April 2018. Based on terms the Urban Renewal Agency Board approved in May 2020, the Agency Director signed a Disposition and Development Agreement (DDA) for the sale of about 8 acres of Downtown Riverfront property to Atkins Dame.

Among other items, the terms approved in May 2020 included a concept plan that outlined minimums and maximums for project features for each parcel included in the 8 acres, such as number of units, number of stories, and commercial square footage. (See Attachment B for the approved minimums and maximums). This approach was used to provide flexibility so that the best outcomes could be achieved given market conditions at the time.

Atkins Dame is proposing a 237-unit multi-family residential project on Parcel 3A and has applied for a Multiple-Unit Property Tax Exemption from the City for this project. The terms approved in May 2020 limit the development on Parcel 3A to a maximum of about 200 units. In order for Atkins Dame's proposed project to be in compliance with the approved terms and the DDA, the Urban Renewal Agency Board would need to revise the terms so that the Agency Director has authority to amend the DDA to allow for increased density.

The proposed motion provided below would revise the term to allow a maximum of 275 housing units. (See suggested revision in Attachment B.)

Downtown Riverfront Progress

Atkins Dame continues to make progress on development of the Downtown Riverfront neighborhood. Construction on the first building, located on Parcel 7, began in August 2022 and is expected to be completed in Spring 2024. Construction on Parcel 3BC began in May 2023. Sale of the final two parcels (including Parcel 3A) is expected by December 2024.

HIP Connection

The proposed project on Parcel 3A will contribute to the [Housing Implementation Pipeline \(HIP\)](#) goals. The HIP is the 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply. Specifically, this project would provide 237 units towards the 5-year overall housing goal of increasing the amount of housing downtown by 50 percent (from 2021), and market-rate units in the forecasted pipeline of City supported units ([Appendix C](#) of the HIP).

Other Possible Parcel 3A Actions

At the City Council work session on the same date, City Council will be considering two other items related to the proposed project on Parcel 3A. After this Urban Renewal Agency Board item, Council will consider a possible land use code amendment to increase the maximum building height for Parcel 3A. Council also will consider an application for a Multiple-Unit Property Tax Exemption application for the proposed project. More information about each of these items can be found in their respective Agenda Item Summaries.

RELATED CITY POLICIES

[Climate Action Plan \(CAP\) 2.0](#)

CAP 2.0 includes multiple strategies that support the development of downtown and increase of compact housing in the downtown. Smaller homes tend to have a smaller carbon footprint during construction and use, and housing units built close to transit, jobs, and other amenities allow residents to access the community using fewer trips.

[Eugene Downtown Plan](#)

- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Downtown development shall support the urban qualities of density, vitality, livability, and diversity to create a downtown, urban environment.

[Housing Implementation Pipeline \(HIP\)](#)

Encouraging compact development in the downtown core is one critical way to provide housing for our growing community. Increasing the number of housing units in the downtown core achieves other policy goals related to climate recovery and resiliency, compact development transportation efficiency, downtown vibrancy, and fiscal sustainability. A target goal in the HIP is to increase the amount of housing downtown by 50percent from 2021: an increase of over 1,000 units.

Envision Eugene Pillars

- Provide ample economic opportunities for all community members.
- Promote compact urban development and efficient transportation options.
- Protect, repair, and enhance neighborhood livability.
- Provide for adaptable, flexible, and collaborative implementation.

Strategic Plan Goals

Urgent Community Needs

- Strategic Goal: Stabilize the cost of housing.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to increase the supply of housing.
- Strategic Goal: Increase the vibrancy, economic vitality, and livability of downtown.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to support commercial activity.
 - High-Impact Action: Improve Eugene's business environment and reputation as a place to do business, including improving overall community livability.
- Strategic Goal: Advance climate action and community resilience to natural and human-caused disasters
 - High-Impact Action: Decrease transportation-related emissions and make the transportation network diverse and adaptable through continued implementation of the Eugene 2035 Transportation System Plan and related compact development actions in Envision Eugene.
 - High-Impact Action: Continue to implement strategies from the Climate Action Plan 2.0 to improve and enhance efficiency and resilience of buildings in Eugene, including City-owned facilities.

PREVIOUS AGENCY BOARD DIRECTION

May 26, 2020, Work Session

Move to approve the proposed terms and authorize the Agency Director to take all actions necessary to transfer the real property underlying certain rights of way in the Downtown Riverfront to the City of Eugene. (Passed 6:2)

AGENCY BOARD OPTIONS

1. Approve the suggested revision to allow for up to 275 housing units on Parcel 3A.
2. Propose modifications to the suggested revision.
3. Reject the suggested revision.

AGENCY DIRECTOR'S RECOMMENDATION

The Agency Director recommends approval of the suggested revision to the approved DDA terms that will allow for the development of up to 275 housing units than currently allowed.

SUGGESTED MOTION

Move to direct the Agency Director to revise the DDA to allow up to 275 housing units on Parcel 3A.

ATTACHMENTS

- A. Map of Eugene Riverfront District Project Site
- B. Approved Minimums and Maximums

FOR MORE INFORMATION

Contact: Will Dowdy, Community Development Director
Telephone: 541-682-5340
Staff E-Mail: wdowdy@eugene-or.gov

Downtown Riverfront



Caution: This map is based on imprecise source data, subject to change, and for general reference only.

Approved Minimums and Maximums

(excerpt from Atkins Dame Development and Disposition Agreement)

Parcel	Minimum (based on 2018 Agency Board approval)	Maximum (based on 2019 Agency Board approval)
Parcel 3a	4 stories ~ 100 units MF or Hotel ~5k sqft retail tuck under/surface pkg 1 floor of office in exchange for units; not on ground floor	5 over 2 ~ 200 units MF or Hotel ~ 10k sqft retail structured parking 1 floor of office in exchange for units; not on ground floor
Parcel 3c	3 stories ~ 14 units TH NO retail tuck under/surface pkg	5 over 2 ~ 125 units MF NO retail structured parking
Parcel 3b	3 stories ~ 14 units TH NO retail tuck under/surface pkg	5 over 2 ~ 125 units MF NO retail structured parking
Parcel 1	3 stories ~ 6 units MF NO retail tuck under/surface pkg	5 over 2 * ~ 125 units MF NO retail structured parking
Parcels 4 & 5 *	3 stories ~ 13 units TH ~ 2k sqft live/work, retail tuck under/surface pkg	4 stories ~ 50 units MF ~ 4k sqft live/work, retail tuck under parking
Parcel 7	4 stories ~95 units MF ~4k sqft retail tuck under/surface pkg	5 over 2 ~175 units MF ~4k sqft retail structured parking
Parcel 9	4 stories 9A ~ 80 units MF 9B ~ 11 units TH NO retail Tuck under/surface pkg	5 over 2 (9A); 4 story (9B) ~218 units MF ~2k sqft retail Structured parking
Parcel 10	4 stories 10A ~ 75 units MF 10B ~ 12 units TH NO retail Tuck under/surface pkg	5 over 2 (10A); 4 story (10B) ~ 195 units MF ~ 2K sq ft retail Structured parking

Suggested
Revision:
275 MF units

Multi-Family (MF): Minimum = 356; Maximum = 1213

Townhomes (TH): Minimum = 64; Maximum = 0

Retail does NOT include building services (e.g. fitness center, lobby, leasing/business office).

Maximum housing must include the maximum retail.

** Requires acquisition of adjacent property(ies)*

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Action: An Ordinance Concerning the Skinner Butte Height Limitation Area and Downtown Riverfront Special Area Zone, Amending Figures 9.3155(3) and 9.6715(3) of the Eugene Code, 1971.

Meeting Date: October 11, 2023
Department: Planning and Development
www.eugene-or.gov

Agenda Item: 1B
Staff Contact: Dylan Huber-Heidorn
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

City Council is scheduled to take action on a land use code amendment to increase the maximum building height for a single parcel located within the Skinner Butte Height Limitation Area to allow for additional development opportunities downtown. The amendment proposes increasing the maximum building height on the parcel located on the southeast corner of the intersection of 4th Avenue and High Street. The subject property's allowable building height is governed by the Skinner Butte Height Limitation Area and the S-DR Downtown Riverfront Special Area Zone Height Regulating Plan. The proposed amendment would increase the allowable building height from 500 feet above sea level (approximately 70 feet above grade) to 530 feet above sea level (approximately 100 feet above grade). The proposed ordinance is provided as Attachment A.

BACKGROUND

The Skinner Butte Height Limitation Area (defined in [Eugene Code \(EC\) 9.6715](#)) is a height limitation area in the land use code that applies to properties located between the Willamette River and 6th Avenue, and between Washington Street and Coburg Road. It was established to maximize the views to and from Skinner Butte as a reaction to the construction of Ya-Po-Ah Terrace, Eugene's tallest building.

The Skinner Butte Height Limitation Area restricts the height of buildings, accessory roof structures, and architectural features. In 2018, City Council approved an increase in the allowable building height for properties within the Skinner Butte Height Limitation Area located on the southern half-block between 5th and 6th Avenues from Washington Street to Coburg Road. Earlier this year, City Council approved an amendment for similar increases in allowable building height on several additional lots north and south of 5th Avenue near Oak Street.

In 2018, the City's Urban Renewal Agency Board purchased approximately 17 acres of vacant riverfront land from Eugene Water and Electric Board, including the property that is the

subject of this application. The subject property is proposed to be developed as one of the early projects of the Eugene River District, a project by Atkins Dame in coordination with the City to build up the former industrial riverfront area as the Downtown Riverfront, a neighborhood of housing and commercial uses.

The proposed development would be the project within the Downtown Riverfront located closest to the already highly developed 5th Avenue corridor and market district. The developer is proposing to construct a seven-story structure on the currently vacant property and has applied for a Multiple-Unit Property Tax Exemption from the City for this project. The current restrictions of the Skinner Butte Height Limitation Area do not allow for the intended building heights and by extension limit the possible residential unit density on the subject property. The subject property has a ground grade of approximately 430 feet above sea level, creating an effective height limit of approximately 70 feet. The S-DR code allows an additional 12 feet of height for rooftop equipment and architectural features, and the proposed code language retains that allowance.

The Eugene Downtown Plan includes numerous policies to promote density in the Plan area, including an element focused on developing the riverfront to connect Eugene's downtown to the Willamette River. The Plan also identifies a list of development opportunity areas which includes the "Midgely's block", which is the location of this parcel. An update to the Skinner Butte Height Limitation Area and the S-DR zone pertaining to additional building height for the subject property has the potential to achieve several Downtown Plan objectives and policies.

The City's Community Development Division of the Planning and Development Department applied for this code amendment on June 28, 2023.

City Council Process & Public Hearing

City Council held a public hearing on the proposed land use code amendments on [September 18, 2023](#). Notice of the City Council public hearing was mailed in accordance with Chapter 9 of the Eugene Code. All notice procedures were provided consistent with the Type IV procedures from the Eugene Code. A complete set of record materials for this proposed land use code amendment are available for review at the Planning and Development Department at 99 West 10th Avenue.

At the City Council's public hearing on September 18, 2023, only the applicant provided testimony. No written testimony has been received as of September 26, 2023. Testimony received after 5pm on September 26, 2023, will be provided to Councilors electronically. A complete set of record materials has been provided to Councilors electronically and made available in a binder located in the City Council Offices. As a courtesy, some of the materials are also available for review online [here](#).

Planning Commission Recommendation

The Eugene Planning Commission held a public hearing on the proposed land use code amendments on [August 15, 2023](#). Notice of the Planning Commission public hearing was mailed and posted in accordance with the Type IV procedures from the Eugene Code. At the Planning Commission public hearing, three people testified, including the applicant, one other person in

favor of the amendment, and one person opposed to the amendment. No written testimony was received prior to the hearing. On August 15, 2023, the Eugene Planning Commission voted unanimously to recommend approval of the proposed land use code amendment.

Procedures/Applicable Approval Criteria

This proposed site-specific land use code amendment is subject to the Type IV (quasi-judicial) application procedures ([EC 9.7400 through EC 9.7455](#)) as well as the applicable approval criteria from [EC 9.8065](#). The Type IV process includes public notice and a hearing before the Planning Commission, which then forwards a recommendation to City Council. City Council held its own public hearing on September 18, 2023, and is now being asked to make a final decision on the proposed amendment.

Other Possible Parcel 3A Actions

At this work session, Council will be considering two other items related to the project proposed on the subject property. Prior to this item, the Urban Renewal Agency Board will consider a revision to terms the Agency Director uses to approve the development agreement with Atkins Dame that would increase the maximum number of residential units allowed on the subject property to facilitate the construction of the proposed 237-unit project. After this item, Council will consider an application for a Multiple-Unit Property Tax Exemption for the proposed project. More information about each of these items can be found in their respective Agenda Item Summaries.

PREVIOUS COUNCIL DIRECTION

[September 18, 2023, Public Hearing](#)

Council held a public hearing on the proposed code amendment; there were no speakers for the public hearing.

RELATED CITY POLICIES

Findings of compliance with the City's relevant adopted land use policies, as well as Statewide Planning Goals and other approval criteria for these land use code amendments, are included as Exhibit C to the draft ordinance (Attachment A to this AIS).

COUNCIL OPTIONS

1. Adopt the ordinance as proposed in Attachment A to this AIS.
2. Adopt the ordinance with specific modifications as determined by the City Council.
3. Take no action.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the ordinance as provided in Attachment A.

SUGGESTED MOTION

Move to adopt An Ordinance Concerning the Skinner Butte Height Limitation Area, Amending Figure 9.3155(3) and Figure 9.6715(3) of the Eugene Code, 1971.

ATTACHMENTS

- A. Proposed Ordinance: An Ordinance Concerning the Skinner Butte Height Limitation Area and Downtown Riverfront Special Area Zone, Amending Figures 9.3155(3) and 9.6715(3) of the Eugene Code, 1971
 - a. Exhibit A – Figure EC 9.6715(3)
 - b. Exhibit B – Figure EC 9.3155(3)
 - c. Exhibit C – Findings

FOR MORE INFORMATION

Staff Contact: Dylan Huber-Heidorn, Development Analyst
Telephone: 541-682-5475
Staff E-Mail: dhuber-heidorn@eugene-or.gov

ORDINANCE NO. _____

AN ORDINANCE CONCERNING THE SKINNER BUTTE HEIGHT LIMITATION AREA AND THE DOWNTOWN RIVERFRONT SPECIAL AREA ZONE, AMENDING FIGURES 9.3155(3)(A) AND 9.6715(3) OF THE EUGENE CODE, 1971.

THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:

Section 1. Figure 9.3155(3)(a) is amended as shown in Exhibit A to this Ordinance.

Section 2. Figure 9.6715(3) is amended as shown in Exhibit B to this Ordinance.

Section 3. The findings set forth in Exhibit C attached to this Ordinance are adopted as findings in support of this Ordinance.

Section 4. The City Recorder, at the request of, or with the concurrence of the City Attorney, is authorized to administratively correct any reference errors contained herein or in other provisions of the Eugene Code, 1971, to the provisions added, amended, or repealed herein.

Section 5. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof. Further, if this Ordinance is remanded back to the City Council for further action by the Oregon Land Use Board of Appeals, those sections, subsections, sentences, clauses, phrases, or portions that do not require action on remand shall be deemed separate, distinct, and independent provisions and such remand shall not affect their validity or effect.

Passed by the City Council this

____ day of _____, 2023

City Recorder

Approved by the Mayor this

____ day of _____, 2023

Mayor





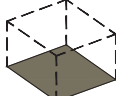
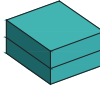
Figure 9.6715(3)

Skinner Butte Height Limitation Area



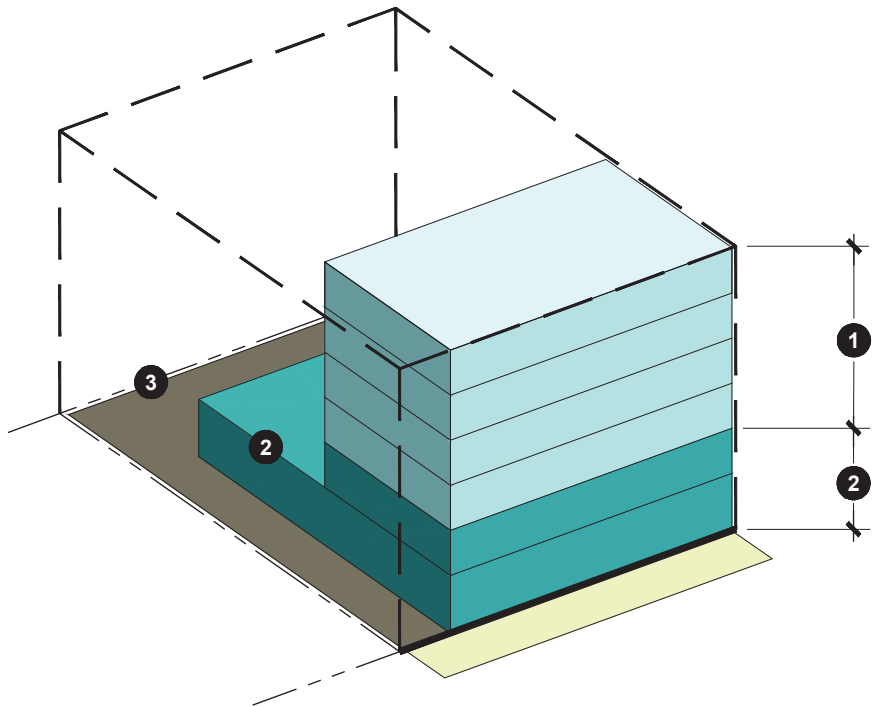
Proposed Figure 9.3155(3)(a)

KEY

-  Build-to line (BTL)
 -  Property Line
 -  Maximum building envelope.
 -  Minimum building envelope.
-
- 1

 Buildings shall be a maximum elevation of **500** feet above sea level, except that buildings or portions of buildings constructed within the Opportunity Area defined in Figure 9.6715(3) shall have a maximum height of 530 feet above mean sea level.
 - 2

 Buildings shall be a minimum of two stories; with **50** percent of the building footprint allowed to be one story.



Skinner Butte/Downtown Riverfront Height Code Amendment (City File CA 23-2)

Overview

Skinner Butte/Downtown Riverfront Height Code Amendment: The goal of this site-specific land use code amendment is to increase allowed building heights on a single piece of property to facilitate additional development opportunities in the Downtown Riverfront. The City Council approved a similar amendment in 2023 which impacted six properties in the 5th Street Market area. Additionally, the City undertook a similar process in 2018 which resulted in an allowance for increased building heights along the entire southern half block between 5th and 6th Avenues and between Coburg Road and Washington Street. This code amendment allows for greater building heights on a property on the east side of High Street, between 4th and 5th Avenues (“the subject property”). The Community Development Division of the Planning and Development Department is the applicant for this amendment.

The subject property’s allowable building height is governed by the Skinner Butte Height Limitation Area (Eugene Code 9.6715(3)) and the S-DR Downtown Riverfront Special Area Zone Height Regulating Plan (Eugene Code 9.3155(3), Figure 9.3155 and Figure 9.3155(3)(a)). This amendment will increase allowable building heights on the subject property from 500 feet above sea level to 530 feet above mean sea level. This will result in an allowance for buildings up to approximately 100 feet in height on the subject property; development on this property was previously limited to approximately 70 feet in height.

Findings

Eugene Code Section 9.8065 requires that the following approval criteria (in ***bold italics***) be applied to a code amendment:

(1) The amendment is consistent with applicable statewide planning goals adopted by the Land Conservation and Development Commission.

Goal 1 - Citizen Involvement. To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.

The City has acknowledged provisions for community involvement which ensure the opportunity for community members to be involved in all phases of the planning process and set out requirements for such involvement. The code amendment does not amend the citizen involvement program. The process for adopting this amendment complied with Goal 1 because it is consistent with the City’s acknowledged citizen involvement provisions.

A Notice of Proposed Amendment was filed with the Oregon Department of Land Conservation and Development on July 11, 2023, and a notice of the Planning Commission’s public hearing on the application was mailed on July 14, 2023. Notice was posted on the subject property along the frontage of the abutting improved streets and in three locations within 300 feet of the subject property on July 25, 2023. A public hearing was held before the Planning Commission on August 15, 2023, followed by

deliberations. Following deliberations, Planning Commission made a recommendation that the Eugene City Council approve the proposed code amendments.

The City Council held a public hearing on September 18, 2023. A notice of the public hearing was provided on September 8, 2023, in accordance with Chapter 9 of the Eugene Code.

These processes afford ample opportunity for citizen involvement consistent with Goal 1. Therefore, the code amendment is consistent with Statewide Planning Goal 1.

Goal 2 - Land Use Planning. To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual basis for such decisions and actions.

Eugene's land use code specifies the procedure and criteria that were used in considering this amendment. The record shows that there is an adequate factual basis for the amendment. The Goal 2 coordination requirement is met when the City engages in an exchange, or invites such an exchange, between the City and any affected governmental unit and when the City uses the information obtained in the exchange to balance the needs of the community.

To comply with the Goal 2 coordination requirement, the City engaged in an exchange about the subject of this amendment with affected governmental units. Specifically, the City provided notice of the proposed action and opportunity to comment to the Oregon Department of Land Conservation and Development as well as to Lane County and the City of Springfield. There are no exceptions to Statewide Planning Goal 2 required for this amendment. Therefore, the amendment is consistent with Statewide Planning Goal 2.

Goal 3 - Agricultural Lands. To preserve agricultural lands.

The amendment will only affect property located within the City of Eugene and does not affect any land zoned or designated for agricultural use. Therefore, Statewide Planning Goal 3 does not apply.

Goal 4 - Forest Lands. To conserve forest lands.

The amendment will only affect property located within the City of Eugene and does not affect any land zoned or designated for forest use. Therefore, Statewide Planning Goal 4 does not apply.

Goal 5 - Open Spaces, Scenic and Historic Areas, and Natural Resources. To conserve open space and protect natural and scenic resources.

OAR 660-023-0250(3) provides: Local governments are not required to apply Goal 5 in consideration of a PAPA unless the PAPA affects a Goal 5 resource. For purposes of this section, a PAPA would affect a Goal 5 resource only if:

- (a) The PAPA creates or amends a resource list or a portion of an acknowledged plan or land use regulation adopted in order to protect a significant Goal 5 resource or to address specific requirements of Goal 5;*
- (b) The PAPA allows new uses that could be conflicting uses with a particular significant Goal 5 resource site on an acknowledged resource list; or*

- (c) *The PAPA amends an acknowledged UGB and factual information is submitted demonstrating that a resource site, or the impact areas of such a site, is included in the amended UGB area.*

This amendment does not create or amend the City's list of Goal 5 resources, does not amend a land use code provision adopted to protect a significant Goal 5 resource or to address specific requirements of Goal 5, and does not amend the acknowledged urban growth boundary. Therefore, the amendment does not affect (a) or (c).

In regard to (b), the property subject to the amendment does not contain any Goal 5 resources. However, the 1978 Scenic Sites Working Paper and accompanying map, which are a part of the City's adopted significant Goal 5 inventory (see Ordinance No. 20351), identifies Skinner Butte as a "Scenic Site" (as both a "Vista" and as containing "Prominent and Plentiful Vegetation"). Per OAR 660-023-0230, "scenic views and sites" are lands valued for their aesthetic appearance.

Skinner Butte has long been recognized and valued in the community for its aesthetic appearance, which is evidenced by the adoption of the Skinner Butte Height Limitation Area in 1968. Notably, this predates the adoption of Statewide Planning Goal 5 in December 1974. Section 9.6715(1) of the Eugene Code (EC) describes the purpose of height limitation areas as follows: "Certain geographical landmarks have scenic attributes that are of value to the community as a whole. To protect views to and from these landmarks, special limitations on building height are established on and around them."

While the properties immediately surrounding the subject property vary in the maximum building heights allowed by their base zoning and applicable overlays, the majority of surrounding properties are within the Skinner Butte Height Limitation Area and thus have a base height allowance that is the same as the subject property (500 feet above sea level). As a result of amendments to the Skinner Butte Height Limitation Area in 2018 and 2023, portions of the Skinner Butte Height Limitation Area allow building heights up to 530 feet above mean sea level on properties that previously allowed up to 500 feet. The current proposal would extend this higher limit to one additional property.

A variety of natural and artificial features in the general riverfront area currently block views of Skinner Butte or will block them in the future regardless of the Skinner Butte Height Limitation Area. The Ferry Street viaduct obscures the butte from many potential viewing locations in the general riverfront area. From locations west of the viaduct, views of the butte would be obstructed by a building on the subject property even if it were constructed within the currently allowed height limit, with the additional proposed height making no difference to the condition. From locations east of the viaduct, many views of the butte which currently exist will be blocked by either recently planted trees or buildings planned for construction in the Downtown Riverfront which are not included in the Skinner Butte Height Limitation Area.

Overall, a building taking full advantage of the proposed increased height limit would only negligibly impact views of Skinner Butte compared to a building constructed under the current limit. Additionally, the subject property is located roughly 700 feet from the base of Skinner Butte and 1,400 feet from the viewing area at the top of the butte. Given the distance between the subject property and Skinner Butte, the potential impact on views to and from the butte is minimal. Considering these factors, the proposed increase in allowable building height can be achieved in a way that is sensitive to Skinner Butte.

The remainder of the height limitation area will remain in place, and as these findings demonstrate, development that will be allowed by this amendment to the Skinner Butte Height Limitation Area does not interfere with the scenic value of the butte or the viewing of its prominent and plentiful vegetation to a greater extent than the development that would be allowed in the absence of this amendment. For all these reasons the amendment does not allow new uses that could be conflicting uses with a significant Goal 5 resource site. The amendment does not amend an acknowledged urban growth boundary. Therefore, the amendment is consistent with Statewide Planning Goal 5.

Goal 6 - Air, Water and Land Resource Quality. To maintain and improve the quality of the air, water and land resources of the state.

Goal 6 addresses waste and process discharges from development and is aimed at protecting air, water, and land from impacts from those discharges. The amendment does not affect the City's ability to provide for clean air, water, or land resources. Therefore, the amendment is consistent with Statewide Planning Goal 6.

Goal 7 - Areas Subject to Natural Disasters and Hazards. To protect life and property from natural disasters and hazards.

Goal 7 requires that local government planning programs include provisions to protect people and property from natural hazards such as floods, landslides, earthquakes and related hazards, tsunamis, and wildfires. The amendment does not amend or repeal any policies or regulations that protect people and property from natural hazards. Therefore, the amendment is consistent with Statewide Planning Goal 7.

Goal 8 - Recreational Needs. To satisfy the recreational needs of the citizens of the state and visitors, and where appropriate, to provide for the siting of necessary recreational facilities including destination resorts.

Goal 8 ensures that recreational facilities are provided to Oregon residents and tourists and is primarily concerned with the provision of those facilities in non-urban areas of the state. The amendment does not affect the City's provisions for or access to recreation areas, facilities, or recreational opportunities. Therefore, the amendment is consistent with Statewide Planning Goal 8.

Goal 9 - Economic Development. To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.

Goal 9 requires cities to evaluate the supply and demand of commercial land relative to community economic objectives. The amendment does not impact the supply of industrial or commercial lands. Instead, the amendment increases the capacity of existing land zoned to allow mixed use development by allowing additional building height. Therefore, the amendment is consistent with Statewide Planning Goal 9.

Goal 10 - Housing. To provide for the housing needs of citizens of the state.

Goal 10 requires the City to provide an adequate supply of residential buildable land to accommodate the City's estimated housing needs for a 20-year planning period. The Envision Eugene Residential Land Supply Study (2012-2032) was adopted by the City of Eugene in 2017 as a refinement of the Envision

Eugene Comprehensive Plan and complies with the requirements of Goal 10 and Chapter 660, division 008 of the Oregon Administrative Rules.

The amendment does not alter or amend the City's adopted Envision Eugene Residential Land Supply Study. The subject property is designated High Density Residential with Mixed Use and Nodal Development. The amendment does not impact the supply of residential buildable land, because the subject property is classified as "Committed or Protected Lands." These categories are distinct from "Vacant" or "Partially Vacant Residential Lands" because they were not considered as having future development or redevelopment potential when the Residential Land Supply Study was done (see Residential Land Supply Study Part I – Page 5. Land in government ownership was classified as "Committed" as part of the study.) The amendments will not re-zone or re-designate land from residential use to a nonresidential use. Accordingly, the amendments do not impact the supply or availability of residential lands included in the documented supply of "buildable land" that is available for residential development as inventoried in the acknowledged Residential Lands Supply Study. Finally, the amendments will increase maximum building height on the affected property, which will allow for the development of a greater number of residential units than the number of units that could have been built without the amendment. The amendment is consistent with Statewide Planning Goal 10.

Goal 11- Public Facilities and Services. *To plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.*

The amendment does not affect the City's provision of public facilities and services. Therefore, Statewide Planning Goal 11 does not apply.

Goal 12- Transportation. *To provide and encourage a safe, convenient and economic transportation system.*

The Transportation Planning Rule (OAR 660-012-0060) contains the following requirement:

- (1) *If an amendment to a functional plan, an acknowledged comprehensive plan, or a land use regulation (including a zoning map) would significantly affect an existing or planned transportation facility, then the local government must put in place measures as provided in section (2) of this rule, unless the amendment is allowed under section (3), (9) or (10) of this rule. A plan or land use regulation amendment significantly affects a transportation facility if it would:*
- (a) *Change the functional classification of an existing or planned transportation facility (exclusive of correction of map errors in an adopted plan);*
 - (b) *Change standards implementing a functional classification system; or*
 - (c) *Result in any of the effects listed in paragraphs (A) through (C) of this subsection based on projected conditions measured at the end of the planning period identified in the adopted TSP. As part of evaluating projected conditions, the amount of traffic projected to be generated within the area of the amendment may be reduced if the amendment includes an enforceable, ongoing requirement that would demonstrably limit traffic generation, including, but not limited to, transportation demand management. This reduction may diminish or completely eliminate the significant effect of the amendment.*
 - (A) *Types or levels of travel or access that are inconsistent with the functional classification of an existing or planned transportation facility;*
 - (B) *Degrade the performance of an existing or planned transportation facility such*

- that it would not meet the performance standards identified in the TSP or comprehensive plan; or*
- (C) *Degrade the performance of an existing or planned transportation facility that is otherwise projected to not meet the performance standards identified in the TSP or comprehensive plan.*

The amendment does not change the functional classification of a transportation facility, change the standards implementing a functional classification system, or degrade the performance of a facility otherwise projected to not meet performance standards. Therefore, the amendment does not have a significant effect under (a) or (b). In regard to (c), the level of increased development that may result from the additional building height would have a negligible impact on any transportation facility. Therefore, the amendment does not significantly affect any existing or future transportation facilities. Based on the above findings, the amendment is consistent with Statewide Planning Goal 12.

Goal 13 - Energy Conservation. To conserve energy.

The amendment does not negatively impact energy conservation. Instead, increased capacity for development on the subject property allows for additional construction of buildings that are likely to consume less energy per unit area than the same uses would consume in a smaller building. Goal 13 is also concerned with the provision of efficient transportation options; the amendment would provide for denser development which is more suited to public transit and other forms of energy efficient transportation. Based on these findings, the amendment is consistent with Statewide Planning Goal 13.

Goal 14 - Urbanization. To provide for an orderly and efficient transition from rural to urban land use.

The amendment does not affect the City's provisions regarding the transition of land from rural to urban uses. Therefore, Statewide Planning Goal 14 does not apply.

Goal 15 - Willamette River Greenway. To protect, conserve, enhance and maintain the natural, scenic, historical, agricultural, economic and recreational qualities of lands along the Willamette River as the Willamette River Greenway.

The amendment does not contain any changes that affect the Willamette River Greenway regulations, nor is the subject property within the adopted Greenway boundary; therefore, Statewide Planning Goal 15 does not apply.

Goal 16 through 19 - Estuarine Resources, Coastal Shorelands, Beaches and Dunes, and Ocean Resources.

There are no coastal, ocean, estuarine, or beach and dune resources related to the property affected by this amendment. Therefore, these goals are not relevant, and the amendment will not affect compliance with Statewide Planning Goals 16 through 19.

(2) The amendment is consistent with applicable provisions of the comprehensive plan and applicable adopted refinement plans.

Applicable Metro Plan Policies

The following policies from the *Metro Plan* (identified below in *italics*) are applicable to this amendment. To the extent that the following policies constitute mandatory approval criteria, based on the findings provided below, the amendment is consistent with and supported by the applicable provisions of the *Metro Plan*.

Environmental Design Element

E.5 Carefully develop sites that provide visual diversity to the urban area and optimize their visual and personal accessibility to residents.

The intent of this amendment is to permit taller buildings on a certain specific property while still preserving the views to and from Skinner Butte. The height standards in the amendment are still more restrictive than those in adjacent zones or other areas of the Downtown Riverfront Special Area Zone, so they will preserve views to and from Skinner Butte.

E.6 Local jurisdictions shall carefully evaluate their development regulations to ensure that they address environmental design considerations, such as, but not limited to, safety, crime prevention, aesthetics, and compatibility with existing and anticipated adjacent uses (particularly considering high and medium density development locating adjacent to low density residential).

Consistent with this policy, the amendment provides a creative solution to preserving the views to and from Skinner Butte while promoting commercial and residential development downtown.

Envision Eugene Comprehensive Plan

The Envision Eugene Comprehensive Plan does not contain any policies relevant to this amendment.

Applicable Refinement Plans

The Eugene Downtown Plan (2004) contains policies relevant to this amendment:

Chapter 1: Strong Regional Center, Policy 1. Downtown development shall support the urban qualities of density, vitality, livability and diversity to create a downtown, urban environment.

The amendment supports the development of a denser, more peopled downtown. Additionally, it represents regulatory flexibility that makes residential development more appealing to property owners as an alternative to leaving downtown land as vacant lots, surface parking, or similar uses with significant negative externalities. The amendment and its promotion of additional residential units, vitality, and downtown livability are consistent with this policy.

Chapter 2: Building a Downtown, Policy 2. Use downtown development tools and incentives to encourage development that provides character and density downtown.

Reasonable use of tools such as height limitation areas in combination with incentives such as increased

height allowances can achieve the multiple goals of downtown density, appreciation of natural landscapes, and the other priorities embodied in the Skinner Butte Height Limitation Area. The amendment is consistent with this policy.

Chapter 3: Great Streets, Policy 1. Emphasize Broadway, Willamette Street, 5th and 8th Avenues as Great Streets through public improvements and development guidelines.

Include portions of these streets as follows:

- *Willamette between 5th and 13th Avenues*
- *Broadway between Lincoln and Hilyard*
- *5th Avenue between Lincoln and High Street*
(with potential extension to the Willamette River)
- *8th Avenue between Willamette Street and the Willamette River.*

5th Avenue is a key linkage between the Downtown Riverfront—including the affected property—and the rest of downtown, and its continued importance to downtown has led to the development growing around it: the 5th Street Market. Flexibility in development standards around this great street will incentivize filling gaps in the streetscape. Additionally, with the completion of the 5th Avenue extension to the Riverfront, this area has become an important connection between downtown and the Willamette River. The amendment is consistent with this policy.

Chapter 5: Living Downtown, Policy 1. Stimulate multi-unit housing in the downtown core and on the edges of downtown for a variety of income levels and ownership opportunities.

The amendment would open new options for development on the subject property, including higher counts of residential units than would be possible under the current code. The amendment is consistent with this policy.

Chapter 6: Downtown Riverfront, Policy 4. Facilitate dense development in the courthouse area and other sites between the core of downtown and the river.

5th Avenue has been extended into the Downtown Riverfront and now represents a major corridor for connection between downtown and the river. Existing and future developments are poised to make this area one of the busiest subdistricts in the city's core. The amendment would facilitate denser development in key locations, and it is therefore consistent with this policy.

Based on the above findings, the proposal is consistent with and supported by the applicable provisions of these adopted plans.

(3) The amendment is consistent with EC 9.3020 Criteria for Establishment of an S Special Area Zone, in the case of establishment of a special area zone.

The amendment does not establish a special area zone. Therefore, this criterion does not apply.

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session and Possible Action: MUPTE Application – Riverfront Parcel 3A

Meeting Date: October 11, 2023
Department: Planning and Development
www.eugene-or.gov

Agenda Item: 1C
Staff Contact: Will Dowdy
Contact Telephone Number: 541-682-5340

ISSUE STATEMENT

City Council is asked to consider a request for a Multiple-Unit Property Tax Exemption (MUPTE) for Downtown Riverfront Parcel 3A. (See map in Attachment A.)

BACKGROUND

MUPTE is an incentive program to encourage high-quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student and transient housing are ineligible. Enabled by State law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by Council. During the exemption period, property owners still pay taxes on the assessed value of the land and any existing improvements on the property. Council can deem commercial portions of a project to be a public benefit and include them as part of the exemption along with the residential portion.

In 2015, after a two-and-a-half-year review, Council revised the MUPTE program criteria, process, and boundary. See Attachment B for a summary of the program criteria and the process diagram.

Downtown Riverfront

The Urban Renewal Agency purchased approximately 17 acres of Downtown Riverfront land from Eugene Water and Electric Board in 2018, with the intent to transform it into a new neighborhood with a public park and private mixed-use development with affordable housing, market rate housing, and commercial spaces. Based on terms the Urban Renewal Agency Board approved in May 2020, the Urban Renewal Agency Board and development team signed a Disposition and Development Agreement (DDA) for the sale of about 8 acres of Downtown Riverfront property to Atkins Dame. The DDA acknowledges that the developer would be applying for MUPTEs for any multi-unit housing buildings to be constructed. Noted below are the DDA specifics that apply to the MUPTE required public benefits. Council previously approved MUPTE applications for Parcels 3BC, 7, and 9.

Project Overview

The City received the Parcel 3A MUPTE application on May 1, 2023, from Eugene Riverfront District, LLC (ERD), a legal entity established by Atkins Dame for the Downtown Riverfront. ERD proposes a seven-story, \$126.7 million, multi-unit housing development on Parcel 3A, located at the southeast corner of 4th Avenue and High Street. The project is about 273,000 square feet and is comprised of 237 residential units (75 studios, 131 one-bedrooms, and 31 two-bedrooms). (See Attachment C for the MUPTE application, which is also publicly available at www.eugene-or.gov/MUPTE.)

Per the DDA, ERD will purchase Parcel 3A from the Urban Renewal Agency Board by December 2024. The parcel is currently vacant. Additionally, per the DDA, the Parcel 3A development is required to have at least 5,000 square feet of commercial space, which is included through 1,150 of dedicated commercial space and five live-work units on the ground floor.

Review Panel

The 2015 MUPTE program update established a Review Panel, tasked with providing a third-party review of individual applications for the City Manager. The Review Panel is made up of two at-large representatives selected by neighborhood association boards, two representatives selected by the board of the neighborhood association in which the proposed project is located, and six technical professionals selected by the City Manager from the following six groups: architects/green building specialists; building trades unions; developers; environmental professionals; public health professionals; and human rights representatives. (See Attachment D for the member list.)

MUPTE Required Public Benefits

The Review Panel considered the application, including compliance with program criteria and the independent consultant's financial review (see Attachment E), during two meetings held on June 29 and July 18, 2023. The Review Panel concluded the project meets the required public benefit criteria. Attachment F contains the Review Panel's conclusions and recommendation to the City Manager. Below is a summary of the project's compliance with the MUPTE required public benefits. The Planning and Development Director's Report and Recommendation in Exhibit A to Attachment G provides a summary of the project and the required public benefits.

- *General Eligibility.* The project is located within the MUPTE boundary. The project is not designed to be student housing, meaning all units will be leased by the whole unit rather than by individual rooms or beds, the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, and the project does not focus on amenities and location selected primarily for individuals attending college and offering limited viability as potential housing for the general population. Additionally, the project does not include units designated for transient use or vacation occupancy.
- *Compact Urban Development.* The proposed project meets the minimum density required by the MUPTE program. The program requires that projects must be at least 175percent of the minimum density applicable to the property's zoning designation. The property is in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density. The proposed project achieves a density of 204 units per acre.

- *Green Building Features.* The project will utilize the City of Eugene Building and Permit Services pathway in order to demonstrate that it will perform at least 10percent more efficiently than the Oregon Energy Efficiency Specialty Code. If Council approves the MUPTE application, ERD will be required to submit an energy model with the project's building permit application, and a commissioning report will be due 18 months after the project receives its Certificate of Occupancy to validate energy performance.
- *Local Economic Impact Plan.* ERD proposes a plan for an estimated 63percent of the project's dollar volume of professional services and construction contracts to be local to Lane County. The general contractor is Lease Crutcher Lewis. ERD and their contractor will be required to promote open competitive opportunities for Minority, Women, and Emerging Small Businesses and to comply with wage, tax, and licensing laws. ERD will a) provide the City with lists of all contractors; b) require that each contractor provide an affidavit attesting to not having any unpaid judgments for construction debt, including unpaid wages, and to being in compliance with Oregon tax laws; c) post information about the City's Rights Assistance Program in English and Spanish on each job site during construction of the project; and d) after construction, provide a report of the home city or zip code of all the construction labor workers on each project.
- *Moderate-Income Housing Contribution.* Per the Urban Renewal Agency Board-approved terms and the DDA, the project will pay a fee dedicated to moderate-income housing, satisfying the requirement of the MUPTE program. The fee will be 10percent of the total 10-year exemption benefit. The estimated fee is \$1.5 million. The fee is intended to help support moderate-income housing projects in the community.
- *Project Design and Compatibility.* The project will address basic design concepts in the context of the project location and will be designed and permitted for construction as shown in the resolution (should City Council approve the MUPTE). The basic design concepts include the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

The project is designed to activate an entrance to the Downtown Riverfront and extend the urban character of downtown toward the Willamette River. The design is intended to harmonize with the scale, form, and quality of onsite and adjacent development. It meets the design intent of designing for human scale, is appropriate for the local climate and natural resiliency, promotes transparency between the sidewalk and interior spaces, helps define a sense of place, fits the neighborhood, and employs high-quality materials. (See Report and Recommendation in Exhibit A to Attachment G for more information on this public benefit.)

The building includes a parking garage enclosed within the building structure and screened from view.

- *Historic and Existing Housing Sensitivity.* The project is not adjacent to any historic locale. The City's historic preservation staff reviewed the project site and deemed that the project does not negatively impact any historic property in the nearby area. No historic structures or existing housing were demolished or removed from the property in the two years prior to the

application date. Several vacant and deteriorating industrial buildings occupied a portion of the Downtown Riverfront site until they were demolished in 2019. Historic resource review processes were followed at the time of demolition.

- *Project Need.* PNW Economics, an independent real estate economics firm, provided an evaluation of the project's financial viability with a review of assumptions including income, lease rates, operating costs, permanent financing, construction costs, and returns. The consultant concluded that the project would not be viable without the availability of the exemption and that MUPTE is critical to the success of the project from a financial feasibility perspective. The consultant found that the project's pro forma used reasonable assumptions, with a minor exception for assumed rental rates for two-bedroom units, which he found to be optimistically high; the consultant's analysis used lower rents based on current rents in comparable projects.

Tax Impact

The project is located on property that is publicly owned and will remain so until its presumed 2024 sale to ERD or a subsidiary, meaning it does not currently generate any property tax revenue. With the presumed purchase, the land will generate property tax revenue, which ERD will continue to pay throughout the 10-year exemption period should the MUPTE be approved. The PNW Economics analysis estimated that property tax paid on the land's value will be approximately \$37,000 in year 1 and total taxes paid during the exemption period will be approximately \$420,000. After the exemption period, the improvements on the parcel will generate an estimated \$1.8 million in year 11. The total estimated exemption amount over the 10-year period is about \$15.3 million.

Public Comments

A display advertisement was published in *The Register-Guard* on May 9, 2023, soliciting comments for 30 days. The period ended on June 8, 2023. No written comments have been received as of September 26, 2023. Testimony received after 5pm on September 26, 2023, will be provided to Councilors electronically.

MUPTE requires applicants to contact the relevant neighborhood association to share project information and seek input. Jim Atkins of ERD as well as Rex Ingram and Kevin Valk of Holst Architecture attended the March 22, 2023, general meeting of the Downtown Neighborhood Association and presented the proposal. Prior to finalizing their designs, ERD will hold another neighborhood engagement meeting.

HIP Connection

The proposed project on Parcel 3A will contribute to the [Housing Implementation Pipeline \(HIP\)](#) goals. The HIP is the 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply. Specifically, this project would provide 237 units towards the 5-year overall housing goal of increasing the amount of housing downtown by 50percent (from 2021), and market-rate units in the forecasted pipeline of City supported units ([Appendix C](#) of the HIP).

MUPTE Program Volume Cap

The MUPTE program goal is to assist in the creation of 1,500 new, multi-family housing units through redevelopment. At such time that the MUPTE-assisted number of dwelling units constructed reaches the cap, Council will conduct a comprehensive review to determine if continuation of the program is desired. As of today, 177 units have been created using the program from two projects (Gordon Lofts and Ferry Street Manor), or about 12percent of the volume cap. Council has approved a total of 558 units for MUPTE, which includes 225 units currently under construction in the Downtown Riverfront. The proposed project on Parcel 3A would bring the total number of approved units to 795, or 53percent of the program's volume cap.

Timing

The MUPTE program requires the City Manager to provide Council with a recommendation no later than 135 days after the application was deemed complete, or September 13, 2023. The City Manager's recommendation was provided to the Council on September 7, 2023. By State statute and City code, if Council has not acted within 180 days from the date the applications are deemed complete, the application will be deemed approved, which would be October 28, 2023.

Other Possible Parcel 3A Actions

At this work session, Council will be considering two other items related to the proposed project on Parcel 3A prior to this item. First, the Urban Renewal Agency Board will consider a revision to terms the Agency Director uses to approve the development agreement with Atkins Dame that would modify the maximum unit requirements to allow for the construction of the proposed 237-unit project on Parcel 3A. Second, Council will consider a possible land use code amendment to increase the maximum building height for this parcel in the Skinner Butte Height Limitation Area. More information about each of these items can be found in their respective Agenda Item Summaries.

RELATED CITY POLICIES

[Climate Action Plan \(CAP\) 2.0](#)

CAP 2.0 includes multiple strategies that support the development of downtown and increase of compact housing in the downtown. Smaller homes tend to have a smaller carbon footprint during construction and use, and housing units built close to transit, jobs, and other amenities allow residents to access the community using fewer trips.

[Eugene Downtown Plan](#)

- Use downtown development tools and incentives to encourage development that provides character and density downtown.
- Actively pursue public/private development opportunities to achieve the vision for an active, vital, growing downtown.
- Downtown development shall support the urban qualities of density, vitality, livability, and diversity to create a downtown, urban environment.

[Housing Implementation Pipeline \(HIP\)](#)

Encouraging compact development in the downtown core is one critical way to provide housing for our growing community. Increasing the number of housing units in the downtown core

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achieves other policy goals related to climate recovery and resiliency, compact development transportation efficiency, downtown vibrancy, and fiscal sustainability. A target goal in the HIP is to increase the amount of housing downtown by 50percent from 2021: an increase of over 1,000 units.

[Envision Eugene Pillars](#)

- Provide ample economic opportunities for all community members.
- Promote compact urban development and efficient transportation options.
- Protect, repair, and enhance neighborhood livability.
- Provide for adaptable, flexible, and collaborative implementation.

[Strategic Plan Goals: Urgent Community Needs](#)

- Strategic Goal: Stabilize the cost of housing.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to increase the supply of housing.
- Strategic Goal: Increase the vibrancy, economic vitality, and livability of downtown.
 - High-Impact Action: Continue to implement and increase the efficiency and effectiveness of development and redevelopment tools to support commercial activity.
 - High-Impact Action: Improve Eugene’s business environment and reputation as a place to do business, including improving overall community livability.
- Strategic Goal: Advance climate action and community resilience to natural and human-caused disasters
 - High-Impact Action: Decrease transportation-related emissions and make the transportation network diverse and adaptable through continued implementation of the Eugene 2035 Transportation System Plan and related compact development actions in Envision Eugene.
 - High-Impact Action: Continue to implement strategies from the Climate Action Plan 2.0 to improve and enhance efficiency and resilience of buildings in Eugene, including City-owned facilities.

PREVIOUS COUNCIL/AGENCY BOARD DIRECTION

[July 13, 2015, Work Session](#)

Move to adopt the ordinance concerning multiple-unit property tax exemptions and systems development charges. The Multi-Unit Property Tax Exemption program was amended and reinstated. (Motion passed 7:2)

[May 26, 2020, Work Session and Urban Renewal Agency Meeting](#)

Move to approve the proposed deal terms and authorize the Agency Director to take all actions necessary to transfer the real property underlying certain rights-of-way in the Downtown Riverfront to the City of Eugene. (Motion passed 6:2)

COUNCIL OPTIONS

1. Approve the MUPTE application and adopt the resolution in Attachment G.
2. Approve the application with amended conditions of approval.

3. Direct the City Manager to bring back a resolution denying the application because one or more specified approval criteria are not met.

CITY MANAGER'S RECOMMENDATION

Based on the MUPTE Review Panel's conclusions, the independent financial consultant analyses, the quality of the project, and contributions it will make toward bringing downtown to the river and activating the new Downtown Riverfront neighborhood, the City Manager recommends approval of the MUPTE application for Parcel 3A on the terms and conditions specified in the attached resolution (Attachment G).

SUGGESTED MOTIONS:

Move to adopt A Resolution Approving A Multiple-Unit Property Tax Exemption for Residential Property Located on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-31-11, Tax Lot 14200) (Applicant Eugene Riverfront District LLC).

ATTACHMENTS

- A. Map of Eugene Riverfront District Project Site
- B. Summary of MUPTE Program & Process Diagram
- C. MUPTE Application for Parcel 3A
- D. MUPTE Review Panel Member List
- E. PNW Economics Financial Review Memo
- F. MUPTE Review Panel Conclusions
- G. Resolution Approving the Property Tax Exemption
 - a. Exhibit A: Report and Recommendation of the Planning and Development Director
 - b. Exhibit B: Building Elevations and Site Plan

A copy of the MUPTE application is available at www.eugene-or.gov/MUPTE.

FOR MORE INFORMATION

Staff Contact: Will Dowdy, Community Development Director
Telephone: 541-682-5340
E-mail: wdowdy@eugene-or.gov

Downtown Riverfront



Caution: This map is based on imprecise source data, subject to change, and for general reference only.

Summary of MUPTE Program & Process Diagram

MUPTE Program

MUPTE is an incentive program to encourage high quality, multi-unit downtown housing especially in areas well served by public transit. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. Enabled by state law, the program provides a 10-year property tax exemption on qualified new multi-unit housing investments that occur within a specific, targeted area, that meet program requirements, and that are reviewed and approved by council. The objective strongly aligns with several of the pillars of Envision Eugene. Increasing the amount of multi-family housing in the downtown helps reduce pressure on urban growth boundary (UGB) expansion and protects existing neighborhoods, and takes advantage of existing infrastructure.

During the exemption period, property owners still pay taxes on the assessed value of the land and any existing improvements on the property. Council can deem commercial portions of a project to be a public benefit and include them as part of the exemption along with the residential portion.

In 2015, after a two-and-a-half year review, council revised the program criteria, process, and boundary. The program changes:

- Removed student housing as an eligible project type
- Increased the required energy efficiency
- Required higher quality design, with design at approval attached to the resolution
- Expanded neighborhood involvement
- Added a moderate-income housing contribution
- Added local economic impact plan
- Added demonstrated project need reviewed by an independent financial consultant
- Added a community member third-party review (MUPTE Review Panel described below)

See below for the process diagram and boundary map. The Required Public Benefit criteria are:

- Compact Urban Development
- Green Building Features (*ensuring building energy performance is 10% above code*)
- Local Economic Impact Plan (*including support for local businesses, minority and women business enterprises, and ensuring compliance with laws*)
- Moderate-Income Housing Contribution
- Project Design and Compatibility (*including scale, form, and quality of the building; mixture of project elements; relationship to the street and surrounding uses; and parking and circulation*)
- Historic and Existing Housing Sensitivity
- Project Need

MUPTE Review Panel

The 2015 MUPTE update established a Review Panel, tasked with providing a third-party review of individual applications for the City Manager. The Review Panel:

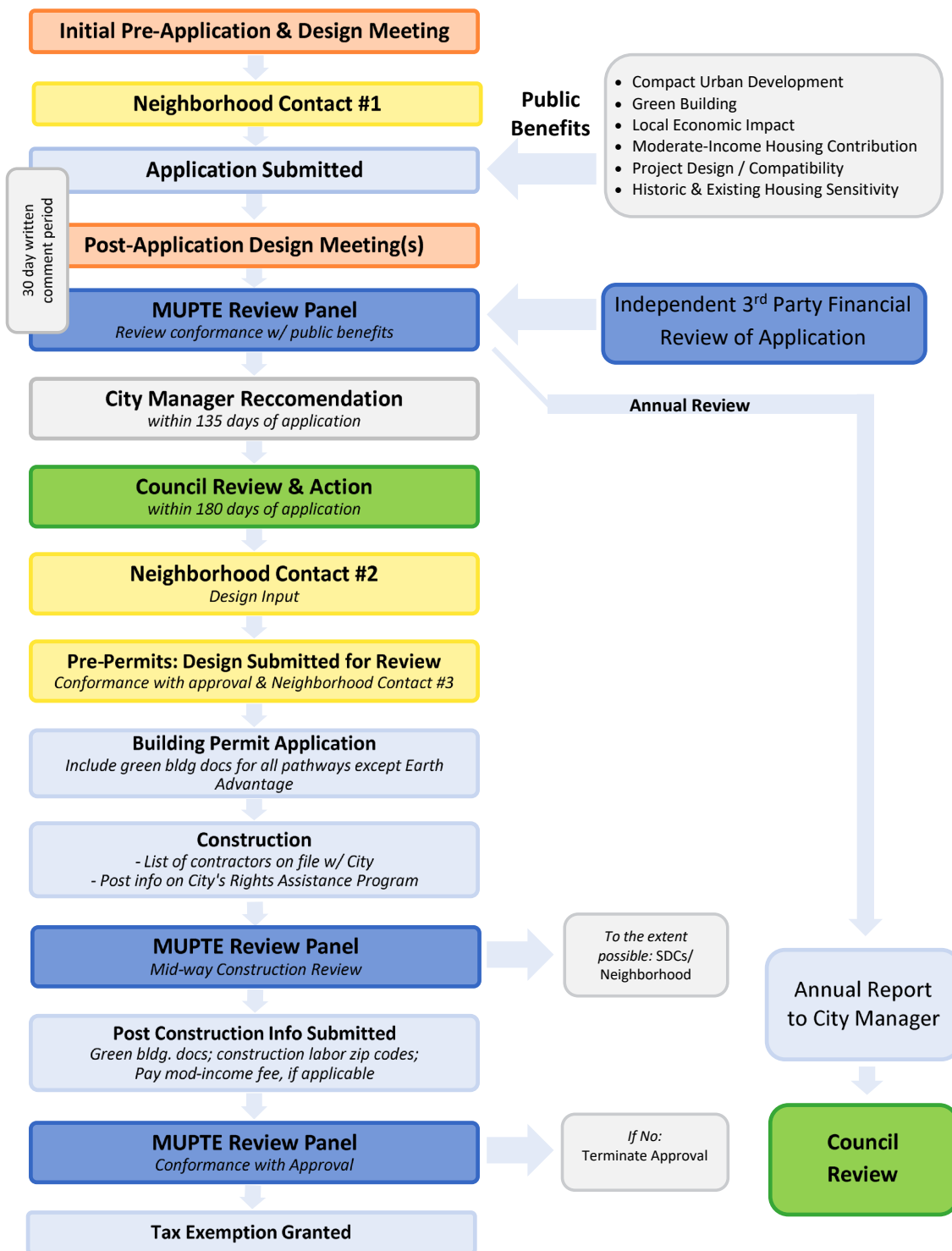
- Reviews the project applications, including the consultant's review of the project's financial projections.

- Reviews the applicant's conformance with the Required Public Benefits and making recommendations regarding approval/denial of the tax exemption to the City Manager.
- Reviews the project's conformance with approval requirements midway through construction, at completion of construction, and during the exemption period.
- Assists the City Manager in preparing an Annual Report on progress of the approved projects, program volume cap, and reporting documentation.

The Review Panel consists of two at-large neighborhood representatives selected by neighborhood association boards, an additional two representatives selected by the board of the neighborhood association in which the proposed project is located, and six technical professionals selected by the City Manager from the following six groups: architects/green building specialists; building trades union; developers; environmental professionals; public health professionals; and human rights representatives. Prior Review Panel reports can be found at www.eugene-or.gov/MUPTE

MUPTE Boundary





Annually:

- Moderate-income housing: Pay fee in years 3 – 10 or update lease rates on mod-income units & submit docs.
- BPS pathway energy usage, if applicable.



MUPTE Application

The Multi-Unit Property Tax Exemption (MUPTE) is an incentive program to encourage high quality downtown housing. This ten-year exemption is enabled by state law; each project must be approved by the Eugene City Council. Both rental housing and multi-unit housing for home ownership are eligible; student housing is ineligible. The commercial portion of a project is eligible for an exemption if deemed a public benefit by City Council. Projects must be within an area generally bounded by Charnelton Street, 11th Avenue, Hilyard Street, the Willamette River, and Shelton McMurphey Boulevard. (See the map in the Program Guide p. 4.)

RELATED CITY DOCUMENTS

City Council revamped the MUPTE program with Ordinance 20556, adopted on 7/13/2015. Administrative Rule 53-20-02-F sets out additional program guidelines. The MUPTE Program Guide includes a summary of the program with ordinance and administrative rule citations (the guide can be downloaded at www.eugene-or.gov/MUPTE).

GENERAL APPLICATION PROCESS

Prior to completing the application, the applicant needs to:

- Arrange for and attend one public engagement opportunity with residents in the neighborhood, including the board of any City-recognized affected neighborhood association. At least one of the owners/principals needs to attend the meeting. (See the Program Guide for more information on pre-application and post-approval required neighborhood engagement.)
- Contact the City to schedule a pre-application and design meeting.

This meeting occurred with Downtown Neighborhood Association on 3.22.23 (see meeting notes and attendance provided in application)

This meeting occurred with City of Eugene on 3.08.23

Once submitted, staff will review the non-financial materials to ensure the application is complete. Once deemed complete, a 30-day written comment period will start. The financial information will be reviewed by an independent professional consultant. The City Manager will then convene the Project Review Panel to review the application's conformance with program criteria and the consultant's financial conclusions. The Project Review Panel will meet 3 times per application and make a recommendation to the City Manager on the application; the City Manager will provide the City Council with a recommendation on the application for Council consideration.

Complete the information requested in the application packet. A checklist of the required attachments is included on the next page. Please call or email Dylan Huber-Heidorn if you have questions at 541-682-5475 or dhuber-heidorn@eugene-or.gov.

- Submit one paper hard copy of the completed application to:
City of Eugene
ATTN: Dylan Huber-Heidorn
99 West 10th Avenue
Eugene, OR 97401
- Email a digital copy to: dhuber-heidorn@eugene-or.gov

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Eugene Riverfront District

Parcel 3A

Eugene, Oregon

MUPTE Application

April 21, 2023



H O L S T

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 - Narrative

- D. Local Economic Impact Plan
 - Worksheet
 - Narrative

- E. Moderate Income Housing
 - Worksheet NA Omitted

- F. Project Design and Compatibility
 - Worksheet
 - Schematic Drawings
 - Narrative

- G. Historic Housing and Sensitivity
 - Historic Housing Map
 - City of Eugene Planning Memorandum (4.19.23)

- H. Financial Information
 - Financial Cost Summary Sources
 - Operating Expenses
 - 10 Year Pro Forma with/without MUPTE
 - Debt Calculation
 - Rate of Return Analysis
 - Development Budget

- I. Application Finalization Worksheet

H O L S T

Cover Letter

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Thank you for this opportunity to submit our application for the City of Eugene's Multi-Unit Property Tax Exemption incentive program. As we submit this application for Parcel 3A, vertical construction of Eugene's Riverfront District is underway with the first building, Parcel 7, under construction. In turn, we are very excited to submit this application as part of the redevelopment in progress and to contribute to the anticipated success of the ERD vision.

The application materials herein demonstrate our project's need for tax relief under the MUPTE program. Without the benefit of the MUPTE incentive, our project will not be economically feasible and will therefore not be realized.

Parcel 3A is a proposed \$126.8 million mixed-use, multifamily, seven-story building. The project will provide 237 new apartments, resident amenities such as a clubrooms, a fitness center, and several outdoor community patio spaces. The project will also provide a ground-floor cafe, and live/work units along the sidewalk, all intended to create a vibrant streetscape serving both residents of the building and the neighborhood. There will be tenant parking for 177 cars and 11 guest parking spaces within the building's structured parking garage. The project is approximately 287,000 square feet on a 50,690 square foot lot. Our proposed design will provide 204 units per acre, anticipated to be a tremendous boost to Eugene's housing inventory at a time when most needed.

Our project site occupies a historically significant location in Eugene. Parcel 3A adjoins the East Skinner Butte Historic District to the northwest with Skinner Butte rising to almost 700 feet beyond. To the Southeast of our building, the Ferry Street Bridge and Viaduct passes over our site's neighboring parcels providing a direct connection from downtown Eugene to the north side of the Willamette River (one of a few river crossings). Our site specifically was once part of Eugene's industrial heart 'that pumped the wheels of progress for 75 years.' With its own extensive Millrace system for providing water-power, our site and its contiguous parcels were home to a network of industrial mills that produced a variety of goods such as flour (gristmill), lumber, wool, furniture, cider / vinegar and leather (tanneries) among others.

Our Site's historical significance also includes important social history. The Mims house, part of the Skinner Butte Historic District, is less than a block to the northwest. Built in 1867, it is considered to be one of the oldest homes in Eugene. Annie Mims was a relevant figure in Eugene's civil rights era and her home was known as a safe haven for visitors, travelers, students and neighbors of African American descent.

The properties adjoining the Mims house also include significant historic landmarks and represent various architectural styles, such as the Queen Anne Style, Swiss Bungalow, Gothic, and Greek Revival. This somewhat eclectic patchwork of neighboring buildings and styles could arguably be considered to embody the spirit of Eugene.

Cover Letter

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Our project's design and development team have thoughtfully considered our site's context. Parcel 3A has been designed in partnership with adjoining River District parcels to reinforce connections to the north along Mill Alley (designed as a pedestrian Paseo) and along High street. Similarly, 5th Avenue (at the corner of 5th and High) will become a pedestrian oriented gateway from the West (Market District). It is our intention that our new river district neighborhood will connect our site's significant surrounding context to the river.

Our design approach has been a collaborative effort. Previously submitted and approved MUPTE applications by SERA architects include buildings on Parcels 7, 9 and the adjacent Parcel 3BC. Our proposed project on Parcel 3A, at the corner of High Street and 5th Avenue, will provide a gateway to the Eugene River District from downtown. Our design thinking began by reviewing established ERD design guidelines and the master planning work provided by SERA. With these references in mind, our proposed building at Parcel 3A is designed to be unique while fitting into its context. From a planning perspective, multiple architects, each with their own unique approach and design philosophy contribute to a richer, more dynamic and layered urban experience.

Our application shows that there is tremendous public benefit from our proposed building at Parcel 3A. Our project will provide much needed housing in Eugene in a compact urban development maximizing potential new living units while minimizing development that infringes on natural resources. We are proposing a building design sensitive to its context and to the goals of the River District Design Guidelines. Our design will provide a high quality and standard of living, where health and happiness are of highest priority. Our project will also bring jobs to the region, not just during construction but also longer-term jobs in management, operations, and community support and services.

Creating buildings of significance and permanence is a quintessential component in the development of this district. Our proposed project at Parcel 3A will use a high-quality material palette on the building exterior. Our building will reference the brick 'warehouse aesthetic' inspired by the industrial legacy of our site. We have also looked for opportunities to enliven the street with activity through design elements such as residential stoops, patios, attractive landscaping, thoughtful lighting and commercial storefronts. A similar strategy has been used above grade on the exterior of the building with balconies, decks and larger gathering spaces overlooking the street below. These characteristics will contribute to a vibrant and significant neighborhood that will become a new, sought after destination along the Willamette River.

Cover Letter

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

A key focus of our building design is a committed approach to the health and well-being of our residents and a dedication to sustainable goals. To ensure that our project will align with these goals, we are optionally pursuing Fitwel and Earth Advantage certifications. We intend to incorporate the strategies from these programs to further promote healthy living for residents and to minimize the project's environmental impact.

Prior to the development of Eugene's Riverfront District, this industrial area created a barrier to the Willamette River from Eugene's downtown. As a whole, our proposed project at parcel 3A will contribute to the City's vision to connect Eugene's downtown to the Willamette River. As one of Eugene's greatest assets, and perhaps the root of its very origin, the riverfront will soon be home to a new neighborhood, where residents can enjoy the beauty of its natural setting along with a much-needed connection to the vibrant diversity of the city.

MUPTE Application

Attachment C

A. General Project Information



Applicant Information

Applicant's Name: Eugene Riverfront District, LLC. c/o Jim Atkins
Address: 1255 NW 9th Ave, Suite 119
City: Portland State: OR Zip Code: 97209
Telephone Number: 971.506.5104
E-mail Address: Jim@atkinsdame.com
Housing Project Name: ERD parcel 3a

Site Location

Assessor's Property Acct No.: 1903564
Map / Tax Lot No. Map 17033111 / Tax Lot 14200
Site Location Address: Parcel 3a is bound by 5th St, (southern boudary), High St. (west), 4th St, (north) and Mill Alley (east)
(if no address available, provide a written description)

 Attach legal description of the property.

Current Use & Site Information

Current Zoning: S-DR/MU/2
Parcel Size: 51,636 sf (1.16 acre)
Minimum Density Allowed: 22 Units / Acre
Maximum Density Allowed: 205 Units / Acre
Number of Parking Spaces Required: 0.75 parking spaces per unit - 177
Assessed Value of Land : \$1,605,363 based on cost
Assessed Value of Improvements: NA

 Attach a written description of the existing use of the property.

Is existing sound housing or housing that can be rehabilitated on the property? ☐ Yes ☒ No

 If yes, attach a plan for relocation or a justification for elimination.

Proposed Project Information

Density of Proposed Project: 204 units per net acre
Proposed No. of Parking Spaces: 177
Proposed Lot Coverage: 94% %
Building Footprint: 47,592 square feet
Building Square Footage: 272,983 square feet
Commercial Square Footage: 5,524 square feet

The commercial portion of a project is eligible for an exemption, if it is deemed a public benefit by City Council. Do you want City Council to consider exempting the commercial portion of the project also? ☐ Yes ☒ No

Student housing and transient uses are not eligible for the MUPTE program. ¹

J. Atkins I affirm here to indicate that student housing and transient uses will not be part of the proposed project.

Total Number of Dwelling Units: 237 (All projects must have 5 or more units)

Total Number of Bedrooms: 268

No. of Floors: 7

UNIT MIX

Unit Size	#	Avg. Square Feet Per Unit	Proposed Avg. Rental Rate
Studio / efficiency	75	462	\$1,575
One bedroom	131	713	\$2,325
Two bedroom	31	1,342	\$3,937
Three bedroom			
Four bedroom			
Five bedroom			
Commercial/retail			
ADA Accessible			
Parking – onsite			
Parking – offsite			

Compliance with Local Law

The proposed project must, at all relevant times, be in conformance with:

- a) All local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved
- b) Licensing laws.

J. Atkins I affirm to indicate your understanding of this requirement and commitment to adhere to it.

¹ Eugene Code 2.946 (2)(a) states that exemptions cannot be given for a “project designed for the leasing of individual rooms or beds, rather than entire apartment units, or a project otherwise designed primarily for individuals attending college.” Student housing units usually take the form of several bedrooms with individual bathrooms and sparse common space. Project amenities and location are selected to appeal only to students and offer limited viability as potential housing for the general population, particularly families.

Legal Description of Property

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Legal Description

Parcel 3A (Lot 1): Lot 1, TOWN RUN, as platted and recorded April 3, 2020, Reception No. 2020-016334, C.S. File No. 45022, Lane County Deeds and Records, in Lane County, Oregon

Written Description

Property is undeveloped land with recently completed public infrastructure improvements (roadways and utilities) as part of the Eugene Riverfront District Development surrounding the property.

Neighborhood Engagement

Provide the following to document your neighborhood engagement. (See Program Guide, page 7 for more information on neighborhood engagement requirements)

Neighborhood Association: Eugene Downtown Neighborhood Association

Date of Meeting: 3.22.23

Name(s) of Principal(s)/Owner(s) in Attendance: Jim Atkins, Kevin Valk, Rex Ingram



Attach minutes from the meeting and comments received. If not an official neighborhood event, attach evidence of advertising method(s) and explanation for why it was not an official event.

Neighborhood Meeting

Downtown Neighborhood Association

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Downtown Neighborhood Association

March 22, 2023

Meeting Minutes

Attendance List

H O L S T

DATE

3.22.23

MEETING MINUTES

PROJECT NAME PROJECT #

Atkins Dame Eugene 22-009

~~Lot 3a~~

SUBJECT

Downtown Eugene Neighborhood
meeting no. 1.

ATTENDEES

Jim Atkins, Atkins + Dame
Kevin Valk, Holst
Rex Ingram, Holst
DNA – see attached sign in sheet for
attendees123 NE 3RD AVE STE 310
PORTLAND, OR
97232

503.233.9856

HOLSTARC.COM

C C

PREPARED BY

Rex Ingram

On Wednesday evening, the Eugene Riverfront District's Parcel 3A was presented to the Downtown Neighborhood Association by Jim Atkins, Kevin Valk and Rex Ingram. The presentation consisted of a slide show following the outline below:

i. **Atkins + Dame / Holst Introduction (brief)**

ii. **Project Overview**

- Project is 7 Story, Mixed Use, Multifamily Building
237 New Apartments, Studios, 1 and 2 bedroom units
8 Live / Work Units along High St and 5th Ave
6 Loft style units along 4th Ave
Ground floor Café with outdoor seating area along 5th Ave (1150sf)
- Ground floor flex space for multipurpose use (4th and High) (950sf)
- Large Lobby on building corner – flexible use space, gathering or extension of café
Garage parking for 178 cars
Building resident amenities include clubrooms (Level 3 + 7), Fitness Center
- Two outdoor terrace / courtyard amenities for residents including landscaping and reflecting pool, gathering spaces, BBQ, outdoor fitness and spa area
- Main cladding materials are Brick, Metal panel.

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iii. **Building Concept Summary**

- Create a dynamic building that provides a new gateway to the River District. Design to promote the connection of Downtown to the River.
- Create a sense of place and permanence with quality and durable building materials such as brick, steel, metal cladding, and storefront.
- Design for human scale through articulation of façade and by incorporating elements like entry stoops, landscaping, storefront, lighting, balconies and terraces.
- Design for local climate and context with sheltered entries and building canopies.
- Make an inviting place where people would want to live supported by amenities such as gathering spaces, community rooms, outdoor decks and terraces, and an indoor / outdoor fitness center.
- Promote neighborhood activity and safety along the street with building transparency and retail / communal spaces for residents and members of the community.

iv. **Building plans and rendered images:**

- Site plan and Context
- Building Floor Plans
- Exterior rendered images
 - SW Corner
 - NW Corner
 - Alley Elevation
 - View of Level 3 Patio / Deck amenity
 - Enlarged views of storefront along 5th and at corner of 5th and High Street

v. **Project Public Benefits**

1. Compact Urban Development
 - 204 units per acre – 7-story building
2. Green Building Features.
 - Energy efficiency of at least 10% better than code
 - Voluntarily pursuing Earth Advantage Gold and Fitwel certifications
3. Economic Impact
 - More than 60% of total construction contracts are local to Lane county exceeding the required 50%
4. Moderate income housing contribution
 - Project will contribute to a dedicated moderate-income housing fund to be used by Eugene to create more affordable housing
5. Design and compatibility
 - Building design in conformance with city and community design guidelines
6. Historic and Existing Housing Sensitivity
 - Our proposed development will not displace any existing housing or negatively impact historic or city landmarks
7. Project Need
 - Eugene has seen steady growth - population increase of 12.98% between 2010 and 2020 [US census]. Population growth has outpaced the

H O L S T

construction of new homes, the availability of housing is an ever growing challenge.

vi. Skinner Butte Height Limitation Area

Review of the Skinner Butte Height Limitation Area (HLA)

Map of HLA showing transition zone and our building location

vii. DNA Questions / Answers

1. What is minimum parking requirement?

Eugene required zoning is .75 parking to number of units. Some concern was raised regarding minimum parking with a comment about the adjacent historic district, as well as the city's interest in the EWEB building. The larger master plan strategy was discussed with reference to higher parking to unit ratios at other buildings, including Portal across the alley.

2. Will the project be a Highrise and will the project use CLT construction?

No, the project will be a midrise; with highest occupied floor not exceeding 75'. The project will be conventionally framed and will not use CLT construction.

3. How much retail will there be (in our building and within the district)?

There will be corner retail in parcel 3a (we showed our Café space on the ground floor plan), with additional commercial opportunities in the live / work units. There will also be retail space provided in other ERD neighboring parcels.

4. Is there a retail strategy or an interim plan for temporary retail before buildings can be built or long-term tenants can be found?

Jim Atkins mentioned the possibility of food cart pods on retail sites in conjunction with city park programming. Jim also provided a case study where excess retail space, as part of a multifamily development, has remained vacant; therefore, focus is to create housing first followed by retail / commercial space.

5. When are we seeking a building permit?

The project is in its feasibility phase at this time; we are preparing for our MUPTE application. We have not yet determined the date for our permit submittal.

6. Has a traffic study been done?

This is being done currently for building 3a (and adjoining parcel 3bc), and done with regards to the larger master planning process.

7. What will be anticipated rents?

The project will provide rent at a market rate, to be determined.

ATKINS + DAME EUGENE - PARCEL 3A
THE LANDING

DOWNTOWN NEIGHBORHOOD MEETING
MARCH 22, 2023 - 6PM EUGENE LIBRARY

Meeting number 1 - Eugene River District - Parcel 3A

MEETING ATTENDANCE SIGN-IN

	NAME	ADDRESS	PHONE NO.	EMAIL
1	KEVIN VALK	123 NE 3 RD AVE, STE 310 PORTLAND OR 97232	503.233.9856	KVALK@HOLSTARC.COM
2	REX INGRAM	123 NE 3 RD AVE, STE 310 PORTLAND OR 97232	503.233.9856 X 168	RINGRAM@HOLSTARC.COM
3	Pete Knox	265 W 8 th Ave Eugene	206-667-6612	pr.knox@gmail.com
4	Leah Murray	Santa Clara Eugene	541-484-0808	leah@Smighouse.org
5	Michael Cunningham	560 Oak Street Apt. 306	541-515-4076	mikeyman218@aol.com
6	Ryan Lewis	1459 City View St #224	541-543-6598	lemmylives6@gmail.com
7	Denna Lewis	1459 City View St #224, Eugene	458-210-1602	dnlina92@gmail.com
	Atkins Against Bystander Venica Jones	2633 Caribana Eugene	541 214- 3414	Justiceangelsrealjustice@gmail.com
	Suzanne Taylor	250 W Broadway Apt 154 Eugene 97401	541-357- 0999	SuzanneTaylor20@gmail.com
	Chris Osterlitz	295 W Broadway 97401	541-636- 3358	Benessere@comcast.net
	Julia Johnson	—	541 649- 2646	ju.johnson@live.com
	JADINA ALAJO	300 County Club Rd	541-682-8184	iragor@eugene-or.gov
	Megan Richter	1062 Charnelton St	314-724-2232	mrichter@archdpx.org
	Chloe Trifilio	361 W Broadway	802-881-6495	trifiliochloe@gmail.com
	James Anderson	1432 Springfield 1432 Mo Ave	541-521- 9028	jimmjchan3374@gmail.com



ATKINS + DAME EUGENE - PARCEL 3A
FIRST DNA NEIGHBORHOOD ENGAGEMENT MEETING
EUGENE PUBLIC LIBRARY - SECOND FLR - SINGER ROOM
MARCH 22, 2023

B. Required Public Benefits

Use this section to address each of the following required public benefits related to the proposed project. Several benefits extend beyond the period of the tax exemption. More information will be provided about those benefits if the application is approved.

1. Compact Urban Development

The MUPTE program is designed to encourage higher density housing and redevelopment in the City's downtown area.

- a) Put a check next to the zone category of the property:
- ☐ *Residential zones:* at least 175% of minimum density for the zone.
(e.g. R-4 High Density Residential)
 - ☐ *Form-based zones with height limit of three or four stories:* at least 30 units per net acre.
(e.g. S-DR Downtown Riverfront Special Area)
 - ☐ *Mixed-use development*²: at least the minimum density in the zone.
(e.g. C-2 Community Commercial, C-3 Major Commercial)
 - ☒ *All other areas, including residential-only development in commercial or mixed use zones:*
at least 50 units per net acre.
(e.g. S-W Whiteaker Special Area, S-F Fifth Avenue Special Area, S-H Historic, C-2 Community Commercial, C-3 Major Commercial)
- b) Density for proposed project: 204 units per net acre

2. Green Building Features

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the 2021 Oregon Energy Efficiency Specialty Code (OEESC). Complete the attached Green Building Features Worksheet (page 6)

3. Local Economic Impact Plan

To ensure a substantial portion of the local tax benefit yields a benefit to the local community, applicants are required to complete the Local Economic Impact Plan Worksheet (page 10).

4. Moderate-Income Housing Contribution

The project owner must either a) pay a fee to be dedicated to moderate-income housing or b) include not less than 30% of the total units as moderate-income housing units. Indicate below how this proposed project will contribute to moderate-income housing.

- ☒ Pay the moderate-income housing fee of 10% of the total exemption benefit for the 10-year benefit.
 - ☐ Paid upfront with a 5% discount
 - ☒ Paid annually in years 3 through 10
- ☐ Include moderate-income housing units. Complete the Moderate-Income Housing Worksheet (page 12).

² Mixed-use development incorporates both commercial and residential use in the same building.

5. Project Design and Compatibility

MUPTE projects need to address basic design concepts in the context of the project location. See attached Project Design and Compatibility Worksheet (page 13) for information about required attachments.

6. Historic & Existing Housing Sensitivity

Each MUPTE project must be evaluated for impacts to historic locales and existing housing. Complete the attached Historic and Existing Housing Sensitivity Worksheet (page 15)

7. Project Would not be Built Without Exemption

The applicant must demonstrate that the project as proposed could not be built but for the benefit of the tax exemption. Attach the following documentation:



- ten-year pro-forma with MUPTE,
- ten year pro-forma without MUPTE,
- analysis of the projected ten-year cash-on-cash rate of return for the proposed project,
- list of assumptions made to create the pro-formas, including a description of how property taxes were estimated for the without MUPTE pro-forma, and the moderate-income housing fee or rent levels,
- development budget, and
- sources and uses of financing.

Be sure to include the moderate-income housing fee or rent levels in the pro-formas and list of assumptions. This information will be reviewed by an independent professional consultant to determine the financial feasibility, at the applicant's expense to be paid to the City with the application fee. The consultant will make a recommendation on the application for the Project Review Panel and the City Manager.

Public Benefits

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

PUBLIC BENEFIT (Narrative)

The following outlines how the proposed project at Parcel 3A in the River District meets the MUPTE criteria for providing substantial public benefit. The items outlined below are in response to the MUPTE application's required criteria. Additional information about specific target content can be found in following sections of this application.

1. Compact Urban Development

Parcel 3A will provide a higher housing density than required by the zoning code which will reduce the need for further development on untouched land and restrict the expansion of urban growth into natural resource areas and ecological habitats. To accomplish this, our building design will provide:

- 237 new dwelling units with a density of 204 units per acre, greatly exceeding the minimum density of 55 units per acre.
- 7-story building which exceeds the minimum 1-story building requirement.

2. Green Building Features

Parcel 3A will exceed minimum energy efficiency MUPTE requirements and follow Eugene's BPS program guidelines to ensure that higher than energy code requirements are achieved.

- Energy modeling will be provided to quantify an energy efficiency of at least 10% better than code.
- Neighboring buildings within the River District development and currently under construction have been similarly modeled and found to exceed code standards by up to 30%. Striving for comparable energy efficiency results, similar construction materials, methods, mechanical systems and strategies will be used for Parcel 3A.

To further minimize our carbon footprint while providing the highest quality of living for our residents, we are voluntarily pursuing Earth Advantage Gold and Fitwel certifications. While congruent with the goals of the MUPTE, these certifications create a high-bar standard above and beyond the requirements of the zoning codes, building codes and the MUPTE program.

Earth Advantage Gold Certification Strategies:

A. Building Site and Development

- **Density:** Urban infill, higher density development and redevelopment of a previously industrial and brownfield site reduce the environmental impact of development on undeveloped land.
- **Public Transportation:** Access to public transportation helps reduce dependence on single occupancy vehicles.

B. Energy and Resource Efficiency

- **Electric Vehicles:** Installed conduits and an electrical system sized for future installation of charging stations contributes to the reduction of fossil fuel burning vehicles.
- **Envelope and Energy Efficiency:** Durable exterior materials, rainscreen façade and appropriately installed weather and air barriers contribute to a tighter building envelope, which reduces heating and cooling energy consumption and increases the lifespan of the envelope system.
- **Kitchen Appliances:** Energy Star appliances and LED lighting reduce ongoing energy consumption.

Public Benefits

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

- **Plumbing Fixtures:** In addition to landscaping with drought-tolerant plant species, low-flow plumbing fixtures including toilets, sinks, shower heads, and lavatories reduce long-term water consumption.
- **Solar Panels:** As a solar-ready facility, conduit and structural support will be in place for future photovoltaic hook-up, which will reduce the building's reliance on the electrical grid by utilizing a renewable energy source.
- C. Building Materials
 - **Recycled Materials in Construction:** Minimizing reliance on new materials, increased recycled content in building materials, such as building insulation and interior finishes, reduces the building's carbon footprint and environmental impact.
- D. Indoor Environmental Quality
 - **Unit Air Filtration:** Clean, filtered conditioned air in apartment units with individual ERV (Energy Recovery Ventilator) mechanical ventilation will significantly improve air quality for residents, especially when poor outdoor air quality is a concern due to the recent annual increase of wildland fires and poor air quality days. The standard for individual apartment air filtration will be MERV 13, far greater than the code requirement of MERV 8. In addition to higher filtration standards, ERVs in units will have a boost mode controlled by residents to allow a higher degree of filtration to control odors from cooking.
 - **Indoor Contaminants Reduction:** Indoor air quality improvements include eliminating added urea-formaldehyde in materials and low VOC finishes to reduce harmful off-gassing. Additionally, HVAC ductwork will be protected during construction to reduce dust and contaminants.
- E. Construction and Waste Management
 - **Waste Management Planning:** A construction and waste plan will divert a substantial amount of construction waste from the landfill by increasing the amount of recycled material.

In addition to the MUPTE Green Building requirements and the Earth Advantage goals listed above, we have elected to pursue Fitwel certification which promotes active and healthy living.

Fitwel certification strategies include:

- A. Walkability and Access to Amenities
 - **High Walk Score:** With a walk score above 90 (Walkscore.com – 490 High Street), the project fosters improved health by providing increased opportunities for regular physical activity, social interaction and access to amenities.
 - **Infrastructure:** Contributing to enhanced physical, mental and social health, immediate access to the adjacent public park, Plaza, and Ruth Bascombe bike path increases opportunities for regular physical activity, exposure to daylight and social interaction.
 - **Amenities:** Easy access to the farmers market a few short blocks from the River District provides increased opportunities for healthy food and nutritious eating.
- B. Alternative Transportation
 - **Transit:** Close proximity to lane transit stops and the Downtown Eugene station supports the use of alternative transportation and contributes to increased physical activity, stress reduction, improved air quality, community health, equity for those who cannot drive and enhanced access to amenities.
 - **Bike Share:** The River District is pursuing a bike-share station to be located in the community, which will serve residents, patrons of future commercial developments and visitors to the public park and Plaza. The bike-share program supports active transportation

Public Benefits

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

and convenience, increased physical activity, equity for those who cannot drive or afford private vehicle use and congestion and air pollution reduction.

- **Bike Parking:** Ample long- and short-term bicycle parking encourages the use of bicycles for transportation and recreation, contributing to increased physical activity.

C. Health and Wellness

- **No Smoking:** Building operations will enforce a tobacco-and smoke-free policy for all indoor and outdoor spaces, reducing tobacco consumption and exposure to secondhand smoke, contributing to enhanced respiratory and mental health for community members.
- **Fitness Amenities:** A dedicated fitness center building amenity with both indoor and outdoor space increases access to physical activity and contributes to decreased absenteeism, enhanced physical and mental health, and improved social equity.
- **Building Strategies:** Internal stairways with inviting finishes and quality lighting provide an opportunity for occupants to increase regular physical activity while also contributing to enhanced safety and security.
- **Incorporate Nature:** Elements of biophilic design enhance human connection to nature, contributing to reduced stress and enhanced mental health.

D. Safety and Security

- **Lighting and Wayfinding:** Evenly distributed lighting along street frontages and within parking areas supports pedestrian use and safety after dark, reducing the opportunity for crime and supporting the connection from Downtown Eugene to the river.

E. Play and Interaction

- **Playground:** With the future development of a playground adjacent to the public plaza, opportunities are expanded for children to play, interact with other children and stimulate mental development for enhanced physical, mental, and social health.

3. Local Economic Impact

Parcel 3A will provide significant opportunities for local labor and resources. As outlined on Lease, Crutcher, Lewis' worksheet 'Use of Local Resources,' the vast majority of identified contractors are local to Eugene and Springfield.

Greater detail outlining the impact of this project on the Eugene economy can be found in the Local Economic Impact Plan section of this application, summarized below:

- **Local construction contracts:** Exceeding the required 50%, more than 90% of the total estimated professional services and construction contracts are local to Lane County.
- **Prevailing Wage Labor:** The project's construction utilizes prevailing wage labor following the Oregon BOLI standards for wages. This prevailing wage commitment will benefit local Lane County workers and their families.
- **Inclusive and Diverse Team(s):** Our Contractor/Development team is dedicated to including minority and women owned, diverse and emerging small business participation. Lewis Construction proactively promotes an inclusionary and equitable project environment and bid process through its outreach program, as outlined in their local impact plan on page 3 of their Local Impact Plan narrative.
- **Economic Stimulus:** Construction of this mid-rise building creates a variety of job opportunities for local industries that support construction activities, such as delivery truck drivers, cleaners, bankers,

Public Benefits

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

engineers and many more. In turn, increased employment supports local businesses by boosting spending on retail, restaurants, utilities, and taxes.

- **Ongoing Job Opportunities:** Following completion of construction, ongoing job opportunities such as facilities maintenance, building operations, leasing agents, cleaning companies and many others will contribute to the long-term economic stability of the region.

4. Moderate Income Housing Contribution

As part of the MUPTE approved agreement, Parcel 3A will contribute to a dedicated moderate-income housing fund to be used at the city of Eugene's discretion to support local affordable housing. In the past, these dedicated fees have been successfully used by Eugene to attract greater investment and launch new affordable housing projects.

5. Design and Compatibility

A critical component of our MUPTE application submittal is Parcel 3A's design conformance with city and community design guidelines. Greater details of how these conditions have been met are listed in the design and compatibility narrative of this application.

Conceptually inspired by 'Where the City Meets the River,' the River District development contributes to a sense of permanence and placemaking and has been designed with the objective of bringing the city closer to the Willamette River. Specifically, our proposed project at Parcel 3A will activate street frontages, integrate with the urban character of Downtown Eugene and support the establishment of a new vibrant neighborhood. The following design strategies have been employed to meet these goals:

- Create a dynamic building that provides a new gateway to the River District.
- Design for human scale with incorporated entry stoops, landscaping, storefronts, lighting, balconies and terraces.
- Design for local climate with sheltered entries and building canopies.
- Create a sense of place and permanence with quality and durable building materials such as brick, steel, metal cladding and storefront.
- Create an inviting place where people want to live, supported by amenities such as gathering spaces, community rooms, outdoor decks and terraces and an indoor / outdoor fitness center.
- Promote activity along the street with building transparency and retail / communal spaces for residents and members of the community.

6. Historic and Existing Housing Sensitivity

As an urban renewal project on a site previously used for industrial purposes, Parcel 3A will not displace any existing housing. The City of Eugene and EWEB have worked together to decommission past EWEB facilities and clear the site for future development, ensuring proper notification was given before any structures were removed. Furthermore, the Ferry Street Bridge Viaduct, which has been identified as a historically eligible resource by the Oregon State Historic Preservation office (SHIPO), will not be negatively impacted as determined by Eugene City staff. Detailed information regarding the preservation of historic elements and the appropriate notification processes followed during the demolition of previous structures, as outlined in a letter by Eugene Planning Staff, can be found in the Historic Housing and Sensitivity section of this application.

Public Benefits

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

7. Project Need

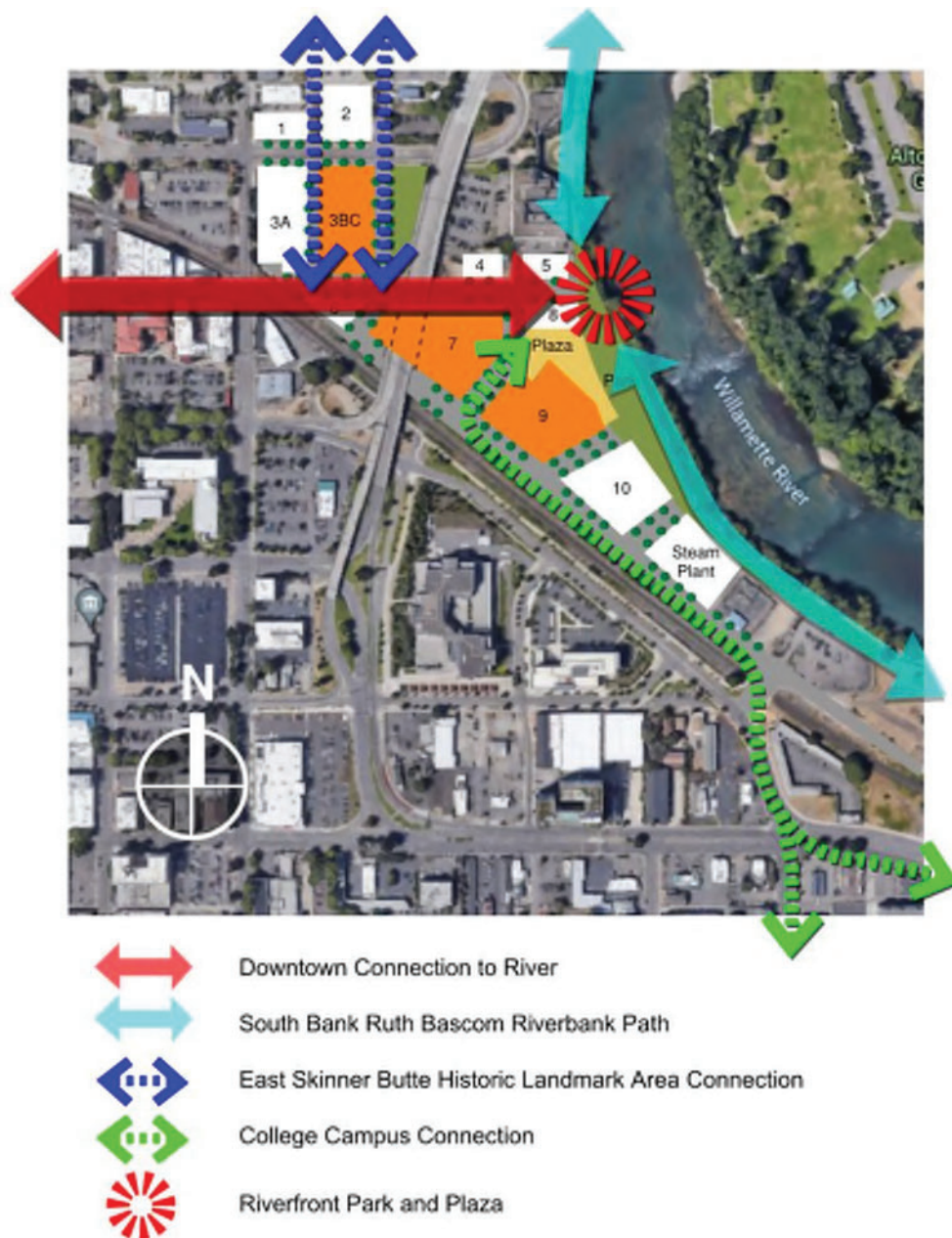
As the second largest city in the state of Oregon, Eugene has experienced steady growth with a population increase of 12.98% between 2010 and 2020 [US census]. With population growth outpacing the construction of new homes, the availability of housing is an ever-growing challenge. In August 2021, Eugene home prices increased 18.3% when compared to the prior year [redfin.com], contributing to residents being priced out of the homeownership market and forced into apartment living. The River District development responds to the increasing demand for apartment living by providing higher density housing on previously under-utilized land within the urban growth boundary. Additionally, the location has immediate access to and from the downtown and West University neighborhoods via multiple modes of transportation, including public transportation, pedestrian pathways and bicycle routes – all supporting car-alternative means of transportation and lower carbon emissions in the city.

District Connections

Eugene Riverfront District

Parcel 3A

Eugene, Oregon



C. Green Building Features Worksheet

The green building requirement is that projects perform at least 10% more efficiently than the performance established in the energy code adopted by the State of Oregon (2021 Oregon Energy Efficiency Specialty Code (OEESC)). Only the residential occupancy and common areas associated with residential areas are considered (e.g., hallways, stairwells, centralized HVAC or hot water heating, laundry facilities). It does not apply to the commercial areas or ancillary amenities (e.g., parking garage, swimming pools, recreation centers). Pathways for complying with the requirement are based on the number of floors for the project: 1-3 story projects and 4 or more story projects. See below:

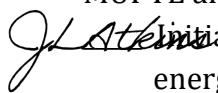
Summary of Green Building Pathways

Pathway	Building Size	
	1-3 Stories	>3 Stories
LEED v4 for Homes	Low-Rise: Certified + modeled at 10% above Oregon energy code	Mid-Rise: Certified + modeled at 10% above Oregon code
Earth Advantage	Multifamily: Certified + commissioning report	N/A
City of Eugene BPS (Building and Permit Services)	N/A	Modeled at 10% above Oregon energy code + commissioning report

- a) The pathway applicable to the proposed project is _____.
- b) Use the table below to identify any additional items to include with your application based on the pathway identified above.

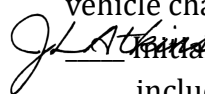
Pathway	Submit with Application
LEED v4 for Homes	1. LEED Registration Number 2. Project Checklist
Earth Advantage	Earth Advantage Points Worksheet
City of Eugene BPS	n/a

- c) See the Post-Approval Green Building Information section below for the required documentation that will need to be provided to the City should your project be awarded the MUPTE and other useful information.

 Initial here to indicate your understanding that you will need to demonstrate building energy performance 10% above the energy code adopted by the State of Oregon by submitting the items listed below at permit application and after construction.

- d) Will onsite parking be provided: ☐ Yes ☐ No

If yes, all projects that provide on-site parking must install conduit for future electric vehicle charging stations.

 Initial here to indicate your understanding of this requirement and agreement to include conduit should MUPTE be awarded.

Post-Approval Green Building Information

Should the project be approved for the MUPTE, the applicant will be required to submit a number of documents to demonstrate compliance with the Green Building Features requirement. This section provides more information about those requirements.

Pathway	Submit with Building Permit Application	Submit after Construction ³
LEED v4 for Homes	Energy model	Within 18 months after receiving a Certificate of Occupancy, documentation of LEED certification (copy of USGBC Rating Certificate and final LEED review).
Earth Advantage	n/a	Within 18 months after receiving a Certificate of Occupancy: <ol style="list-style-type: none"> 1. Documentation of Earth Advantage certification, and 2. Commissioning report.
City of Eugene BPS	<ol style="list-style-type: none"> 1. Signed Energy Release to enable the City to access multi-family occupancy energy use data for the life of the MUPTE, and 2. Energy model 	<ol style="list-style-type: none"> 1. List the project features to achieve the 10% above code requirement, 2. Within 18 months after receiving a Certificate of Occupancy, commissioning report, and 3. Annually during exemption if Energy Release not signed, multi-family occupancy energy use data.

An improvement of at least 10% shall be demonstrated in the proposed building energy performance as compared to a similar baseline building designed in compliance with the prescriptive requirements of the energy code adopted by the State of Oregon. The proposed building performance and the baseline building performance shall be calculated in accordance with ANSI/ASHRAE/IES Standard 90.1–2016, Appendix G, using a simulation model. Projects must meet the minimum percentage savings before taking credit for renewable energy systems. The proposed design must include all energy consumption and costs within and associated with the building project.

INTENT

To support the design, construction, and eventual operation of a project that meets the owner's and City of Eugene project requirements for energy and durability.

³ If this documentation is not timely submitted, MUPTE may be revoked.

REQUIREMENTS

Commissioning Process Scope: Complete the following commissioning (Cx) process activities for mechanical, electrical, and renewable energy systems and assemblies, in accordance with ASHRAE Guideline 0-2019 or 0-2005 and ASHRAE Guideline 1.1-2007 for HVAC&R Systems, as they relate to energy, water, indoor environmental quality, and durability. The commissioning authority (CxA) must do the following:

- Review the OPR, BOD, and project design.
- Develop and implement a Cx plan.
- Confirm incorporation of Cx requirements into the construction documents.
- Develop construction checklists.
- Develop a system test procedure.
- Verify system test execution.
- Maintain an issues and benefits log throughout the Cx process.
- Prepare a final Cx process report.
- Document all findings and recommendations and report directly to the owner throughout the process.
- Provide a Final Report based on findings to the owner for delivery to the City of Eugene. At a minimum the report shall include: CXa qualifications, scope of commissioning activities, a list of systems commissioned (and by whom), a summary of issues corrected, and a list of major outstanding/unresolved issues.

Complete the following commissioning process (CxP) activities for the building's thermal envelope in accordance with ASHRAE Guideline 0-2019 or 0-2005 and the National Institute of Building Sciences (NIBS) Guideline 3-2012, Exterior Enclosure Technical Requirements for the Commissioning Process, as they relate to energy, and durability. Commissioning authority must complete the following:

- Review contractor submittals.
- Verify inclusion of systems manual requirements in construction documents.
- Verify inclusion of operator and occupant training requirements in construction documents.
- Verify systems manual updates and delivery.
- Verify operator and occupant training delivery and effectiveness.
- Verify seasonal testing.
- Review building operations 10 months after substantial completion.
- Develop an on-going commissioning plan.
- Incorporate all findings into the Final Report provided to the owner for delivery to the City of Eugene.

Commissioning Authority: By the end of the design development phase, engage a commissioning authority with the following qualifications.

- The CxA must have documented commissioning process experience on at least two building projects with a similar scope of work. The experience must extend from early design phase through at least 10 months of occupancy;
- The CxA may be a qualified employee of the owner, an independent consultant, or an employee of the design or construction firm who is not part of the project's design or construction team, or a disinterested subcontractor of the design or construction team. For projects smaller than 20,000 square feet (1 860 square meters), the CxA may be a qualified member of the design or construction team. In all cases, the CxA must report his or her findings directly to the owner.

Green Building Features Narrative

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

GREEN BUILDING FEATURES (Narrative)

Our proposed project at Parcel 3A embodies principles of human health and wellness, energy efficiency and sustainable sites in support of a sustainable and vibrant community. The building's design incorporates eco-friendly features to meet the City of Eugene BPS requirements, exceeding expectations by striving for a minimum of 10% better energy efficiency than the Energy code. The project not only meets the minimum MUPTE standards but will also pursue Earth Advantage and Fitwel certifications to further minimize its environmental impact and promote a healthy living environment for its residents.

Human Health and Wellbeing

The built environment can have a profound impact on the health and well-being of people. The design of Parcel 3A incorporates strategies from the latest research on healthy buildings with the goal of increased quality of living to promote good health and happiness of residents. Strategies used to achieve this goal include:

- Elements of biophilic design for enhancing human contact with nature, contributing to lower stress, increased happiness, improved sleep, and a greater sense of safety and comfort. Biophilic design features on this project include ample daylighting, views to significant geography; finished materials inspired by natural colors, textures, and patterns; direct connection to the natural environment through outdoor amenity spaces, balconies, and operable windows; and landscaped areas that create thoughtful spaces for residents to enjoy with multiple senses.
- Mechanical systems such as improved air filtration prioritize tenant health and boost energy performance, to reduce resident exposure to poor air quality, especially with increasing frequency of smoke from wildland fires.
- Enhanced unit air-barrier compartmentalization to maintain good air quality for residents.
- Selected interior material choices, including reduced VOCs, to reduce indoor air toxins for occupant health.
- Appropriate acoustic treatment of walls and windows to improve livability for residents, particularly for facades near the railroad and viaduct.
- An efficient exterior building envelope to maximize the thermal comfort of residents. A high-quality exterior envelope also minimizes air leakage and moisture migration, contributing to the long-term durability of the building.
- Secure bike storage rooms to promote an active lifestyle of residents.

Energy Efficiency and Emissions Reductions

To reduce environmental impact, our proposed project at Parcel 3A will achieve energy savings of 10% or greater than Oregon Energy Code, and perform building commissioning. The strategies used to achieve this include:

- Efficient centralized hot water heating systems.
- An efficient exterior building envelope detailed for reduced thermal bridging, a continuous air and weather barrier to control air and moisture migration for long-term durability.
- Window coatings optimized to control solar heat gain where appropriate. Operable windows encourage the reduction of mechanical cooling on mild days.
- Rooftop treatment to reduce heat absorption into the building.
- Water efficient plumbing fixtures to reduce freshwater demand and water heating energy. Water submetering for units to influence occupant behavior to encourage water conservation.
- LED lighting throughout to reduce energy demand.
- On-site electric car charging station infrastructure to support future installation of electric vehicle charging stations for reduced vehicular emissions.

The project team is also exploring reductions in the embodied carbon emissions from building material creation, transportation, and construction activities. Embodied carbon emissions contribute significantly to the overall

Green Building Features Narrative

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

environmental footprint of new buildings before the building is ever occupied. While it is still early in the design process, the project team is targeting opportunities for embodied carbon reductions through optimized concrete mix designs and exploring wood sourcing options. The project team is also exploring ways to maximize the carbon sequestration potential of the landscape areas of the site.

Sustainable Sites

Parcel 3A utilizes multiple design strategies to transform the currently underutilized site into a vibrant space for residents, the community and native species. The strategies used to achieve this goal include:

- Integrated landscape design to connect the building site to the broader district. Native plants provide opportunities for habitat, reduce irrigation demand, and provide year-round interest and beauty.
- Stormwater capture and treatment strategies that tie into the landscape design to reduce surface runoff and contact from entering the natural water flows of the site.
- Photovoltaic Solar ready infrastructure that allows for future solar panels to be installed on the building's roof.
- The project is exploring both Energy Trust of Oregon and EWEB energy incentives to further minimize the impact of building operation on natural resources. For example, using efficient Energy Star appliances and a centralized hot water system for the building.
- Exterior lighting strategies to reduce light pollution.

Combined with energy efficiency and a reduced environmental impact, the most sustainable projects enrich the human spirit, invoke delight, and foster community over time. These are beautiful places that people will love and care for, both now and decades from now. Our proposed project at Parcel 3A will utilize all the above design strategies to ensure a positive outcome for the community, residents, stakeholders, and the environment for the life of the project.


D. Local Economic Impact Plan Worksheet

In order to ensure that a substantial portion of the local tax benefit yields a benefit to the local community, each applicant needs to include a Local Economic Impact Plan. Complete the following worksheet and attach the required written material.

A. LOCAL CONTRACTS

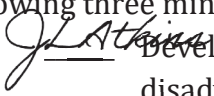
Projects must have a plan for ensuring that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from a business organization or individual residing or doing business primarily in Lane County. Materials are excluded from the dollar volume calculation. If an applicant can provide evidence that a trade is not available locally, payment for services attributed to that trade may be excluded from the dollar volume calculation. Should a MUPTE be granted and at the end of construction, the developer will need to submit a report of the home city or zip code of all of the construction labor workers.


\$45,132,645	Total Estimated Professional Services and Construction Contracts
\$28,433,566	Local to Lane County
63%	% of Total that is Estimated to be Local
\$16,699,079	Not Local to Lane County


 Attach narrative on how this will be achieved. Identify the likely general contractor. Also include information on trades not available locally, if applicable.


B. MINORITY & WOMEN BUSINESS ENTERPRISES

MUPTE recipients need to ensure that qualified minority and women business enterprises have an equitable opportunity to compete for development related contracts. Initial next to the following three minimum steps to indicate your understanding and commitment to comply:

 Developer will access lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business (<http://www4.cbs.state.or.us/ex/dir/omwesb/>).

 Developer will search for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website (<http://dasapp.oregon.gov/qrf/index.aspx>).


 Developer will advertise in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

 Attach narrative on any other steps you plan to take so that minority and women business enterprises have an equitable opportunity to compete.

C. COMPLIANCE WITH LAWS

The developer needs to ensure that all parties involved, including contractors and subcontractors, comply with wage, tax, and licensing laws. Initial next to the following four requirements to indicate your understanding and commitment to comply:

JL Atkins Methods are in place to ensure all contractors performing work are licensed and performing in compliance with ORS 701 (Construction Contractors and Contracts).

 *Attach a narrative to describing the methods.*

JL Atkins Developer will provide the City with a list of all contractors performing work on the project. Before a contractor performs any work on the project, the contractor must be included on the list on file with the City. Owner will confirm that each contractor has valid, current licensing, insurance, bonding, and workers compensation coverage.

JL Atkins Developer will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws described in ORS 305.620 (local taxes) and ORS Chapters 316, 317 and 318 (state income taxes). City staff can provide a template of an affidavit for this purpose, if needed.

JL Atkins Developer will post information about the City's Rights Assistance Program in English and Spanish on the job site during construction of the project.

Local Economic Impact Plan

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

LEASE CRUTCHER LEWIS

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See next page)



Lewis History & Philosophy

Lease Crutcher Lewis (Lewis) was founded in 1886 and has been locally owned ever since. The company has an enviable record of accomplishment in the Pacific Northwest and beyond—with regional offices in Eugene, Portland and Seattle.

As an employee-owned company, our entrepreneurial spirit supports a culture where teams are empowered to act independently on each client's behalf. Likewise, our company leadership is local, with no added layer of direction from afar.

Familiarity Working in Eugene

Lewis has maintained a significant presence in Lane County for nearly three decades. More than a third of our employees live and work in the community, offering the City of Eugene a core group of resources to service local projects.

We have substantial knowledge of the labor market and building conditions in and around Lane County, and our team has recently completed a significant volume of work in the area. As a result, we have developed strong relationships with area subcontractors, suppliers, and local agencies and understand the complexities of working in the area.

Lewis has effectively managed more than \$600 million in volume in the market in the past three decades, making us one of the most experienced commercial general contractors in the South Willamette Valley.

Lewis has invested great effort into maintaining outstanding rapport with the local labor markets. We focus efforts on building trusting relationships with subcontractors by managing projects well, paying on time, and working with integrity and expertise.

Maximizing Local Participation & Use of Local Resources

Lewis has an excellent track record of actively engaging local businesses and suppliers and achieving high levels of local participation for projects completed in the South Willamette Valley. **As a local Eugene contractor with an established local office, we understand that our work is intended to benefit the community at large and not just the client.** As such, we are diligent in our approach to utilizing local resources and buying local wherever possible rather than transporting labor and/or materials from afar.

A list of contractors that we regularly partner with is detailed below. To maximize local and COVID participation on projects, we will send bid invitations to all local subcontractors and suppliers during the bidding process.

SCOPE OF WORK	COMPANY NAME	CERTIFICATIONS	OFFICE LOCATION
General Contractor	Lease Crutcher Lewis		Eugene, OR
Structural Concrete	Lease Crutcher Lewis		Eugene, OR
Structural Concrete	3 C		Springfield, OR
Structural Concrete	Dynasty Concrete		Springfield, OR
Ready Mix Supplier	Knife River		Eugene, OR
Ready Mix Supplier	Riverbend Materials		Eugene, OR
Concrete Finishing	3 C		Eugene, OR
Concrete Finishing	Dynasty Concrete		Eugene, OR
Rebar	Far West Steel		Eugene, OR
Masonry	Haps Masonry		Eugene, OR
Misc. Steel	Coyote Steel		Eugene, OR
Misc. Steel	Kiwi Fab		Eugene, OR
Structural Steel	Gibson Steel Fab		Eugene, OR
Structural Steel	Commercial Metal Products		Springfield, OR
Structural Steel	Kiwi Fab		Eugene, OR
Steel Erection	West Side Iron	DBE, MBE	Springfield, OR
Wood Framing	Real Contractors Inc		Eugene, OR
Wood Framing	Tall Pine Contractors		Marcola, OR
Wood Framing	Peter Winberg Framing		Eugene, OR
Finish Carpentry	LJ Pearson		Springfield, OR
Finish Carpentry	Advance Cabinet Designs		Eugene, OR
Thermal Insulation	Marshall's Heating		Springfield, OR
Thermal Insulation	Home Insulation		Eugene, OR
Roofing	River Roofing		Springfield, OR
Roofing	Evergreen Roofing		Eugene, OR
Roofing	Umpqua Roofing		Eugene, OR
Sheet Metal	Smith Sheet Metal		Springfield, OR
Sheet Metal	Stedman Sheet Metal		Springfield, OR
Sheet Metal	Larry's Sheet Metal		Eugene, OR
Waterproofing	Terra Firma		Eugene, OR
Doors and Frames	E&S Hardware		Springfield, OR
Doors and Frames	Bell Hardware		Eugene, OR
Door Hardware	E&S Hardware		Springfield, OR
Door Hardware	Bell Hardware		Eugene, OR
Glass and Glazing	Mid-Valley Glass		Eugene, OR
Glass and Glazing	Culver Glass		Eugene, OR
Drywall/Framing/Ceilings	Lane County Glass		Springfield, OR
Drywall/Framing/Ceilings	Haas Contracting		Springfield, OR
Drywall/Framing/Ceilings	Hartness Drywall		Cottage Grove, OR
Drywall/Framing/Ceilings	Hathaways		Eugene, OR
Painting	WPI		Eugene, OR
Painting	Third Generation Painting		Eugene, OR
Painting	WPI		Eugene, OR
Painting	WC Finishes		Springfield, OR

SCOPE OF WORK	COMPANY NAME	CERTIFICATIONS	OFFICE LOCATION
Tile	Rubenstein's Flooring		Eugene, OR
Tile	PAB Tile		Eugene, OR
Flooring	Rubenstein's Flooring		Eugene, OR
Flooring	The Carpet Company		Eugene, OR
Flooring	Imperial Flooring		Eugene, OR
Signage	ES&A		Eugene, OR
Signage	Fast Signs		Eugene, OR
Signage	Image King Signs		Eugene, OR
Casework	Advance Cabinet Designs		Eugene, OR
Casework	Lanz Cabinets		Eugene, OR
Countertops	Old Mill		Springfield, OR
Countertops	Precision Surfaces		Eugene, OR
Countertops	McKenzie Stone and Tile		Eugene, OR
Window Coverings	Budget Blinds		Eugene, OR
Window Coverings	VSC Window Coverings		Eugene, OR
Fire Sprinkler	Harvey and Price		Springfield, OR
Fire Sprinkler	Onlid and Swinney		Springfield, OR
Plumbing	Twin Rivers Plumbing		Eugene, OR
Plumbing	Brother's Plumbing		Creswell, OR
Plumbing	Reynolds Plumbing		Springfield, OR
Plumbing	Alliant Systems		Springfield, OR
HVAC	Comfort Flow		Springfield, OR
HVAC	Innovative Air		Eugene, OR
HVAC	Alliant Systems		Springfield, OR
Electrical	Reynolds Electric		Eugene, OR
Electrical	OEG		Eugene, OR
Electrical	Contractor's Electric	ESB	Eugene, OR
Electrical	JK Electric		Lowell, OR
Electrical	Belco		Eugene, OR
Low Voltage	Convergent		Eugene, OR
Low Voltage	Harvey and Price		Springfield, OR
Low Voltage	IES		Eugene, OR
Earthwork	Delta Construction		Eugene, OR
Earthwork	Kipco		Eugene, OR
Earthwork	Pacific Excavation		Eugene, OR
Earthwork	Greensuns		Springfield, OR
Landscaping	Rexius		Eugene, OR
Landscaping	Gratons		Junction City, OR
Landscaping	Graham		Eugene, OR
Landscaping	Anderson's Erosion Control		Junction City, OR
Fencing	Island Fence	DBE, WBE	Junction City, OR
Fencing	Oregon Fence Co.		Springfield, OR

Outreach Program

Lewis is committed to promoting equity in the construction industry and providing opportunities for disadvantaged businesses. Our team is fully committed to helping the City of Eugene meet your utilization goals. Our outreach program will include the following efforts:

- Directly solicit quotations from MWESB subcontractors, leveraging existing relationships from our in-house database, as well as the MWESB online directory.
- Include project solicitation at Oregon Association of Minority Entrepreneurs (OAME), National Association of Minority Contractors—Oregon (NAMCO) as well as the Metropolitan Contractor Improvement Partnership (MCIP) and the Professional Business Development Group (PBDG) at meetings regularly attended by Lewis, leveraging our established relationships with MWESB contractors.
- Publicly advertise our solicitation of bids in business publications catering to MWESB subcontractors (El Latino De Hoy and Minority Business Entrepreneur, for example).
- Held separate bid opportunity meetings at OAME to discuss the Project in detail with interested subs.
- Established bid packages in smaller work scopes, allowing smaller, yet technically qualified firms to participate in the project.
- Hosted technical bid workshops.

Optimizing Diverse Firm Participation

Lewis is adept at achieving high levels of disadvantaged minority and women-owned, emerging small business participation on our projects, and we actively seek diversity on our project teams. Specifically, our approach is designed to achieve the following results:

- Mentor emerging and disadvantaged firms by engaging them as part of a larger, more seasoned team.
- Provide a competitive advantage to COBID subcontractors by familiarizing them with the scope of work during preconstruction and guiding them through the bidding process.
- Encourage non-COBID bidders to develop partnerships with certified companies through a competitive qualification-based RFP selection process.
- Establish bid packages in smaller work scopes, allowing smaller, yet technically qualified firms to participate.
- Hold pre-bid workshops to review project documents and answer questions about our bidding process.

Inclusion Approach

Lewis sets the tone for a respectful, professional working environment that is inclusive of all team members. Specific measures of our approach include:



Mentoring Assistance: We support our trade partners with mentoring assistance at every stage, from pre-bid through closeout. We host workshops to demonstrate how to navigate the drawings and use the bidding software during bidding, proactively identifying processes and procedures that will work for their needs. As the project transitions into construction, every team member, from project engineers to safety personnel, will be engaged to provide support and educational opportunities.



Proactive Communication: We keep the entire team fully engaged throughout the Project, beginning in preconstruction. Including subcontractors partners in team meetings and project details will benefit the project team and aid in their development as they advance in the industry.



Measurable Outcomes: We work with COBID/MWESB trade partners to ensure they have what they will need to succeed. Upon project completion, we will identify areas of success and opportunity that will help them measure future achievement.

E. Moderate-Income Housing Worksheet

Only complete this worksheet if providing moderate-income units in your project (see page 4)


THIS SECTION OF THE MUPTE APPLICATION HAS
BEEN OMITTED - NOT APPLICABLE

F. Project Design and Compatibility Worksheet

 Attach two schematic drawings drawn to a minimum scale of one inch equals 16 feet (1" = 16'):

1. Site plan and major features and dimensions of the proposed development.
2. Side and front elevations of the proposed development.

Identify on both drawings public and private access, parking and circulation plans, and proposed landscaping design. If Council approves the exemption, these schematic drawings will be attached to the approval resolution.

 Attach a written description of the exterior finishes, public and private access, parking and circulation plans, and proposed landscaping design.

 Attach a written narrative, with supporting graphics, renderings, or elevations of the proposed development that describes how the project will address the basic design concepts listed below.

Basic Design Concepts & Recommended Design Techniques

During the MUPTE application evaluation process, the City's Urban Design team will assess how the project addresses the four basic design concepts listed below. Also included below are recommended design techniques to assist in achieving these design concepts and serve as a way to create objective standards in design. These design techniques will provide non-regulatory guidance and are not prerequisites to receiving a MUPTE. The City's Urban Design team will reference the recommended techniques below in the evaluation it provides to the Review Panel of the submitted design. For additional guidance, refer to the Community Design Handbook, which can be found at www.eugene-or.gov/designhandbook.

Scale Form and Quality: Buildings are designed for the human scale, appropriate to local climate and natural resiliency, to engage the street, promote transparency, help define a sense of place, fit the neighborhood, and employ high-quality and contextually appropriate materials and colors. Recommended techniques include:

- Reference the rhythm of the building's structural system and spacing when placing bays, projecting columns or pilasters, windows, storefronts, and doors.
- Incorporate the use of balconies and terraces on residential and mixed-use buildings to provide additional articulation, shadows, indoor/outdoor connections, and eyes on the street.
- Use high quality, durable building materials and incorporate architectural elements and level of detailing, trim, texture and finish that is comparable on all building facades.
- Organize windows utilizing unifying elements such as common sill or header lines.
- Utilize a color and material placement consistent with architectural massing and structural bays. Do not switch colors or materials on the façade that do not respond to the architecture and articulation.
- Provide visual interest and accent shade and shadow by varying the building massing or highlighting different uses within the building by pushing or pulling the façade.

Mixture of Project Elements: The proposal employs a mixture of project elements that contribute to a walkable downtown, encourage biking and transit use, enrich the streetscape, and support community comfort and safety at all hours. Recommended techniques include:

- Provide entries for each ground floor retail and commercial establishment to facilitate pedestrian circulation and to add a finer grain to the layout of ground floor uses.
- Use building composition and form to enhance important wayfinding functions, such as the use of a vertical element to accentuate a corner entry into a building or to define a gateway.
- Establish a building entry hierarchy to delineate the difference between uses.
- Use horizontal and vertical separation for ground floor residential units to create a transitional area between the public realm and the residences. Utilize landscaping, screening elements, and other architectural features to further enhance privacy for both residents and passersby.

Relationship to the Street and Surrounding Uses: The proposal is designed to engage and enrich the streetscape, as well as respect and enhance the existing surrounding uses. Recommended techniques include:

- Shelter entries by using awnings and/or by recessing the entry within the building façade.
- Provide a high degree of transparency for all ground floor commercial uses.
- Consider the use of clerestory windows on storefronts and other ground floor commercial uses.
- Where appropriate, place awnings above storefront windows.
- Use ground floor sidewalk frontage for active daytime uses.

Parking and Circulation: Parking is designed to provide, to the greatest extent possible, locations for car sharing, integrated shared-parking strategies, electric car charging stations, and safe and attractive pedestrian/bicycle connections between parking and adjacent buildings and streets. Recommended techniques include:

- Provide clear and attractive pedestrian and bicycle connections that minimize vehicle conflicts. Consider utilizing lighting to enhance safety and wayfinding.
- Consider landscaping and material change to highlight the pedestrian and bicycle amenities.
- Provide pedestrian and bicycle connections to the existing street grid when possible.
- Wrap the facades of the building with commercial and/or residential uses, internalizing the parking facility where appropriate for buildings with above ground parking structures.
- Utilize screening that replicates the proportions, rhythm, and scale of the building's other architectural elements and complements the overall building design where a parking structure is exposed to the public realm.
- Design screening to block views of all parked cars within the structure and limit the impacts associated with internal facility lighting and the headlights of cars.
- Do not express the sloping floors of parking structures on the exterior façade of the building.

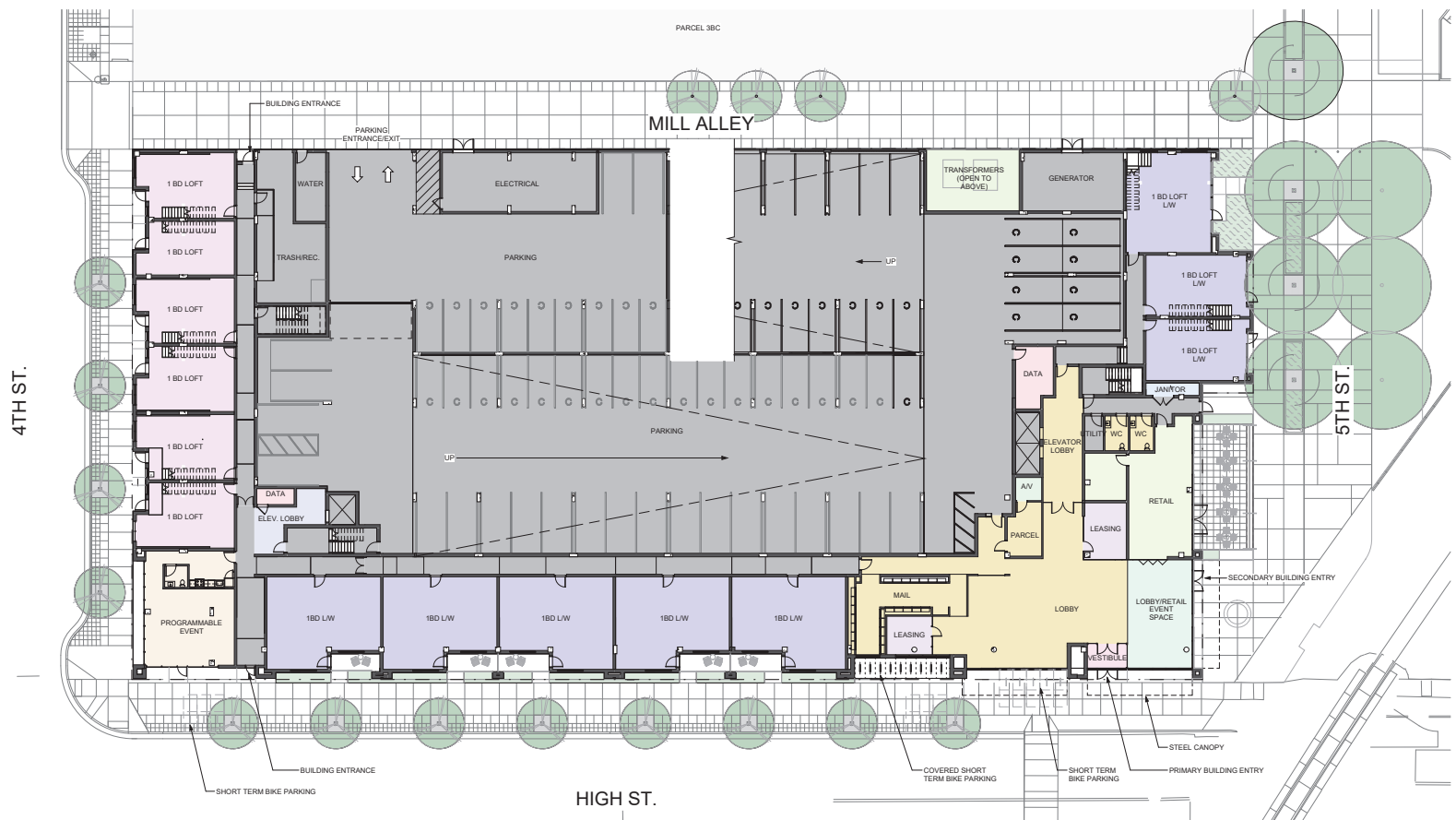
Project Design and Compatibility

Eugene Riverfront District

Parcel 3A

Eugene, Oregon





1 LEVEL 01
1 1/16" = 1'-0"



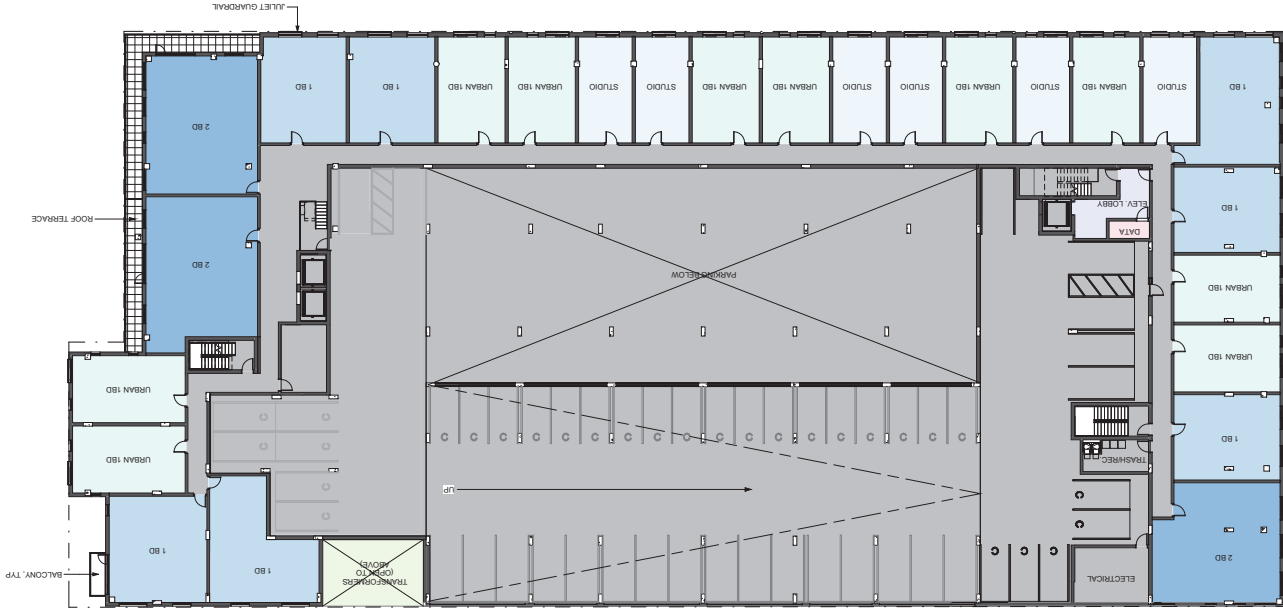
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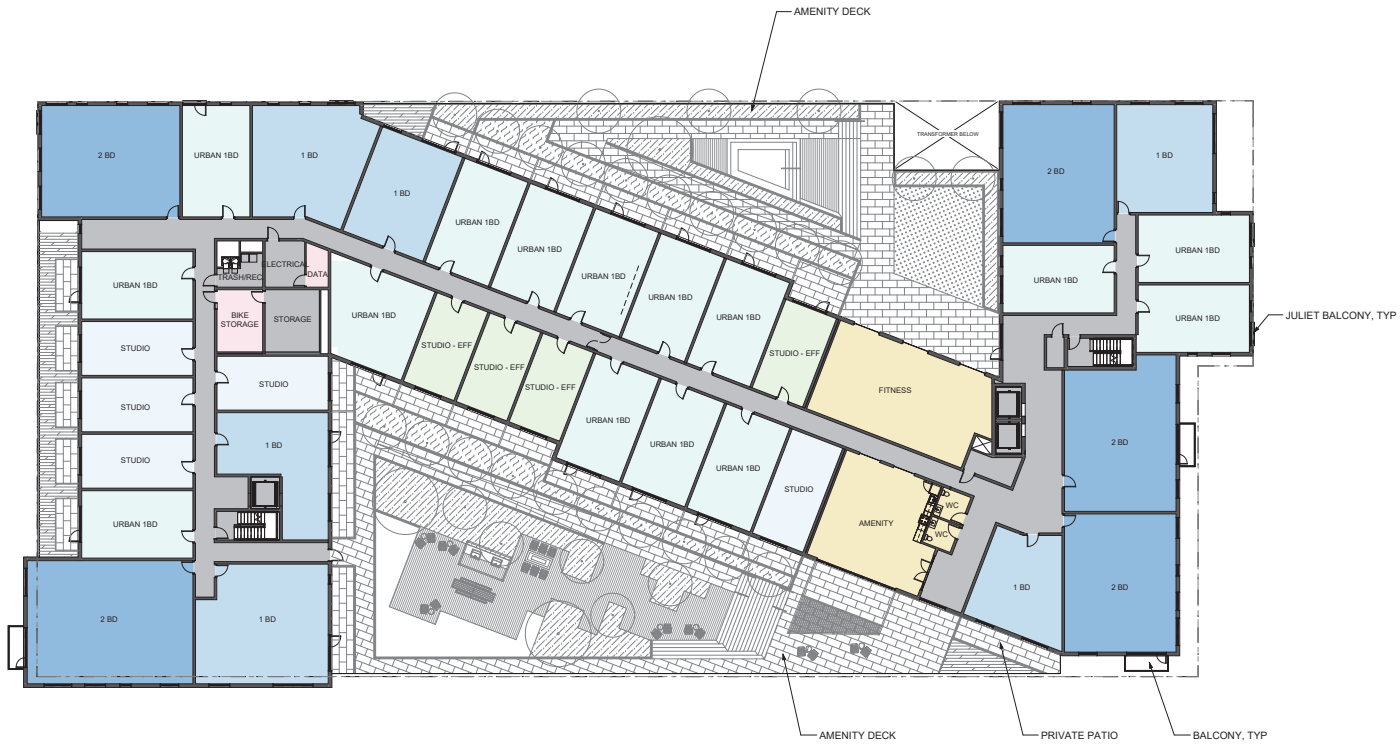
EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

job no.
22-009

title:
FLOOR PLANS

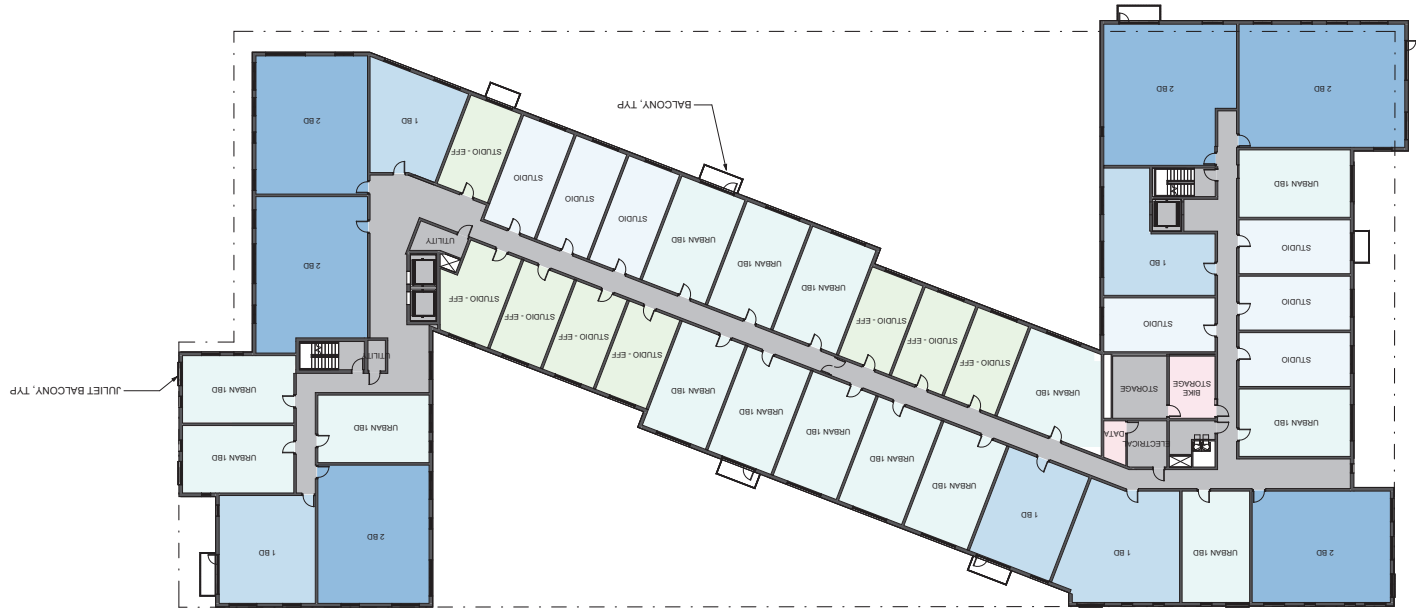
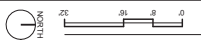
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1 LEVEL 03
3 1/16" = 1'-0"







1 LEVEL 07
5 1/16" = 1'-0"



H O L S T

EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

job no.
22-009

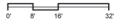
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October 11, 2023 Work Session - Item 1C

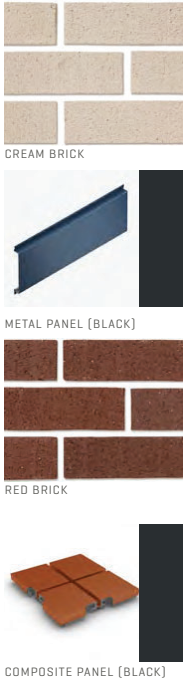
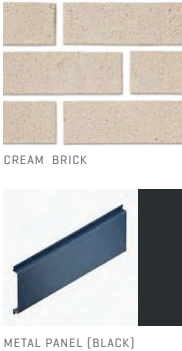




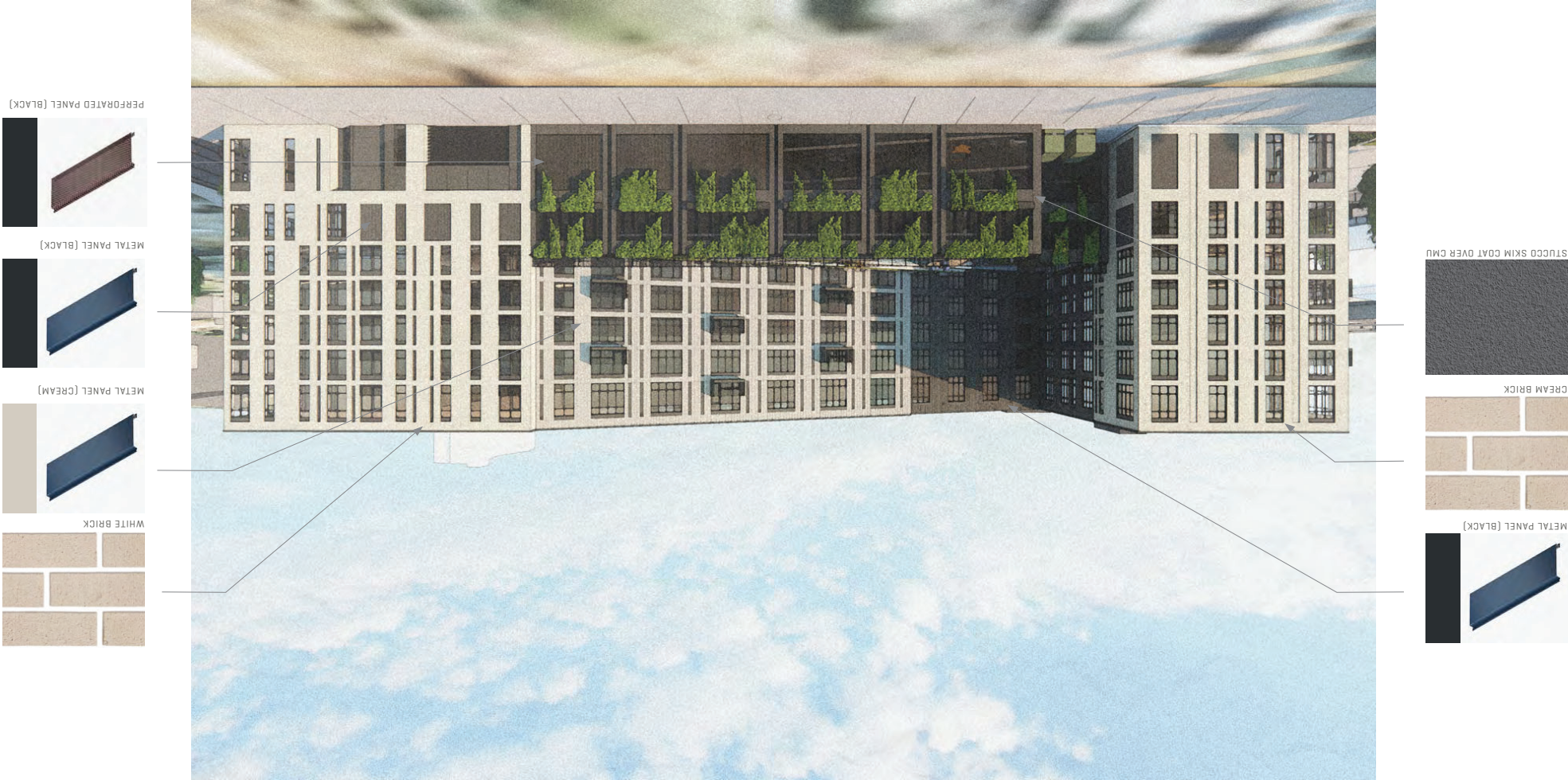
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		22-009		ELEVATIONS	7



PERSPECTIVE - 4TH AVE & HIGH ST



VIEW - ALLEY



PERSPECTIVE - 5TH AVE LIVE WORK UNITS



PERSPECTIVE - 4TH AVE LIVE WORK UNITS



Project Design and Compatibility

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

PROJECT DESIGN AND COMPATIBILITY (Narrative)

Inspired by the concept of ‘Where the City Meets the River,’ our proposed project at Parcel 3A will provide a crucial link in the reclamation of Eugene’s downtown connection to the Willamette River.

Our building at Parcel 3A is designed to activate 5th Avenue and High Street. This intersection is where the Railroad significantly enters the District from the northwest. Our proposed building will become a gateway to the River District from the west, including the Market District, and will frame one’s experience entering this vibrant new neighborhood and walking along 5th towards the Willamette River.

Our design started with a reference to the Eugene River District design guidelines and zoning codes, specifically:

- Downtown Riverfront Special Area Zone
- Downtown Riverfront Neighborhood District Design Guidelines
- Eugene Riverfront District Street Design Guidelines
- Design Standards and Guidelines for Eugene Streets, Sidewalks, Bikeways and Access Ways – Eugene’s Complete Street Design Standards
- Eugene Land Use Code (Chapter 9)
- EWEB Riverfront Master Plan
- Eugene Community Design Handbook
- Envision Eugene Comprehensive Plan

From the review and reference of these codes and guidelines, our design team worked to create a unique and dynamic addition to the vision of the River District neighborhood.

A. Building Design Summary

Parcel 3A building massing consists of two main components: a rectangular base (or Podium) and the ‘Z’ shape sitting on top of the podium. The conceptual goals of our building design could be summarized as follows:

- Define a memorable sense of place with dynamic building massing with a strong corner at 5th Avenue and High Street – a significant entry into the River District. Our building massing is further articulated along 5th Avenue to provide an opportunity for a gateway and wayfinding. The vertical red brick massing visible from the Market District provides a strong form from street to sky for signage at both the pedestrian scale and at the larger district scale where signage may break the skyline.
- Increase the density of this site with an efficient building shape designed to maximize the number of units.
- Create quality and thoughtful courtyard spaces for building residents at Level 3 (top of the podium) The east side courtyard will capture morning sun and provide opportunities for fitness related activities, while the west side courtyard captures evening sunsets with views to Skinner Butte and includes a reflection pool, gathering spaces and gardens.
- Provide a building that relates to human scale through fenestration, façade articulation, activity, architectural elements and materiality.
- Engage the street in a significant way that promotes activity and excitement while contributing to a sense of safety.
- Promote transparency with large windows, especially at the street level. Provide retail and communal spaces for residents and members of the community. Street level storefront glazing creates an inviting atmosphere while providing a safe urban experience.
- Relate to the look and feel of the new buildings proposed within the River District while remaining sensitive to the existing context across High Street (adjacent to the ERD).
- Create a sense of place and permanence with high-quality materials such as steel, brick, metal cladding, and storefront that provide a consistent and coherent language within the overall River District development.

Project Design and Compatibility

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

B. Scale, Form and Quality

As outlined above in the building design summary, our proposed project at Parcel 3A has been thoughtfully designed for the human scale, local climate, street engagement, transparency and sense of place.

Rhythm of Building Exterior: The façade evokes a brick warehouse aesthetic, inspired by the industrial legacy of the site. The arrangement of the large windows and brick panels establish a consistent architectural rhythm fitting for a building in this context. At the ground floor, a regular pattern of alternating brick pilasters with storefront infill at live/work units create a welcoming public streetscape along High Street and 4th Avenue. In turn, the corner at High Street and 5th Avenue is highly transparent with large storefront glazing within a metal-clad, single-story framework. These elements enrich the pedestrian experience by segmenting the massing of the building into appropriate, human- scaled proportions.

Balconies and Terraces: Balconies and Juliet railings reinforce the buildings architectural rhythm, provide visual interest and animate the façade. These elements also provide the ability for residents to view the street below. Apartment entries, stoops, building canopies, building cantilevers and projections are equally important in creating a rich, textured façade surface.

High-Quality Building Materials: The building has been designed with high-quality exterior cladding materials. Our main cladding material is brick, chosen for its aesthetics, regional appropriateness, resistance to weather, and durability. Two brick colors are used: a darker brick color at the building base (bottom two stories of the building) and a lighter brick color for the upper floors above the podium level. The exterior façade is further punctuated with inset metal panels of durable construction. These materials were selected to be compatible with the neighborhood guidelines and for permanence and durability.

Material Placement and Color: Cladding color is used to reinforce the main components of the building form and to establish a hierarchy of use and programming. From High Street, the darker color at the base of the building contrasts with the upper floors of lighter brick, which signifies a different type of building use: live/work along the street and live only apartments above. Dark-colored metal cladding is used to identify building entries along 4th and 5th Avenues and High Street. The main building entry at the corner of 5th Avenue and High Street is storefront with large transparent glass panels framed in a dark metal frame. On the opposing sides of the building, alternating light and dark colored cladding is used to articulate building form and add visual interest.

Window Organization

Windows of consistent size, with aligned head and sill heights, create a pleasantly articulated façade reminiscent of contextual buildings of industrial use. From an interior perspective, providing large windows for light and views for residents is a primary design focus in delivering exceptional interior living spaces.

C. Mixture of Project Elements

A mixture of project elements ensure the success of the River District context and add to the building's livability, comfort and safety. The building is designed to support a walkable downtown. The main building entry along High Street, and near the building corner, aligns with the pedestrian crossing linking it to commercial activity along 5th Avenue.

Rounding the building corner from High Street to 5th Avenue additional building entries, including a café, will ensure an active corner for River District residents and visitors. Internally the café is intended to further activate the lobby with gathering and seating shared by both patrons and residents. These interior spaces are intended to be animated and highly visible from the exterior, thus further attracting public interaction.

Project Design and Compatibility

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Additional project elements include entries to the building sheltered by large steel canopies as well as recessed entries within the building façade. Large ground floor windows at units provide the appearance of transparency at street facing façades. The building's stoops, patios and upper-level amenity decks provide opportunities for residents to interact with the street below. Street trees and stormwater planting will enrich and enliven the streetscape.

Public and Private Entries: Public entries are distinguished along the building's façade with projecting canopies, lighting, signage and a high level of transparency. Large storefront glazing including clerestories will promote access to public spaces of the building and building amenities. On the other hand, private and live/work units are generally recessed into the façade which create an intimacy and scale appropriate for a private or semi-public space. Each retail space provided will have its own entry, clearly visible and accessible at the pedestrian level.

Building Composition and Form: A main design goal of our building composition and form is to create a gateway to the River District. The 'Z' shaped building contributes to a strong corner at 5th Avenue and High Streets yet retreats from the street along High. This dynamic relationship between the building and the street below provides building residents an overlook to view the sidewalk from a communal courtyard above. Similarly, this dynamic occurs around the building where the floors of construction above the podium pull back from the building edge to allow overlooks and activity.

Separation Between the Public and Private Realms: Definition and separation of public and private space is achieved in multiple ways. Through a hierarchy and treatment of building entries, our building provides clarity of how and who may enter the building and where. Private patios and porches will be screened with architectural elements and landscaping. Street paving further indicates public space with special scoring and appropriately paved walkways. Site and building lighting are appropriate to the scale and activity of public areas. Landscaping around the building also provides cues to intended use and scale of gatherings.

D. Relationship to the Street and Surrounding Uses

Parcel 3A is designed to engage and enrich the streetscape, as well as respect and enhance existing surrounding uses.

A community 'flex-space' amenity is located at the corner of 4th Avenue and High Street and will ensure that both corners of the building along High Street are anchored with uses and amenities promoting activity.

Live/work units are located along High Street and 4th Avenue providing flexibility in use of space and promoting small businesses and/or work from home opportunities. These live/work units further enhance the neighborhood activity and add life to our building's sidewalks.

Parcel 3A incorporates site and building lighting to support community comfort and safety during all hours, day and night.

Sheltered/covered building entries provide transitional space between indoors and outdoors, protecting building entries and people from inclement weather.

Transparency, which includes storefront and clerestory windows, further promotes an active streetscape and display of ground floor interior public spaces, encouraging participation and engagement where open to the public.

Project Design and Compatibility

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

From the early phases of master planning, the River District development has envisioned providing transit connections to many Eugene destinations, connecting to existing transit infrastructure, and providing alternatives to driving for visitors and residents. Our project team has begun to coordinate bus stop locations within the River District with the Lane Transit District.

E. Parking and Circulation

Parcel 3A will front 4th and 5th Avenues and High Street. On these streets, the building functions similar to a 'wrap' where parking is internal to the structure behind outward facing units and commercial spaces. Residential parking, accessed from Mill Alley and shared between Parcels 3A and 3BC, is contained within the building structure. Additional efforts are being made to screen the parking from the alley to provide an elevated user experience between the buildings and to protect Parcel 3A views from its neighboring 3BC building.

This parking scheme within the building provides and/or facilitates:

Clear Separation Between Cars and Bikes: Pedestrian and bicycle circulation will lead directly to existing street infrastructure, reducing pedestrian/vehicle conflicts.

Pedestrian and Bicycle Connections to Existing Street Infrastructure: Long-term bicycle parking is provided in secure and convenient bike rooms and within units. Short-term bicycle parking is located near building entrances to encourage bicycle use for residents and visitors.

Screen Car Parking and Disguise Parking Structures: The Parcel 3A parking garage along the alleyway utilizes screening to block views of cars and minimize the impact of cars on site, including blocking car headlights and mitigating garage lighting. The sloped floors of the garage are obscured from the exterior with vegetated screening on perforated metal cladding.

Electric Vehicle Charging: In alignment with the City of Eugene's Climate Action Plan to reduce transportation emissions and increase use of electric vehicles, the project is ready to support market demand with electric vehicle charging station infrastructure. The EV infrastructure includes empty conduit, pull vaults and electrical system sizing appropriate to support future installation.

"As a community, we trace our origins to the river," reads the opening statement of EWEB's vision – an overall master strategy for a new, vibrant future for the downtown riverfront. In conclusion, we believe that our proposed project at Parcel 3A will provide a strong and meaningful connection from Downtown Eugene to the Willamette River by following the thoughtful strategies identified in EWEB's vision and Eugene's zoning and design guidelines.

G. Historic Housing & Sensitivity Worksheet

Any application for a project that is immediately adjacent or contiguous to a historic locale shall include a plan to mitigate impacts to the historic locale.⁴ The project shall preserve and enhance an existing historic locale, as evidenced by a concept plan that has been reviewed by a Planning & Development Department staff person with expertise in design and historic preservation. No exemption shall be granted for any property where a historic structure or potential historic structure has been demolished or removed from the property within the two years immediately preceding the MUPTE application date. This restriction shall be waived if the owner of the property gave notice of the intent to demolish or move the structure to Planning staff responsible for historic review issues at least 60 days before the owner's application for a demolition or moving permit from the City.


- i. Is the project immediately adjacent or contiguous to an historic locale?⁵

☐ Yes ☒ No See Neighborhood Historical Context Map, next page

 If yes, attach the confirmation letter from Planning staff that states the concept plan review is complete and accepted.

- ii. Was an historic structure or potential historic structure demolished or removed from the property within the two years immediately preceding the date of application for the exemption?

☐ Yes ☒ No Note: Google Earth imagery shows site demo'd early 2019

 If yes, attach the letter from Planning staff that states proper notification was provided before removing any structures and that historic structures were appropriately addressed.

No exemption shall be granted for any property on which any housing unit has been demolished or removed from the property within the last two years. This restriction can be waived if the proposed project increases the number of dwelling units by 50% from what previously existed or if it replaces the old units by significantly larger units that will accommodate families.

- iii. Was housing demolished or removed from the property within the prior two years?

☐ Yes ☒ No

If yes, Number of units: _____

Number of houses: _____

Number of bedrooms per house: _____

Note: Google Earth imagery shows site demo'd early 2019
- Previous building(s) were industrial use

⁴ As defined in the Administrative Rule, an historic locale is a building that has historic, cultural and/or architectural significance, locally, regionally, or nationally. A historic locale can also include a building acknowledged by the Eugene Historic Review Board as strongly or possibly eligible for City Landmark or National Register listing.

⁵ Contact Rodney Bohner with the City of Eugene's Planning Department to determine whether the project is adjacent or contiguous to a historic locale. (Rodney.t.bohner@ci.eugene.or.us, 541-682-5437)

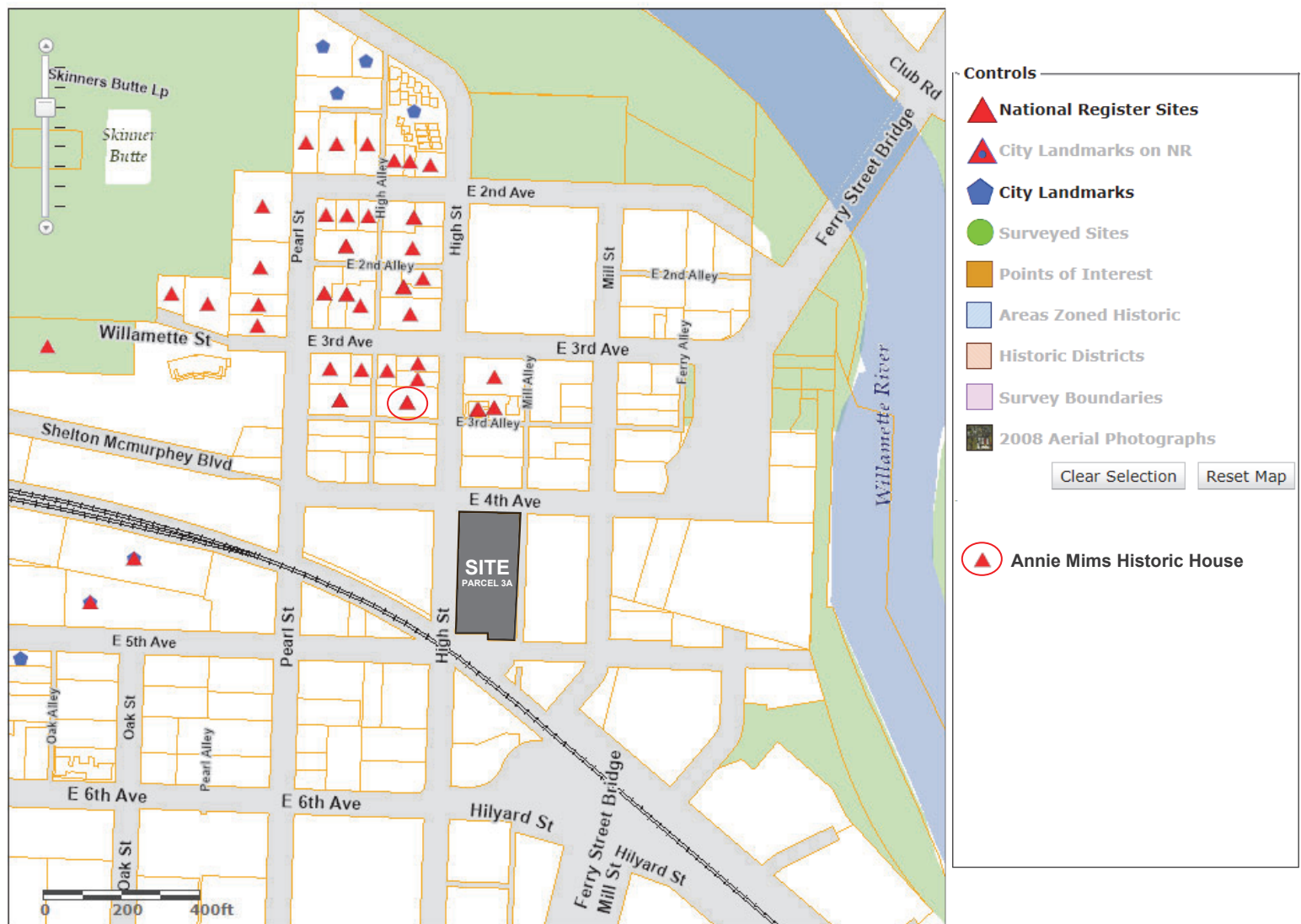
Historic Housing Map

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

<https://pdd.eugene-or.gov/Maps/HistoricMap>





Memorandum

Date: April 19, 2023
 To: HOLST Architecture
 From: Annie Loe, Urban Designer
 Subject: Historic Housing & Sensitivity Review – MUPT Application

As a part of the MUPT application process, consideration of the impact to historic locales is required. The design team has correctly and appropriately identified the project site's, ERD Parcel 3A, proximity to East Skinner Butte Historic District and the project's impact on this neighborhood. City of Eugene staff as reviewed the proposed design and its effect on the surrounding sites.

Located on the south edge of the District and with immediacy to the northwest corner of the project site is The Historic Mims House which is listed on the National Register of Historic Places and as a historic resource by the City of Eugene. This site represents a foundational element of Eugene's history and continues to serve the community. Parcel 3A and The Mims House share a juxtaposition that is both special and sensitive; each respectively anchoring a unique district and holding essential social, economic, and geographic roles. In addition to the Mims House, East Skinner Butte Historic District features (34) sites listed on the National Register of Historic Sites and (4) City Landmarks. The District is rich in history and is situated prominently along East Skinner Butte flanking Eugene River District's northwest edge.

While no historic structures were demolished to allow space for new development within two years of the application, the design team acknowledges that structures were removed from the site in 2019. This removal did not cause any displacement and did not disturb the contiguous East Skinner Butte Historic District. Additionally, special attention has been given to the northwest corner of Parcel 3A sited at the intersection of High Street and 4th Avenue so that it effectively provides opportunity for the pedestrian and general public realms to engage with East Skinner Butte Historic District by programming event space at the ground level. This intersection and associated event space together serve as an ecotone between the two districts.

Through the submitted materials, the design team provides sufficient acknowledgment and understanding of the project site's proximity to the historic locale. Since no demolition or construction beyond the project site boundary is being proposed, the integrity of East Skinner Butte Historic District remains intact.

For Additional Information:

Please contact Annie Loe, Urban Designer, Eugene Planning Division, by phone at (541) 682-5445, or by email at: ALoe@eugene-or.gov

Financial Information

Eugene Riverfront District

Parcel 3A

Eugene, Oregon

Financial Information to follow:

Financial Cost Summary Sources of Basis

Operating Expenses

10 year pro forma with and without MUPTE

Debt Calculation

Rate of Return Analysis

Development Budget

Financial Cost Summary Sources of Basis

Land Acquisition

Purchase Price from City referenced directly from the current Agreement for Disposition and Development of Real Property. Land Acquisition Soft Costs assigned based on previous development experience.

Schematic Design and MUPTE Application

A/E Concept, Schematic Design, and MUPTE application fees provided in proposal from Holst Architects dated August 25, 2021. Other SD soft costs provided by third-party consultants.

Architectural / Engineering Design & Permitting

A/E Design Development, Construction Documents, and Permitting Assistance provided by Holst Architects in proposal dated August 25, 2021. Other Owner Soft Costs, City Permit Fees, SDC, and MUPTE Fees were provided by third-party consultants or assigned based on prior development experience.

Construction

Direct Construction costs were derived from Construction Cost Estimate provided by Lease Crutcher Lewis based on assumption of Oregon BOLI commercial prevailing wages. A/E Construction Observation and Administration provided by Holst Architects in proposal dated August 25, 2021. Insurance costs were derived from preliminary estimates provided by Propel Insurance. Other Owner Supplied Hard Costs are derived from previous development experience.

Project Contingency

Project Contingency set at approximately 5% of associated costs, based on previous development experience and current market conditions.

Project Finance and Operating Carry Costs

Project Finance and Operating costs based on anticipated loan terms and previous development experience.

Property Taxes

The estimated property taxes are based on the Lane County 2022 Consolidated Tax Rate (Tax Code Area 496). The Assessed Value is based on the Lane County 2021 Changed Property Ratio for Multi-Family properties (0.596). We applied a 3% annual escalator to the annual property tax amount.

Vacancy Loss

Vacancy Loss does not apply until Building has stabilized, reaching 100% occupancy.

Project Returns and Performance

The viability of the ERD Development relies on our ability to attract equity which in turn is required to secure construction financing. Two of the primary metrics investors measure to assess the viability of an investment are the project's Return on Cost and Cash on Cash Return. The Return on Cost metric (which uses current market rents and estimated construction costs) is particularly useful for an investor to put capital into a potential development versus an existing project. The Return on Cost must be at least 100 basis points (1%) higher than current capitalization("cap") rates for stabilized assets. For example, if current cap rates are 4.50% to buy an existing, performing multi-family project then an investor would need a Return on Cost of at least 5.50% on a comparable development property. If our development doesn't exceed that Return on Cost hurdle, there's no incentive to invest equity in the Eugene Riverfront Development. Without the benefits of the MUPTE program, our current program doesn't generate these required returns.

The second critical piece in developing a project such as Eugene Riverfront Development is to obtain construction financing. Equity investors, in order to achieve their required returns, will need construction financing at +/- 50% of total project cost. In turn, construction lenders tend to cap the amount they will lend based on a project's "Debt Yield". The Debt Yield is simply the underwritten stabilized net operating income ("NOI") divided by the loan amount. Current minimum Debt Yields are approximately between 8% and 10%. Within that range, the specific Debt Yield that may be required is based both on the strength of the borrower's credit history, as well as the overall capacity of the lender. Based on our underwriting, we would not be able to achieve 50% financing at 8% to 10% debt yield without the benefit of the MUPTE program.

In addition to the assumptions above, we also utilized Affinity Property Management to provide market insight with regards to revenue generation, operating expenses, renter interest, lease-up rates, vacancy rates, utilities, and management fees.

Financial Information

Eugene Riverfront District
ERD Parcel 3A

Attachment C

Unit Mix	Avg SF Per Unit	Unit Count	Monthly		2023
			Avg Rent	Rent/SF	Annual
Average/Total	716	237	\$ 2,301	\$ 3.21	\$ 6,543,048
STUDIO - EFF	429	36	\$ 1,477	\$ 3.44	\$ 638,184
STUDIO	493	39	\$ 1,668	\$ 3.38	\$ 780,684
1 BD LOFT L/W	552	3	\$ 1,847	\$ 3.35	\$ 66,492
1 BD LOFT	596	2	\$ 2,013	\$ 3.38	\$ 48,300
URBAN 1BD	619	85	\$ 2,078	\$ 3.36	\$ 2,119,152
1 BD	840	32	\$ 2,679	\$ 3.19	\$ 1,028,640
1 BD LOFT MEZZ	1,228	9	\$ 3,664	\$ 2.98	\$ 395,676
2 BD	1,342	31	\$ 3,941	\$ 2.94	\$ 1,465,920

Operating Income and Expenses (Stabilized) Without MUPT

Revenue	Number Of Units	Avg Unit SF	Avg Rent Per SF	2023 Stabilized Total Annual	Annual Escalator	2027 Stabilized Total Annual
Total Units	237	716	\$3.21	\$ 6,543,048	3.0%	\$ 7,364,258
Vacancy loss		5.00%		(\$327,152)		(\$368,213)
Other Income						
Parking	177	\$200	/Stall/Mo.	\$424,800	3.0%	\$ 478,116
Deposit on Turnover				\$14,362	3.0%	\$ 16,165
Other				\$43,567	3.0%	\$ 49,035
Utility Billback			75.74%	\$102,990		\$ 115,916
Effective Gross Income				\$ 6,801,615		\$ 7,655,278

Operating Expenses	PUPM	PUPY	2023 Total Annual	Annual Escalator	2027 Total Annual
Payroll	\$142.92	\$1,715	\$406,459	3.0%	\$ 457,473
Administration	\$9.67	\$116	\$27,510	3.0%	\$ 30,963
Advertising/Marketing	\$32.36	\$388	\$92,033	3.0%	\$ 103,584
Repairs/Maintenance	\$11.93	\$143	\$33,927	3.0%	\$ 38,185
Turnover	\$6.41	\$77	\$18,240	3.0%	\$ 20,529
Utilities	\$47.81	\$574	\$135,979	3.0%	\$ 153,045
Contracted Services	\$20.15	\$242	\$57,300	3.0%	\$ 64,492
Insurance (prop + excess)	\$31.65	\$380	\$90,000	3.0%	\$ 101,296
Property Taxes	\$465.34	\$5,584	\$1,323,440	3.0%	\$ 1,489,544
Management Fee 3.5%	\$83.70	\$1,004	\$238,057		\$267,935
Reserve/Replacement	\$20.83	\$250	\$59,250	3.0%	\$ 66,686
Total Expenses	36.49%	\$872.78	\$10,473		\$2,793,732

Net Operating Income	\$4,319,420	\$4,861,545
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With MUPT

Revenue	Number Of Units	Avg Unit SF	Avg Rent Per SF	2023 Stabilized Total Annual	Annual Escalator	2027 Stabilized Total Annual
Total Units	237	716	\$3.21	\$ 6,543,048	3.0%	\$ 7,364,258
Vacancy loss		5.00%		(\$327,152)		(\$368,213)
Other Income						
Parking	177	\$200	/Stall/Mo.	\$424,800	3.0%	\$ 478,116
Deposit on Turnover				\$14,362	3.0%	\$ 16,165
Other				\$43,567	3.0%	\$ 49,035
RUBS			75.74%	\$102,990		\$ 115,916
Effective Gross Income				\$ 6,801,615		\$ 7,655,278

Operating Expenses	PUPM	PUPY	2023 Total Annual	Annual Escalator	2027 Total Annual
Payroll	\$142.92	\$1,715	\$406,459	3.0%	\$ 457,473
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Advertising/Marketing	\$32.36	\$388	\$92,033	3.0%	\$ 103,584
Repairs/Maintenance	\$11.93	\$143	\$33,927	3.0%	\$ 38,185
Turnover	\$6.41	\$77	\$18,240	3.0%	\$ 20,529
Utilities	\$47.81	\$574	\$135,979	3.0%	\$ 153,045
Contracted Services	\$20.15	\$242	\$57,300	3.0%	\$ 64,492
Insurance (prop + excess)	\$31.65	\$380	\$90,000	3.0%	\$ 101,296
Property Taxes	\$5.89	\$71	\$16,759	3.0%	\$ 18,863
Management Fee 3.5%	\$83.70	\$1,004	\$238,057		\$267,935
Reserve/Replacement	\$20.83	\$250	\$59,250	3.0%	\$ 66,686
Total Expenses	17.28%	\$413.33	\$4,960		\$1,323,051

Net Operating Income	\$5,626,101	\$6,332,226
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Year

10-Year Pro Forma without MUPTE												
		1 (LEASE-UP)	2	3	4	5	6	7	8	9	A	
		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	
Escalator	Effective Gross Revenue	3.0%	\$4,593,598	\$7,585,186	\$7,812,741	\$8,047,124	\$8,288,537	\$8,537,194	\$8,793,309	\$9,057,109	\$9,328,822	\$9,608,687
	Vacancy loss	5.00%	(\$61,369)	(\$379,259)	(\$390,637)	(\$402,356)	(\$414,427)	(\$426,860)	(\$439,665)	(\$452,855)	(\$466,441)	(\$480,434)
	Other Income											
	Parking	3.0%	\$298,234	\$492,460	\$507,233	\$522,450	\$538,124	\$554,268	\$570,896	\$588,023	\$605,663	\$623,833
	Deposit on Turnover	3.0%	\$10,083	\$16,650	\$17,149	\$17,664	\$18,194	\$18,740	\$19,302	\$19,881	\$20,477	\$21,092
	Other	3.0%	\$30,587	\$50,506	\$52,021	\$53,582	\$55,189	\$56,845	\$58,550	\$60,307	\$62,116	\$63,980
	Utility Billback	3.0%	\$17,305	\$119,394	\$122,976	\$126,665	\$130,465	\$134,379	\$138,410	\$142,562	\$146,839	\$151,244
	Effective Gross Income		\$4,943,439	\$7,884,936	\$8,121,484	\$8,365,129	\$8,616,082	\$8,874,565	\$9,140,802	\$9,415,026	\$9,697,477	\$9,988,401
	Operating Expenses	3.0%	\$969,568	\$998,655	\$1,028,614	\$1,059,473	\$1,091,257	\$1,123,995	\$1,157,714	\$1,192,416	\$1,228,219	\$1,265,066
	Expenses	3.50%	\$173,020	\$275,973	\$284,252	\$292,779	\$301,563	\$310,610	\$319,928	\$329,526	\$339,412	\$349,594
Property Taxes	3.0%	\$18,863	\$19,429	\$20,011	\$20,612	\$21,230	\$21,867	\$22,523	\$23,199	\$23,895	\$24,611	
Land Improvements	3.0%	\$1,470,681	\$1,514,801	\$1,560,245	\$1,607,053	\$1,653,264	\$1,704,922	\$1,756,670	\$1,808,752	\$1,863,015	\$1,918,905	
Total Property Taxes		\$1,489,544	\$1,534,230	\$1,580,257	\$1,627,665	\$1,676,494	\$1,726,789	\$1,778,593	\$1,831,951	\$1,886,909	\$1,943,517	
Reserve/Replacement	3.0%	\$66,686	\$68,687	\$70,748	\$72,870	\$75,056	\$77,308	\$79,627	\$82,016	\$84,476	\$86,999	
Total Operating Expenses		\$2,698,818	\$2,877,544	\$2,963,871	\$3,052,787	\$3,144,370	\$3,238,701	\$3,335,863	\$3,435,938	\$3,539,017	\$3,645,187	
Expense % of EGI		54.6%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	
Net Operating Income		\$2,244,621	\$5,007,392	\$5,157,613	\$5,312,342	\$5,471,712	\$5,635,863	\$5,804,939	\$5,979,087	\$6,158,460	\$6,343,214	

Year

10-Year Pro Forma with MUPTE										Year																				
		Escalator		2027-28		2028-29		2029-30		2030-31		2031-32		2032-33		2033-34		2034-35		2035-36		2036-37								
1 (LEASE-UP)				2		3		4		5		6		7		8		9		10										
Net Operating Income	Expense % of EGI																													
	Total Operating Expenses																													
	Operating Expenses	3.0%	\$969,568	\$998,655	\$1,028,614	\$1,059,473	\$1,091,257	\$301,563	\$310,610	\$319,928	\$329,526	\$339,412	\$349,594	\$1,265,066	\$1,228,219	\$23,895	\$23,199	\$0	\$22,523	\$21,867	\$0	\$23,895	\$24,611							
																								Land Improvements	Property Taxes	Management Fee	Expenses			
																												Total Property Taxes	Reserve/Replacement	Moderate-Income Housing Fee
	Total Operating Expenses		\$1,228,137		\$1,362,743		\$1,614,372		\$1,656,480		\$1,699,852		\$1,744,526		\$1,790,539		\$1,837,933		\$1,886,748		\$1,937,028									
			\$18,863		\$19,429		\$20,011		\$20,612		\$21,230		\$21,867		\$22,523		\$23,199		\$23,895		\$24,611									
			\$66,686		\$68,687		\$70,748		\$72,870		\$75,056		\$77,308		\$79,627		\$82,016		\$84,476		\$87,011									
			\$210,746		\$210,746		\$210,746		\$210,746		\$210,746		\$210,746		\$210,746		\$210,746		\$210,746		\$210,746									
		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863		\$18,863										
		\$1,228,137		\$1,362,743		\$1,614,372		\$1,656,480		\$1,699,852		\$1,744,526		\$1,790,539		\$1,837,933		\$1,886,748		\$1,937,028										

ERD Parcel 3A

Attachment C

Debt Calculation

Loan Amount	\$63,386,090
Interest Rate	6.00%
Amortization	30
Annual Debt Service	\$4,560,380

Debt Service without MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Net Operating Income	\$2,244,621	\$5,007,392	\$5,157,613	\$5,312,342	\$5,471,712	\$5,635,863	\$5,804,939	\$5,979,087	\$6,158,460	\$6,343,214
Construction Loan Interest 5.25%	\$3,327,770									
Permanent Loan Debt Service	\$0	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380
<i>Debt Service Coverage Ratio (DSCR)</i>		1.10	1.13	1.17	1.20	1.24	1.27	1.31	1.35	1.39
Before Tax Cash Flow	(\$1,083,149)	\$447,012	\$597,234	\$751,962	\$911,332	\$1,075,484	\$1,244,560	\$1,418,708	\$1,598,080	\$1,782,834

Debt Service with MUPTE

	Year									
	1	2	3	4	5	6	7	8	9	10
	LU 2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Net Operating Income	\$3,715,302	\$6,522,193	\$6,507,112	\$6,708,648	\$6,916,230	\$7,130,039	\$7,350,263	\$7,577,093	\$7,810,728	\$8,051,373
Construction Loan Interest 5.25%	\$3,327,770									
Permanent Loan Debt Service	\$0	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380
<i>Debt Service Coverage Ratio (DSCR)</i>		1.43	1.43	1.47	1.52	1.56	1.61	1.66	1.71	1.77
Before Tax Cash Flow	\$387,532	\$1,961,813	\$1,946,733	\$2,148,269	\$2,355,850	\$2,569,660	\$2,789,883	\$3,016,714	\$3,250,349	\$3,490,993

Funding Sources

Loan	50.0%	\$63,386,090
Equity	50.0%	\$63,386,090
Total Sources of Funding	100.0%	\$126,772,180

Cash-on-Cash Return without MUPTE									
1	2	3	4	5	6	7	8	9	10
Year									
Effective Gross Income	\$4,943,439	\$7,884,936	\$8,121,484	\$8,365,129	\$8,616,082	\$8,874,565	\$9,140,802	\$9,415,026	\$9,697,477
Operating Expenses	\$2,698,818	\$2,877,544	\$3,052,787	\$3,144,370	\$3,238,701	\$3,335,863	\$3,435,938	\$3,539,017	\$3,645,187
Net Operating Income	\$2,244,621	\$5,007,392	\$5,157,613	\$5,312,342	\$5,471,712	\$5,635,863	\$5,804,939	\$5,979,087	\$6,343,214
Debt Service	\$3,327,770	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380
Cash Flow	(\$1,083,149)	\$447,012	\$597,234	\$751,962	\$911,332	\$1,075,484	\$1,244,560	\$1,418,708	\$1,782,834
Cash-on-Cash Return	Equity: \$63,386,090	-1.71%	0.71%	0.94%	1.19%	1.44%	1.70%	1.96%	2.52%
									2.81%

Cash-on-Cash Return with MUPTE									
1	2	3	4	5	6	7	8	9	10
Year									
Effective Gross Income	\$4,943,439	\$7,884,936	\$8,121,484	\$8,365,129	\$8,616,082	\$8,874,565	\$9,140,802	\$9,415,026	\$9,697,477
Operating Expenses	\$1,228,137	\$1,362,743	\$1,614,372	\$1,656,480	\$1,699,852	\$1,744,526	\$1,790,539	\$1,837,933	\$1,886,748
Net Operating Income	\$3,715,302	\$6,522,193	\$6,507,112	\$6,708,648	\$6,916,230	\$7,130,039	\$7,350,263	\$7,577,093	\$8,051,373
Debt Service	\$3,327,770	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380	\$4,560,380
Cash Flow	\$387,532	\$1,961,813	\$1,946,733	\$2,148,269	\$2,355,850	\$2,569,660	\$2,789,883	\$3,016,714	\$3,250,349
Cash-on-Cash Return	Equity: \$63,386,090	0.61%	3.07%	3.39%	3.72%	4.05%	4.40%	4.76%	5.13%
									5.51%

Return on Cost		
Net Operating Income	\$4,861,545	2023
Total Project Cost	\$126,772,180	2027
Return on Cost	3.41%	Stabilized

ROC with MUPTE		
Net Operating Income	\$5,626,101	2023
Total Project Cost	\$126,772,180	2027
Return on Cost	4.44%	Stabilized

Debt Yield		
Net Operating Income	\$4,319,420	2023
Total Loan Amount (50.0% LTC)	\$63,386,090	2027
Debt Yield	6.81%	Stabilized

Debt Yield without MUPTE

Debt Yield with MUPTE		
Net Operating Income	\$5,626,101	2023
Total Loan Amount (50.0% LTC)	\$63,386,090	2027
Debt Yield	8.88%	Stabilized

Cost Summary

Eugene Riverfront District
ERD Parcel 3A

Development Budget

		Total
Land Acquisition	51,636 SF	\$2,782,504
Purchase Price From City (\$31.09/SF)	\$1,605,363	
Land Acquisition Soft Costs	\$1,177,141	
Schematic Design and MUPTE Application		\$761,733
A/E Concept and Schematic Design	\$591,543	
MUPTE Application / Other SD Soft Costs	\$170,190	
Architectural / Engineering Design & Permitting		\$8,880,119
A/E Design Development	\$1,172,824	
A/E Construction Documents and Permitting Assistance	\$1,451,930	
Other Owner Soft Costs	\$3,108,688	
City Permit Fees and SDCs	\$3,146,677	
Construction		\$96,444,138
Direct Construction (subject to Federal Davis Bacon Residential Prevailing Wage)	\$86,000,000	
A/E Construction Observation and Administration	\$1,173,450	
Insurance (OCIP and Builder Risk)	\$3,025,000	
Other Owner Supplied Hard Costs	\$6,245,688	
Project Contingency		\$10,959,236
Soft Cost Contingency	\$1,262,516	
Hard Cost Contingency	\$9,696,720	
Project Finance and Operating Carry Costs		\$6,944,450
Finance Costs and Construction Loan Interest	\$6,801,821	
Operating Carry Costs during Lease Up	\$142,629	
Total Project Cost		\$126,772,180

H. Application Finalization Worksheet

Application Fee Information

An application fee of \$3,720* should be made payable to City of Eugene at the time of submission. This is comprised of the \$800 base fee plus \$2,920 for the independent financial consultant. (Payment of other reasonable costs may be required, if incurred by the City or County in processing this application, such as additional consultant charges. Additional costs must be paid prior to City Council taking action on this application.)

Property Owner Authorization

If the applicant is not the current property owner, the applicant must either have the property owner sign on the application below OR include documentation authorizing the applicant to apply for the tax exemption on the owner's behalf⁶.

By: _____

Property Owner's Signature

Will DowdyWill Dowdy (Sep 15, 2023 16:08 PDT)

Date: _____

09/15/2023

Application Verification

I swear or affirm that all information contained in this application is accurate and all statements are true.

By: _____

Applicant Signature

Date: _____

19 April 2023

State of OREGON

County of LaneSigned and sworn to (or affirmed) before me on April 19 2023, by Jim Atkins

Notary Public for Oregon



⁶ Administrative Order 53-20-02-F

MUPTE Review Panel Member List
Riverfront MUPTE Application – Parcel 3A

Seat	Member
Developer	Sarah Bennett Bennett Management Company, LLC
Building Trades	Jeff McGillivray UA Local 290 Plumbers and Steamfitters Union
Environment Professional (Co-Chair)	Aaron Whitney 2fORM Architecture
Architect/Green Building	Britni Jessup Rowell Brokaw Architects
Public Health	Jennifer Jordan, MPH Kaiser Permanente
Human Rights Representative (Chair)	Kevin Cronin Springfield Eugene Tenant Association
At-Large Neighborhood Rep	Steven Baker
At-Large Neighborhood Rep	Katherine Collins Jensen
Downtown Neighborhood Association Representative	Pete Knox (Riverfront MUPTE applications only)
Downtown Neighborhood Association Representative	Sherry Schaefer (Riverfront MUPTE applications only)

**MARKET & FINANCIAL
ANALYSIS
EUGENE RIVERFRONT
DISTRICT PARCEL 3A
MIXED-USE PROJECT
MUPTE PROGRAM
APPLICATION
JUNE 2023**

Prepared for: City of Eugene, Oregon

Prepared by: PNW Economics, LLC

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1. Executive Summary

Introduction

PNW Economics, LLC was retained by the City of Eugene to review the Eugene Riverfront District Parcel 3A Multi-Unit Property Tax Exemption (“MUPTE”) program application as part of City market and financial analysis of the project. Specifically, PNW Economics, LLC was tasked with:

- Reviewing project application assumptions including market comparables, bank underwriting assumptions, and other pertinent assumptions;
- Evaluate projected cash-on-cash return for the project without MUPTE and with MUPTE, which grants a ten-year property tax exemption for the project in order to incent its financial performance such that investment and development is possible and positively contributes to the downtown Eugene economy in place of property underutilization; and
- Communicates all analysis and findings appropriately for review by community members and elected officials.

This document represents completion of these tasks for review by the City of Eugene and its partners and stakeholders.

Summary of Findings

An independent pro forma and cash flow analysis was conducted by PNW Economics for the proposed Riverfront Parcel 3A project in downtown Eugene. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 237 apartment units.

Table A – Riverfront District 3A Project Cash-on-Cash Return With & Without MUPTE: 237 Units

	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036
237 Units NO MUPTE										
+ MUPTE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash-on-Cash Return	-1.0%	-1.3%	-1.1%	-0.9%	-0.8%	-0.6%	-0.4%	-0.2%	0.0%	0.3%
237 Units YES MUPTE										
+ MUPTE	\$1,332,174	\$1,372,139	\$1,413,303	\$1,455,702	\$1,499,374	\$1,544,355	\$1,590,685	\$1,638,406	\$1,687,558	\$1,738,183
Cash-on-Cash Return	0.7%	0.4%	0.4%	0.6%	0.9%	1.1%	1.4%	1.6%	1.9%	2.2%

- Award of the MUPTE – starting in Year 1 at an estimated \$1,332,174 – helps the project achieve positive cash-on-cash returns, but the project and the very expensive development costs it finds itself realizing are a difficult hurdle to strong economic success.
 - Without a MUPTE, the project never reaches the benchmark 6% cash-on-cash return that is usually utilized to judge a project feasible as an investment, and therefore, development opportunity.
 - Without a MUPTE, Net Operating Income is not enough to cover debt service payments and even earn a positive return at all until the 9th year of the project. At

most, cash-on-cash return for the project reaches a mere **0.3%** after 10 years without a MUPTE.

- With a MUPTE, the project never does achieve the 6.0% cash-on-cash return benchmark, but cash-on-cash return is positive all years, if not modest.
- With a MUPTE, cash-on-cash return is estimated to achieve a maximum of **2.2%** in Year 10.
- Ultimately, the MUPTE plays an important role in helping this project avoid being outright financially infeasible, but project development costs are high enough such that the MUPTE only helps the project achieve modest cash-on-cash return under the assumptions of this independent analysis.

Review of all development and financial assumptions in the MUPTE Application for the Riverfront Parcel 3A project yielded the following general finds and comments:

- Project type, units, and rents are generally consistent with the downtown Eugene market, including the Riverfront District projects that have already gone through the MUPTE process and in two cases are already under construction.
- The Parcel 3A project does assume what seem to be high rents for Two-Bed Live Work units.
- Development costs of the project are significantly higher than previous projects' costs documented in prior MUPTE applications. After discussion of the issue with the Applicant, it is better understood that costs of previous Riverfront projects have since changed upward and not insubstantially for several different reasons. The Parcel 3A project cost, therefore, reflects various cost issues that have been realized since the 2021 MUPTE applications and, so, look extraordinarily high by comparison. We find the explanation for the costs to be credible.

Overall, it was found that the Parcel 3A MUPTE Application financial analysis used reasonable assumptions and much of the independent pro forma and cash flow analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions, which are few, are noted in this document.

2. Review of Market Rent & Lease Income Assumptions

Apartment Market Analysis: Documented Rents

This section of the report provides a discussion of apartment rents that the Applicant has documented will be charged at the proposed project. Apartment rents are discussed as follows:

1. Comparison of the proposed apartment gross rents with comparable and competitive apartment projects in the downtown Eugene market area.

Comparison of the proposed project to other, comparable apartment projects in the downtown Eugene market is important as it gives contextual evidence for how well-suited the project is given prevailing rents that renters seeking to live downtown are willing to pay.

- Rents that are above market indicate the project is more expensive, which can be acceptable to renters if new rents are not *too* much higher and new, high-quality units are worth the price premium. New construction of market-rate apartments will tend to achieve highest rents, all things equal. This is usually due to the newest project “premium” as well as the most-recent construction costs driving those rents.
- Higher-density urban projects tend to have smaller average unit sizes, all things equal, though will tend to still have higher rents and certainly higher rents-per-square-foot. As floors rise, units can have view premiums that are not achievable in lower-density projects. Urban, downtown projects also tend to be in districts that are highly amenitized by dining, shopping, services, and transit within short walking distance. The convenience of such offerings gets capitalized into monthly rents as a result.

From a MUPTE need perspective, rents that tend to be higher than current market will tend to understate the need for a tax exemption as the resulting rent income is higher as occupancy stabilizes. Such rent assumptions will be viewed as conservative from a MUPTE review perspective. Alternatively, if project rents are identified as being lower than the observed market, the lower rent income expressed in a project pro forma will tend to overstate the need for a tax exemption. Lower rents would not be viewed as conservative from a MUPTE review perspective.

Applicant Compared to Prevailing Comparable Projects: Unit Gross Rents

Four downtown Eugene apartment projects were selected as most comparable and competitive to Riverfront District Parcel 3A should it be developed: Gordon Lofts, along with planned Riverfront District projects at parcels 3B&C, 7 and 9. Gordon Lofts rents are actual observed market rents at the project during late Spring of 2023. Rents here expressed for the three planned Riverfront District projects are from those three project MUPTE applications and are purely for context. Below is a description of each project and its competitive advantages and disadvantages relative to each other and any new projects that may be built in downtown Eugene.

- Gordon Lofts: The 127-unit mixed-use project at 550 Pearl Street is still the newest large residential development in downtown Eugene. The project, a previous MUPTE program participant, comprises Studio, 1-Bed, and 2-Bed units at top-of-market rents. The project has various retail businesses in its ground floor and with the commercial building anchored by the Nike Store to the south forms a market area that is an extension of the larger 5th Street Market area development.

Prepared for: City of Eugene

Prepared by: PNW Economics, LLC

Market & Financial Analysis of Eugene Riverfront District Parcel 3A MUPTE Program Application

Page 3

- Riverfront Parcel 3B&C (“Portal”) Project: The 130-unit planned project is slated for the Riverfront District redevelopment and began construction in 2023. The project comprises Studio (19 units), One-Bed (34 units), Two-Bed (73 units), and Three-Bed (4 units) units.
- Riverfront Parcel 7 (“Heartwood”) Project: This 95-unit project is actually the first Riverfront District to be under construction, started in 2022, and now known as The Heartwood. As planned, the project will have both unfurnished and furnished units. Market delivery is expected in 2024. Of interest to this review are the unfurnished units and rents, which include Studio (6 units), One-Bed (29 units), and Two-Bed (39 units) units.
- Riverfront Parcel 9 Project: This planned project comprises 156 planned units, with both furnished (13 units) and unfurnished (143 units) apartments. For comparability to the Parcel 3A project, we compare Parcel 9 unfurnished units that include Studio (60 units), One-Bed (14 units), Two-Bed (58 units), and Three-Bed (11 units) apartments.

Table 1 provides a comparison of planned gross monthly rents at Riverfront Parcel 3A with the most comparable and competitive projects in downtown Eugene but with a focus on the most comparable existing project, Gordon Lofts, along with the planned Riverfront District projects.

Overall, rents planned at the Parcel 3A project:

- Studios: Rents are lower than planned at the other Riverfront projects (15% lower on average), but are roughly consistent with current average rents observed at Gordon Lofts.
- One-Bed: Planned rents are 17% higher than observed currently at Gordon Lofts, and are 9%-10% higher than have been planned at the other Riverfront Districts. Units at Parcel 3A have tended to be somewhat larger on average than at the other projects, partly explaining the difference.
- Two-Bed: Rents planned at the Parcel 3A project are substantially higher than at the other projects, but greatly by virtue of the fact that the Two-Bed units at 3A are considerably larger in size than Two-Bed units at the comparable projects. 3A Two-Bed units are expected to average 1,342 square feet. In contrast, Two-Bed units at other projects tend to be 1,100 to 1,200 square feet. The additional space in the 3A units will yield additional rent-per-square-foot accordingly. The Live-Work element to these units likely explains the larger unit size, relatively speaking.

Table 1 – Riverfront District Parcel 3A Project Gross Rents Compared to Competitive Projects

UNFURNISHED Unit Type	Gross Monthly Rent				
	Parcel 3A	Gordon Lofts	Riverfront - Planned		
			"Portal"	"Heartwood"	Parcel 9
Studio	\$1,576	\$1,466	\$1,900	\$1,900	\$1,800
One bedroom	\$2,327	\$1,985	\$2,132	\$2,166	\$2,100
Two bedroom	\$3,941	\$3,200	\$2,662	\$2,723	\$2,500
Subtotals/Averages	\$2,301	\$1,751	\$2,422	\$2,438	\$2,198

The upshot for analysis of the need for the MUPTE for this project is as follows:

- When Parcel 3A rents are modeled significantly higher than the market, the Applicant pro forma and cash flow analysis will overstate income and in turn will actually tend to understate the need for MUPTE when the real risk is that rents will not be that high in those units and the MUPTE would likely be more crucial.
- When Parcel 3A rents are modeled significantly lower than the market, the Applicant pro forma and cash flow analysis will understate income and in turn will tend to overstate the need for MUPTE when rents will be realized to be higher. This would tend to make the MUPTE look more necessary than it actually is.

The only assumed rents for the project that really deviate from the market substantially are for the Two-Bed units. Although Parcel 3A Two-Bed units are 11% to 15% larger than such units in other projects, planned Two-Bed rents at 3A are over 20% higher. As already expressed, higher rents will tend to weaken the case for MUPTE need due to higher rent income covering expenses and debt service, all things equal.

PNW Economics could conduct its own pro forma assuming planned rents as-is in order to achieve more-conservative analysis of MUPTE need, but we are skeptical of 3A getting such high rent for the Two-Bed units. It is not clear whether the project can fully achieve a rent premium for dedicated Live-Work space in a unit, or whether the units will be viewed as unusually expensive for a larger unit, whereby Live-Work functionality does not fully achieve the planned rent. This could result in lower rents than planned over time, or slower lease-up of such units at those rent levels. For this reason, PNW Economics will assume planned monthly rents for all units but the Two-Bed units in this independent pro forma analysis. For analysis purposes, we will assume a \$3,500 monthly Two-Bed rent more on par with rents currently exhibited at Gordon Lofts.

3. Financial Feasibility Analysis

Financial Feasibility (“Pro Forma”) Assumptions

Project Development Cost

The Riverfront Parcel 3A project MUPTE application details an expected total project development cost of \$126,772,180. On a per-unit basis, total development costs are:

- Cost per Apartment Unit: \$534,904
- Cost per Building Square Foot: \$464.40.

For context, the planned project costs for the first three Riverfront District MUPTE applications are included in Table 2. And as is apparent, the Parcel 3A project expects unit costs (per residential unit or per square foot) that are 25% higher than the first three district projects as planned in the Fall of 2021.

Table 2 – Riverfront Parcel 3A Project Development Costs & Prior Riverfront Project Costs Comparison

	Riverfront Parcel Units Sq. Ft.	2021 Project Plan Cost			
		3A 237	3B&C 130	7 95	9 156
		272,983	174,000	107,631	203,069
Land Acquisition		\$2,782,504	\$2,713,659	\$3,780,783	\$3,675,213
Schematic Design & MUPTE Application		\$761,733	\$770,389	\$685,628	\$449,631
A/E Design & Permitting		\$8,880,119	\$4,740,507	\$3,701,395	\$5,196,862
Construction		\$96,444,138	\$46,599,620	\$31,908,532	\$45,711,473
Project Contingency		\$10,959,236	\$2,514,683	\$1,780,215	\$2,497,803
Project Finance & Carry Costs		\$6,944,450	\$1,256,600	\$1,050,600	\$1,256,600
Total Development Costs		\$126,772,180	\$58,595,458	\$42,907,153	\$58,787,582
Total Costs per Unit		\$534,904	\$450,734	\$451,654	\$376,843
Total Costs per Square Foot		\$464.40	\$336.76	\$398.65	\$289.50

Have Riverfront District development costs actually increased by roughly 25% in the last 18 months? Over the past two years, according to various non-residential construction cost indices that can be indicators for mid-rise (commercial) residential construction, cost increases have slowed considerably over the last twelve months. In fact, Mortensen’s Index finds that non-residential (non-single family) construction costs in the Portland area are up by only 6.1% over the past 24 months.¹ Purely private development projects, therefore, should likely not exhibit 25% total cost escalation in the past 18 months.

Riverfront District projects, on the other hand, are not purely private projects and so potentially have experienced substantial cost increases. As each MUPTE application for Riverfront District projects has indicated, development costs are subject to “prevailing wage” requirements of the Davis Bacon Act per determination by the Oregon Bureau of Labor & Industries (BOLI). It is the understanding of PNW Economics that on average, prevailing wage requirements have tended to add at least a 10% cost premium to the cost of construction for public projects, or those

¹ <https://www.mortenson.com/-/media/project/mortenson/site/files/campaigns/recurring/cost-index/2023-q1/construction-cost-index---portland---q1-2023.pdf>

public-private partnership projects like the Riverfront District that get a prevailing wage determination.

To clarify the costs of the Parcel 3A project, PNW Economics interviewed the applicants Jim Atkins & Dike Dame in order to better understand previous Riverfront district project expected costs as well as costs for Parcel 3A. The following is a summary of points discussed:

- Development costs for Parcels 3BC, 7 and 9 found in those MUPTE applications in 2021 had to be increased significantly in many instances since the MUPTE approval process.
 - BOLI determination was realized that recognized Riverfront District projects as commercial, not just residential. That had the effect of increasing construction contract costs by more than anticipated in the MUPTE applications.
 - Structured parking of different sorts were added to previous Riverfront District projects, with commensurate cost increases above what was documented in the MUPTE applications.
 - Environmental-related cost issues were incurred in some instances where digging underground by 8 feet or more for parking triggered a need to truck away and dispose of potentially contaminated soils at cost at a certified landfill elsewhere in Lane County. The example was cited of such trucking and disposal of soil from digging out 8 feet over 1/2-acre added roughly \$700,000. “Clean” soils that did not have such risk could be removed and dumped only at the cost of trucking to where soil was desired to be relocated as fill.
 - Such BOLI determination thinned the market for subcontracting construction firms that avoid or prefer not to contract for prevailing wage projects. Ample private construction projects elsewhere proved more compelling to a swath of potential contractors.
 - The reduction in the number of (sub)contractors not interested in prevailing wage projects left only larger, more expensive contractors who are not deterred by prevailing wage projects.
 - Materials costs, in the experience of the Applicants, have tracked 15% to 20% higher over the last 24 months.
 - Riverfront District projects require significantly more brick construction, larger windows, and other more-expensive architectural features due to design review that is not required elsewhere in Eugene.

In other words, the cost figures for Parcel 3A reflect cost issues that are far better informed of the full scope of Riverfront District cost issues that the first three MUPTE applications (3BC, 7, and 9) did not fully appreciate in 2021. So by comparison, those previous project costs do appear substantially lower, but in hindsight they are relatively incomplete. The Parcel 3A project is in effect informed by the experience of planning and even beginning construction of the Parcel 7/Heartwood project.

After review and clarification of 3A costs, as well as the costs of other Riverfront District projects, PNW Economics finds documented costs as reasonably planned in broader context.

Debt vs. Equity & Project Financing

Table 3 provides a summary of Applicant project permanent financing assumptions taken from the Riverfront Parcel 3A MUPTE application. 50% of project development cost is expected to be financed, with a 50% equity split. Application review indicated that currently, permanent financing is sometimes less than 50% LTC, especially in the current aftermath of large bank failures in the Spring.

Table 3 – Riverfront Parcel 3A Project Application Permanent Debt Finance Assumptions

	237 Units	
	2023 Dollars	2027 Dollars
Total Development Cost	\$126,772,180	\$158,020,223
Permanent Loan	\$63,386,090	\$79,010,111
Equity	\$63,386,090	\$79,010,111
Percent Financed	50%	50%
Annual Interest Rate	6.00%	6.00%
Amortization (Years)	30	30
Annual Permanent Debt Service	(\$4,560,380)	(\$5,684,466)

For all of the above reasons, PNW Economics views the Development Costs and Project Financing assumptions supplied by the Applicant as slightly high but reasonably explained in current and near-term economic context. For purposes of matching project timing and expense in the Financial Analysis, a set of development costs were estimated in 2027 dollars assuming 6% annual development costs escalation.

Assumed Rents & Escalation

Table 4 provides a summary of apartment rents utilized in the pro forma analyses in this section. As noted earlier in this document, review of market rents in the Downtown Eugene area indicated that Applicant anticipated rents for larger Work-Live Two-Bed units may be higher than achieved in the market. As a result, this independent pro forma analysis assumes a more-modest \$3,500 per month rent for the subject Two-Bed units. Annually after 2023, rents are assumed to escalate by 3% annually.

Table 4 – Riverfront District Parcel 3A Project Market Apartment Rent Assumptions

Unit Type	Unit Mix		Average Unit Size (Sq. Ft.)	Monthly Rent	Rent per Square Foot
	Units	Percentage			
Studio	75	32%	462	\$1,576	\$3.41
One bedroom	131	55%	713	\$2,327	\$3.26
Two bedroom	<u>31</u>	<u>13%</u>	<u>1,342</u>	\$3,500	\$2.61
Subtotals/Averages	237	100%	716	\$2,243	\$3.13

Non-Rent Revenues

Table 5 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. All revenue categories are standard for new, urban-style apartment development. Fees are similar to other Riverfront District project except monthly parking.

Table 5 – Riverfront District Parcel 3A Project Market Apartment Non-Rent Assumptions

Non-Rent Revenue	Per-Unit Non-Rent Revenues: Riverfront Projects				Projected Parcel 3A		
	Parcel 3A	Parcels 3B&C	Parcel 7	Parcel 9	Units	2023	2027
Parking	\$200	\$115	\$50	\$50	177	\$424,800	\$478,116
Storage	\$0	\$50	\$35	\$35	0	\$0	\$0
Deposit on Turnover	\$5.05	\$8.75	\$8.75	\$8.22	237	\$14,362	\$16,165
Other	\$15.32	\$19.50	\$19.50	\$19.50	237	\$43,567	\$49,035
Utility Billback	\$36.21	\$41.30	\$41.30	\$46.51	237	<u>\$102,990</u>	<u>\$115,916</u>
Total Non-Rent Revenue:						\$585,719	\$659,232

Operating Expenses

Apartment Operating Expenses

Table 6 below provides a comparison of annual operations expenses per unit anticipated at the Subject as well as expected at the other Riverfront District projects. Operations expenses, excluding property taxes, are measurably below per-unit expenses at other Riverfront District projects. We would attribute the difference to economies of scale achieved by 3A being the largest project among the four at in the Riverfront District. At 237 units, the Parcel 3A project is 250% larger than the Heartwood project (formerly Parcel 7) at only 95 units. Although expenses may appear low, for conservative analysis, low expenses of any time would drive higher Net Operating Income, all things equal, and thus reduce need for a MUPTE, relatively speaking.

Table 6 – Riverfront District Parcel 3A Project Operating Expenses Per Unit vs. Comparable Projects

	Per Unit Expenses Annually			
	Parcel 3A	Parcels 3B&C	Parcel 7	Parcel 9
Before Property Tax				
Expenses: Stabilized	\$4,889	\$6,034	\$6,429	\$6,611

For pro forma financial analysis in the next section of this report, PNW Economics assumes operating expenses supplied by the Applicant.

Property Taxes

Table 7 provides estimates for property taxes that will be paid on both the land as well as expected improvements value on a “Cost of Replacement” basis – the total development cost of improvements alone if built new.

Table 7 – Parcel 3A Estimated Property Tax: Land & Improvements in FY 22 and FY27 Estimated

				Cost of Replacement - Improvements			\$158,020,223		
				Change Ratio - Multiple Housing			0.428		
				FY 27 Taxable Assessed Value			\$67,632,655		
				Taxable Assessed Value (FY 22)			Taxable Assessed Value (FY 27)		
Parcel	Account #	Acres	Zoning	Land	Improvements	Total	Land	Improvements	Total
3A	1903536	1.16	Multifamily Vacant	\$1,605,363	\$0	\$1,605,363	\$1,861,056	\$0	\$1,861,056
			Total	\$1,605,363	\$0	\$1,605,363	\$1,861,056	\$0	\$1,861,056
			Tax Code Area 00496 (per \$1,000 TAV)	19.6972	19.6972	19.6972	19.6972	19.6972	19.6972
			Total Property Tax - Land Only	\$31,621	\$0	\$31,621	\$36,658	\$0	\$36,658
3A	1903536	1.16	Multifamily Vacant				\$1,861,056	\$67,632,655	\$69,493,711
			Total				\$1,861,056	\$67,632,655	\$69,493,711
			Tax Code Area 00496 (per \$1,000 TAV)				19.6972	19.6972	19.6972
			Total Property Tax - Combined				\$36,658	\$1,332,174	\$1,368,832

Parcel taxable assessed value (TAV) data is directly from the Lane County Department of Assessment & Taxation parcel database online. Taxable assessed value estimated for the value of improvements assumes total improvement development costs as expressed by the Applicant and then converted to Measure 50 TAV via the Lane County 2022 Change Ratio of 0.428.² Finally, the tax rate of \$19.6972 per \$1,000 of TAV was utilized for Tax Code Area 00496 that includes the Riverfront district area.

Estimates for tax bill paid in 2027, to better match pro forma analysis conducted in this report and in the Parcel 3A application, were achieved by applying the Measure 50 maximum annual TAV growth rate of 3% for five years.

Financial Feasibility Analysis of Riverfront Parcel 3A

Introduction to Terms

To evaluate whether or not a project is financially feasible, that is whether or not the project meets investment rates of return benchmarks, a pro forma analysis is conducted. A pro forma is simply a financial modeling exercise to examine how a development project performs as a business investment over a specified period of time.

Variables that are modeled, or estimated, in this report are as follows:

Apartment Rent Income: The annual rent income if all apartment units in a project were occupied and charging full, assumed market rent. This grows by 3% each year.

Retail Lease Income: Common in such projects, only a limited amount of retail space (1,500 square feet for a coffee business) is planned for the Parcel 3A Riverfront project. Because the planned space is so small relative to the entire project, retail lease income is not anticipated to be significant and was not separately analyzed for this specific project.

Gross Project Income: The sum of Apartment Rent Income and Other Income streams such as parking, storage fees, deposit on turnover retained due to unit condition issues, miscellaneous other income such as event or space usage fees, and utility billback revenue that represent utilities paid by the development and reimbursed with charges to units as part of rent. This increases annually due to each income stream escalating on their own at different rates.

² The Parcel 3A MUPTE Application analysis assumes the “residential” property change ratio rather than the “multiple housing” property change ratio that is employed in this report. Property tax estimates in this report will therefore be lower than the project MUPTE application, all things equal.

Vacancy: 5% of apartment space and retail space is assumed to always be vacant and represent income loss.

Lease-Up Vacancy & Concessions: This category of expense reflects different sources of loss to revenue as a result of project vacancy and discounts to apartment rents to realize and keep an average 5% vacancy rate.

- In year 1 of the project only, PNW Economics assumes a 20% loss in potential rent income will occur due to new units being vacant prior to first occupancy (“absorption”) consistent with Applicant assumption about project performance.

Effective Gross Income: Gross Project Income less Vacancy and Lease-Up Vacancy & Concessions.

Apartment Operating Expense: Annual operating expenses of \$4,889 per apartment unit starting in year 1 and growing by 3% annually thereafter. In year 1 only, apartment operating expenses are reduced by the 20% absorption vacancy described in the Lease-Up Vacancy & Concessions definition.

Retail Operating Expense: The Riverfront Parcel 3A project include a minimal amount of retail space (1,500 square feet potentially for a coffee company) and so retail operating expense was not deemed significant or analyzed separately.

MUPTE: When included, MUPTE is a 10-year exemption from local property taxes levied on the value of the improvement constructed in place, in this case the Riverfront Parcel 3A project. Based on an estimated cost-of-replacement of \$158.0 million in 2027 dollars and a local, existing total property tax rate of \$0.0196972 (Tax Code Area 00496), the estimated MUPTE exemption beginning in year 1 would be \$1,332,174. This would increase by an assumed 3% annually, consistent with the annual maximum under Oregon property tax law.

Net Operating Income (NOI): Effective Gross Income less Apartment Operating Expense less Retail Operating Expense plus the MUPTE (if assumed).

Construction Loan Interest: The interest (assumed to be 5%) paid on a construction loan for development of the property that is “taken out” or paid off by permanent, long-term debt financing. Such interest is only paid during the duration of construction activity until permanent financing is secured.

Debt Service: The annual, fixed debt service payment made by the developer for permanent debt financing of the project.

Before Tax Cash Flow: Net Operating Income Less Debt Service.

Cash-on-Cash Return: Before Tax Cash Flow divided by development equity (\$63.4 million in this analysis). Cash-on-Cash Return is also known as Return on Equity and usually needs to be at least 6% in early years of a project to be a satisfactory investment for equity partners in a project. This can vary depending upon developer and equity partners, however.

Loan-To-Cost (LTC): The amount of debt a project can take on as a percentage of its cost to develop. This analysis assumes a 50% LTC ratio consistent with the Applicant.

Equity: The share of total development cost that is funded by invested dollar assets rather than by debt.

237 Apartment Units at Parcel 3A Riverfront Project**Parcel 3A Pro Forma Without MUPTE**

Table 8 reports the resulting pro forma analysis for the Riverfront Parcel 3A project without MUPTE.

Results indicate that without the tax exemption, the project would earn a **-1.0%** cash-on-cash return for year 1 and would earn a negative cash-on-cash return until year 9 of the analysis. By year 10, cash-on-cash return is estimated to at best reach 0.3% without the MUPTE.

The project is not feasible and would certainly not be developed given the early and consistent losses. Essentially, development costs are unsubstantiated by potential income from rent.

Table 8 – Parcel 3A Pro Forma Without MUPTE

	Ann. Esc.	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036
Apartment Rent Income	3%	\$7,179,724	\$7,395,116	\$7,616,969	\$7,845,479	\$8,080,843	\$8,323,268	\$8,572,966	\$8,830,155	\$9,095,060	\$9,367,912
Other Income											
<i>Other - Parking</i>	3%	\$382,493	\$492,460	\$507,233	\$522,450	\$538,124	\$554,268	\$570,896	\$588,023	\$605,663	\$623,833
<i>Other - Deposit on Turnover</i>	3%	\$12,932	\$16,649	\$17,149	\$17,663	\$18,193	\$18,739	\$19,301	\$19,880	\$20,477	\$21,091
<i>Other - Misc Other</i>	3%	\$39,228	\$50,506	\$52,021	\$53,582	\$55,189	\$56,845	\$58,550	\$60,307	\$62,116	\$63,980
<i>Other - Utility Billback</i>	3%	\$92,733	\$119,394	\$122,975	\$126,665	\$130,465	\$134,379	\$138,410	\$142,562	\$146,839	\$151,244
Other Income Total		\$527,386	\$679,009	\$699,379	\$720,360	\$741,971	\$764,230	\$787,157	\$810,772	\$835,095	\$860,148
Gross Project Income		\$7,707,110	\$8,074,125	\$8,316,349	\$8,565,839	\$8,822,814	\$9,087,499	\$9,360,124	\$9,640,927	\$9,930,155	\$10,228,060
- Stabilized Vacancy	5%	(\$385,355)	(\$403,706)	(\$415,817)	(\$428,292)	(\$441,141)	(\$454,375)	(\$468,006)	(\$482,046)	(\$496,508)	(\$511,403)
- Lease-Up Vacancy & Concessions		(\$1,541,422)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$5,780,332	\$7,670,419	\$7,900,531	\$8,137,547	\$8,381,673	\$8,633,124	\$8,892,117	\$9,158,881	\$9,433,647	\$9,716,657
<i>Apartment Operating Expense</i>	3%	(\$1,043,295)	(\$1,276,081)	(\$1,314,363)	(\$1,353,794)	(\$1,394,408)	(\$1,436,240)	(\$1,479,327)	(\$1,523,707)	(\$1,569,418)	(\$1,616,501)
<i>Management Expense (3.5% of EGI)</i>		(\$202,312)	(\$268,465)	(\$276,519)	(\$284,814)	(\$293,359)	(\$302,159)	(\$311,224)	(\$320,561)	(\$330,178)	(\$340,083)
<i>Property Tax (Land)</i>	3%	(\$36,658)	(\$37,757)	(\$38,890)	(\$40,057)	(\$41,258)	(\$42,496)	(\$43,771)	(\$45,084)	(\$46,437)	(\$47,830)
<i>Property Tax (Improvements)</i>	3%	(\$1,332,174)	(\$1,372,139)	(\$1,413,303)	(\$1,455,702)	(\$1,499,374)	(\$1,544,355)	(\$1,590,685)	(\$1,638,406)	(\$1,687,558)	(\$1,738,185)
<i>Reserve & Replacement</i>	3%	(\$66,686)	(\$68,687)	(\$70,747)	(\$72,870)	(\$75,056)	(\$77,307)	(\$79,627)	(\$82,015)	(\$84,476)	(\$87,010)
<i>Moderate Income Housing Fee</i>		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$2,681,124)	(\$3,023,128)	(\$3,113,822)	(\$3,207,237)	(\$3,303,454)	(\$3,402,558)	(\$3,504,634)	(\$3,609,773)	(\$3,718,067)	(\$3,829,609)
+ MUPTE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Net Operating Income (NOI)		\$3,099,208	\$4,647,290	\$4,786,709	\$4,930,310	\$5,078,220	\$5,230,566	\$5,387,483	\$5,549,108	\$5,715,581	\$5,887,048
- Construction Loan Interest (5%)		(\$3,893,020)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (50% Loan-to-Cost)		\$0	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)
= Before Tax Cash Flow		(\$793,812)	(\$1,037,176)	(\$897,757)	(\$754,156)	(\$606,247)	(\$453,900)	(\$296,983)	(\$135,359)	\$31,114	\$202,582
Cash-on-Cash Return		-1.0%	-1.3%	-1.1%	-0.9%	-0.8%	-0.6%	-0.4%	-0.2%	0.0%	0.3%

Parcel 3A Pro Forma With MUPTE

Table 9 reports the same pro forma as Table 8, but assumes the project is awarded the MUPTE equal to \$1,332,174 in its first year and growing by 3% every year thereafter. The project's estimated cash-on-cash return in Year 1 is **0.7%**. Under the assumptions of this independent analysis, the project is not estimated to reach the 6% cash-on-cash return threshold at all during the first ten years of the project. Estimated cash-on-cash return reaches a maximum of **2.2%** in Year 10. Results are consistent, if not more pessimistic, than the Applicant's pro forma which also does not find cash-on-cash return reaching 6% in the first ten years, either.

It is worth recalling some assumptions made in this analysis that yield even more pessimistic results:

- Reduced expected monthly rent for the Two-Bed units; and

- Correction of some items in the Application pro forma that did not fully adjust to 2027 dollars.

Should the larger Two-Bed units achieve projected rents and adequate occupancy at those rents, gross annual revenues would be higher and would push cash-on-cash return results up somewhat. On the cost side, annual debt service in this analysis is higher than the Applicant pro forma as their analysis does not appear to push development costs – and thus debt service at 50% LTC – forward a full four years at 6% to 2027. Thus this analysis shows a larger annual debt service cost burden than the Applicant analysis.

Table 9 – Parcel 3A Pro Forma WITH MUPTE

	Ann. Esc.	Year 1 2027	Year 2 2028	Year 3 2029	Year 4 2030	Year 5 2031	Year 6 2032	Year 7 2033	Year 8 2034	Year 9 2035	Year 10 2036
Apartment Rent Income	3%	\$7,179,724	\$7,395,116	\$7,616,969	\$7,845,479	\$8,080,843	\$8,323,268	\$8,572,966	\$8,830,155	\$9,095,060	\$9,367,912
Other Income											
<i>Other - Parking</i>	3%	\$382,493	\$492,460	\$507,233	\$522,450	\$538,124	\$554,268	\$570,896	\$588,023	\$605,663	\$623,833
<i>Other - Storage</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - Deposit on Turnover</i>	3%	\$12,932	\$16,649	\$17,149	\$17,663	\$18,193	\$18,739	\$19,301	\$19,880	\$20,477	\$21,091
<i>Other - Misc Other</i>	3%	\$39,228	\$50,506	\$52,021	\$53,582	\$55,189	\$56,845	\$58,550	\$60,307	\$62,116	\$63,980
<i>Other - Utility Billback</i>	3%	<u>\$92,733</u>	<u>\$119,394</u>	<u>\$122,975</u>	<u>\$126,665</u>	<u>\$130,465</u>	<u>\$134,379</u>	<u>\$138,410</u>	<u>\$142,562</u>	<u>\$146,839</u>	<u>\$151,244</u>
Other Income Total		\$527,386	\$679,009	\$699,379	\$720,360	\$741,971	\$764,230	\$787,157	\$810,772	\$835,095	\$860,148
Gross Project Income		\$7,707,110	\$8,074,125	\$8,316,349	\$8,565,839	\$8,822,814	\$9,087,499	\$9,360,124	\$9,640,927	\$9,930,155	\$10,228,060
- Stabilized Vacancy	5%	(\$385,355)	(\$403,706)	(\$415,817)	(\$428,292)	(\$441,141)	(\$454,375)	(\$468,006)	(\$482,046)	(\$496,508)	(\$511,403)
- Lease-Up Vacancy & Concessions		(\$1,541,422)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
= Effective Gross Income (EGI)		\$5,780,332	\$7,670,419	\$7,900,531	\$8,137,547	\$8,381,673	\$8,633,124	\$8,892,117	\$9,158,881	\$9,433,647	\$9,716,657
<i>Apartment Operating Expense</i>	3%	(\$1,043,295)	(\$1,276,081)	(\$1,314,363)	(\$1,353,794)	(\$1,394,408)	(\$1,436,240)	(\$1,479,327)	(\$1,523,707)	(\$1,569,418)	(\$1,616,501)
<i>Management Expense (3.5% of EGI)</i>		(\$202,312)	(\$268,465)	(\$276,519)	(\$284,814)	(\$293,359)	(\$302,159)	(\$311,224)	(\$320,561)	(\$330,178)	(\$340,083)
<i>Property Tax (Land)</i>	3%	(\$36,658)	(\$37,757)	(\$38,890)	(\$40,057)	(\$41,258)	(\$42,496)	(\$43,771)	(\$45,084)	(\$46,437)	(\$47,830)
<i>Property Tax (Improvements)</i>	3%	(\$1,332,174)	(\$1,372,139)	(\$1,413,303)	(\$1,455,702)	(\$1,499,374)	(\$1,544,355)	(\$1,590,685)	(\$1,638,406)	(\$1,687,558)	(\$1,738,185)
<i>Reserve & Replacement</i>	3%	(\$66,686)	(\$68,687)	(\$70,747)	(\$72,870)	(\$75,056)	(\$77,307)	(\$79,627)	(\$82,015)	(\$84,476)	(\$87,010)
<i>Moderate Income Housing Fee</i>		\$0	\$0	(\$210,746)	(\$210,746)	(\$210,746)	(\$210,746)	(\$210,746)	(\$210,746)	(\$210,746)	(\$210,746)
<i>Retail Operating Expense</i>	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Operating Expenses		(\$2,681,124)	(\$3,023,128)	(\$3,324,568)	(\$3,417,983)	(\$3,514,200)	(\$3,613,304)	(\$3,715,380)	(\$3,820,519)	(\$3,928,813)	(\$4,040,355)
+ MUPTE		\$1,332,174	\$1,372,139	\$1,413,303	\$1,455,702	\$1,499,374	\$1,544,355	\$1,590,685	\$1,638,406	\$1,687,558	\$1,738,185
= Net Operating Income (NOI)		\$4,431,382	\$6,019,429	\$5,989,266	\$6,175,267	\$6,366,847	\$6,564,175	\$6,767,422	\$6,976,768	\$7,192,393	\$7,414,487
- Construction Loan Interest (5%)		(\$3,893,020)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Debt Service (50% Loan-to-Cost)		\$0	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)	(\$5,684,466)
= Before Tax Cash Flow		\$538,362	\$334,963	\$304,800	\$490,800	\$682,381	\$879,708	\$1,082,956	\$1,292,301	\$1,507,926	\$1,730,021
Cash-on-Cash Return		0.7%	0.4%	0.4%	0.6%	0.9%	1.1%	1.4%	1.6%	1.9%	2.2%

MUPTE Review Panel Conclusions*Eugene Riverfront Parcel 3A*

General Requirements	
Overall	Concerns
<p>The Panel agreed that the Project meets the general requirement criteria, including:</p> <ul style="list-style-type: none"> • The proposed project is not student or transient housing, has 5 or more units, and is within the boundary; • The required neighborhood engagement for this point in the process was met with the applicant presenting the proposed project to the Downtown Neighborhood Association. 	None.

REQUIRED PUBLIC BENEFITS

1. Compact Urban Development	
Overall	Concerns
<p>The Panel agreed that the proposed project meets the minimum density required by the MUPTE program. The site is zoned as SR-D Downtown Riverfront Special Area, which has no minimum residential unit density. The proposal includes 237 dwelling units at 204 units per acre.</p>	None.

2. Green Building Features	
Overall	Concerns
<p>In order to achieve the green building public benefit threshold of performing at least 10% more efficiently than the Oregon Energy Efficiency Specialty Code, the applicant chose the City of Eugene Building and Permit Services pathway. The Panel agreed that the application materials included what was necessary and noted that the project, if approved and constructed, would need to meet the energy efficiency and green building documentation requirements set out in the program (energy model at permit application and commissioning report 18 months after Certificate of Occupancy).</p>	<p>The State of Oregon's Climate Friendly and Equitable Communities legislation includes requirements for placing conduit to parking stalls to facilitate the installation of electric vehicle (EV) charging stations. The Review Panel recommended that the applicant closely review these requirements, as they are more demanding than the MUPTE program requirements for EV conduit.</p>

3. Local Economic Impact Plan	
<i>Local Conditions</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately demonstrates how the applicant will ensure that more than 50% of dollar volume of professional services and construction costs will be local to Lane County.	None.
<i>Minority and Women Business Enterprises</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they will provide an equitable opportunity for minority and women business enterprises to compete for development related contracts.	None.
<i>Compliance with Laws</i>	
Overall	Concerns
The Panel agreed that the applicant provided a plan that adequately describes how they intend to ensure that all parties involved, including contractors and subcontractors, will comply with wage, tax, and licensing laws.	None.

4. Moderate-Income Housing Contribution	
Overall	Concerns
The Panel agreed that the applicant plans to meet the moderate-income housing contribution requirement by paying the fee. They will pay this fee in annual installments from year 3 to year 10 of the MUPTE period.	A member of the panel voiced concern for the lack of moderate-income units in the project, disagreeing with the fee option allowed by the program.

5. Project Design and Compatibility	
Overall	Concerns
<p>The Panel discussed the project's overall design elements and agreed that the applicant provided a narrative and accompanying graphics that adequately demonstrate how the project addresses the basic design principles, including:</p> <ul style="list-style-type: none"> • Scale, form, and quality of building, • Mixture of project elements, • Relationship to the street and surrounding uses, and • Parking and circulation. 	To be sure alley improvements and furnishings will not create challenging conditions for users, one member of the Review Panel recommended that the applicant re-review vehicle interactions and turning movements in the alley between Parcel 3A and the building to the east.

6. Historic and Existing Housing Sensitivity	
Overall	Concerns
The Panel agreed that the project does not impact historic locales or existing housing.	None.

7. Project Need	
Overall	Concerns
Overall, the Panel concluded that the exemption is needed for the project. Based on PNW Economics' analysis, the Panel unanimously concluded that the project demonstrates need for a 10-year MUPTE.	None.

Overall recommendation to the City Manager:
Provide a ten-year MUPTE.

RESOLUTION NO. _____**A RESOLUTION APPROVING A MULTIPLE-UNIT PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY LOCATED ON LOT 1 OF THE TOWN RUN PLAT IN EUGENE, OREGON (ASSESSOR'S MAP 17-03-31-11, TAX LOT 14200) (APPLICANT EUGENE RIVERFRONT DISTRICT LLC).****The City Council of the City of Eugene finds that:**

A. The Urban Renewal Agency of the City of Eugene is the owner of real property located on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-31-11, Tax Lot 14200), also identified as Parcel 3A in the Downtown Riverfront Master Plan ("the property").

B. Eugene Riverfront District LLC ("the applicant") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption Program (Sections 2.945 through 2.947 of the Eugene Code, 1971 ("EC")) with respect to residential units to be constructed on the property ("the project").

C. The project consists of the development of 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units. As proposed, the project is not designed for the leasing of individual rooms or beds, for transient or vacation uses, or otherwise designed primarily for individuals attending college. There is a minimum 1,150 square-foot commercial space on the ground floor of the building as well as five live-work units which include both residential and commercial space; the applicant has not requested tax exemption for commercial areas.

D. An independent outside professional consultant was retained and reviewed the project's financial pro-forma. A Review Panel was convened and reviewed the application as well as the independent consultant's conclusions in order to make a recommendation as to whether the application met the criteria in EC 2.946. The Review Panel's recommendation was submitted for the City Manager's review.

E. After considering the Review Panel's conclusions and recommendation, the Executive Director of the Planning and Development Department ("the Executive Director") as designee of the City Manager, prepared the Report and Recommendation attached to this Resolution as Exhibit A and incorporated herein by reference. The Report and Recommendation sets forth findings demonstrating that the project meets the criteria described in EC 2.946 and the conditions set forth in the Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R- 2.945").

F. Based on the findings in the Report and Recommendation, the Executive Director recommends that the application be approved and the exemption granted. In making that recommendation, the Executive Director found that the applicant submitted all materials,

documents, and fees required by EC 2.945, EC 2.946, and Rule R-2.945, and the applicant is in compliance with the policies contained therein.

G. The City Council has concluded that the application meets the criteria described in EC 2.946 and Rule R-2.945.

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. Based upon the above findings which are adopted, and upon the City Council's review and adoption of the Report and Recommendation of the Executive Director of the Planning and Development Department attached to this Resolution as Exhibit A and incorporated herein by reference, the City Council approves the application of Eugene Riverfront District LLC for an ad valorem property tax exemption under the City's Multiple-Unit Property Tax Exemption (MUPTE) Program for the residential units to be constructed on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map 17-03-31-11, Tax Lot 14200), subject to the following conditions:

- 1.1 **Compact Urban Development.** The project will consist of 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units, none of which will be used for transient use, student housing, or vacation occupancy. There is a minimum 1,150 square-foot commercial space on the ground floor of the building. The applicant did not request tax exemption for the commercial area, nor did the applicant demonstrate that commercial property is a public benefit element of the project. Consequently, any commercial property on the development site is not eligible for the tax exemption.

Multiple-Unit Housing Property Tax Exemption Rule R-2.945 ("Rule R-2.945") requires that in order to be eligible for a MUPTE, projects on properties located in the Downtown Area and east of Charnelton Street must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The property on which the project will be built is located in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density.

The project will be constructed in accordance with the schematic drawing showing the site plan and major features and dimensions of the proposed development, as well as schematic drawings showing side, front, and back elevations of the proposed development, all of which are attached to this Resolution as Exhibit B.

- 1.2 Green Building Features. The project will utilize the City of Eugene Building and Permit Services Pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The applicant will submit to the City of Eugene's Building and Permit Services Division an energy model with applicant's development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services Division for the life of the MUPTE tax exemption.

The project's on-site parking will include installation of conduit for future electric vehicle charging stations.

- 1.3 Local Economic Impact Plan and Compliance with Laws. A plan is in place that demonstrates that more than 50% of the dollar volume of the combined professional services and construction contracts are or will be from business organizations or individuals residing or doing business primarily in Lane County.

Applicant will ensure that qualified minority and women business enterprises have been given an equitable opportunity to compete for development related contracts by: (1) accessing lists of certified minority, women, emerging small business or disadvantaged business enterprises from the Oregon State Office of Minority, Women and Emerging Small Business; (2) searching for Qualified Rehabilitation Facilities from whom to procure products and services via the Oregon State Qualified Rehabilitation Facilities Program website; and (3) advertising in general circulation, trade association, and minority focused media about prime subcontracting opportunities.

The applicant will ensure that information about the City's Rights Assistance Program in English and Spanish is posted on the job site during construction of the project.

The applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws.

The applicant will have in place methods for ensuring that all contractors performing work are licensed and performing in compliance with state law.

The applicant will provide the City's Building and Permits Services Division with a list of all contractors performing work on the project. Prior to performing work on the project, contractors must have valid, current licensing, insurance, bonding, and workers compensation coverage and must be on the list of contractors provided to the City.

The applicant will require that each contractor provide an affidavit attesting to the fact that (1) the contractor, owner, or responsible managing individual for the

contractor does not have any unpaid judgments for construction debt, including unpaid wages; and (2) the contractor is in compliance with Oregon tax laws.

- 1.4 Moderate-Income Housing Contribution. The applicant will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total 10-year exemption benefit, or approximately \$1,500,000.
- 1.5 Project Design and Compatibility. The applicant shall adhere to the following design elements, as well as the actual square footages included in Exhibit B unless the City Manager approves a deviation from the plan pursuant to EC 2.946(2)(e)2:

Located at 4th Avenue and High Street, the project defines the edge and sets the tone for the Downtown Riverfront. As shown in the design, articulating the fenestration, opening views to the surrounding landscape and neighborhoods, and directing patrons and residents to engage with the street using a contextually appropriate and compatible exterior materials as well as an array of programming will offset the building's mass. The exterior materials include cream and red brick, black metal panels, black composite panels, and wood siding. These selections further define the industrial-style traits of the project.

The building's 'Z' form is its most defining architectural characteristic. The outdoor plaza space at Level 3 will provide residents with access to the outdoors and views of the surrounding neighborhood, river, and urban setting. The use of large storefront windows at the street level punctuates the façade with private live/work entrances adding variety to the overall character of the structure. The incorporation of patios, porches, landscaping, lighting, and scoring patterns where the building meets the pedestrian zone help differentiate the private and public realms and nestle the building into the site, resulting in a strong gateway to the broader Downtown Riverfront.

Activating High Street will be achieved through a blend of architectural detail, good site design, the use of high-quality materials as called out in the elevations and illustrations included in Exhibit B to this Resolution, appropriately scaled pedestrian amenities, and healthy vegetation (street trees, storm water facilities plantings, etc.). Parking is situated off Mill Alley and screened using metal cladding and vegetation. Mill Alley divides Parcel 3A from Parcel 3B/C and will serve as a connection between the two projects.

The project design is intended to harmonize with the scale, form, and quality of onsite and adjacent development. The project meets the design intent of designing for the human scale, is appropriate to the local climate and natural resiliency, promotes transparency, helps define a sense of place, fits the neighborhood, and employs high-quality materials and color.

During the design process and before the final design drawings are completed, the owner shall hold at least one neighborhood engagement opportunity to allow members of the Downtown Neighborhood Association and others to provide

comments on the proposal. At least one of the applicant's principals shall attend that meeting.

After the final design is completed and before it is submitted for permits, the final design shall be submitted to the City to review for conformance with the design approved by this Resolution. The neighborhood shall also have an opportunity to review and comment on the final design. After the comment period, the City shall determine if the design is consistent with the requirements of this Resolution, and if not, whether the City Manager will approve a deviation pursuant to EC 2.946.

- 1.6 At the time of completion, the project shall conform with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS Chapter 195, 196, 197, 215, and 227 that are applicable at the time the application is approved.
- 1.7 During all phases of development, the project shall comply with wage, tax, and licensing laws.
- 1.8 The project shall not contain any units for transient use or vacation occupancy.
- 1.9 The project will be completed on or before January 1, 2032, unless an extension of the deadline is requested by the property owner and approved by Council resolution pursuant to EC 2.947(5).
- 1.10 The public benefits of the project that will extend beyond the period of the tax exemption include Green Building (energy performance), Project Design and Compatibility, and Compact Urban Development.

Section 2. Subject to the conditions in Section 1 of this Resolution, 100% of the residential units described in Section 1 are declared exempt from local ad valorem property taxation beginning July 1 of the year following issuance of a Certificate of Occupancy and continuing for a continuous period of ten years unless earlier terminated in accordance with the provisions of Section 2.947 of the Eugene Code, 1971.

Section 3. The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2024.

Section 4. This Resolution shall become effective immediately upon its adoption.

The foregoing Resolution adopted and effective the ____ day of _____, 2023.

City Recorder

**REPORT AND RECOMMENDATION
of the Planning & Development Department**

Riverfront Parcel 3A Application for Multiple-Unit Property Tax Exemption

The Executive Director of the Planning & Development Department of the City of Eugene finds that:

1. The Urban Renewal Agency of the City of Eugene is the current owner of real property located on Lot 1 of the Town Run Plat in Eugene, Oregon (Assessor's Map #17-03-31-11, tax lot 14200), also known as Parcel 3A in the Downtown Riverfront Master Plan. Eugene Riverfront District LLC ("ERD LLC") submitted an application pursuant to the City's Multiple-Unit Property Tax Exemption ("MUPTE") program (Sections 2.945 and 2.947 of the Eugene Code, 1971), with respect to residential units to be constructed on the property.
2. As the City Manager's designee, I have reviewed the application and found that:
 - 2.1 The project will provide 75 studio units, 131 one-bedroom units, and 31 two-bedroom units for a total of 237 residential units, none of which will be used for transient use or vacation occupancy. There is a 1,150 square-foot commercial space on the ground floor of the building; the applicant has not requested tax exemption for the commercial area.
 - 2.2 The project is not designed to be student housing, meaning it will be leased by the unit (rather than by individual rooms or beds), the unit configuration does not include several bedrooms with individual bathrooms and sparse common space, it does not include amenities and location selected primarily for individuals attending college, and it does not offer limited viability as potential housing for the general population.
 - 2.3 Construction is expected to be complete on or before January 1, 2032.
 - 2.4 The project is located in the downtown area described in subsection (1) of Section 2.946 of the Eugene Code, 1971.
 - 2.5 The applicant submitted all materials, documents, and fees required by the City as set forth in Section 2.945 of the Eugene Code, 1971, and the administrative rules adopted by Administrative Order No. 53-21-05-F.
 - 2.6 The applicant responded to the **Required Public Benefit** criteria as follows:
 - 2.6.1 Compact Urban Development. Rule R-2.945 requires that in order to be eligible for a MUPTE, projects on properties located in the downtown area and east of Charnelton must provide residential units equivalent to at least 175% of the minimum density applicable to the property's zoning designation. The project will be built in the S-DR Downtown Riverfront Special Area Zone, which does not include a minimum residential unit density.

- 2.6.2 Green Building Features. Consistent with the requirements of Administrative Rule R-2.945-C 1.2.2.2, the project will utilize the City of Eugene Building and Permit Services' pathway to meet the MUPTE green building requirement and exceed the 10% energy efficiency threshold. The entity applying for development permits will be required to submit an energy model with their development permit application. Within 18 months after receiving a certificate of occupancy, the applicant shall submit to the City a commissioning report pursuant to Section 1.2 of Rule R-2.945-C and will report multi-family occupancy energy use data to the City's Building and Permit Services for the life of the MUPTE tax exemption. The project's on-site parking will include installation of conduit for future electric vehicle charging stations.
- 2.6.3 Local Economic Impact Plan. The applicant has provided a Local Economic Impact Plan (Plan) demonstrating that more than 50% (the Plan estimates 63%) of the project's dollar volume of professional services and construction contracts include businesses based in Lane County as required by Administrative Rule R-2.945-C 1.3.1. The applicant is committed to promoting open competitive opportunities for Minority, Women, and Emerging Small Businesses, and the Plan demonstrates that the applicant will ensure that qualified minority and women business enterprises have an equitable opportunity to compete for contracts and subcontracts as required by Administrative Rule R-2.945-C 1.3.2. The Plan provides that the developer will post information about the City's Rights Assistance Program in English and Spanish on the job site. Finally, the Plan also demonstrates that the applicant will ensure that the developer and its contractors and subcontractors comply with wage, tax, and licensing laws as required by Administrative Rule R-2.945-C 1.3.4.
- 2.6.4 Moderate-Income Housing Contribution. Consistent with the requirements of Administrative Rule R-2.945-C 1.4, the owner will pay a fee to be dedicated to moderate-income housing. The fee will be 10% of the total 10-year exemption benefit, or approximately \$1,500,000.
- 2.6.5 Project Design and Compatibility. The project will adhere to the design shown in the resolution and will apply basic design concepts that consider the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation. The building will be designed and constructed as shown in the resolution. The materials shown in the resolution will be adhered to, to the greatest extent possible.

The location of Parcel 3A is notable in its position along the edge of the Downtown Riverfront and the project's design is influenced by this condition. The project defines the edge and sets the tone for the district. The sheer size of the building immediately makes this structure prominent and influential to the neighborhood as it extends the entire block between 4th and 5th Avenues along High Street. As shown in the design, articulating the fenestration, opening

views to the surrounding landscape and neighborhoods, and directing patrons and residents to engage with the street using a contextually appropriate and compatible exterior materials as well as an array of programming will offset the building's mass. The exterior materials include cream and red brick, black metal panels, black composite panels, and wood siding, all of which are durable and timeless in style and character. These selections further define the industrial-style traits of the project.

The outdoor plaza space at Level 3 (top of podium) will provide residents with access to the outdoors and views of the surrounding neighborhood, river, and urban setting. As the natural environment is a core component of Eugene's urban fabric, the project benefits from this programmed access.

The building's 'Z' form is its most defining architectural characteristic. This formation and the resulting angularity contribute to unique spaces and conditions that will be creatively leveraged and realized throughout the spaces, both in the interior and exterior realms. The building's shape narrows available views for units on the 3rd through 7th floors, particularly for the units located at the acute angles of the 'Z' on the north and south ends. Pointedly, the shape lends to unobstructed views into neighboring units.

The use of large storefront windows at the street level punctuates the façade with private live/work entrances adding variety to the overall character of the structure. The incorporation of patios, porches, landscaping, lighting, and scoring patterns where the building meets the pedestrian zone help differentiate the private and public realms and nestle the building into the site, resulting in a strong gateway to the broader Downtown Riverfront. These design applications are central to the project, in large part, to break down the massing of the building and to achieve a more human-scaled environment along the street.

The building's stature and architectural detailing contribute to the success of the streetscape. Activating High Street will be achieved through a blend of architectural detail, good site design, the use of high-quality materials as called out in the elevations and illustrations included in the resolution, appropriately scaled pedestrian amenities, and healthy vegetation (street trees, storm water facilities plantings, etc.). These central components will be implemented to achieve a vital neighborhood.

The intersection of 4th Avenue and High Street and the intersection of 5th Avenue and the railroad and High Street are significant to the project as they are defined transition areas between the Downtown Riverfront, East Skinner Butte Historic District, and Market District. At the intersection of 4th Avenue and High Street, the project will feature a community-centered space equipped with large storefront windows resulting in a transparent and inviting opportunity for the project to knit itself into the greater community. This is an

important element due to the project's proximity to Mims House and East Skinner Butte Historic District, as a whole. At the south end of the project, as it abuts the railroad right-of-way, the building will open into a small plaza area. This will create a transition zone between the Downtown Riverfront and the Market District.

The parking is situated off Mill Alley and screened using metal cladding and vegetation. Mill Alley divides Parcel 3A from Parcel 3B/C and will serve as a connection between the two projects.

The project intends to add to the strength and richness of the Downtown Riverfront. As designed and shown in the resolution, it successfully accomplishes this through design concepts that consider the scale, form, and quality of the building; the mix of project elements; the relationship to the street and surrounding uses; and parking and circulation.

2.6.6 Historic and Existing Housing Sensitivity. The project is not adjacent to a historic locale, but it is near to the East Skinner Butte Historic District. The project includes no direct structural impacts to any identified historic resources. No historic structures or existing housing were demolished or removed from the property in the two years prior to the date of application.

2.6.7 Project Need. The project's pro-forma and financial information were analyzed by PNW Economics, an independent real estate economics consultant who found that the project as proposed could not be built but for the benefit of the tax exemption. The financial information ERD LLC submitted in their application is based on projections prior to finalizing financing, construction, and tenancing. It includes assumptions regarding rents, vacancy rates, operating costs, lender underwriting criteria, interest rates, and reasonable rate of return. PNW Economics, the MUPTE Review Panel, and staff reviewed the assumptions. Notably, the consultant determined that the rents proposed for two-bed live-work units were likely higher than what the developer might actually attain. The analyses completed by PNW Economics therefore were based on lower rents for those units relative to the applicant's assumptions, with rent assumptions for other unit types not adjusted.

The PNW Economics analysis concludes that the project would not be viable without the availability of the MUPTE using the reasonable assumptions outlined and concludes that MUPTE is critical to the success of the project from a financial feasibility perspective. See Section 4 below for the Review Panel's conclusions.

2.6.8 Public Benefit beyond Period of Exemption. The public benefits of the project that will extend beyond the period of the tax exemption include Green Building

(energy performance), Project Design and Compatibility, and Compact Urban Development.

2.7 ERD LLC held a neighborhood engagement meeting regarding Parcel 3A for the Downtown Neighborhood Association on March 22, 2023.

2.7.1 Future Neighborhood Engagement. Prior to completing final drawings, ERD LLC will hold another neighborhood engagement meeting. Before submitting for permits, ERD LLC will submit the design to staff to review conformance with the design attached to the MUPTE resolution (should City Council approve the MUPTE). Staff will also give interested parties an opportunity to review and comment on that final design.

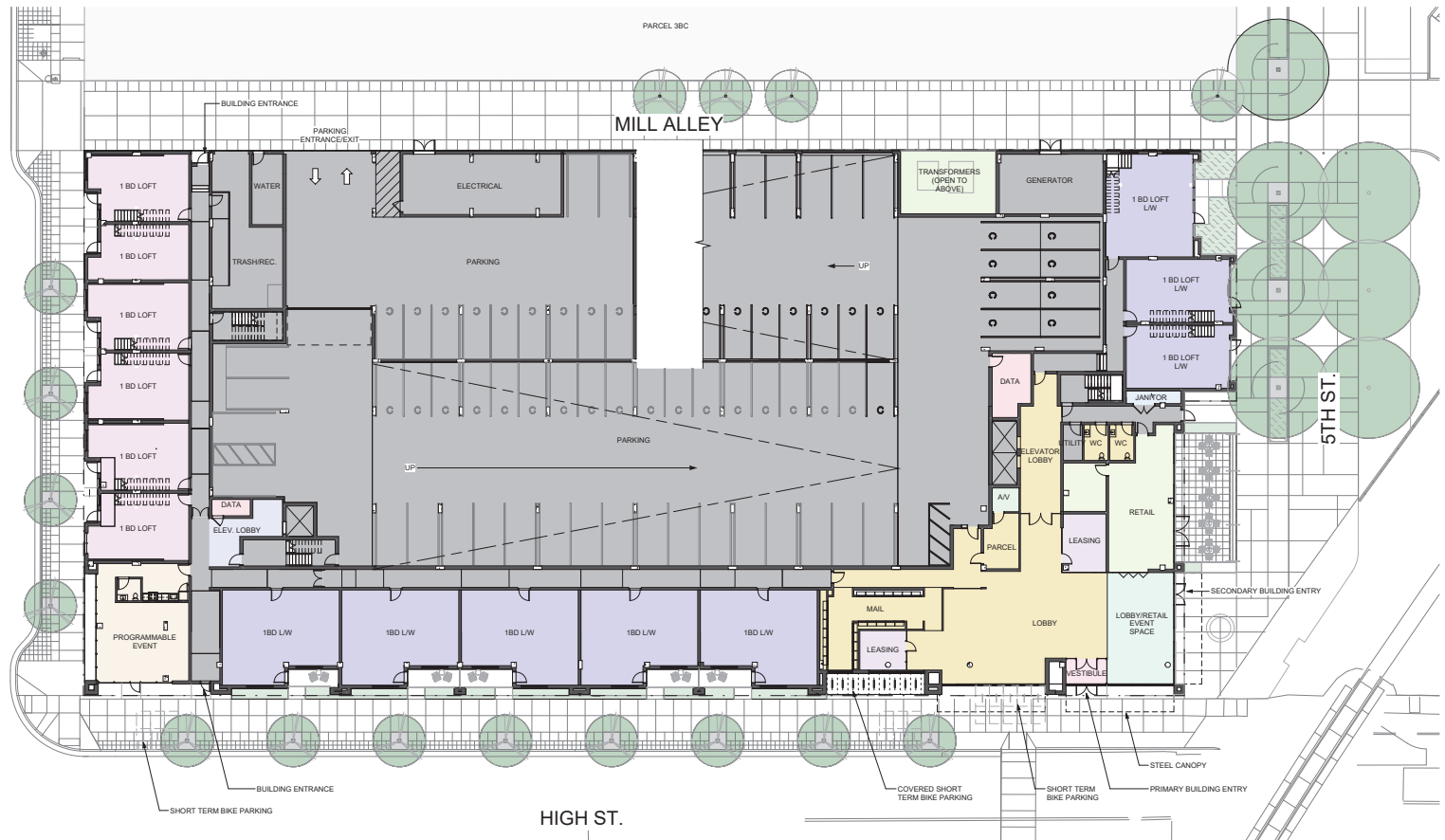
3. The Community Development Division published an advertisement soliciting recommendations or comments from the public regarding this project in the Register-Guard on May 9, 2023. The period for comment expired on June 8, 2023, with no written testimony received.
4. The community-member MUPTE Review Panel considered the project application, including compliance with program criteria and the independent consultant's financial review, during two meetings held on June 29 and July 18, 2023. The Review Panel unanimously concluded that the project meets the Required Public Benefit criteria, that the project's financial need was demonstrated, and that a ten-year exemption was warranted. The Panel Conclusions document will be provided to the City Council with the materials for the October 11, 2023, work session.

Therefore, based upon the above findings, the project is, or will be at the time of completion, in conformance with all applicable local plans and provisions of the Eugene Code, 1971, planning regulations, the Metropolitan Area General Plan, and the criteria set forth in the City's adopted administrative rules, and I recommend that the application be approved conditioned upon the project moving forward as proposed.

Dated this 6 **day of** September, **2023.**


Denny Braud (Sep 6, 2023 15:46 CDT)

Denny Braud
Executive Director
Planning & Development Department



1 LEVEL 01
1 1/16" = 1'-0"



H O L S T

EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

job no.
22-009

title:
FLOOR PLANS

sheet:
1

H O L S T

EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

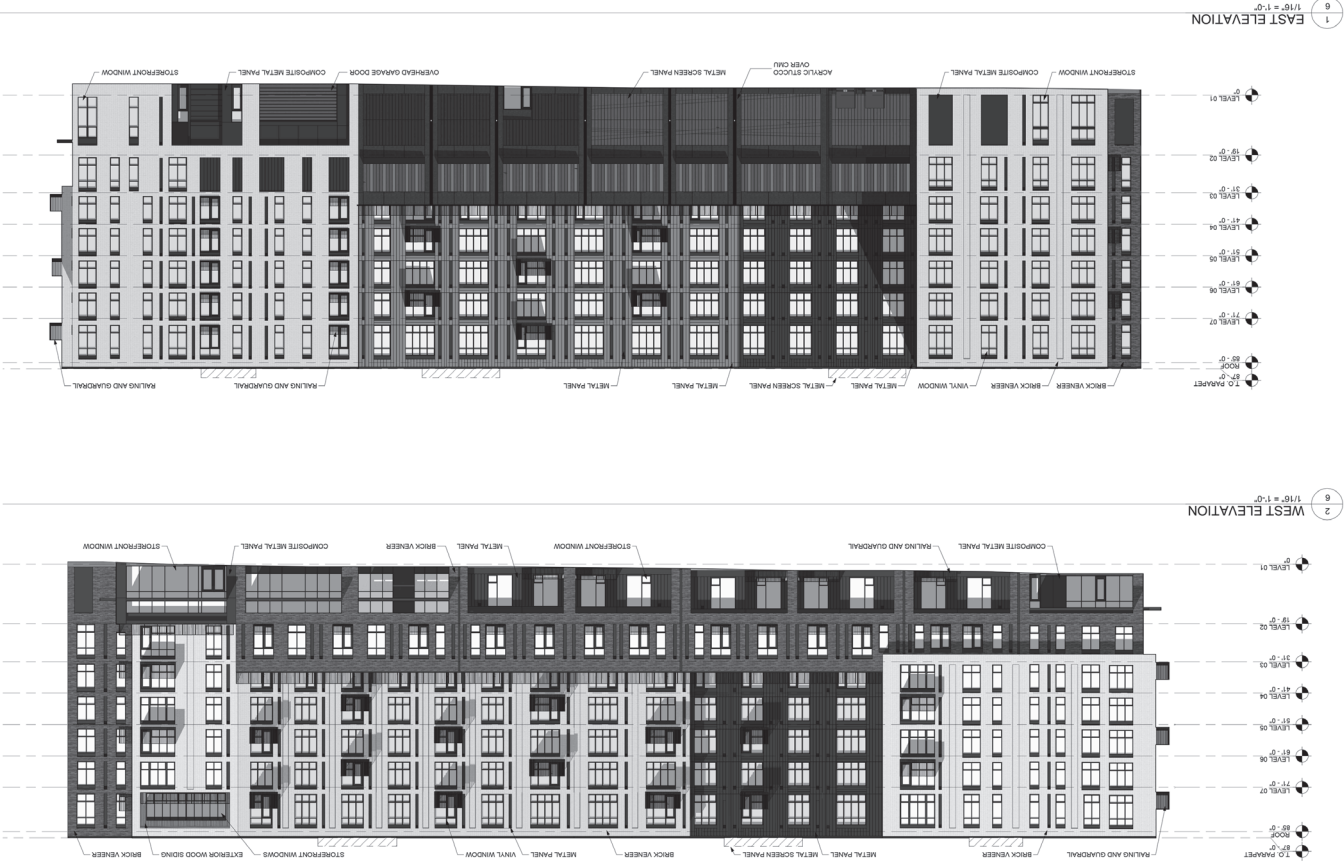
job no.
22-009

03/17/23

title:
ELEVATIONS

6

sheet:



Attachment G
Exhibit B



1
7 SOUTH ELEVATION
1/16" = 1'-0"



2
7 NORTH ELEVATION
1/16" = 1'-0"



H O L S T

EUGENE RIVERFRONT
DISTRICT - PARCEL 3A

job no.
22-009

03/17/23

title:
ELEVATIONS

sheet:
7

October 11, 2023 Work Session - Item 1C

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Finance and Revenue Update

Meeting Date: October 11, 2023
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

This work session is continuation of the revenue conversation from the spring and summer of 2023 to provide an update on progress to date and next steps in the process.

BACKGROUND

As presented in budget discussions last spring, the General Fund continues to have a structural gap with expenditures growing at a faster pace than revenues. The 2023-2025 Adopted Budget has a revenue placeholder of \$8.3 million in the second year of the biennium, which will need to be addressed with additional revenues and/or service changes. It is expected that the gap will continue to increase with additional cost pressures on the system, and additional information will be provided later in the process as the General Fund forecast is updated. As part of discussions last summer, additional areas of interest for funding solutions include Climate/Sustainability Services, Sustainable Capital Budget (e.g., equipment/infrastructure), Homeless Services, Affordable Housing, City Hall Funding, and Other Community Needs (e.g., Contributions to Lane County Multi-Use Venue).

A cross-departmental staff revenue team was created in August 2023 to conduct preliminary research on the viability of revenue options to address these funding issues. The result of this effort is included in Attachment A. The staff report provides preliminary information both for the City Manager and as a starting point for the community revenue team that will meet in October and November 2023. The community revenue team will have the opportunity to discuss potential options and provide further feedback for the City Manager on recommended revenue options.

Concurrently, potential service reduction options will be developed this fall for consideration, should new revenues not be realized, or in the case revenues are not sufficient to cover funding shortfalls. City Council and Budget Committee members will receive an update in January on potential revenue strategies and service level reductions with additional Council work sessions to be scheduled to provide direction.

Staff will present more information on the report and revenue team composition/process at the October 11, 2023 work session.

RELATED CITY POLICIES

Strategic Plan 2023-2026 Focus Area – Organizational wellbeing: To create a sustainable budget with balanced revenues and expenditures that provides funding for necessary services in the community.

PREVIOUS COUNCIL DIRECTION

[September 14, 2022 Work Session](#)

This session was an information update on the condition of the General Fund and the future financial outlook.

[February 27, 2023 Work Session](#)

This session provided a high-level budget update and a recommendation for a revenue team to develop funding strategies for unfunded services.

[April 12, 2023 Work Session](#)

This session provided an updated Revenue Committee proposal to develop funding strategies for unfunded services.

[April 26, 2023 Budget Committee Meeting](#)

The City Manager presented the 2023-2025 Proposed Budget.

[May 10, 2023 Budget Committee Meeting](#)

The Budget Committee received presentations on Alternative Response, Downtown Services, and Unhoused Services.

[May 17, 2023 Budget Committee Meeting](#)

The Budget Committee received presentations on the Fire Engine/Squad proposal, Climate Recovery, and URA Frozen Base.

[May 24, 2023 Work Session](#)

This session provided information on unfunded/underfunded service levels as Council considers a potential scope for the Revenue Committee.

[June 21, 2023 Work Session](#)

This session provided high level information on the financial condition of the City and discussion on a revised approach to addressing the structural gap in the General Fund and other funding and service prioritization needs.

[July 10, 2023 Work Session](#)

This session was a continuation of the Financial Condition and Revenue Update work session on June 21, 2023 to provide information and additional context to understand evolving financial needs and the approach for continued revenue and service prioritization discussions.

COUNCIL OPTIONS

This is an informational work session only.

CITY MANAGER'S RECOMMENDATION

None.

SUGGESTED MOTION

None.

ATTACHMENTS

A. 2023 Staff Revenue Options Report

FOR MORE INFORMATION

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2023 Staff Revenue Team

Revenue Options Report

September 2023

City of Eugene



2023 Staff Revenue Team

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Executive Summary

Overview

The 2023-2025 Adopted Budget included over \$15 million in budget strategies to address a structural gap in the General Fund. Additionally, an \$8.3 million placeholder for new revenues was set in the second year of the biennium to fund the current service system and begin to stabilize reserves. As part of City Council and Budget Committee discussion, a community revenue team was recommended to provide input on potential new revenues to the City Manager. In addition to the structural gap, other potential funding issues were identified as vital to creating a sustainable financial plan for the future. While the community revenue team will meet in the fall of 2023, a cross-departmental staff revenue team was created in August 2023 to conduct preliminary research on the viability of revenue options to address the following funding issues:

- General Fund Structural Gap (Ongoing Services),
- Climate/Sustainability Services,
- Sustainable Capital Budget (e.g., equipment/infrastructure),
- Homeless Services,
- Affordable Housing,
- City Hall Funding, and
- Other Community Needs (e.g., Contributions to Multi-Use Facility).

The following report includes the staff team's assessment on a broad range of revenue options, each evaluated on a set of criteria including potential yield & revenue stability, legal authority, precedence, administrative effort, implementation timeline, impact to City Council goals, fairness and indirect implications, social equity, sustainability, feasibility, and overall viability.

The evaluation criteria are a set of standard criteria that has been used historically to help evaluate various revenue options to include a wide range of potential impacts including fairness and political feasibility. The revenue summaries build upon past work and have been updated to include staff's current understanding of the political and economic environment to provide a basis for conversations by the community revenue team and the City Council. Ultimately, the City Council will determine political feasibility as part of any revenue package that is implemented.

Funding Issue Overview

On-going Services: Current service levels in the General Fund including Central Services, Fire, Library Recreation & Cultural Services (LRCS), Planning & Development, Police, and Public Works. Existing revenues are not sufficient to fund these services on an ongoing basis.

Capital Acquisition and Replacement: Infrastructure and equipment needs; funding gaps exist for maintenance of existing infrastructure as well as for new facilities as the community grows (e.g. a new fire station). There are also unfunded equipment needs across the organization including replacement of Hult Center equipment and lighting systems, and public safety equipment and apparatus.

Climate/Sustainability Services: The 2023-2025 budget for the program includes funding from the General Fund and the Solid Waste and Recycling Fund to support CAP2.0 implementation and engagement and technical analysis on building decarbonization. Existing resources are not sufficient to fully support leveraging the range of time-sensitive federal and state incentive dollars available through a community-focused building decarbonization program manager service, a qualified grants consultant pool, and state and federal grant match requirements.



Homeless Services: The City has provided a range of strategies to support homeless services using one – time funds from the General Fund, American Rescue Plan Act (ARPA), and state resources. Ongoing funding will need to be identified to continue these services.

Affordable Housing: The City has used one-time funds from City ARPA and the General Fund to support the development of Affordable Housing with an initial investment in providing City fee assistance, an opportunity identified in the [Housing Implementation Pipeline](#) (HIP). Affordable Housing developers use the City’s commitment for City Fee Assistance and other City subsidies (e.g., from the Affordable Housing Trust Fund with construction excise tax revenue) to leverage funding from the State and other sources. The availability of subsidies and predictability of the funds directly impacts the creation and preservation of affordable units. Additional on-going revenues are needed to catch up from prior underproduction of Affordable Housing and meet the growing community need.

City Hall Loan Repayment: Funding is needed to repay a \$4 million loan as part of the purchase of the new City Hall site from EWEB. Payment is due on or before June 2028.

City Contribution to Community Partnerships (infrastructure): Requests from community partners for city funding for projects such as the Lane County Multi-Use Facility request from the Eugene Emeralds.

Staff Team Process

Representatives from Fire, PDD, Public Works, and Finance researched various revenue sources, compiling information on legality, feasibility, potential revenue yield, administrative burden and costs, impacts to Council goals and the Triple Bottom Line, and viability in solving the identified funding issues. The revenue options were then reviewed and ranked according to how well they might address the City’s primary budget gaps. The results of that analysis and the staff team’s recommendations are presented in the following pages.



Recommendations

Revenue options were categorized in accordance with their viability in addressing the current funding issues and grouped into three main categories: Most Viable; Worth Considering; and Considered, but Not Recommended.

For each of the funding issues, the staff revenue team has selected the revenue options that are the most viable or worth considering, specifically regarding that funding issue. For example, while General Obligation Bonds are generally one of the most viable revenue sources overall, this funding source cannot be used for operational expenses and services; so, General Obligation Bonds are only listed under funding issues that have a capital component.

Finally, other revenue sources that were evaluated but are not recommended for budget stabilization at this time, are listed in the appendix.

Recommendation Category Definitions:

- **Most Viable:** The option will raise a significant amount of money towards solving the budget gap and/or solving one of the specific funding issues identified for analysis. The administration of the revenue is likely to be manageable and relatively efficient and cost-effective. The timeline for implementation is within the next biennium at the maximum.
- **Other Options Worth Considering:** The option will raise revenue, but not likely enough to solve any of the funding issues on its own. Administration of the revenue might have challenges to be solved before it is manageable and efficient. The timeline might be longer than the next biennium.
- **Other Options Considered but Not Recommended:** The option might be viable for some purposes, but not recommended to pursue during this revenue raising effort, for several potential reasons. There might be no significant revenue raising opportunity for this option. Administration might be difficult or cost more than the revenue to be raised. The option may be pre-empted by state law. Timeline might be longer than the next biennium. (Note: these options might be recommended at another time and/or for another purpose but are not recommended now for the purposes of solving a major funding gap. See Appendix for more information on these options.)

Other Considerations

Staff recognize these funding issues have varying timeframes and, in the case of the General Fund structural gap, it is expected that solving for 2023-2025 identified shortfalls still leaves a funding issue beyond the 2023-2025 biennium as there are cost pressures that likely will be higher than current assumptions causing long-term expenditure growth to exceed revenue growth. In addition to the need to identify revenues for the funding issues discussed here, conversations should continue on a range of longer-term issues including property tax reform, economic development, and annexation considerations.



Recommendations by Funding Issue

On-going Service Costs:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Admissions Tax/Entertainment Tax – Worth Considering
- Business License Fee – Worth Considering
- EWEB Wholesale CILT Increase – Worth Considering
- First Responder Fee Increase – Worth Considering
- Franchise Fees– Worth Considering
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering
- Special Districts – Worth Considering
- Urban Renewal District-Raise Frozen Base – Worth Considering
- Utility Consumption Tax – Worth Considering

Capital Acquisition & Replacement:

- **City Service Fee – Most Viable**
- **Debt: General Obligation Bonds – Most Viable**
- **Restaurant Tax – Most Viable**
- First Responder Fee Increase – Worth Considering (for emergency response equipment only)
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering (for capital related to fire, public safety, or homelessness)
- Urban Renewal District – Riverfront Plan Amendment – Worth Considering (for capital costs related to a new fire station)

Climate/ Sustainability Services:

- **City Service Fee– Most Viable**
- **Debt: General Obligation Bonds – Most Viable** (capital projects only)
- **Restaurant Tax – Most Viable**
- Carbon Tax– Worth Considering
- EWEB Wholesale CILT Increase – Worth Considering
- Franchise Fees– Worth Considering
- Local Option Property Tax – Worth Considering
- Utility Consumption Tax – Worth Considering

Homeless Services:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Construction Excise Tax Increase – Worth Considering
- First Responder Fee Increase – Worth Considering
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering
- Rental Housing Fee Increase – Worth Considering



Affordable Housing:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Construction Excise Tax Increase – Worth Considering
- Local Option Property Tax – Worth Considering
- Rental Housing Fee Increase – Worth Considering
- Utility Consumption Tax – Worth Considering

City Hall Loan Repayment:

- Sale of Surplus Property – Worth Considering
- Urban Renewal District- Riverfront Plan Amendment – Worth Considering

City Contributions to Community Partnerships (infrastructure):

- **Debt: General Obligation Bonds – Most Viable**
- **Restaurant Tax – Most Viable***
- Admissions Tax/Entertainment Tax – Worth Considering*
- Sale of Surplus Property – Worth Considering
- SDC Financing Repaid by Property Taxes – Worth Considering
- Transient Lodging Tax Increase – Worth Considering

**Note: if an ongoing revenue source were used to fund city contributions to a community partnership project, then Revenue Bonds might be used to provide upfront funding for the project, and the new revenue source would be pledged to repay the bonds.*



Most Viable Revenue Sources to Address Current Funding Issues

The staff revenue team evaluated over forty-five individual revenue sources and deemed three to be the most viable options to address the funding issues facing the City and to achieve budget stabilization. These sources provide sufficient revenue to make a significant impact on existing funding gaps, can be implemented in the next four years, are relatively cost-effective and manageable to administer, and are considered to be feasible options.

City Service Fee

With over 30 cities in Oregon implementing monthly fees to support city services, such as transportation, public safety, or parks, this method of service-specific revenue generation has precedence as a feasible option, and is considered to be organizationally implementable.

A City Service Fee could raise a significant amount of revenue, depending on the desired service level and rates set by Council. Early estimates indicate that a \$10 per month residential service fee (\$30 per month commercial) could raise approximately \$5.0 million annually. Revenues could be allocated across a broad range of programs and services, only subject to use restrictions as dictated by Council ordinance.

The other cities in Oregon that implement monthly service fees operate their own utilities and are able to use their utility billing systems to streamline billing and administration. For Eugene, there are a few options for billing and administration: partner with EWEB to have the fee billed along with stormwater/wastewater fees, use a third-party billing agency, or develop an in-house billing function for collection and administration. While contracting with a third party or developing an in-house billing function would increase the administrative cost and may lower net revenues, these options would provide the City with more control over revenue collection generally and would provide flexibility for a variety of programs for which city service fees could raise supplemental revenue.

Service fee revenues are stable because the fees are levied broadly across the community and the typical basis for fees (occupancy and use of property) is fairly inelastic.

Restaurant Tax

Another potential option is a restaurant tax. Revenues from a restaurant tax would be available to support General Fund services, as well as larger capital projects. A 1% restaurant tax is estimated to gross approximately \$2-\$4 million annually. Further analysis is needed to evaluate administrative costs, impact to the business community, and to determine a more reliable yield estimate. In recent revenue conversations, this option was considered but there were concerns that there may be challenges with implementation. However, this was one of the top choices of the 2010 Meeting the Challenge Task Force.

Debt: General Obligation Bonds

This revenue source is a good option to address Capital Acquisition and Replacement, City Contributions to Community Partnerships, and capital projects related to Climate/Sustainability Services as it can provide a high annual yield; as an example, at a cost of \$23 per year for the average taxpayer, a 20-year bond under this option could generate \$15 million of bond proceeds to be used for projects. The City has a long history of utilizing G.O. Bonds for funding various capital projects, and bonds are generally well understood and accepted by the public. G.O. bonds must be passed by a majority of the people voting in a May or November election. Property taxes levied to repay G.O. bonds are exempt from the tax cap under Measure 5. However, use of revenues is limited to major capital construction or improvements in support of general municipal services and publicly owned facilities.



Other Revenue Sources Worth Considering:

Admissions Tax/Entertainment Tax: At least \$600,000 in estimated annual revenue, potentially much higher if a Contribution in Lieu of Tax (CILT) agreement with UO for ticket sales at Autzen Stadium and Matthew Knight Arena could be reached, but feasibility of CILT may be very low. Additional research is required to understand whether there is any issue with imposing a general tax in addition to the fixed-rate tax ("Patron User Fee") for event admissions purchased at the Hult Center.

Business License Fee: Could yield about \$500,000 annually and provide opportunities to streamline other license programs, fees, and data collection processes (i.e., Toxics fee, public passenger vehicles, etc.); the data gained through such a program would have many valuable applications.

Carbon Tax: Yield estimated at \$400k-800k annually. This option is best suited to address Climate/Sustainability Services, and best structured as an increase to the existing Motor Vehicle Fuel Tax (restricted to right of way use) or as a Business License Fee. Some legal restrictions may affect the rate and use of tax, depending on structure and intended use.

Construction Excise Tax (CET) Increase: Legal restrictions limit yield and use of revenues from residential CET, which is capped at a 0.5% increase (1% total), but all revenue must be directed to Affordable Housing. Commercial CET increases are not capped, but yield from increasing the commercial rate to 1% is estimated at less than \$400,000 annually, and half of those revenues must be directed to Affordable Housing. As such, this option is best suited to address Affordable Housing funding gaps.

EWEB Wholesale CILT Increase: Yield from an increase is unknown but would likely be relatively low in relation to the funding gap, and while revenues could be used for any purpose, this option is most viable for solving any on-going funding shortfalls. The existing CILT agreement was negotiated in 2014, and annual payments are scheduled to increase in 2025. But, because the wholesale electric market has changed since the current agreement was signed, there is a possibility that an amendment would be viable.

First Responder Fee Increase: Yield is estimated to generate \$500,000 annually and is best suited for supporting Ongoing Service costs related to emergency response and funding healthcare for the unhoused. This option would be easy to implement as an expansion to Eugene Springfield Fire's current First Responder Fee.

Franchise Fees: Franchise fees already exist for most businesses using City rights-of-way, so any new revenue would likely stem from fee rate increases. Increases to existing fees would not generate sufficient revenue to solve most funding issues alone, and some fees – specifically telecom fees and cable fees – are currently at the legal maximum, further limiting the additional revenue potential. This option is easy to implement given the existing structure; increases to NW Natural's fee would require changes to City code.

Local Option Property Tax: Local option levies are familiar and understandable to the public. However, the potential impact of property tax compression should be closely examined and understood. Maximum yield under the Measure 5 tax rate cap for General Governments before compression begins is estimated at approximately \$5.0 million annually, at a tax rate of \$0.30 per \$1,000 Assessed Value. There is potential for this option to support all funding issues except City Hall Loan Repayment and Contributions to Community Partnerships; however, a capital local option levy is best suited for an ongoing capital maintenance program.

Payments in Lieu of Taxes: Yield dependent on voluntary agreements forged with non-profit organizations; could provide a moderate level of long-term revenue. Best if paired with fire, public safety, or homeless services that nonprofit payors also have a stake in. Significant effort and time needed to implement (at least five to seven years), as well as staff devoted to ongoing relationship management.



However, it could be possible to start a PILOT program for near term funding by working directly with one or two large nonprofits.

Rental Housing Fee Increase: Low yield potential; a recent \$10 (100%) increase per unit per year resulted in approximately \$340,000 additional revenue. Best suited for Affordable Housing but could have expanded use if changes were made to the Rental Housing Code. Otherwise, increases can be implemented via Administrative Order.

Sale of Surplus Property: Recommend only for City Hall Loan Repayment and Contributions to Community Partnerships. With limited property inventory and uncertain timing of sales and yields, this is not a viable option to address other funding issues. Staff are already compiling a list of eligible parcels; only parcels not funded by outstanding bonds are available for sale.

SDC Financing Repaid by Property Taxes: Recommend only for City Contributions to Community Partnerships since it is best suited to development projects that have a strong public purpose, where the City has identified a source for making the upfront payment, and there is an expectation that property taxes will increase as a result of the project. Yield is expected to be low and is dependent on financing agreements and amount of new taxable assessed value.

Special Districts: Good yield potential but requires a long implementation period and changes to the Eugene Springfield Metro Plan, as well as voter approval. Would be subject to the Measure 5 tax rate cap for General Governments.

Transient Lodging Tax Increase: Yield from a 1% tax increase is estimated at \$900,000; but 70% of that would be restricted to tourism promotion and tourism-related facilities. Would require state legislative change to expand allowable uses of funds. Due to current restrictions, best suited for Contributions to Community Partnerships. Existing TLTs at the city, county, and state level increase the difficulty of raising the city tax.

Urban Renewal District-Riverfront Plan Amendment: Tax increment financing could be used to fund renovations and improvements to City Hall, which could free up project dollars to pay for City Hall Loan Repayment. Urban renewal dollars could also be used for construction of a new fire station in the Riverfront District. Concurrence from Eugene School District 4J is needed to increase the maximum indebtedness to the district.

Urban Renewal District-Raise Frozen Base: Would lengthen the number of years needed to pay back any borrowed funds, thereby lengthening the time an Urban Renewal District will need to reach its maximum indebtedness. Only recommended to support On-going Service Costs, revenue yield insufficient to independently solve funding issue.

Utility Consumption Tax: Potential yield of more than \$2.0 million annually at a 1% tax rate. May be challenging to reach agreements with EWEB and NW Natural to carry out collection of the tax, but with this cooperation there would be low administrative burden. Best suited to address funding issues in Climate/Sustainability Services but could be used for other On-going Service Costs or Affordable Housing purposes.



Appendix

Other Revenues Not Recommended

Annexation of Property: Long-term, outside of project scope.

Bicycle Registration Fee: Not likely to produce revenue sufficient to help with funding shortfalls; may cost more to administer than amount of revenue received.

Business Gross Receipts Tax: Likely to face strong opposition, especially due to existence of state Commercial Activity Tax; legality depends on structure and application of the tax, per ORS 317A.158.

Corporate Income Tax: Likely to face strong opposition, especially due to existence of state Commercial Activity Tax; legality depends on structure and application of the tax, per ORS 317A.158.

Debt: Revenue Bonds: Not a true revenue source, merely a timing mechanism to supply upfront capital; must have sufficient repayment source identified before issuance of bonds.

Economic Development: Long-term solution outside the scope of this effort.

Fees for Service-New or Increased: Fees are routinely reviewed to see if they should be changed; departments routinely look for new fees to pay for their services; low yield.

Heavy Vehicle Tax: Administrative burden and costs outweigh potential revenue yield; restricted use of revenues to transportation-related projects.

High CEO Pay Ratio Tax: This is a tax on CEO wages where the differential between CEO pay and average employee pay is above a set threshold. Likely a very small pool of companies and CEOs that would be subject to the tax and may discourage further commercial development.

Internal Services Sold to Other Organizations: Low or negative yield, limited staff resources to participate in and monitor on-going profitability/success of the program.

Luxury Tax: Yield is unknown but likely to be low; administrative complexity to implement a luxury tax, due to no existing sales tax infrastructure, would likely not be worth the low yield and negative business impacts of the tax.

Marijuana Tax Increase: Eugene taxes at the maximum already; an increase would require state legislation.

Motor Vehicle Rental Tax: Legality of taxing rentals at the airport needs further research to confirm and, if not permissible, could greatly reduce yield; taxes on rentals within city limits are permissible by law. Lane County already collects a 12% tax on rentals, reducing feasibility.

Parking Tax: Low net yield; administrative complexities; possible negative financial impact on parking fund.

Payroll Tax: Implemented by the City in 2021; increases to current tax not recommended due to other state-level tax rates.

Personal Income Tax: Would double-tax city residents who also work in the city and are subject to the payroll tax. High state-level income taxes further reduce feasibility.

Photo Red Light Cameras: Likely negative net yield; purpose of photo red light cameras is for public safety, not revenue raising.

Private Foundation Endowment: Uncertain yield; up to private individuals to create a non-profit foundation; long-term solution.



Real Estate Transfer Tax: Pre-empted under ORS 306.815

Sales Tax: General: Low viability in Oregon; high administrative costs.

Sales Tax: Selective: Most viable options are on the list already, other items that could be taxed are not identified.

Solar Power Generation: Outside of scope, prohibitive administrative costs and burden; requires long-term infrastructure buildout to be able to generate and sell sufficient solar power to earn profits.

Solid Waste Collection Fee: Low yield and increases to fees could inadvertently encourage illegal dumping; negotiations for updated rates are currently underway.

Street Lighting District: Infrastructure is already in place within City limits. Street lighting districts are most effective when created in areas with no existing street lighting. Significant work needed to create a district; impact on Measure 5 property taxes for City/County.

Sweetened Beverage Tax: Opposition from the restaurant and beverage distributor industry would be very high; without an existing infrastructure, costs to implement and administer will be high.

Vacancy Tax/Empty Dwelling Fee: High administrative cost/burden for an empty dwelling fee; vacancy tax is typically administered through property taxes in other states, but this collection method would be prohibited by Oregon law.

**2023 Staff Revenue Team
Revenue Source Summary**

Admissions/Entertainment Tax	
Description	<p>An admissions tax is a specific excise tax which would be applied to the price of admission for performances, entertainments, spectator events, festivals, sporting events and other activities for which admissions are charged. It may also be referred to as an entertainment tax or amusement tax. The tax can be applied to a narrow or broad range of venues and types of events. It can be applied to cost of admission as a flat fee or as a tax rate.</p>
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The City Council may implement a tax on admissions by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition.</p> <p>Types of organizations or specific activities subject to the tax would need to be decided when the tax is established. Exemptions from the tax can vary by jurisdiction but could include performances sponsored by elementary and secondary schools, admission charged to museums and botanical gardens, or certain events hosted by nonprofit organizations (Seattle is an example of this).</p> <p>The tax could not be levied on admissions sold by a public university or other public agencies, but a contribution in lieu of tax (CILT) could be collected only if an intergovernmental agreement is mutually agreed upon. A CILT agreement with UO would be an important element of this tax due to the significant revenue generated by Autzen Stadium, Hayward Field, and the Matthew Knight arena. It is unknown whether the University of Oregon would be amenable to a CILT agreement.</p> <p>The City of Eugene currently imposes a fixed-rate tax called the “Patron User Fee” (PUF) for event admissions purchased at the Hult Center. Proceeds support the Hult Center. Additional research is required to understand whether there is any issue with imposing a general tax in addition to the PUF.</p> <p>Revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>Admission taxes are levied by many U.S. cities including Seattle (5%), Tacoma (5%), Alexandria (10%), Roanoke (5%), Richmond (7%), Denver (10%), Boulder (5%), Cincinnati (3%), Minneapolis (5%), Santa Cruz (5%), Spokane (5%), Bloomington (4%) and others. Many counties and states also levy admission taxes. Rates and activities taxed vary widely.</p> <p>In Oregon there appears to be no admission taxes supporting general municipal or county services. Hult Center often receives questions from artist management companies about why Eugene doesn’t have an</p>

	entertainment tax; this is due to the routine nature of admissions taxes in many locales.
Revenue Yield & Stability	<p>Revenue would depend on the types and number of events and venues to which the tax would apply. Yield would depend on the tax rate. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur. Can be scalable to capture many types of venues or fewer types, depending on administration preference.</p> <p>Most jurisdictions have a 5% admissions tax. Assuming 5%, the City of Eugene could potentially yield revenues from \$600,000 to \$1.5 million, not including a potential CILT from UO.</p>
Administrative Effort	Implementation, administration, and collection of the tax may require additional FTE, depending upon types and number of events and activities taxed and the structure of the tax.
Timeline	It could take up to two years to fully implement.
Who Pays	The tax would be paid primarily by individual consumers whether they live within the city or not. Businesses that purchase admissions would also pay the tax. Admissions are typically purchased with a household's discretionary income. Although an admissions tax is technically a regressive tax, it's less likely to be a burden on low-income households than a typical sales tax due to taxing purchases made with discretionary income – low-income households would not normally purchase as many taxable admissions as higher-income households.
Fairness & Indirect Implications	<p>This tax would be less regressive than other excise taxes because it taxes discretionary spending. Depending on the tax level, an admissions tax could encourage some consumers to reduce admission purchases, seek out free activities, or avoid the tax by patronizing events and venues outside city limits. A small fee would be unlikely to discourage economic activity.</p> <p>An admissions tax would likely have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.</p>
Sustainability Impact	A tax on the price of admissions could disproportionately impact low-income and large families.
Viability in Solving Funding Issues	An admissions tax of at least 5% would generate somewhere between \$600,000 to \$1.5 million annually, but this figure could be significantly increased by establishing a CILT agreement with UO that enables the City to benefit from taxing consumers attending events at Autzen Stadium and the Matthew Knight Arena, among others. Potential yield from UO CILT is unknown.

	<p>There is not a clear and direct nexus with any funding issue. However, as the admissions tax allows the City to tax visitors to Eugene and benefit from economic development, it should not be ignored as a feasible option. Additionally, there is a potential nexus with City contributions to community partnerships, depending on the type of community infrastructure, because some of the funded items (such as Ems stadium) are entertainment venues themselves. However, not every type of community/partner supported capital cost has a nexus with an admissions/entertainment tax.</p> <p>Finally, up to 2 years would be needed for implementation. It is possible that the Oregon Department of Revenue could collect the tax on Eugene's behalf, which would significantly increase the administrative burden and shorten the implementation timeline.</p>
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Title: River Road/Santa Clara Annexations

Description: A large number of unincorporated properties within Eugene's Urban Growth Boundary are located in the River Road/Santa Clara (RR/SC) and the Industrial Corridor Community Organization (ICCO) areas. These properties now receive services from several special districts and Lane County. There are also many properties in RR/SC and ICCO that are within the City and receive City services. The patchwork character of unincorporated and City properties make service delivery among properties in these areas difficult, inconsistent and inefficient.

The Eugene/Springfield Metropolitan Plan, adopted by Eugene, Springfield and Lane County, includes policies that encourage annexation as the preferred means of providing urban-level services for new development and for a city to be the providers of these services within its Urban Growth Boundary. The Lane County Code, which the City administers through an urban transition agreement, requires owners of unincorporated property to agree to annex for land divisions, zone changes, new commercial or industrial development, new dwellings and any other activity that increases demand for services. Annexation is not required for accessory dwelling units, minor property improvements, residential outbuildings, room additions, home remodeling or other activities that do not increase demand for services.

State law governs how annexations may occur. To be eligible for annexation a property must be contiguous with city boundaries or separated only by a right-of-way. All property owners and at least 50% of residents on a property must consent to annexation. There are numerous unincorporated islands in the area and state law allows such island properties to be annexed without consent; however the Metro Plan and City policy promote that annexations occur on a voluntary basis, rather than city initiated actions.

After annexation, a property is removed from any special districts and no longer pays special district taxes. The property then receives full city services and is subject to all city property taxes. The property tax paid by newly annexed properties does not quite cover the marginal costs of extending city services to the property, on average. State law allows taxes to be deferred up to ten years.

How could this idea help solve a budget gap? This idea is unlikely to help fill a budget gap because it is anticipated that taxes on newly annexed properties would not cover cost of extending city services to the property.

What are some potential benefits? The RR/SC and ICCO areas are currently a patchwork of incorporated and unincorporated properties. Additional annexations would consolidate incorporated properties and improve urban service delivery and service efficiencies.

What are some drawbacks? If taxes were deferred for up to ten years to encourage more annexations, there would be a significant deficit between the costs of providing the services and the revenues received. Property taxes would go up for those that are annexed.

What are longer-term or indirect implications from this idea? If the RR/SC and ICCO areas were entirely annexed, City service delivery would benefit due to increase efficiency. Residents in areas would benefit from consistent availability of urban-level services to their properties. Special districts in the areas would experience a loss of significant property within their boundaries, and community members are concerned about what happens to those districts and their community assets.

Financial Impact on City from Annexations

Updated:

4/16/2019

Goal: Estimate potential financial impact on the City of large-scale annexation in the River Road/Santa Clara/Industrial Corridor Community Organization areas

Key Assumptions: All City services are provided at the same cost per capita as current City services. Annexation brings in property tax revenues at (i) full City permanent tax rate or (ii) a "hold harmless" tax rate that maintains pre-annexation total tax rate for a period of up to 10 years as an annexation incentive. Annexed properties also generate the same per capita amount of other General Fund revenues per capita

Results: Revenues generated from annexing the area would be insufficient to pay the cost of providing the services, even at the full City tax rate. If a "hold harmless" rate is used as an annexation incentive, the shortfall would be even greater.

	Percent of RR/SC/ICCO Area Annexed			
	<u>100%</u>	<u>75%</u>	<u>50%</u>	<u>25%</u>
Assessed Value Annexed Area	\$ 1,504,000,000	\$ 1,128,000,000	\$ 752,000,000	\$ 376,000,000
Population Annexed Area	18,012	13,509	9,006	4,503
Total General Fund Revenues from Annexation				
At Full City Permanent Tax Rate	\$ 14,500,000	\$ 10,860,000	\$ 7,240,000	\$ 3,620,000
At "Hold Harmless" Tax Rate	\$ 8,240,000	\$ 6,170,000	\$ 4,120,000	\$ 2,060,000
Cost of Current Services	\$ 15,690,000	\$ 11,760,000	\$ 7,840,000	\$ 3,920,000
Surplus / (Deficit)				
At Full City Permanent Tax Rate	\$ (1,190,000)	\$ (900,000)	\$ (600,000)	\$ (300,000)
At "Hold Harmless" Tax Rate	\$ (7,450,000)	\$ (5,590,000)	\$ (3,720,000)	\$ (1,860,000)

**2023 Staff Revenue Team
Revenue Source Summary**

Bicycle Registration Fee	
Description	A recurring (i.e., annual/biannual) or one-time fee levied on bicycle ownership in Eugene; or an added tax on the purchase of a new bicycle in city limits.
Legal Authority & Restrictions	Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The City Council may implement a bicycle registration fee by ordinance without state-enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. Unless otherwise restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	<p>The Oregon Bicycle Excise tax was established by the Legislature in 2017 (ORS 320.415). The Bicycle Excise Tax is a flat tax of \$15, to be collected at the point of sale, on new bikes over \$200. Revenue from the bicycle excise tax goes into the Connect Oregon Fund to provide grants for bicycle and pedestrian transportation projects.</p> <p>In Oregon, proposed State legislation in the 2009 session would have required various transfer-of-license fees as well as a registration fee for every bicycle at \$54 every other year. The bill stalled in committee. Similar legislation was introduced in the 2013 session, SB 769, which lowered the registration fee to a one-time \$10. This bill also stalled in committee. All funds received in both instances were to be deposited into a bicycle transportation improvement fund for bicycle lanes, paths, and related projects.</p> <p>Eugene had a mandatory \$2 bicycle registration fee in place from 1974 to 1977. The mandatory bicycle registration was discontinued due to compliance issues, and the subsequent free, voluntary program provided through EPD was discontinued in 2020. EPD now refers people to Bike Index and Project 529.</p> <p>The University of Oregon partners with Project529 for free bicycle registration. Other organizations have opted to leverage this free, national online database rather than operate their own fee-based bike registration programs, including the City of Madison, WI—a city renowned for its bicycle culture—which switched to Project529 in 2021.</p> <p>Several Oregon communities have had voluntary bicycle registration programs with associated fees, including Grants Pass (now discontinued). Free voluntary programs have been offered subsequently, intended primarily to discourage bicycle theft and facilitate recovery and return of stolen bikes.</p> <p>The city and county of Honolulu, Hawaii requires the registration of all bicycles with 20” or larger wheels. The charge is a one-time \$15 fee,</p>

	<p>with an additional \$5 charge when transferring ownership. After administrative costs, the bicycle registration program is forecasted to earn approximately \$600,000 per year (as of FY24 budget) in a county with a population of approximately 1,000,000. Fees go towards bicycle infrastructure.</p> <p>Although it no longer exists, Colorado Springs had a mandatory registration program that taxed \$4 at the point of sale and raised up to \$150,000 per year with a population of approximately 430,000 people. Fees went towards bicycle infrastructure.</p>
Revenue Yield & Stability	<p>Based on the Oregon Bicycle Excise Tax, which earns approximately \$900,000 annually at a rate of \$15 for each new bike purchased, revenue for a \$1 increase in the City of Eugene would earn approximately \$2,515 annually, before administrative costs.</p> <p>Yield will be greatly dependent on how the fee is structured and applied, including if the fee is set as a point-of-sale tax, a surcharge on top of the State's excise tax, or as a registration fee for all owned bikes within the city. Exemptions for children's bicycles and low-income residents (which could be implemented based on the value of the bicycle) would also impact yield.</p> <p>A point-of-sale tax is likely to provide greater yield stability than a registration fee on all owned bicycles due to easier enforcement mechanisms. Eugene residents are also comparatively active cyclists, suggesting that future bicycle purchases, while subject to fluctuations in the economy and supply chains, would remain stable or increase with population growth.</p> <p>The 2021 Census Bureau American Community Survey estimate for Eugene bike commuters is 4.76% of the workforce population, excluding trips for recreation and school, and an estimated 4,000 bike commuters.</p>
Administrative Effort	<p>There are currently no estimates of the cost of administration, collection and enforcement associated with this revenue source. As there is currently no existing similar program at the City, administration costs may be significant compared to revenue generation potential. However, since the State has implemented an excise tax, there may be a way to partner with the Oregon Department of Revenue for administration, particularly if the fee was structured as a point-of-sale tax or a surcharge on the state's excise tax. Otherwise, state bicycle registration data may help with local administration.</p> <p>Start-up cost estimates would also need to include the cost of educating the public about the program and implementing a tracking system. The effort and effectiveness of enforcement needs to be evaluated further, but enforcement could be challenging and costly.</p> <p>If the fee is applied as a tax on new bike sales, it is reasonable to expect the implementation costs and effort would be less than the costs/effort</p>

	to implement a registration program on all owned bikes within the city. Enforcement of a registration program would be difficult and greatly increase resources needed, including staff.
Timeline	This tax would take up to two years to implement, depending on the complexity of the tax and collection method. Lead time would be necessary to establish administrative and enforcement mechanisms.
Who Pays	This fee would primarily be paid by Eugene residents; however, if the fee was applied as a tax on new bike sales, some non-residents could pay if they purchased a bike in Eugene.
Fairness & Indirect Implications	<p>This fee would directly impact residents, and unless minimum income provisions were included in the structure, would disproportionately negatively impact low-income residents who use bicycles as a cost-effective mode of transportation.</p> <p>The equity of this fee would largely depend on its structure. A point-of-sale fee on bicycle purchases over a predetermined price would ease burdens on recreational purchases for families or low-income citizens. In the case of a flat fee for all bicycles owned by citizens, provisions could be included to exempt low-income bicycle owners and/or bicycles with certain sized wheels. However, adding qualifications and exemptions to a fee collection program would significantly increase administration costs and would likely lower yield.</p> <p>A point-of-sale fee or tax could also drive customers to purchase bicycles in Springfield, negatively impacting bicycle retailers in Eugene.</p> <p>Additionally, such a fee/tax could reduce the likelihood of residents' commuting by bicycle, opting instead for motor vehicle transportation. This would negatively impact the City's climate goals and undermine the Council's goal of Sustainable and Accountable Development.</p> <p>The City of Eugene does not currently tax new car sales or have a local vehicle registration fee in Eugene. If the city were to tax bicycle sales and ownership, it could be perceived as favoring motor vehicles over bikes.</p>
Sustainability Impact	<p>This fee could discourage the purchase or use of bicycles, which are a key element of the city's plans to reduce greenhouse gas emissions from transportation.</p> <p>This fee could increase costs to citizens who practice a method of commuting that is generally encouraged by the Council.</p> <p>People who use bicycles for transportation because they cannot afford other means of transportation would be negatively impacted.</p>
Viability in Solving Funding Issues	Eugene and other jurisdictions have attempted bicycle fee programs, with limited success, indicating that this is likely not a viable option for any of these funding issues. The state currently charges an excise tax on

	<p>the sale of bicycles, and annual revenues are less than \$1,000,000; a \$1 increase to that tax in Eugene would generate less than \$2,000 annually. Higher rate/fee increases would likely face significant opposition from the community.</p> <p>Though implementation/administration would be relatively easy (could be implemented in the near term), the impact on TBL and Council goals is largely negative. Additional costs on new bicycles would disproportionately impact community members who rely on them for low-cost transportation. It would also discourage a climate-friendly mode of transportation that the City has long tried to encourage, and which would aid in achieving our climate goals and other Council goals.</p> <p>There are no direct nexuses with any funding issue, other than Climate and Sustainability Services. A nexus would only exist if revenues from the fee were directed towards infrastructure for active transportation.</p>
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**2023 Staff Revenue Team
Revenue Source Summary**

Business Gross Receipts Tax	
Description	<p>A gross receipts tax is a tax applied to a company's gross sales, usually without deductions for a firm's business expenses, like costs of goods sold and compensation. Business and occupations taxes are often a form of a gross receipts tax.</p> <p>Because the values of transactions are taxed, a gross receipts tax is often compared to retail sales taxes. However, while retail sales taxes apply only to final sales to consumers, gross receipts taxes tax wholesale transactions as well, including intermediate business-to-business purchases of supplies, raw materials, and equipment.</p> <p>As a result of the tax's application to intermediate sales, a gross receipts tax creates an extra layer of taxation at each stage of production that sales and other taxes do not—something economists call "tax pyramiding." This also distributes the impact of the tax more broadly, allowing a very low tax rate.</p>
Legal Authority & Restrictions	<p>Legal restrictions depend on structure and application of the tax; under ORS 317A.158, the City is preempted from levying any new commercial activity tax, however subsection 2(b) expressly states that other privilege taxes not computed based on commercial activity are not preempted. Further legal analysis is needed to confirm permitted tax structure.</p> <p>If deemed permissible under ORS 317A.158, the City Council may implement a gross receipts tax by ordinance as permitted under Oregon's constitutional home rule powers and the Eugene City Charter, which grants the City Council broad authority over matters within the city's boundaries. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Unless otherwise directed/restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>A number of states have gross receipts taxes, including Oregon, Washington, Delaware, Florida, Hawaii, Illinois Mississippi, Montana, New Mexico, Ohio, Pennsylvania, and West Virginia. Cities with a gross receipts tax include Los Angeles, San Francisco, Oakland CA, Bellevue WA, Alexandria VA, among others.</p> <p>The City of Eugene administered a Downtown Development District Tax with a gross sales and receipt component from 1973-1992 for the purpose of operating the City's downtown free parking program. Under this program, any person engaging in business in the Downtown Development District was required to pay the City a tax at rates of \$2.80-\$3.50 per \$1,000 of the gross retail sales and receipts from business.</p> <p>Oregon levies a Commercial Activity Tax on businesses with more than \$1 million of taxable revenue per year. This tax is equal to \$250 plus 0.57% of the taxpayer's revenue.</p>
Revenue Yield & Stability	<p>In 2001 a 0.1% tax on gross receipts was estimated to yield about \$11 million. This analysis will need to be updated to determine potential</p>

	<p>revenue at this time.</p> <p>Using total Real GDP for the Eugene MSA from 2021 (most recent data available), which equaled ~\$15.1 billion, it is reasonable to expect that a 1% tax on gross receipts could yield about \$15 million annually. However, more analysis is needed for a more definitive estimate.</p>
Administrative Effort	<p>Significant City effort would be necessary to implement, collect and administer a City gross receipts tax.</p> <p>It may be possible to contract with the Department of Revenue, who collects the statewide Commercial Activity Tax, to collect and administer a local tax, thus reducing the administrative effort. However, this option would include additional costs and may delay implementation.</p>
Timeline	Implementation would likely take two years or more, depending on opposition and the complexity of the tax.
Who Pays	A broad gross receipts tax would apply to for-profit businesses of all kinds. Although a gross receipts tax is not a retail sales tax, it would likely be passed on in the purchase price of goods and services, meaning that both residents and non-residents purchasing goods and services within the City would ultimately be burdened by the tax.
Fairness & Indirect Implications	<p>Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. As a result, these households would experience more impact in any increase in goods and services resulting from a gross receipts tax.</p> <p>Since Eugene is a part of a larger metro area, consumers could shop outside the City to avoid the tax, although a very low rate of the tax would help minimize this effect. Similarly, business location decisions could be adversely impacted if there were substantial increases in the cost of doing business within the City. The “tax pyramiding” aspect of a gross receipts tax could cause a shift of some wholesale and manufacturing activity to areas outside the City.</p> <p>Gross receipts taxes impact firms with low profit margins and high production volumes, as the tax does not account for a business’ costs of production as a corporate income tax would. These taxes can be particularly severe for start-ups and entrepreneurs, who typically post losses in early years while still owing gross receipts payments.</p>
Sustainability Impact	<p>This tax would have a negative effect on the city’s business climate. Because the tax is levied on receipts and not the profit of a business, new and struggling businesses will be disproportionately impacted by a gross receipts tax as they attempt to make profits or minimize their losses.</p> <p>Lower income households will experience a larger negative impact if the tax results in higher costs associated with purchase of goods and services.</p> <p>There is no apparent direct impact on the environment as a result of this tax.</p>
Viability in Solving Funding Issues	This tax could generate significant revenue and could be administered through existing pathways (DOR). However, it is likely to face strong opposition in the business community, which would lengthen the

	<p>implementation period likely beyond two years. Impacts to Eugene's business climate, low-income residents, and Council Goals is negative.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable, no direct nexus • Capital Acquisition & Replacement: Viable, no direct nexus • Climate/ Sustainability Services: Viable, no direct nexus • Unhoused Services: Viable, no direct nexus • Affordable Housing: Viable, no direct nexus • City Hall Loan Repayment: Not viable; funding is sufficient but timeline might be too long to be helpful; not politically feasible. • City Contributions to Community Partnerships (infrastructure): Not viable; funding is sufficient but not politically feasible; creating a nexus by levying tax only on businesses that would benefit from the infrastructure funded by the revenues is unlikely and administratively prohibitive.
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**2023 Staff Revenue Team
Revenue Source Summary**

Business License Fee	
Description	A business license is a government-issued permit that authorizes an individual or a company to conduct business in that government's jurisdiction. The fee calculation could take several different forms: a fixed amount per business or be tiered, based on business size (measured by gross receipts or number of employees). It is typically paid prior to engaging in business, paid on an annual basis, and does imply a regulatory relationship.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a business license fee by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>Business license requirements vary widely across Oregon.</p> <p>The City of Portland business license rate is 2.6% of net income after allowable deductions. The annual minimum fee is \$100. Business licenses are required from the opening date of business. Multnomah County's business income tax rate is 2% of the net income after allowable deductions. The annual minimum fee is \$100 (started 2008). Business income taxes are due at the same time they file federal and state income tax returns. Both have exemptions, most notably businesses that gross less than \$50,000 annually for the Portland tax and \$100,000 annually for the Multnomah tax.</p> <p>Springfield requires a license for 28 business types with a fee schedule tailored to those business types. In 2014, Springfield's Finance Director estimated that 75-80% of the estimated \$105,000 - \$120,000 generated per year revenue was devoted to personnel expenses to administer the program. A large portion of the remaining revenue covered software, supervision, and indirect program costs, leaving approximately 5-10% of collection as net revenue.</p> <p>Salem requires a license and fee for certain business categories.</p> <p>Medford requires an annual business license for all businesses. The application review fee is \$50 and the commercial business license fee is \$100. A subset of business types are exempts (such as non-profits). Some business categories have fees specific to that category (mobile food vendor, home-based business). The fee application process requires information for the Fire Department, including emergency contacts, type of fire protection system, and the presence of hazardous or combustible materials. The business license process consolidates a variety of regulatory issues into a single, streamlined process.</p> <p>Eugene currently requires the following businesses to apply and pay a fee for a license from the City: payday lenders, public passenger vehicles, and recycling and solid waste haulers. Eugene requires permits and fees for on-street commercial activity in the Downtown Activity Zone.</p>

Revenue Yield & Stability	<p>There are an estimated 8,000 businesses in Eugene (In 2001 there were approximately 5,800 in Eugene and 9,895 in Lane County. The current estimate is based on application of that ratio to the 14,654 business units in Lane County in 2023). More research should be done to accurately estimate the actual number of businesses in Eugene.</p> <p>A \$100 annual fee would be in a range of fees imposed by other Oregon cities. A flat fee of \$100 per year would generate approximately \$800,000 in business license revenue, assuming 100% collection.</p> <p>The stability of this revenue source would fluctuate with the area's economic conditions and the mobility of firms to leave the Eugene jurisdiction.</p>
Administrative Effort	<p>The City currently has a small business license program for payday lenders, public passenger vehicles, and recycling and solid waste haulers, as well as a payroll tax. The 2014 analysis estimated that administrative costs could be in the range of \$250,000 to \$300,000 (in 2014 dollars).</p> <p>There could be an opportunity to consolidate reporting requirements for commercial activity. For example, Medford uses the business license to collect data about hazardous materials, creating up-to-date information for the Fire Department. Eugene could combine the reporting for the Toxics Right-to-Know program. The basic business license could be used as a license for payday lenders, PPVs, and solid waste haulers, to reduce the variety of forms managed by the City and simplify the process for businesses.</p>
Timeline	<p>The 2014 analysis concluded that the timeline for implementation of an overarching business license program would be a minimum of 8-12 months from Council approval of the program.</p>
Who Pays	<p>While this fee would be paid by businesses, some portion of it may be passed on to the customers.</p>
Fairness & Indirect Implications	<p>The fairness of this fee would largely depend on its structure. A flat fee per business would be a greater burden on smaller businesses with lower revenue. A tiered structure could alleviate the burden. This fee would not be related to business profitability. It would be a deductible business expense for federal and state tax purposes.</p> <p>Businesses in Eugene have experienced increases in their tax burden in recent years. The state created the Commercial Activity Tax; Eugene implemented a payroll tax and a Construction Excise Tax on construction activity.</p> <p>The data collected from a business license would be useful to City staff. It would create a regularly updated list of the businesses in Eugene, which would make it easier for staff to contact the business for city-related work. (Economic Development staff do not have access to any data from the Payroll Tax). If the license required information about hazardous and flammable material, ESF could have annually updated information about hazards.</p>

Sustainability Impact	Businesses may choose to shift to nearby jurisdictions with a lower tax burden. Existing businesses are unlikely to move, but the tax structure will affect location decisions within the region as new firms consider where to locate and existing firms consider expansions.
Viability in Solving Funding Issues	<p>A business license fee could be a viable revenue that could net roughly \$500,000 per year (after covering staff time to administer program).</p> <p>It could face political resistance because Eugene-based businesses have already been asked to pay into the Payroll Tax and the CET (for construction) in Eugene and the state-imposed CAT.</p> <p>The fee could, however, be used to consolidate data collected from firms and existing business license fees. This consolidation could more efficiently use staff time (by combining Toxics Right to Know with business licenses).</p> <p>It would have a nexus with On-going Service Costs, but not with any of the other funding gaps.</p> <p>It could be implemented in the Near Term.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Carbon Tax	
Description	<p>A carbon tax is a form of carbon pricing, which is exactly as the name implies: imposing a price on carbon emissions to mitigate the negative externalities created by greenhouse gas emissions, specifically carbon dioxide (CO₂) emissions.</p> <p>There are both direct and indirect carbon pricing instruments. Direct carbon pricing instruments are those that apply a price incentive directly proportional to the greenhouse gas emissions generated by a product or activity (primarily carbon taxes and emissions trading schemes (ETS, also known as a “cap-and-trade”) and carbon crediting mechanisms (e.g., offsets). Indirect pricing instruments are those that change the price of products associated with carbon emissions in ways that are not directly proportional to those emissions, for example a consumption tax.</p> <p>The focus of this revenue alternative is a carbon tax. A carbon tax directly sets a price on carbon by defining a tax rate on CO₂ emissions or on the carbon content of fossil fuels used to produce energy. A primary purpose of the tax is to put a price on CO₂ emissions from carbon-based energy sources. This cost would be passed on in the price of the fuel, energy generated with the fuel, or products or services that utilize the fuel.</p> <p>Fuels that produce CO₂ include gasoline, diesel, kerosene, aviation fuel, liquefied petroleum gas (propane), fuel oil, heating oil, methane gas, coal, firewood, wood waste, hog fuel, and biofuels. A tax would most likely be applied to a limited number of fuels that generate the most CO₂ emissions when burned. In Eugene, this is gasoline, diesel and methane gas.</p>
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants City Council broad authority over matters within the City’s boundaries. City Council may implement either an excise tax or a business license fee on transactions involving carbon-based fuels. Alternatively, the tax may be placed on a ballot by the Council, by a citizens’ initiative petition or by a referendum petition.</p> <p>Under Section 3a of Article IX of the Oregon Constitution, any carbon tax revenue on motor vehicle fuel transactions can be used only within the street right-of-way on transportation-related projects. The City currently has an excise tax (implemented as a business license tax) on dealers engaging in the sale, use or distribution of motor vehicle fuel in the City. The purpose of this tax is to fund City transportation related projects and is not intended to be nor set at a level to reduce consumption of transportation fuels. Any amendment to the local motor vehicle fuel tax will require approval by Council.</p> <p>There are other potential Constitutional limitations in considering a carbon tax in Oregon. Specifically, Section 3b of Article IX states that tax rates on oil</p>

	<p>and natural gas shall not exceed 6% of the market value of each resource, with the exception of taxation covered under Section 3a. According to Article VIII, Section 2 (1)(g), revenue from taxes on oil and natural gas outside of the scope of Section 3 accrue to the Common School Fund.</p> <p>Rates on electricity are determined by the EWEB Board. It is an open legal question as to whether the City could tax carbon-based electricity distributed by EWEB.</p>
Precedence	<p>Over 65 carbon pricing initiatives have been implemented at a national, state or provincial level including carbon taxes and emission trading systems. Argentina, Australia, China, Canada, the EU, Japan, Korea, New Zealand, the UK are among the entities that have some form of national carbon tax in effect. There are many differences among these countries on what fuels are taxed, the structure of the tax, tax rates, and at what point taxes are imposed. In North America, there are differences as well in the type and structure of taxes.</p> <p>Quebec adopted a carbon tax in 2007. The tax rate for gasoline in Canadian currency was 3 cents (Canadian) per gallon, or about CA\$3.50 per metric ton of CO₂e. This tax is now 38 cents (Canadian) per gallon. British Columbia established a carbon tax in 2008 at the rate of CA\$10 per metric ton of CO₂ (9 cents per gallon).</p> <p>In 2008, the Bay Area Air Quality Management District in California passed a 4.4 cent per ton carbon fee that applies to 500 businesses in the district. This established a much lower price on carbon pollution than would be expected to incentivize energy switching. The tax has generated approximately \$1.1 million per year in revenue.</p> <p>In 2022 voters in Boulder, Colorado approved a Climate Tax that replaced a Climate Action Plan tax first adopted in 2006 and a Utility Occupation Tax first approved in 2010. Boulder charges residents and businesses according to how much energy they consume (electric and fossil gas), so the tax is not a traditional carbon tax because it is imposed based on energy usage (kWh or 1000 cubic feet) not carbon content. On average, the city estimates residential customers will pay around \$4 more per month. Other types of customers, like commercial and industrial businesses, will pay between \$40 and \$120 per month, respectively. Participants in the city's Low-Income Energy Assistance Program are exempt from this tax. The tax is anticipated to generate \$6.5M annually to fund climate resilience work, including wildfire resilience. The tax will increase with inflation every year until 2040. Boulder voters also gave the city authority to borrow against the Climate Tax. This bonding authority will allow the city to accelerate investment in climate and resilience work by issuing debt to be repaid with future Climate Tax revenues.</p> <p>In 2018, Athens, Ohio passed a carbon fee that is placed upon utilities, set at a rate of 2-mills per kilowatt hour (\$0.002/kWh). This fee adds up to an increase of \$1.60-\$1.80 on an average household's utility bill each month. Revenue is used to fund solar projects in the city.</p>

	<p>In 2019, Seattle City Council approved a \$0.236 per gallon tax on heating oil sold by heating oil service providers in Seattle. The tax excluded biodiesel. The city expected the tax to raise \$1.6M in 2021, the first full year of implementation. The tax and associated programs supported by tax revenues was intended to accelerate the rate of conversion from oil heat to electric heat pump systems with a specific focus to help low-income households cover the cost. The tax was never implemented and was repealed in 2023.</p> <p>In November 2020, Portland (OR) proposed a Healthy Climate Fee, which established a \$25 per-ton fee on GHG emissions from facilities in Portland with emissions of 2,500 metric tons of CO₂e (carbon dioxide equivalents) per year or greater. In 2019, a total of 35 facilities met that benchmark. Those 35 facilities totaled 370,000 metric tons of CO₂e emissions, which was projected to generate ~\$9 million in annual revenue from this fee. Portland shelved further consideration of this fee in November 2021.</p>
Revenue Yield & Stability	<p>Because they are dominant contributors of CO₂, gasoline, methane gas, diesel, heating oil and possibly electricity would be the most viable candidates for a carbon tax in Eugene. Other carbon fuels including kerosene, aviation fuel, liquefied petroleum gas (propane, butane), fuel oil, methane, coal, firewood, wood waste, hog fuel, and biofuels make relatively small GHG emission contributions.</p> <p>The 2021 community GHG inventory calculated Eugene's annual CO₂ emissions from transportation and buildings at approximately 800,000 metric tons. Based on the 2021 GHG inventory, it is estimated that gasoline contributes 34% of the community's total CO₂ emissions, followed by methane gas at 21%, diesel at 20% and electricity with a 7% share of total emissions.</p> <p>There are several mechanisms by which a carbon tax could be implemented. These include a fuel tax, an energy utility consumption tax (also discussed as its own financial option), or a CO₂ emissions tax like the Portland Healthy Climate fee.</p> <p>A limited carbon tax on fuel transactions at the dealer level could be implemented within the City of Eugene in a manner like the current local motor vehicle fuel tax. The potential revenue yield would depend on which fuels are taxed, the average carbon content in relation to energy of this fuel, the tax rate per ton of carbon, and the volume of the taxed fuel transactions that occur. By implementing the tax in the form of a business license fee, which is also discussed as its own financial option, dealers in the City would be responsible for paying the tax as a condition of doing business in the city.</p> <p>Carbon tax rates are usually expressed as a rate per ton of carbon contained in the fuel. For example, a \$25 tax per ton of carbon on gasoline would increase the price by \$0.05 per gallon and a \$25 per ton of carbon tax on methane gas would increase the cost of that gas by \$0.41 per 1000 cubic feet (MCF). In 2021, the Eugene Sustainability Commission recommend a tax on vehicle gasoline at \$0.01/gallon and a tax on methane gas at \$0.06/mcf (thousand cubic feet) – a pricing structure equivalent to \$1.00 per ton of</p>

	<p>CO2e. Based on the most recent GHG emissions inventory, this would generate approximately \$800,000 annually.</p> <p>A per-ton GHG fee similar to Portland's proposed Healthy Climate Fee focused on entities emitting over 2,500 tons of CO2 per year could generate between \$450,000 and \$1.1M depending on the fee level (e.g., between \$10 and \$25 per ton). Eugene currently pays \$10 per ton to offset CO2 emissions from City operations. Portland's proposed fee was \$25 per ton.</p>
Administrative Effort	<p>A simple carbon tax on a limited number of fuels and structured as a business license tax on motor vehicle fuels would be straightforward to administer. If the tax were applied to all carbon-based fuels or made more complex with contingent levels, exemptions, rebates, subsidies etc., it would be more difficult to administer. If the tax were attempted to be imposed on the CO2 released to produce goods and services elsewhere and subsequently brought into Eugene, it would probably be impractical to administer.</p> <p>For a simple tax, between one to three FTE might be needed, at an annual administrative cost of \$100,000 to \$400,000. A complex tax could require \$1 million or more.</p>
Timeline	Depending on the complexity of the tax, up to two years may be required for implementation.
Who Pays	<p>If a carbon tax were imposed as a business license tax dealers engaging in the sale, use or distribution of fuel would be responsible for the tax. The intent of the tax is that these costs would then be included in the cost of the fuel and would be passed on to consumers. If the fuel is sold at retail or is consumed in the production of a good or service within the city, it would increase the cost to the consumer.</p> <p>Residents would be more likely to pay a carbon tax than non-residents. This is particularly true for fuels providing household energy, notably electricity and methane gas. Non-residents could avoid the tax by obtaining fuel, goods and services where they live or elsewhere in the metropolitan area outside the City's limits. Insofar as cost of a taxed fuel is passed on in a fuel, good or service that is exported outside the city, non-residents would pay some amount of the tax costs.</p> <p>Carbon taxes paid by businesses would depend on what fuels are taxed, rates and the structure of the tax. A tax deployed as a business license tax would be passed on to all users of a taxed fuel, whether business, industry or residents.</p> <p>Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. These necessities include energy for home heating and other household uses and fuel for personal transportation. Under a carbon tax, the costs of some of these necessities would increase. Because they have greater disposable income, higher income households may have a wider range of alternatives to choose from in response to higher costs. These might include making an investment in energy efficient appliances, shopping outside the city where</p>

	<p>the good or service is not taxed, switching to alternative lower-carbon based fuels, goods or services, or simply paying the higher cost including the tax. Lower income people will not have this full range of options and so may see impacts on standard of living. If the carbon tax revenue is used to provide subsidies, exemptions, energy assistance and so forth to lower income people this impact could be reduced.</p>
Fairness & Indirect Implications	<p>Depending on what is taxed, the tax rate and structure, and any exemptions or rebates, a carbon tax on carbon fuel transactions could have some negative short-term economic impacts. The basic intent of a carbon tax is to increase carbon-based costs to consumers, so it is assumed the costs will be passed down in the price of fuel, energy, goods and services.</p> <p>Because Eugene is part of a larger metro area, consumers could elect to shop outside the city to avoid the tax when possible on fuel, goods and services reducing the revenue potential of the tax. Since Eugene is a part of a larger metropolitan area, any substantial increases in costs to consumers and businesses within Eugene could cause a shift of some manufacturing, retail and other business activity to areas outside the city.</p> <p>Equity concerns of a carbon tax include: depending on the price level, a carbon tax may not have any impact on GHG emissions, may not reduce the disproportionate impacts of hazardous co-pollutants on people of color and low-income communities already burdened by pollution, and would be expected to have a regressive impact in terms of energy price increases for low-income households relative to wealthier households.</p>
Sustainability Impact	<p>A carbon tax can change behavior and promote switching to lower-carbon fuels in power generation, conserving on energy use, and shifting to cleaner vehicles, but would need to be priced appropriately to spur any such switching. Depending on how the tax was structured, a carbon tax could also generate revenue that could be used to pay for other emission reduction initiatives and help reduce or mitigate the climate related impacts of burning carbon-based fuels.</p>
Viability in Solving Funding Issues	<p>A limited carbon tax on fuel transactions at the dealer level implemented within the City of Eugene like the current local motor vehicle fuel tax could be a viable revenue source. This could be structured as an increase to the existing motor fuel tax or as a new utility consumption tax. Alternatively, it could be expanded to other carbon-based fuels (e.g., methane gas, heating oil) by creating a business license tax on non-motor vehicle fuel transactions.</p> <p>Depending on what fuels are included and the tax rate, a carbon tax could generate an addition \$400,000-\$800,000 per year (after administration costs).</p> <p>Taxes on energy tend to be regressive, so a carbon tax as either a fuel tax or energy consumption tax could potentially create disproportionate impacts on lower income residents already potentially cost and energy burdened or who</p>

	<p>depend heavily on a personal vehicle, unless there were exemptions carved out like what Boulder did with their tax.</p> <p>Depending on how the tax was structured and what carbon-based fuels are included, viability could change.</p> <p>On-going Service Costs: Potentially viable, no direct nexus, political feasibility contingent on tax rate and tax scope.</p> <p>Capital Acquisition & Replacement: viable, direct nexus – current motor fuel tax used for transportation related capital projects, revenue would depend on level of tax increase of existing tax or newly added fuels, political feasibility contingent on rate and scope of tax.</p> <p>Climate/ Sustainability Services: Potentially viable, possible nexus – a tax on motor vehicle fuel needs to be used on transportation-related projects, a tax on oil and methane gas may have constitutional limitations, a utility consumption tax could both reduce consumption and fund sustainability services, projects, political feasibility contingent on</p> <p>Unhoused Services: probably not viable, no direct nexus, constitutional limits on where revenue can be spent</p> <p>Affordable Housing: probably not viable, no direct nexus, constitutional limits on where revenue can be spent</p> <p>City Hall Loan Repayment: probably not viable, no direct nexus, would not provide revenue needed within the required timeline, constitutional limits on where some revenue can be spent</p> <p>City Contributions to Community Partnerships (infrastructure): probably not viable, no direct nexus, would not provide revenue needed within the required timeline, constitutional limits on how revenue can be spent</p> <p>A carbon tax could be implemented in the Near Term.</p>
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**2023 Staff Revenue Team
Revenue Source Summary**

City Service Fees	
Description	<p>Service fees are typically set to recover all or part of the costs of a group of services broadly accessed by occupants of property in a city. These fees are billed to persons who occupy or have use of developed property. Unlike electricity, water, stormwater and sewer utility services, this fee may fund services that may not be delivered directly to the property and are not directly measurable. The purpose of the fee is to provide stable funding to ensure the service remains available to the community.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a city service fee by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund, or could be restricted by ordinance for a particular purpose.</p> <p>In January, 2007, the Oregon Supreme Court, in <i>Knapp v. City of Jacksonville</i>, upheld Jacksonville's public service fee. This case clarified that city fees collected via a utility bill may be charged to a person with the right to occupy or use property, but they may not be based on property ownership or value.</p>
Precedence	<p>Measure 20-211, which was on the May 21, 2013, ballot asked Eugene voters if they would rather pay a capped, monthly City Service Fee to maintain funding for certain community services, or have those services reduced or eliminated. The fee was defeated at the ballot, with 67% voting no.</p> <p>Many municipalities in Oregon charge city service fees for libraries, parks, street operations and maintenance, police and/or fire services.</p> <ul style="list-style-type: none"> • Gresham implemented a temporary Police, Fire and Parks Fee, in 2012, on households and businesses to help maintain essential police positions and keep fire stations open. The fee was implemented without a vote and Council has extended this fee each year, with the current temporary fee expiring June 2024. • Corvallis enacted two public safety fees in 2019, dedicated to both police and fire services. The fees are based upon a property owner's water meter size, with the average cost being about \$20 in 2023. • Hillsboro enacted a transportation utility fee in 2008. In 2023, the fee is \$9.11 per single family residence. Commercial property is separated into 7 different types and is billed a base fee and then additional increments by their total square footage. • Oregon City enacted a pavement maintenance utility fee in 2008, and charges for the numbers of trips a land use generates. As of 2023, a single family residence is charged \$15.07 per month, on the utility bill. Non-residential fees are set at \$0.258 per trip generated. • Medford charges \$4.60 per single-family home per month for

	<p>police and fire services. Medford also charges a parks maintenance fee of \$2.95 per month per single-family home and business unit for maintenance and operation of city parks.</p> <ul style="list-style-type: none"> • As of 2023, the City of Tigard's park and recreation fee is \$8.63 per month, billed on a resident's utility bill for general parks and recreation system operations and maintenance. • In 2021, Tualatin's City Council approved a \$5 per month fee, billed on a resident's utility bill for park restoration, repair, and maintenance services.
Revenue Yield & Stability	<p>Yield will vary with the fee level. City service fee revenue usually supplements other resources. Fees are set with consideration of the impact on the customer as well as the target revenue yield. Service fee revenues are stable because the fee is levied broadly across the community and the typical basis for the fee (occupancy and use of property) is fairly inelastic.</p> <p>The 2013 proposed City Service Fee would have been a flat fee, capped at a maximum of \$10/month for residential and \$30/month for non-residential property. The actual fee would be set by council and could be less than the cap. To produce the \$5.3 million needed to fund the specified services, it was anticipated that the actual monthly fee would be less than the cap. Actual revenue yield would depend on how the fee was implemented in an ordinance that was never drafted because the measure failed at the polls.</p>
Administrative Effort	<p>Most cities collect service fees as part of the city's sewer, stormwater or water utility billing for a property unit. In many cities, this is practical because the cities operate and bill for their own utility services. In Eugene, this would require cooperation by EWEB. If the fee is levied on a per-unit basis and is included on existing EWEB utility bills, annual costs of administration, billing, collection and enforcement could be relatively low.</p> <p>The City has worked with EWEB in the recent past to better understand technical limitations and opportunities of the EWEB system to bill fees. EWEB is currently undergoing a large systems renovation, and there is a potential for the new billing system to allow additional flexibility. Per City Charter, Section 44 (5)City Council may require EWEB to bill and collect City service charges for collecting and disposing of liquid and solid wastes. EWEB would need to agree to collect additional service fees, such as a city service fee.</p> <p>Alternative administrative options include using a third-party billing agency or creating an in-house billing and administrative process. Under these approaches, administrative costs would be higher and the collection rate may be lower than partnering with EWEB. In addition, administrative costs would likely be higher if the basis of the fee requires development and maintenance of property-specific data on which to base the fee. Developing an in-house process would provide more control over revenue collection. In 2022, staff analysis estimated that alternate billing options might cost 10% to 15% more than utilizing EWEB.</p>
Timeline	<p>Time would be needed to determine billing, collection and enforcement processes. Depending on the method of billing and the complexity of the</p>

	rate setting methodology, it may take up to two years to implement a new city service fee.
Who Pays	<p>This would be determined through specific ordinance language, with a goal of broadly spreading the cost of community-wide public services to both residential and non-residential properties.</p> <p>For the 2013 proposed City Service Fee, the person who was responsible for paying the stormwater sewer service charges would be the responsible party for paying the City Service Fee. It was levied on developed property and there were different rates for residential vs. non-residential units. Council determined that 4J and Bethel would pay at the residential rate for any school owned by those districts. The measure included creation of a low-income assistance program that would be defined in the ordinance, which was never written as the measure failed at the polls.</p>
Fairness & Indirect Implications	The successes of cities that have implemented monthly fees for public services demonstrates that such fees can be seen as fair and can be politically feasible. However, given the recent experience in Eugene, it is likely that substantial additional community discussion would be required before a consensus on fairness emerges and a politically feasible approach could be developed.
Sustainability Impact	Some would consider this tax as regressive in that the fee is the same regardless of property value/household income. Low-income households would pay a greater percent of their income than businesses/households with higher income unless there was an exemption or low-income assistance program. The City currently contributes to the low-income assistance fund administered by EWEB, to assist low-income households with utility bills. Regardless of what entity administered a new city service fee, the City could continue with this assistance for community members.
Viability in Solving Funding Issues	<p>A City Service Fee could raise a significant amount of revenue. With over 30 cities in Oregon implementing monthly fees to support city services, such as transportation, public safety, parks, etc., this method of service specific revenue generation is potentially a politically feasible and organizationally implementable revenue option.</p> <p>This fee has a strong nexus with funding the ongoing service costs. Many cities throughout Oregon have used city fees to supplement general city services like public safety, parks, recreation, and transportation. It is legal to use this type of fee to solve for capital investments into infrastructure, however, most cities have used a fee to supplement operating services. The service fee could have a nexus with other funding issues, depending on how the fee is structured and how revenues are directed to be used.</p> <p>If EWEB becomes the collection agency, to keep the implementation within the two year or less timeframe, the fee would ideally be structured using one of the existing utility account structures (i.e., the fee is structured following the stormwater account model). By following an existing account structure, the technical set-up and testing within EWEB's billing system is minimized. If the fee is established using a different structure, the implementation may extend beyond two years and additional investment into EWEB's billing system may be required.</p>

	<p>If the City utilizes a third-party administrator to collect the fee, or develops an in-house billing process, development and maintenance of property specific data may be needed, extending the timeline required to begin collection. Additionally, the collection rate may be lower, increasing the overall administrative costs as well. However, establishing a collection mechanism in-house provides the City more control over revenue collection in the future for a variety of programs for which a city service fee could raise supplemental revenue.</p>
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**2023 Staff Revenue Team
Revenue Source Summary**

Construction Excise Tax Increase	
Description	<p>In 2016, Oregon Legislature passed Senate Bill 1533 authorizing Oregon cities and counties to establish a construction excise tax (CET). The law authorizes a city or county to tax new residential, commercial, and industrial buildings, additions, and alterations. Specifically, it applies to all improvements which result in a new structure, additional square footage to an existing structure, or addition of living space to an existing structure.</p> <p>On April 8, 2019, City Council passed Ordinance No. 20609 establishing a local Construction Excise Tax (CET) to provide a dedicated source of funding for Affordable Housing in Eugene. Funds generated by the CET go into the City's Affordable Housing Trust Fund (AHTF). The AHTF supports local housing related programs, incentives, and services for households earning 100% of area median income and below. The Ordinance also created a community member advisory committee to advise City staff on the use of the AHTF.</p>
Legal Authority & Restrictions	<p>Eugene's AHTF pays for projects and programs that increase availability and access to owner and renter occupied housing that is affordable to moderate- and low-income community members. The AHTF is funded by a local CET. City Council passed Ordinance No. 20609 establishing the CET for affordable housing in 2019. The CET collects 0.5% on residential and commercial/industrial construction of new structures and additions to existing structures in Eugene.</p> <p>The State maximum for CET that local jurisdictions are allowed to impose is 1% for residential construction. Council could, therefore, raise the residential CET by up to 0.5%, to a total of 1% (the State maximum). There is no State cap for commercial or industrial construction. Council could increase the commercial/industrial rate.</p> <p>Cities may retain an amount not to exceed 4% as an administrative fee to recoup the expenses of collecting the CET. After deducting the administrative fee, State law provides that revenue from:</p> <ul style="list-style-type: none"> • <u>residential</u> construction excise tax must go to incentives for developers to create Affordable Housing (50%), Affordable Housing programs (35%), and to Oregon Housing and Community Services to be used for programs providing down payment assistance (15%); and • <u>commercial or industrial</u> construction excise tax, at least half of revenues must go toward the jurisdiction's housing-related programs. <p>State law also mandates a list of building types that are exempt from paying CET. Council has added a few additional building type exemptions. State exemptions include educational, religious, or public improvements, rebuilds after a natural disaster, and certain non-profit owned facilities. Eugene's code also includes exemptions for projects granted a multi-unit property tax exemption (because the program has a moderate-income contribution requirement), certain Affordable Housing developments, and transitional housing as well as housing or shelters for people experiencing homelessness.</p> <p>Based on State legislation adopted in 2016, the City can continue levying the tax</p>

	for an indefinite amount of time. City Council reviews the overall management and outcomes of the program every two years.																				
Precedence	<p>In addition to Eugene, several other jurisdictions in Oregon also have a CET. However, there is variability in local ordinances that govern the tax rate of CET and the use of funding. For example:</p> <ul style="list-style-type: none">• Corvallis’s CET is 1% for residential (the max allowed) and 1.5% for commercial/industrial and used for Community Development Revolving Fund and the Development Services Fund.• Bend collects one-third of 1% on every construction permit for affordable housing uses and collects an additional one-third of 1% on commercial/industrial permits that it uses for housing related programs (half of the revenue) and the other half council dedicated to support, services, and programs for people making up to 30% AMI.• City of Portland has a 1% CET for commercial and residential construction. The allocation of residential CET is 15% to OHCS, 50% to the Inclusionary Housing Fund for incentives for programs that require affordable housing, and 35% to the Inclusionary Housing Fund to support the production and preservation of affordable housing units. The allocation of the commercial CET is 100% to the Inclusionary Housing Fund to support the production and preservation of affordable housing units at and below 60% median family income																				
Revenue Yield & Stability	<p>Eugene’s CET went into effect July 1, 2019 (FY20). Funds were allocated to housing programs and projects starting in FY20. CET revenue changes from year to year based the level of construction activity. City Council also makes annual General Fund contributions to the AHTF. The table below shows the CET revenue at 0.5% on the construction of new structures and additions to existing structures in Eugene.</p> <table><tr><th>CET Revenues</th><th>FY20</th><th>FY21</th><th>FY22</th><th>FY23</th></tr><tr><td>Commercial*</td><td>\$ 113,810</td><td>\$ 644,678</td><td>\$ 188,683</td><td>\$ 344,814</td></tr><tr><td>Residential</td><td>\$ 202,525</td><td>\$ 503,814</td><td>\$ 566,333</td><td>\$ 720,438</td></tr><tr><td>Total</td><td>\$ 316,335</td><td>\$ 1,148,493</td><td>\$ 755,016</td><td>\$ 1,065,252</td></tr></table> <p>*includes industrial construction</p> <p>To date, most of the AHTF (75%) has supported housing development; 25% has supported direct assistance to renters and homeowners to help increase access to housing.</p>	CET Revenues	FY20	FY21	FY22	FY23	Commercial*	\$ 113,810	\$ 644,678	\$ 188,683	\$ 344,814	Residential	\$ 202,525	\$ 503,814	\$ 566,333	\$ 720,438	Total	\$ 316,335	\$ 1,148,493	\$ 755,016	\$ 1,065,252
CET Revenues	FY20	FY21	FY22	FY23																	
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Residential	\$ 202,525	\$ 503,814	\$ 566,333	\$ 720,438																	
Total	\$ 316,335	\$ 1,148,493	\$ 755,016	\$ 1,065,252																	
Administrative Effort	<p>To increase the CET, Council would need to amend the code, which would involve staff time for at least one work session (but most likely more), a public hearing, and action item.</p> <p>Both broad public outreach and specific stakeholder engagement before and during the code change process would be advisable. Key stakeholders include the AHTF Advisory Committee, Eugene Chamber of Commerce, local development community, and housing-related organizations.</p> <p>The mechanics of collecting a higher amount would have relatively little impact because that is an existing process. Project delivery administration to utilize the funds after collection could vary depending on desired uses.</p>																				

Timeline	<p>The process with Council and public outreach, including prep time, could be approximately 6-12 months. If Council were to approve an ordinance change to increase the CET, collection would start after the effective date. To date, CET funds have been put in the AHTF and are collected in one year and awarded in the following year. It would likely be FY26 at a minimum before new revenue would be awarded. For new uses, more lead time for deliberation on the code would be necessary to navigate political and practical matters, especially considering how the potential new funds would be used and how that relates to addressing housing needs in the community.</p>
Who Pays	<p>The CET is required to be paid by the developer or property owner that is developing or making improvements to existing property within Eugene city limits for residential and commercial/industrial construction. The CET applies to certain improvements to property that result in additional square footage or improvements that create additional living space. The CET is paid when the permit is issued.</p> <p>State law allows CET to be applied to developers of market rate residential, commercial, and industrial projects, although the increase in CET could be limited to one or more types of construction.</p>
Fairness & Indirect Implications	<p>Increasing the CET adds cost to develop within the city limits, which could reduce viability of projects. This is especially of concern related to raising the cost of market rate housing development.</p> <p>During CET adoption in 2018, Council emphasized that the CET would be used for housing related things (which could include unhoused services). In considering an increase to the CET for commercial/industrial construction, Council could reinforce that emphasis or set an additional outcome.</p> <p>If developers perceive the CET to be too high, they might develop someplace else or not develop.</p>
Sustainability Impact	<p><i>Possible Economic Impact</i></p> <ol style="list-style-type: none"> 1. Revenue Generation: Additional revenue can be used to fund additional Affordable Housing projects and services for people with limited incomes, which can improve the quality of life in the community. Exemptions or reductions may be provided for projects that meet specific criteria, such as energy efficiency or affordability requirements. 2. Construction Activity: Higher construction taxes can increase the overall cost of construction projects. As a result, there could be a decrease in new construction, leading to a slowdown in local development. It may reduce new housing units developed, which could exacerbate housing shortages. Less development may lead to fewer job opportunities in the construction sector. <p><i>Possible Environmental Impact</i> - Green Energy Efficient building: May impact development choices i.e., discourage investment in environmentally friendly/green building practices based on cost.</p> <p><i>Possible Social/Equity Impact</i> - Affordability Issues: Higher construction taxes can increase the price of development and reduce new construction and exacerbate housing shortages, which can lead to higher home prices or rents, making it more</p>

	difficult for individuals and families to afford housing in the area. This can particularly affect lower-income residents.
Viability in Solving Funding Issues	<p>This tax may be a viable option to addressing some of the following funding issues in the mid-term, but opposition from the development/business community could be significant. Use of additional revenues would be most aligned with previous Council emphasis on funding housing-related purposes, making this revenue option a best fit for Affordable Housing. Unhoused services is a possible housing use for potential increase in the CET.</p> <p>Negative impact on residential development could be limited by only increasing the CET for commercial/industrial development and exempting multi-unit housing.</p> <p>All <u>residential</u> CET collected would need to be used for housing-related costs. (This would not include unhoused services.) Council could increase the existing tax rate for residential construction by 0.5% (to the State maximum of 1%).</p> <p>At least half of <u>commercial and industrial</u> CET revenues must go toward the jurisdiction's housing-related programs. The remaining amount could go for the other funding issues subject to Council direction. Council could increase the existing tax rate for commercial/industrial construction.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable for commercial/industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • Capital Acquisition & Replacement: Viable for commercial/ industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • Climate/ Sustainability Services: Viable for commercial/industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • Unhoused Services: Viable for commercial/industrial CET for at least half of any increase, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • Affordable Housing: Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • City Hall Loan Repayment: Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • City Contributions to Community Partnerships (infrastructure): Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.

**2023 Staff Revenue Team
Revenue Source Summary**

Corporate Income Tax	
Description	<p>A corporate income tax is different from a general income tax in that only for-profit corporations doing business or otherwise obtaining income from within the taxing jurisdiction are subject to the tax. Self-employed persons, sole proprietorships, partnerships, and other non-corporate business entities are not taxed as corporations. Income from these businesses is taxed as personal income. S-corporations may or may not be subject to a corporate tax. Public agencies and governments are not subject to corporate taxes and non-profit corporations are exempted as well.</p> <p>It is usually implemented as a schedule of tax rates applied to corporate net taxable income earned within the taxing jurisdiction, or it may be in the form an excise tax based on operating within the jurisdiction. Corporate tax structures can be complex, differing widely in details of structure, implementation, rates, exemptions, credits and deductions allowed, and definition of income.</p> <p>Additionally, income can also be assessed on corporations not doing business in the taxing jurisdiction, but with income from one or more sources within the jurisdiction.</p>
Legal Authority & Restrictions	<p>Legal restrictions depend on structure and application of the tax; under ORS 317A.158, the City is preempted from levying any new commercial activity tax, however subsection 2(b) expressly states that other privilege taxes not computed based on commercial activity are not preempted. Further legal analysis is needed to confirm permitted tax structure.</p> <p>If deemed permissible under ORS 317A.158, the City Council may implement a corporate income tax by ordinance as permitted under Oregon's constitutional home rule powers and the Eugene City Charter, which grants the City Council broad authority over matters within the city's boundaries. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. Unless otherwise directed/restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.</p>
Precedence	<p>The State of Oregon is among the 46 states taxing corporations based on either income or sales, whichever is greater.</p> <p>The State corporate tax rate on income is 6.6%-7.6% of Oregon net income under \$1 million, or \$66,000 plus 7.6% on incomes over \$1 million. Alternatively, a minimum excise tax of \$150 may be levied instead, based on sales of under \$500,000 in sales. This excise tax rises to \$100,000 for sales of \$100 million or more.</p> <p>Across the nation there are examples of local corporate taxes. The cities of New York, Detroit, Columbus OH, and Battle Creek and Lansing MI are among cities using this revenue source.</p> <p>In Oregon, Multnomah County has a business income tax at 2% of net income. Revenue generated from the tax goes to the County General Fund and is used to finance libraries, law enforcement, community</p>

	<p>corrections, jails, juvenile justice, bridges, social services, and health services. A portion of the BIT revenue is shared with the cities of Gresham, Wood Village, Troutdale, Fairview, and Maywood Park. The BIT is levied on businesses within Multnomah County.</p> <p>In Portland, the Metro Supportive Housing Services Business Income Tax was approved by voters in May 2020. It includes both a 1% tax on personal and business income. The business tax is on net income for businesses with gross receipts above \$5 million. #</p>
Revenue Yield & Stability	<p>Revenue yield could be significant, depending on structure and rate schedule of the tax. Most localities who have a corporate income tax have a tax rate of 1.0%; Detroit's tax rate is 2% and New York City is an exception with an 8.85% tax on net income.</p> <p>A 2003 staff analysis estimated that a 1% corporate income tax could yield about \$2.7 million annually, while a 10% surcharge on State corporate income tax would yield \$1.8 million. Further analysis will be necessary.</p>
Administrative Effort	<p>A City corporate income tax could be administered and collected most efficiently as a surcharge on a corporation's existing State corporate tax liability. This would greatly simplify imposition of the local tax. Effort and costs to implement and administer a City corporate income tax would depend on whether the City could reach agreement with the State Department of Revenue to collect the tax as a surcharge on existing State corporate tax. The City of Portland administers the Multnomah County and the Metro Supportive Housing business taxes.</p> <p>If the City were to implement and collect the tax internally, the administrative effort would likely be very high.</p>
Timeline	Implementation would likely take about 2 years. Any legal or political challenges to the tax would delay implementation.
Who Pays	Corporations conducting business and deriving income from within the City of Eugene would pay the tax. Exemptions would exist for government and public entities, non-profit organizations, sole proprietorships, and self-employed persons.
Fairness & Indirect Implications	<p>Although a corporate income tax is imposed on net income there is likely to be an indirect impact on the prices of goods and services because some or all of the cost of the tax would then be passed on in the wholesale or retail sale of goods and services, to be paid by the consumer.</p> <p>Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. As a result, these households would experience more impact in any increase in goods and services resulting from a corporate income tax.</p>
Sustainability Impact	A corporate income tax could discourage new businesses from establishing residence in Eugene and could also encourage existing businesses to move to a lower tax city. This would result in an overall loss in taxes for the City and negatively impact the Council Goal of "Sustainable and Accountable Development".

	<p>An increase in the price of goods or services as a pass-through to consumers would negatively impact low-income residents.</p> <p>No apparent direct impact on the environment exists as a result of this tax. If the tax were structured so that it only applied to corporations with carbon emissions above a certain threshold, and revenues were directed to climate and sustainability actions, it would create a nexus with positive implications for the environment, either by encouraging reduced emissions or funding climate action.</p>
Viability in Solving Funding Issues	<p>A corporate income tax is a viable solution for funding some on-going costs and portions of the revenue could be directed towards one-time costs. Depending on rate, revenue is likely insufficient to fund large capital acquisitions and replacements or City Contributions to Community Partnerships.</p> <p>No nexus exists with any funding issues, but the tax may be viewed as more fair or acceptable by the community if revenues were used for On-going Services Costs, which could include Fire and EMS services, Climate/Sustainability Services, Unhoused Services, or Affordable Housing.</p> <p>Due to potential political/legal challenges, especially from the business community, this likely could not be implemented in the current biennium. Implementation timeline also depends on whether the City could reach agreement with the State Department of Revenue or the City of Portland to collect the tax as a surcharge on existing State corporate tax (shorter timeline).</p> <p>Could negatively impact the business community and have slight negative impact on the Council Goal of "Sustainable and Accountable Development", but keeping the rate low would mitigate these impacts.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable • Capital Acquisition & Replacement: Viable • Climate/ Sustainability Services: Viable • Unhoused Services: Viable • Affordable Housing: Viable • City Hall Loan Repayment: Not Viable • City Contributions to Community Partnerships (infrastructure): Not Viable

**2023 Staff Revenue Team
Revenue Source Summary**

Debt: General Obligation Bonds	
Description	General Obligation Bonds (“GO Bonds”) are a borrowing or issuance of debt, the repayment of which is backed by a voter-approved property tax levy upon all taxable property in the City.
Legal Authority & Restrictions	<p>GO Bonds are authorized under ORS 287A. GO Bonds must be approved by a majority of the people voting in an election in May or November. City Council must pass a resolution authorizing the bonds.</p> <p>GO Bonds may only be used for capital construction and capital improvements owned by a public entity.</p> <p>The City has financial policies related to GO Bonds. Policy D.3. states that the use of GO Bonds will be limited to major capital construction or improvements in support of general municipal services. The City also has debt policies that limit net direct debt, such as GO Bonds, to 1% of the real market value of property within the City, and repayment of debt is limited to 21 years.</p>
Precedence	GO Bonds are used extensively by local governments across the US for a variety of purposes. The City has issued GO Bonds for parks and recreation projects, street repairs, fire stations, airport projects and other purposes.
Revenue Yield & Stability	<p>The Oregon Constitution allows a government to levy property taxes in an unlimited amount sufficient to pay, when due, the principal and interest on General Obligation Bonds. For each \$15 million of General Obligation Bonds issued in 2024, it is estimated the City would need to levy approximately \$1,750,000 per year for a 20-year bond, which would cost the typical taxpayer about \$23 per year.</p> <p>Property taxes for GO Bonds are exempt from the \$10 per \$1000 of real market value tax cap for all general governments under Measure 5.</p>
Administrative Effort	<p>Property tax collections are administered by Lane County. They prepare the tax bills, collect the funds, and remit the appropriate amount to the City on a regular basis. Enforcement is performed by both the County and the City in the foreclosure process.</p> <p>The process to issue General Obligation Bonds requires staff and consultant time and expense to determine the best structure and method of sale, to prepare legal documents and to prepare an offering statement for potential investors.</p> <p>General Obligation bonds require ongoing administration of the use of the funds and adherence to IRS and state law requirements over the life of the bonds (typically 20 years).</p>

Timeline	<p>GO Bonds must be authorized at a May or November election, so the timing is dependent upon getting a measure on those ballots. Council would need to start discussion of a GO Bond measure a minimum of six months ahead of a ballot to meet the election timelines. Once the bonds are authorized by City voters, it takes a minimum of three months to prepare the bond issue for sale.</p> <p>In order to levy property taxes to repay GO Bonds, the tax must be authorized by the Budget Committee during the normal budget process, which typically occurs in May.</p>
Who Pays	The tax is paid by all property owners within City limits, including businesses and residences. Businesses may choose to pass the tax on to their customers.
Fairness & Indirect Implications	<p>The property tax is a proportional tax on the value of real and personal property for both businesses and residences. It does not consider the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on non-profit organizations and low-income owners and tenants.</p> <p>Bond financing is a way to match the users of a capital project more closely with those that must pay for the project, and to match the payment of the project with the useful life of the project.</p> <p>Property taxes are paid only by property owners within the City limits. Any users of the bond-financed assets that live outside the City do not pay for a share of the use of that asset.</p>
Sustainability Impact	This tax would increase the cost of owning a home or business and potentially increase the cost of leasing or renting a home or business.
Viability in Solving Funding Issues	<p>GO Bonds are a viable funding source for capital acquisition and replacement, as well as capital costs for publicly owned climate/sustainability projects, unhoused services, or affordable housing projects. GO Bonds could be used for a City Hall project, although issuing GO Bonds to repay the current loan would not make financial sense. GO Bonds can be used for City contributions to community partnerships that are publicly owned facilities.</p> <p>GO Bonds could be used as a funding source as early as in the current biennium, a viable near-term funding source.</p> <p>GO Bonds are familiar and understandable to the public, which helps with political feasibility vs. a new type of revenue source.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Debt: Revenue Bonds	
Description	<p>Revenue Bonds are a borrowing or issuance of debt, the repayment of which is backed by a particular revenue source. They are not a revenue source on their own.</p> <p>There are many types of revenue bonds, but typically they would fall into two categories: Full Faith & Credit (FF&C) Bonds that are backed both by a revenue source and by a government's promise to repay from all available sources, as well as true revenue bonds that are secured solely by the revenues of a business type enterprise like a utility.</p>
Legal Authority & Restrictions	<p>FF&C Bonds are authorized under either ORS 287A or ORS 271. FF&C Bonds do not include a pledge of an unlimited property tax levy to repay the debt, as is the case with General Obligation Bonds.</p> <p>Enterprise type revenue bonds may be issued under ORS 287A or ORS 271. Revenue bondholders do not have recourse against the City's full faith and unlimited taxing power, and they are expected to be fully self-supporting from user fees or special revenues of the enterprise.</p> <p>If the bonds are authorized by an ordinance (which is required in some circumstances), revenue bonds may be referred to voters for approval, but that is not typically required.</p> <p>The City has financial policies related to bonds. Policy C.4. states that the City will secure a dedicated revenue source to fund general capital projects to the extent possible. Policy D.2. states that whenever a service is an enterprise operation and where the ratepayer directly benefits, the City will work to finance capital improvements by using self-supporting revenue bonds, which could be General Obligation backed.</p> <p>For FF&C bonds, the debt policies state that this can be used if there are predictable revenues available to repay the debt, and additional administrative measures may be required to protect the City's General Fund from having to make up any shortfalls.</p> <p>The City also has debt policies that limit net direct debt, such as FF&C Bonds, to 1% of the real market value of property within the City. Repayment of revenue bonds is limited to 21 years.</p> <p>Bond proceeds must be used for a project that remains in public ownership.</p>
Precedence	<p>Revenue Bonds, both the FF&C type and the enterprise type, are used extensively by local governments across the US for a variety of purposes.</p>

	<p>The City has issued FF&C Bonds to pay for a portion of the downtown Library, and to fund certain urban renewal projects. For both financings, urban renewal tax increment revenues were the primary repayment source, with the City's pledge to make up any shortfalls from other available funds, if needed.</p> <p>The City has issued Revenue Bonds for the Airport. In that case, the City issued what's known as "double-barreled bonds", that were also backed by the City's General Obligation Bond property tax levy.</p> <p>EWEB issues revenue bonds for their electric and water utilities, and MWMC has issued revenue bonds for their capital needs.</p>
Revenue Yield & Stability	<p>The amount of revenue bonds that can be issued depends on the revenue source being pledged and other security requirements (such as reserves and debt service coverage levels). Revenue stability to repay the debt depends on the issuer's willingness to raise rates as necessary to ensure repayment.</p>
Administrative Effort	<p>FF&C Bonds require a conversation and approval of a resolution at Council. The issuance process for FF&C Bonds is like that used for GO Bonds. Management of FF&C Bond repayment is required to ensure that the resources that were dedicated to repaying the bonds are available as expected, or so that alternate revenue sources can be identified to make payments if needed.</p> <p>Revenue Bonds issued for an enterprise type activity will require complex financial arrangements, including a master bond resolution that restricts the enterprise's financial operations to increase the likelihood that the enterprise will have sufficient resources to repay the bonds. The enterprise will need to actively manage their obligations under the master bond resolution over the life of the debt to ensure compliance.</p>
Timeline	<p>Issuance of FF&C Bonds can be accomplished in the short-term, once a revenue source has been identified and a project has been defined, with a minimum of six months needed for the Council approval process and the debt issuance process. If the repayment source for the FF&C Bonds is more complex or risky, the Council conversation and approval process may take longer.</p> <p>Revenue bonds issued for an enterprise type activity can take years to prepare for Council approval and debt issuance. These would be a long-term solution to a funding issue.</p>
Who Pays	<p>Revenue Bonds are designed to be repaid from a particular user fee or special revenue. The payors of the user fee or special revenue are typically those that will benefit from the project financed with bonds. Users could be residents or businesses and could also include out-of-town payors.</p>

Fairness & Indirect Implications	<p>The fairness of a revenue bond depends on the service that is using the bonds to fund capital improvements, and the revenue source that is being pledged. Because the users of the service are paying the fee or special revenue used to support the bonds, there is usually a direct nexus.</p> <p>Bond financing is a way to match the users of a capital project more closely with those that must pay for the project, and to match the payment of the project with the useful life of the project.</p>
Sustainability Impact	<p>The impact on sustainability factors will depend on the enterprise that is generating revenues, and the capital project that is being funded with the bonds.</p>
Viability in Solving Funding Issues	<p>Revenue Bonds are a viable funding source for capital acquisition and replacement, if there is a revenue generated from that capital project that could be dedicated for repayment of the bonds. Capital costs for climate/sustainability services, unhoused services, or affordable housing could also potentially be funded with revenue bonds if they generate revenues that can be dedicated to repayment.</p> <p>Revenue Bonds are not a viable funding source for the City Hall loan repayment because there is no revenue available to repay the bonds.</p> <p>Revenue Bonds could potentially be used for City contributions to community partnerships if the City were generating a revenue that could be used for repayment. If there were a new revenue, such as a restaurant tax or an admissions fee, that could potentially be used to repay FF&C bonds. Revenue bonds can only be used on projects that are owned by public entities.</p> <p>FF&C Bonds could be used as a funding source as early as in the current biennium, a viable near-term funding source, if a revenue source has been identified to secure repayment. Revenue bonds for an enterprise type project are a long-term funding source, requiring years of prep work before any dollars are available for the project.</p> <p>Bonds are not viable funding for any on-going service costs.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

EWEB Wholesale CILT or Fixed Payment Increase	
Description	EWEB, a municipal utility that is exempt from paying property taxes, makes payments to Eugene for the purpose of reducing general property taxes. There are two components of the payments: electric system retail CILT and electric system fixed payment (or wholesale).
Legal Authority & Restrictions	<p>ORS 225.270 states that cities owning a municipal electric utility shall, for purposes of reducing general property taxes, pay to itself not less than 3% of the gross operating revenue of such plant.</p> <p>In 1976, the Eugene City Charter was approved and section 44(4) stated that the 1976 rates of payment to the City in lieu of taxes would continue until changed by agreement by the Board and City Council. At that time, the payment was 6% of gross operating revenue. The methodology for calculating the payment changed numerous times over the years.</p> <p>In July 2014, EWEB and the City entered into an agreement (City resolution #5110 and EWEB resolution #1410) that set forth an agreement about the methodology for calculating the retail CILT payments and set an initial annual fixed payment of \$825,000 to replace the more volatile wholesale CILT component. That was an increase of about \$500,000 over the then-current level of wholesale CILT payment to the City.</p> <p>In August 2014, the City and EWEB entered into a Memorandum of Understanding that stated details about how the fixed component would change over time.</p> <p>On January 1, 2025, the fixed CILT payment will increase to \$950,000 for the calendar year, and then will increase by inflation, with a floor of 0.5% and a ceiling of 3.5% per year.</p>
Precedence	Oregon statutes require a municipal electric utility to make a payment to itself to reduce property taxes. EWEB has paid the City a CILT since 1943.
Revenue Yield & Stability	The wholesale or fixed payment CILT is very stable, due to the agreement between the two entities. The current payment is \$825,000 per calendar year, and it is schedule to increase to \$950,000 as of January 1, 2025. It will increase annually at inflation thereafter.
Administrative Effort	In order to make a change to the wholesale or fixed payment CILT methodology, the EWEB Board and City Council would both have to agree to the change. Once each body approved a resolution with the

	change, the ongoing administration of the change would be relatively simple.
Timeline	<p>A change in the agreement between the two bodies would require both bodies to have discussions and come to a decision as to what that change should be. This could take months or longer, depending on the willingness of each body to engage in the conversations. Once the bodies agree, they would set a date at which the change would take place.</p> <p>In the last round of changes, the bodies adopted their resolutions to make the change in July 2014, and it went into effect at the beginning of EWEB's next fiscal year, January 2015.</p>
Who Pays	This revenue source is paid by those entities that purchase wholesale power from EWEB, and other miscellaneous rate payers.
Fairness & Indirect Implications	At the time the methodology was changed in 2014, the purpose of the change was to stabilize and fix the most volatile portion of the EWEB CILT payment to the City. The result was that the City had additional funding that could be used to avert other budget reductions, thereby provide City residents with fewer service cuts.
Sustainability Impact	At the time of the change to methodology, EWEB included a TBL assessment statement in their Board memorandum. They stated that no TBL was conducted as minimal social, economic or environmental impacts were implicated by the change. No rate impacts to EWEB customers were anticipated, and simplifying the payment methodology would reduce program administration and staff time.
Viability in Solving Funding Issues	<p>The EWEB fixed CILT component is one of the General Fund resources, and as such, is most viable for solving any on-going funding shortfalls, although as a general revenue it could be used for any purpose.</p> <p>If the City Council and EWEB Board could come to an agreement about a payment change, that additional resource could be used as a funding source as early as in the current biennium, a viable near-term funding source. Because the wholesale electric market has changed since the current agreement was signed, there is a possibility that an amendment would be viable.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Fees for Service (New or Increased)	
Description	<p>A user fee or service charge is paid by those who use and benefit from a specific public good, service, or facility, as a condition for receiving or using it. A fee or charge is usually based on a share of the cost of the good, service, or facility that is used. The revenue generated is retained by the fund within which the good, service, or facility is budgeted and is used to defray some or all of the costs.</p> <p>The terms user fee and service charge are frequently used interchangeably, but “user fee” generally refers to payment for specific, discrete, and time-limited admissions, events or services, usually imposed at the time and location the good or service is delivered, or the facility is used. In comparison, the term “service charge” often refers to payment for multiple uses of goods, services, or facility usage accruing over a period of time. Service charges may occur under a contractual arrangement, while user fees typically do not.</p>
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The Council may impose user fees and charges for services or facility use, and has delegated responsibility to the City Manager to administer user fees and charges for service consistent with the Eugene City Code.</p>
Precedence	<p>Most cities impose a range of user fees and service charges, and it is possible to establish new charges for goods and services not currently charged for.</p> <p>The City of Eugene currently imposes fees and charges with General Fund revenue in FY22 of \$14.7 million (all funds revenue of \$225.6 million), and budgeted General Fund revenue in the 2023-2025 biennium of \$37.1 million.</p> <p>The 2023-2025 Adopted Biennial Budget included \$554.7 million in total revenues from user fees; this includes Wastewater User Fees, Stormwater User Fees (\$46.6 million), Municipal Airport Fees (\$42.3 million), General Fund Charges (\$37.1 million), and Internal Service Fund Charges (\$207.4 million).</p>
Revenue Yield & Stability	<p>The City’s user fees and service charges are adjusted periodically to recover increased costs of the good, service, or facility. General Fund fees may provide all, but more typically yield only part of the direct cost and overhead costs. Fees are usually set with consideration of the impact on the customer as well as the revenue yield. Some considerations that influence fee levels are a possible need to regulate demand for a good or service, a desire to subsidize a certain good or service, administrative concerns such as the cost of collection, and the promotion of other goals. If fees are set too high, customer volume and eventually revenue may decline. If the fees are too low, then not enough of the costs will be recovered to support the good or service. Fee revenues will vary with economic conditions, as the local economy fluctuates and households’</p>

	<p>disposable income increases or decreases. These concerns are usually taken into account when fees are set or contracts are negotiated.</p> <p>Revenue from new fees or an increase of existing fees would be small compared to the funding issues at hand. Many of the user fees and charges are routinely increased for inflationary cost increases so there would be minimal room to increase fees above current rates without damaging demand. A number of fees and charges, such as fire and police charges, are billed out at cost, so they cannot be increased beyond the cost of providing the services. Additionally, Airport user fees are restricted to airport use, are subject to airline contracts and travel demand, and therefore may not be viable options for increases.</p>
Administrative Effort	<p>Administrative effort for increased fees would be low, but administrative effort and cost would be moderate for a new fee. If a fee increase is considered then an analysis of costs, customer demand for the service, economic conditions and other considerations may be necessary.</p> <p>Once set or adjusted, charges are relatively simple to impose and collect at the time and place of delivery of the good or service.</p>
Timeline	<p>Charges for service are set administratively by the City Manager. Adjustment of existing charges may be done within a few weeks, while establishing new charges may take several months or longer.</p>
Who Pays	<p>User fees are only paid by users; nonusers do not have to pay the fee.</p>
Fairness & Indirect Implications	<p>Perception of fairness will vary depending on the good or service involved and the level of the charge. Existing City charges are generally seen by Council and community as a fair way to generate revenue for the particular service provided.</p> <p>Increasing or expanding fees may exclude some lower-income households from accessing goods or services. Equity can be a concern if charges are set so high that some people cannot afford to pay, even though they desire the service. City policy towards maintaining affordable charge levels may come into play to address equity concerns. Fees or charges for services can be avoided if the services they fund are optional to the customer. If fees are set too high, then fee revenue may suffer and the good or service may require greater subsidization from taxpayers as a whole.</p>
Sustainability Impact	<p>An increase in fees could have a larger negative impact on low-income households or families that participate in City activities, making the events cost-prohibitive for those that the events may generally target.</p> <p>Raising user fees and charges could reduce use of City facilities or event attendance and have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.</p>
Viability in Solving Funding Issues	<p>May not be a source of significant revenue because staff has consistently analyzed and implemented fee and charge increases where possible.</p>

	<p>Easily implemented in the near-term, as collection mechanisms and processes are already in place, and service fees are generally accepted by the community; some fees may face opposition depending on the service charged and/or fee rate.</p> <p>User fees face equity challenges and ought to be structured such that they do not disproportionately impact low-income citizens. Raising user fees could reduce use of City facilities or event attendance and have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable, direct nexus exists where user fees are directed to supporting the operations of the service being used, though revenues are likely to be too small and insufficient from increasing existing fees. New fees for service could help address this funding issue, though other revenue sources would be needed. • Capital Acquisition & Replacement: Not viable, due to lack of sufficient revenues and direct nexus to funding issue. • Climate/ Sustainability Services: Viable, no direct nexus; likely not a good fit to solve this funding issue. • Unhoused Services: Viable, no direct nexus; likely not a good fit to solve this funding issue. • Affordable Housing: Viable, no direct nexus; likely not a good fit to solve this funding issue. • City Hall Loan Repayment: Not viable due to lack of services/activities that would generate a user fee. • City Contributions to Community Partnerships (infrastructure): Not viable because these would not be City facilities on which the City could charge user fees.
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**2023 Staff Revenue Team
Revenue Source Summary**

First Responder Fee Increase																																									
Description	The First Responder Fee (FRF) is designed to recoup costs incurred while delivering Advanced Life Support (ALS) first response and patient care, regardless of whether a patient is transported in an ambulance. Eugene-Springfield's current FRF is set at \$354.00 and covers motor vehicle responses and non-local taxpayers. The fee could be expanded to all emergency responses. There are many ways to implement the FRF, and some other systems charge the FRF for each response, incorporate the FRF with charges for a situation where a patient is treated but not transported, or attach the fee to membership programs.																																								
Legal Authority & Restrictions	Eugene already has a first responder fee, enacted in Eugene Municipal Code section 2.610. It applies to motor vehicle accidents and non-resident billings. An ordinance change is needed to expand coverage of the FRF.																																								
Precedence	First Responder Fees, sometimes called an accident response fee, are common many states. Eugene adopted its first responder fee in 2011.																																								
Revenue Yield & Stability	<p>Using ESF’s current EMS payor mix, we added \$354 for a FRF to develop an estimate of the added cost recovery for Eugene patients. Using a simple escalator of a 5% jump in call volume from 2023 to 2024, below is an estimation of call volume, charges, and collections. This assumes that 75% of patients/bills would be newly charged the fee, and some percentage are already paying the fee. More research needs to be done to determine the actual percentage.</p> <table><tr><th>Source</th><th>Qty.</th><th>75% New Patients*</th><th>Gross Billed</th><th>Collection Rate</th><th>Anticipated Cost Recovery</th></tr><tr><td>Medicare</td><td>8,446</td><td>6,335</td><td>\$2,250,000</td><td>0%</td><td>\$0</td></tr><tr><td>Medicaid</td><td>4,499</td><td>3,374</td><td>1,200,000</td><td>0%</td><td>\$0</td></tr><tr><td>Commercial Ins.</td><td>2,352</td><td>1,764</td><td>620,000</td><td>80%</td><td>\$500,000</td></tr><tr><td>Private Payer</td><td>489</td><td>367</td><td>130,000</td><td>5%</td><td>6,000</td></tr><tr><td>Net Recovery</td><td>15,787</td><td>11,840</td><td>\$4,200,000</td><td></td><td>\$506,000</td></tr></table> <p><i>*Placeholder to acknowledge that not all patients would be newly charged the FRF. More research needed to determine actual percentage of new patients.</i></p> <p>Call volume continues to rise and anticipated revenue recovery should follow that trend.</p>					Source	Qty.	75% New Patients*	Gross Billed	Collection Rate	Anticipated Cost Recovery	Medicare	8,446	6,335	\$2,250,000	0%	\$0	Medicaid	4,499	3,374	1,200,000	0%	\$0	Commercial Ins.	2,352	1,764	620,000	80%	\$500,000	Private Payer	489	367	130,000	5%	6,000	Net Recovery	15,787	11,840	\$4,200,000		\$506,000
Source	Qty.	75% New Patients*	Gross Billed	Collection Rate	Anticipated Cost Recovery																																				
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Private Payer	489	367	130,000	5%	6,000																																				
Net Recovery	15,787	11,840	\$4,200,000		\$506,000																																				
Administrative Effort	Low impact. The FRF is already in place withing the billing system, a minor adjustment would be made to impose the fee more broadly.																																								

Timeline	This could be implemented in the near-term. After an ordinance is approved by City Council, it would take about 90-120 days from implementation to cost recovery.
Who Pays	<p>Concerning First Responder Fees, there are two categories that provide opportunities for reimbursement: private payers and commercial insurance. Neither Medicare nor Medicaid will pay a first responder fee.</p> <p>Private payers are people that do not meet the threshold needed for receiving Medicaid or have not signed up yet, and who do not have commercial insurance or Medicare. Because this group includes a wide range of the population, it will include those who have an extremely limited income as well as those who have well above average income levels. As a result, this payer mix comprises a combination of those who can afford to pay the full amount of the ambulance transportation costs and first responder fees as well as those who cannot afford to pay any part of the fee. Because this group comprises such economic diversity as a combined group, it is typical to see an aggregate reimbursement rate equal to just 5% of the amount billed.</p> <p>People with commercial insurance through employment, private purchase, or other means will also pay the FRF. Most medical insurance covers the cost of pre-hospital emergency medical services (PHEMS). Some insurance providers require a deductible or co-pay; however, most insurance services waive this when patients receive services that originated through the 9-1-1 system. Reimbursement from commercial insurance is estimated at 80%.</p>
Fairness & Indirect Implications	With Medicare and Medicaid members being excluded from the fee, users with private pay or those with commercial insurance would shoulder the burden of the increased fee. This is in alignment with how the current ambulance transport fees work. However, most of our low-income community members are on Medicare or Medicaid and would be shielded from the increased costs.
Sustainability Impact	Higher fees may cause some community members to elect to bypass necessary ambulance transport when seeking treatment.
Viability in Solving Funding Issues	The FRF would be a flexible revenue source that is a viable solution to pay for on-going service costs or capital acquisition & replacement related to emergency response. It would be not recommended for other funding issues, such as climate/sustainability services, unhoused services, affordable housing and city hall loan repayment. Not viable for city contributions to community partnerships as there is no nexus.

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Franchise Fee	
Description	<p>Right-of-way franchise fees are assessed for the privilege of use of City-owned rights-of-way for distribution of utility services or products.</p> <p>This option could assess new franchise fees on utility providers, or increase existing telecommunications, cable, and natural gas services located in City of Eugene's rights-of-way. These utilities benefit from use of the rights-of-way under City jurisdiction, and the fees could generate revenue to help fund operation and maintenance of these rights-of-way or provide General Fund revenues.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council authority to impose a right-of-way franchise fee. There are no legal restrictions on the use of revenue generated from a franchise fee assessed on wastewater and/or stormwater utility revenue.</p> <p>There is a Constitutional limitation under Article IX (OR Const, Art IX, § 3b) that caps the rate of any tax levied on oil products or natural gas, other than motor vehicle fuel, to no more than 6% of its market value.</p> <p>There is also a 7% cap on franchise fees for telecom carriers (ORS 221.515) and a 5% cap on cable operators (47 U.S.C § 541); 5% for electric, natural gas, water, sewer, and stormwater under ORS 221.450 unless provided under ORS 221.655.</p> <p>The City of Gresham currently charges a 10% utility license fee on gross revenue earned by PGE and NW Natural Gas. This license fee is able to exceed the 5% limit set by ORS 221.450 due to the Oregon Supreme Court finding that these utilities were operating without a franchise (under OR 221.450). Further legal analysis would be required to identify barriers to City of Eugene increasing NW Natural Gas fees (which is operating without a current franchise agreement) above the ORS limits due to other city code differences between City of Gresham and City of Eugene.</p> <p>The City does have an excise tax (implemented as a business license tax) on wholesale distribution of motor vehicle fuels.</p> <p>The Federal Communications Commission (FCC) approved a rule change that took effect in September 2019, reducing franchise fee payments from cable operators by allowing providers certain deductions from cable franchise fees. The rule change also preempted local governments from regulating or imposing fees related to non-cable services that rely on use of the public right-of-way such as internet service providers. The City lost a court case related to this issue, which resulted in an estimated ongoing revenue loss from Comcast in the amount of \$3.2 million per year beginning in FY22.</p>
Precedence	<p>Over 149 cities impose franchise fees of some kind, and at least 15 cities in Oregon assess franchise fees on utilities providing water, wastewater, and/or stormwater services. Franchise fees may be applied to both privately owned and publicly owned utilities.</p>

	<p>The City of Eugene currently imposes fees on businesses distributing specific services or products using city rights-of-way.</p> <p>Right-of-way use fees from CenturyLink, NW Natural, Comcast (cable only), and other providers are estimated at \$11.1 million in the 2023-2025 biennium.</p> <p>Also in the 2023-2025 biennium, the City is implementing a new franchise fee with Emerald People's Utility District (EPUD) estimated to generate \$50,000 of new revenue.</p> <ul style="list-style-type: none"> • Northwest Natural Gas pays a fee of 5% on revenue earned from City of Eugene customers for use of its gas distribution system in the City. The NW Natural fee is now referred to as a "Natural Gas Supplier Tax" (https://eugene.municipal.codes/EC/3.600) • Telecommunication franchise fees were enacted in 1997; the rate in 2023 was 7% (the legal maximum) and includes internet. These franchise fees are directed towards the General Fund, while a separate 2% tax is allocated to the Telecom Fund. • Cable services are also subject to 5% City of Eugene franchise fees. <p>Although Eugene does not impose franchise fees on electric and water utilities using rights-of-way, the City receives a CILT from EWEB based on gross revenue. This is equivalent to franchise fees imposed by other cities on these types of utilities.</p> <p>The City's Stormwater and Wastewater funds (funded through user fees) pay right-of-way (ROW) fees to the City's Road Fund, similar to a franchise fee. Re-directing ROW payments to the General Fund would create instability in the Road Fund. Imposing a franchise fee on regional wastewater utilities would require discussions with MWMC and likely only provide a marginal amount of revenue. The City already imposes franchise fees on most businesses using City rights-of-way, so new franchise fees have limited potential.</p> <p>The City of Corvallis imposes franchise fees of 5% of the utility's gross monthly billed revenue on the City's Water, Wastewater, and Storm Water utilities.</p>
Revenue Yield & Stability	<p>Revenue yield would depend on what rate is applied and which utilities would be subject to the fee.</p> <p>Franchise fees are typically calculated using a rate applied to earned or gross revenue. Individual utility accounts are not billed; rather the utility operator is assessed a single amount based on current revenue. Some cities, such as Portland and Salem, also have flat-rate franchise fees that are charged to universities.</p> <p>Based on FY22-FY23 earnings from the Natural Gas Supplier Tax, a 1% increase to NW Natural's fee (from 5% to 6%) would generate approximately \$300,000-\$400,000 in additional annual revenue. These earnings are subject to market fluctuations on the price of natural gas and NWN's gross revenues.</p> <p>According to a 2019 League of Oregon Cities franchise fee survey, the average annual revenue from cable and telecom franchise fees in Oregon was ~\$60,000 (each). This is drastically below Eugene's expected annual earnings</p>

	<p>in the 2023-25 biennium of \$5.6 million.</p> <p>Franchise fees have been a very stable sources of revenue. Franchise fee revenue will naturally increase as a community grows, utilities reach additional customers, and utility revenues naturally increase.</p>
Administrative Effort	Administrative costs would likely be very low for increases to existing fees.
Timeline	Depending on the complexity of the fee, or any legal or political challenges, one to two years may be required for implementation.
Who Pays	<p>The operator of the utility pays the franchise fee as a cost of doing business. The operator may recover the fee from customers like any other business cost.</p> <p>Cities may make both privately-owned and publicly-owned utilities subject to the franchise fee. For instance, the City of Bend assesses water franchise fees on its own Water & Water Recovery Fund as well as two private utilities operating water and wastewater utility services.</p>
Fairness & Indirect Implications	<p>Franchise fees are generally considered fair because they are broad-based and applied to utilities that serve most or nearly all properties in a city. This includes stormwater and wastewater fees; industrial, commercial, and residential properties alike are served by wastewater and stormwater utilities, and all accounts benefiting from wastewater and/or stormwater services are charged for those services.</p> <p>If the cost is passed on by the utility operator as a cost of operation the franchise fee will likely be distributed among all those utility accounts in proportion to what each account is billed. An account with higher or lower billing would bear a proportionately higher or lower share of the cost of the franchise fee if it is passed on as a cost of doing business.</p>
Sustainability Impact	<p>Franchise fees could have some negative impacts on the City's business climate, however, such fees are very common and generally viewed as fair since they are levied on utilities that use, and contribute to deterioration of, the City's rights-of-way.</p> <p>Franchise fees could disproportionately impact low-income residents if the costs are passed on from the utility provider to the consumer at a flat rate, rather than as a percentage of usage.</p> <p>Funding provided by franchise fees for proper operation and maintenance of rights-of-way should have positive impacts on the environment, especially with regards to stormwater infrastructure, which -when properly maintained, can enhance our natural landscape and green infrastructure systems, helping achieve the Council Goal of Sustainable and Accountable Development.</p>
Viability in Solving Funding Issues	There are no legal restrictions on the use of revenue generated from a franchise fee. There is a nexus with operations and maintenance of the city's rights-of-way, but this revenue could be a viable option for several funding issues.

	<p>This option can be implemented relatively quickly and with low administrative effort and costs for fee increases.</p> <p>As a stable and sustainable revenue (likely to grow over time with increases in community size), this is a good option for addressing on-going funding issues.</p> <p>Increases to existing fees would not generate sufficient revenue to solve most funding issues alone, and some fees – specifically Telecom fees, which are currently at the legal maximum, and NW Natural’s fee (per Eugene City code and OR Const, Art IX, § 3b)– could have limitations on rate increases, further limiting the additional revenue potential.</p> <p>Impacts on TBL and Council goals are generally positive or negligible.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable solution with a direct nexus. Increases to existing fees would not generate sufficient revenue to solve this funding issue alone, and some fees – specifically Telecom fees, which are currently at the legal maximum, and NW Natural’s fee – would have limitations on rate increases. • Capital Acquisition & Replacement: Viable solution with a direct nexus for costs related to telecommunications, roads, and internet/cable equipment & infrastructure. Provides insufficient additional revenue on its own to solve this issue, however, may provide sufficient funding for one-time, specific replacements. • Climate/ Sustainability Services: Viable solution to contribute to funding some services (likely not sufficient revenue source for all). No direct nexus with this funding issue. However, one could be created if the fee increase applied to fossil fuel distributors and revenues were directed to climate and sustainability actions. • Unhoused Services: Viable solution, but no direct nexus; might not be politically feasible to direct revenues towards this issue. • Affordable Housing: Viable solution, but no direct nexus; might not be politically feasible to direct revenues towards this issue. • City Hall Loan Repayment: Likely not a viable solution for this funding issue. Provides insufficient additional revenue on its own to fund this item. • City Contributions to Community Partnerships (infrastructure): Likely not a viable solution for this funding issue. Provides insufficient additional revenue on its own to fund this item.
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**2023 Staff Revenue Team
Revenue Source Summary**

Heavy Vehicle Tax	
Description	<p>A heavy vehicle tax could be levied on vehicles over a certain weight and registered to an individual or business within the city. Since most heavy vehicles are used by business, the tax would be implemented as a business license tax, and payment of the tax would be a condition of doing business within Eugene.</p> <p>Studies have shown that although fuel consumption increases with size and weight, it does not increase proportionately with cost responsibility for damage done to roads by heavy vehicles. Above 26,000 lbs. the overall weight and axle loads become important factors in apportioning cost responsibility for damage to roads. For this reason, the State of Oregon applies a weight-mile tax to heavy vehicles, while exempting these vehicles from the state motor vehicle fuel tax.</p> <p>The City of Eugene has imposed a local motor vehicle fuel tax since 2003. However heavy vehicles over 26,000 lbs. are exempt from the state fuel tax and are also eligible for an 80% refund for the local fuel tax. In addition, there are vehicles below 26,000 lbs. that impose a heavier burden on city streets than passenger autos.</p> <p>The heavy vehicle business license tax rate would be proportional to the vehicle's weight & axle configuration. Mileage would probably not be a practical factor in determining the local tax. Heavy vehicles would be grouped into classes. Each class would have an assigned tax rate reflecting proportionate shares of estimated costs of the local transportation system they impose less the estimated local fuel tax revenue they contribute.</p> <p>The purpose of the heavy vehicle business license tax would be to impose a share of cost responsibility for local streets to heavy vehicles to recover revenue towards costs of damage such vehicles cause to the City's transportation system.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a heavy vehicle business license tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would have to be dedicated to streets under Article IX of Oregon's Constitution.</p> <p><i>Revenue from a heavy vehicle tax would be subject to Article IX of the Oregon Constitution requiring that it be spent within the street rights-of-way.</i></p>
Precedence	<p>The City has imposed a local motor vehicle fuel tax within Eugene. However, vehicles of over 26,000 lbs. are eligible for an 80% refund on the local fuel tax, as well as exemption from the state fuel tax.</p> <p>The U.S. Department of Transportation imposes a heavy vehicle use tax (HVUT) on heavy vehicles operating on public highways at registered gross weights equal to or exceeding 55,000 pounds. Vehicles between 55,000 and 75,000 lbs. pay \$100 plus \$22 per 1,000 pounds over 55,000 lbs. Vehicles over 75,000 lbs. pay \$550.</p>

	<p>An initial search found few municipalities charges a heavy vehicle tax. Washington, D.C. implemented this type of a tax through a vehicle registration fee. As of 2023, For commercial vehicles, there are five weight classes, with vehicles weighing 3,500 lbs to 4,999 being charged \$175 per year. The heaviest class of vehicles, over 10,000 lbs, are charged \$700 plus \$25 for every 1,000 lbs over, per year.</p> <p>The City of Portland passed a four-year heavy vehicle use tax in 2016, with City Council approving another four-year extension in 2020. The tax is applied to any vehicle that is subject to Oregon's Weight-Mile Tax. As of 2023, the tax is 1.25% of the state weight-mile tax.</p> <p>State taxes based on weight or weight-mileage of heavy vehicles are common. The State of Oregon implements a weight-mile tax on heavy trucks, while exempting them from state fuel taxes.</p>
Revenue Yield & Stability	Additional direction and information is needed to estimate revenue. Portland's Heavy Vehicle Use Tax averages \$2.2-2.5 million revenue annually.
Administrative Effort	A heavy vehicle business license tax could impose a substantial administrative burden. The program would require reporting by the taxpayer, use of Department of Motor Vehicles, PUC and ODOT data for administration, audit and enforcement purposes. It may be difficult to identify and license parties located outside the city that regularly conduct business in Eugene. The addition of field staff would be needed to effectively verify heavy vehicle owner compliance and apply fines as needed to address non-compliance. The program could be fairly expensive to administer, depending on its complexity.
Timeline	This tax would take a longer period of time to implement, up to two years depending on the necessary level of administration.
Who Pays	Businesses with registered heavy vehicles would pay.
Fairness & Indirect Implications	Any party conducting business in Eugene would be subject to the license requirement and tax. Heavy vehicles are operated primarily by businesses. Only heavy vehicles over a certain weight would be subject to the tax.
Sustainability Impact	Unknown.
Viability in Solving Funding Issues	<p>This fee could generate a moderate amount of revenue (\$1M-\$2M annually) but would need to be dedicated to streets under the Oregon's constitution. This fee would have a strong nexus to funding transportation service and transportation infrastructure with the impact that heavy vehicles have on the roadways. The business community that currently use heavy vehicles would bear the burden of this fee.</p> <p>This funding option would not be legal to use for any of the other funding issues.</p> <p>The administrative burden of this fee is significant and would reduce the net revenue generated. It would require reporting by the taxpayer and the use of multiple data sets for administration and enforcement.</p> <p>Depending upon the complexity of this fee, it could be implemented within the biennium, or take additional time. This could be a near-term to mid-term solution.</p>

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Internal Services Sold to Other Organizations	
Description	<p>Part of the 2023-2025 budget process included a process called Insights, where staff suggested a variety of ideas for revenue generation and service reductions or realignment. The Insights effort suggested several ways the City might generate revenue by selling services to other jurisdictions.</p> <p>Specific examples in Insights include: monetize the eBuild system; fire services; external equity consulting; ESF regional training; school resource officers; and procurement services</p> <p>It should be noted that all of these ideas would need significant due diligence before proceeding.</p>
Legal Authority & Restrictions	Selling services to another jurisdiction would be an administrative action to contract with other organizations.
Precedence	The City sells services to other jurisdictions routinely, and also purchases services from other jurisdictions. This occurs in many different areas with varying levels of formality and contracting. Some examples are large scale on-going partnerships like the MWMC and ESF, and single project agreements such as work between the City and EWEB on road construction.
Revenue Yield & Stability	<p>The revenue yield would depend on the specifics of the service being sold to other jurisdictions.</p> <p>Insights included some information about potential revenue generation from the ideas.</p> <ul style="list-style-type: none"> • eBuild estimated revenue of \$10 million and expenses of \$5 million, as a very rough guess. More due diligence needed. • Regional fire trainings estimated revenue of \$50,000 to \$100,000, but noted there would be an unknown overtime cost associated, so the net benefit was not calculated. • School resource officers was estimated \$125,000 per officer assigned to a school and noted that it would offset 50% of the cost of an officer and 20% of the cost of the sergeant overseeing the program (i.e., would not cover the full cost of the officer). • Fire services, external equity consulting, and purchasing included no revenue estimate. <p>To be a viable method of generating revenue to solve funding issues, the revenue generated from the sale of services to other jurisdictions</p>

	<p>would have to not only recover all direct and indirect costs but would have to generate a margin above full cost recovery.</p> <p>Direct costs would include staff salary, materials and supplies, training, certifications and other resources needed to provide the program. They also include a proportional share of the costs of organizing the program, such as the supervisor. Indirect expenses are costs to provide the service, such as department administration, finance, ERC, City Attorney, CMO, Facilities, IT, and so on.</p> <p>The calculation for a charge for service would need to be set to cover staff costs and overhead expenses related to service delivery and include a markup for service provision. More analysis would need to occur related to individual proposals to estimate potential service charges and related revenue projections.</p>
Administrative Effort	<p>To sell services to other jurisdictions, the City would have to negotiate the sale. This could be authorized through an intergovernmental agreement.</p> <p>To be successful at selling services at a greater than 100% of full cost recovery model, careful attention would need to be paid to the pricing policy. In addition to calculating the full cost recovery price, there would have to be a goal for the amount to be recovered above 100% of full cost. That amount would then need to be compared to other options in the market for that service to see if it would be financially feasible for other jurisdictions to choose the City as a provider of the service.</p> <p>Once the pricing policy is set, the City would have to negotiate with other jurisdictions to contract for that service.</p> <p>If there is no excess capacity in a City service that can be sold to other organizations using existing personnel, then the City would have to hire and manage additional personnel to provide the service.</p> <p>The cost recovery model and pricing policy should be reviewed annually to determine what the price for the service should be each fiscal year. This would ensure that the service continues to not only recover full costs but also continues to provide a revenue benefit to the City from providing the service. If personnel were hired specifically to provide the service to other jurisdictions, there may be a need to eliminate the position if the purchaser decides not to continue contracting with the City for the program.</p> <p>In addition to the administrative effort for pricing and managing the costs, there would also potentially be a greater administrative effort due to varying rules, laws and requirements of the other jurisdictions. For instance, if the City were to provide procurement services or IT services to another jurisdiction, the staff assigned to providing that service would have to learn and be knowledgeable in all the rules for the other jurisdiction, which could differ from Eugene's, and from other</p>

	organizations. This would create inefficiencies that could reduce or eliminate any economies of scale from this approach.
Timeline	Selling services to other jurisdictions could be implemented relatively quickly, especially in those instances where there are already existing agreements, such as Fire Trainings or School Resource Officers. For new services to be marketed to others, there would need to be an evaluation of the cost of the service to ensure adequate cost recovery, then negotiations and contracting with the other jurisdictions. This could be implemented within the current biennium.
Who Pays	This revenue would come from other jurisdictions. The ultimate payors of the fee would be the users in the other jurisdiction. For example, external equity consulting that is extended to other cities would be paid by those jurisdictions, and those jurisdictions could increase their taxes, fees or other revenues to pay for the service.
Fairness & Indirect Implications	This would essentially be a user fee service, so those who use the service would pay for it. Perception of fairness will vary depending on the service involved and the level of the charge. If fees are set too high, then fee revenue may suffer, and the service may not be viable in the long term.
Sustainability Impact	There is no applicable sustainability impact from this revenue source.
Viability in Solving Funding Issues	<p>If it were financially advantageous to sell services to other jurisdictions, it would most likely be a revenue for on-going service costs for either the General Fund or an enterprise fund.</p> <p>It would not likely be a viable funding source for capital acquisition and replacement, or the specific purposes without a nexus (climate, unhoused, affordable housing). It would not be viable for City Hall loan repayment or city contributions to community partnerships because the revenue is likely to be small compared to those needs and produced annually rather than in a timeframe that would be needed to pay for large infrastructure.</p> <p>If viable, the estimated timeframe to see impact of new revenue could be Near-Term (within current biennium).</p>

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Local Option Property Tax Levy	
Description	A local option levy is a temporary property tax that is paid by all owners of taxable property within the City limits. The City could impose a local option levy for General Fund services for a maximum of five years or for capital projects for up to 10 years.
Legal Authority & Restrictions	New or additional property taxes must be approved by a majority of the people voting in a primary or general election.
Precedence	<p>Eugene voters demonstrate continuing support for local option levies, approving more than \$100 million of library and parks and recreation operating levies in the past 25 years.</p> <p>The City has approved five local option levies for library services. The most recent library levy was renewed in November 2020 for \$2.85 million per year for five years, with nearly 77% voting in the affirmative.</p> <p>The City has approved two local option levies for parks and recreation. The most recent parks and recreation levy was renewed in May 2023 for \$5.33 million per year for five years, with nearly 66% voting in the affirmative.</p>
Revenue Yield & Stability	<p>The current library levy will impose \$2.85 million of property taxes in FY24. The estimated tax rate is \$0.15 per \$1,000 of assessed value, which will cost a typical homeowner \$37 in FY24.</p> <p>The current parks and recreation levy will impose \$5.33 million of property taxes in FY24. The estimated tax rate is \$0.28 per \$1,000 of assessed value, which will cost a typical homeowner \$69 in FY24.</p> <p>Local option levies are subject to the \$10 per \$1,000 of real market value tax rate cap for all general governments under Measure 5. Local option levies are the first to be reduced in the event of tax rate compression. This means that if the combined total levies for the overlapping general governments exceed the Measure 5 cap, any local option levies would be proportionally reduced until the tax rate limit is satisfied.</p> <p>It is estimated that less than 30 cents will remain “under the cap” in FY24 before compression starts to kick in. A property tax rate of \$0.30 per \$1,000 of assessed value would generate an estimated \$5.5 million per year. This room under the cap is a shared resource between all governments in the category, which in Eugene includes Lane County, the Upper Willamette Soil and Water Conservation District and the two urban renewal districts. Any proposal for a local option levy that may exceed this amount would require careful fiscal analysis. The impact of property tax compression should be particularly examined and understood.</p>
Administrative Effort	Property taxes are administered by the County. The County prepares the tax bills, collects the funds, and remits the appropriate amount to the City on a regular basis. Enforcement is performed by the County in the foreclosure process.

Timeline	The deadline to place a measure on the ballot for the May 2024 election would be in February 2024, and revenue could be collected starting FY25. To be placed on the ballot for the November 2024 election, the deadline would be in July 2024, and revenue could be collected starting FY26.
Who Pays	The tax is paid by all owners of taxable property within City limits. Property owners include business and residences. Businesses may choose to pass the tax on to their customers.
Fairness & Indirect Implications	<p>The property tax is a proportional tax on the assessed value of real and personal property for businesses and residences. It does not take into account the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on low-income owners and tenants.</p> <p>A local option levy is not necessarily a long-term solution, as future funding would be contingent upon voters renewing the levy to continue the revenue stream in future years.</p>
Sustainability Impact	An additional property tax levy could affect how affordable housing is in the community.
Viability in Solving Funding Issues	<p>A local option property tax levy to fund city operating expenses or eligible capital projects would be viable for Ongoing Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, and Affordable Housing. A capital local option levy is best suited for an ongoing capital maintenance program. Further legal research is needed to determine if a capital local option levy can be used for facilities that are not owned by the city, so it's uncertain at this time if this is a viable funding source for City Contributions to Community Partnerships.</p> <p>A local option levy could be implemented as early as in the current biennium, a viable near-term funding source. Local option levies are familiar and understandable to the public, which helps with political feasibility versus a new type of revenue source. However, the potential impact of property tax compression should be particularly examined and understood.</p>

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Revenue Source Summary**

Luxury Tax	
Description	<p>A luxury tax is a sales or excise tax that would be applied to the price of specific luxury goods or services. Luxury goods generally are products that are not considered essential and are purchased by very wealthy consumers. The tax has been typically applied to particular classes of luxury goods such as expensive vehicles, jewelry, airplanes, boats, etc.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a tax on luxury items by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>A luxury tax levied on motor vehicles might fall within the Oregon Constitution's requirement that revenue from a tax levied on the "ownership" of a motor vehicle must be dedicated to roads. Additional legal research would be required. Real estate transfer taxes are prohibited at the local level in Oregon.</p>
Precedence	<p>In the United States there do not appear to be many local, state, or federal luxury taxes. Connecticut has a 7.75% luxury tax in lieu of the 6.35% sales tax on certain items: (1) motor vehicles exceeding \$50,000; (2) jewelry over \$5,000, and (3) clothing, footwear, and accessories with a sales price exceeding \$1,000. The luxury tax when it was enacted in 2011 initially included vessels over \$100,000, but 2013 the rate on luxury yachts was reduced to the same rate as the general sales tax due to the negative impact on the boating industry in the state.</p> <p>In November 1991, The United States Congress enacted a luxury tax that has since been repealed. This tax was levied on material goods such as watches, expensive furs, boats, yachts, private jet planes, jewelry and expensive cars. Congress enacted a 10 percent luxury surcharge tax on boats over \$100,000, cars over \$30,000, aircraft over \$250,000, and furs and jewelry over \$10,000. The federal government estimated that it would raise \$9 billion in revenues over the following five-year period. However, only two years after its imposition, in August 1993, the Congress decided to limit application of the tax. The revenues generated were disappointing and it also negatively impacted the incomes of the sellers of the luxury items. However, the luxury automobiles tax was still active for the next 13 years until that was also repealed.</p> <p>Mexico levies a luxury tax on several items. Australia has levied the tax on luxury cars with a maximum tax rate of 33%. Hungary levied a luxury tax on yachts and cars whose value exceeded \$150,000.</p>

Revenue Yield & Stability	Revenue would depend on the sales values of the goods to which the tax would apply. There is not currently available data on the gross sales of luxury items in Oregon, so estimated yield is unknown. Tax revenues would fluctuate with general economic conditions. Depending on the tax rate, a luxury tax could encourage some wealthy consumers to easily avoid the tax by purchasing luxury goods outside city limits. Alternatively, consumers could purchase lower cost untaxed goods rather than higher cost taxed goods.
Administrative Effort	Implementation, administration, and collection of the tax may require additional FTE, depending upon the structure of the tax. It is possible that the cost of administration would exceed the yield.
Timeline	It could take two years or more to fully implement.
Who Pays	The tax would be paid by the relatively few purchasers of the taxed luxury goods. Since the taxed goods would be expensive the purchasers would likely be wealthy households and businesses.
Fairness & Indirect Implications	<p>The luxury tax would be relatively equitable because low-income and middle-income households would not normally purchase luxury goods, while wealthy consumers and businesses would be more likely to be subject to the tax.</p> <p>The tax would have a negative effect on economic activity insofar that sellers of luxury goods would be discouraged from conducting business within the city.</p> <p>Would be paid by individuals perceived to have the most disposable income, and therefore likely to be perceived as fair.</p> <p>Point-of-sale tax may risk driving purchases of expensive items to other cities without such a tax.</p>
Sustainability Impact	Social inequity would not be increased. Economic activity could be marginally decreased. There would be no burden passed on to future generations.
Viability in Solving Funding Issues	A luxury tax is unlikely to be a viable solution to Eugene's current funding issues. The yield is unknown but likely to be low, and the tax itself is highly likely to alter consumer behavior and further reduce spending on luxury goods within the City. The tax is expected to negatively impact local businesses due to the ease of purchasing luxury goods in other Oregon cities. The administrative complexity to implement a luxury tax, due to no existing sales tax infrastructure, would likely not be worth the low yield and negative business impacts of the tax.

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Revenue Source Summary**

Local Marijuana Tax Increase	
Description	A tax on recreational marijuana items sold to consumers within city limits.
Legal Authority & Restrictions	<p>In November 2014, Oregon voters approved Ballot Measure 91, which allowed the production, sale, and possession of recreational marijuana by persons over 21 years of age.</p> <p>In 2015, the State Legislature allowed for a local option tax on the retail sale of recreational marijuana up to 3%. The City Council then passed a retail sales tax of 3% and directed the tax revenue to be used to support the Criminal Justice System, Parks Safety and Security, and Human Services.</p> <p>In 2023, the state legislature considered legislation that would allow cities to increase the local retail sales tax to 10%, but also required sharing 20% of that increased tax revenue with the County. Similar legislative concepts were considered in 2021. This discussion is likely to come up again, although the legislature appears to be taking an “either/or” approach to reducing the financial hit that Measure 110 had on cities beginning in 2021 – either allow cities to increase the retail sales tax or change how the state shared marijuana revenue is calculated to increase city shares. In time, the legislature may pass both types of bills, but a timeline for accomplishing this is unknown.</p> <p>Once it is legal to do so, City Council would be required to pass an ordinance to increase the local tax. The tax would then need to be placed on the ballot and approved by electors in order to become effective.</p>
Precedence	The City currently imposes a 3% local marijuana tax. The State of Oregon also levies a retail marijuana sales tax of 17%, making the current total tax rate 20% within Eugene.
Revenue Yield & Stability	<p>The annual local marijuana tax yield varies with the sales volume in Eugene, which was approximately \$46 million in FY23. Sales volume has been decreasing since FY21 due to supply and demand factors (record-breaking marijuana harvests and low sales prices). In FY23, the City received \$1.37 million in local marijuana tax revenues.</p> <p>Based on current sales volume and assuming there is no impact on sales due to higher taxes, if the recreational marijuana retail sales tax rate is increased from 3% to 10%, the City would yield approximately \$4.5 million annually. This is an increase of \$3.1 million over current marijuana tax revenue.</p>

Administrative Effort	Administering an increased tax would be straightforward: the City currently contracts with the Department of Revenue (DOR) to administer and collect the local marijuana tax. Revenues are sent quarterly to the City.
Timeline	Since the City is currently taxing the max amount allowable under state law, any increase to the local tax rate would require first legislative change at the state level, then Council would need to pass an ordinance and the measure placed on the ballot. This would be a long-term revenue solution, requiring at least two years for the state legislature to convene in 2025 and a law to go into effect, and then another year for the Council to pass an ordinance and hold an election. If it is not passed into law in 2025, the Oregon State Legislature will not reconvene again to work on these types of issues until 2027.
Who Pays	The tax is paid by all consumers of marijuana products purchased at dispensaries located in Eugene.
Fairness & Indirect Implications	The tax is borne by both residents and non-residents. There is a possibility that consumers may take their business outside of city limits if Eugene is the only local jurisdiction that opts to increase the tax. Recreational marijuana is purchased with discretionary income, and an increased tax rate could mean that consumers purchase less marijuana overall and businesses suffer.
Sustainability Impact	<p>An increased marijuana tax could discourage new dispensaries from establishing in Eugene and could also encourage existing businesses to move to a lower tax city, resulting in an overall loss in tax revenue for the city. Businesses could see reduced revenue if consumers reduce purchases due to the increased tax rate.</p> <p>Recreational marijuana is purchased with discretionary income and consumers are paying the tax proportional to their purchasing power. However, it is still a regressive tax, and an increased tax could negatively impact low-income residents due to increased costs.</p>
Viability in Solving Funding Issues	<p>Raising the marijuana tax from 3% to 10% would be a viable funding option, but it is not currently legal, and therefore is not going to help with any funding issues until the Oregon State Legislature allows it.</p> <p>There are some additional challenges to viability. Based on current sales volume, the increased tax rate would yield an increased revenue of approximately \$3 million. However, we don't know if that number will increase or decrease: the marijuana industry has been experiencing severe growing pains in the last couple of years, causing this revenue source to be unstable – annual sales volume in Eugene is down by over \$15 million from 2021 levels.</p> <p>This is a long-term funding solution.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Motor Vehicle Rental Tax	
Description	A tax imposed on people renting a motor vehicle from a commercial establishment within the city of Eugene. The two most common methods of rate calculation are a percentage of gross rental fee or a flat per day fee. Rates vary significantly among jurisdictions with percentages ranging from 1%-17% and flat fees ranging from \$2-\$4 per day.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a motor vehicle rental tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund. Further analysis is needed to assess the legality of taxing rental companies at the Eugene Airport, but the City may need to annex the Airport to enact the tax at that location.
Precedence	<p>The City has not previously enacted a motor vehicle rental tax.</p> <p>It is estimated that 41 states and over 80 local governments impose a vehicle rental tax. Uses are varied and include construction of stadiums/arenas, transportation, education, arts/tourism and general fund activities. Multnomah County currently imposes a tax equal to 17% tax on the gross motor vehicle rental cost. Multnomah County directs most of the funds received to the County General Fund. Fifteen percent of the revenue goes toward the Visitor Facilities Fund and to paying for and securing debt services.</p> <p>Lane County levies a car rental tax of 12% of the gross rental fee on all motor vehicles obtained from a commercial establishment in Lane County; it was increased from 10% on January 1, 2023. The County's definition of a motor vehicle excludes vehicles designed and used primarily for the transportation of property (e.g. U-Haul moving vans) or vehicles rented for more than 30 days. Annual gross revenue hovered between \$1.6 million to \$1.8 million from FY16 until FY22, when revenue yield jumped to \$2.8 million. Lane County projects car rental tax revenue will yield over \$3.6 million in FY24, the first full fiscal year with the 12% tax rate. This funding has historically been dedicated to County Parks and the County General Fund.</p> <p>The City of Eugene Airport has imposed a Customer Facility Charge on car rental agencies operating at the Eugene Airport Location. The charge is \$4/day per car rented. The revenue is dedicated to financing improvements to facilities at the airport and is not available for General Fund services. The Customer Facility Charge generated \$900,000 in FY22 and \$1.2 million in FY23. (Note that FY23 likely had a higher-than-typical volume of car rentals due to the World Championships event that occurred that year.)</p>
Revenue Yield & Stability	The yield would vary dependent on the rate charged. In FY22, approximately \$2.7 million in vehicle rental tax receipts were generated in

	<p>Lane County at the taxing rate of 10%. Lane County has some taxable car rental businesses outside of Eugene: those located at the airport, and one business in Springfield. Based on the yield from FY22, we could roughly estimate that maybe \$1 million of that revenue is coming from businesses in Eugene. At a 5% rate, it could yield \$500,000 and \$1 million at a 10% rate. Further information would be needed to accurately project revenues.</p> <p>The revenue history for the past ten years shows this to be a steadily growing revenue source, although this revenue does fluctuate somewhat with economic conditions, as people may travel less during a slowdown of the economy.</p>
Administrative Effort	<p>Lane County currently collects the county-wide car rental tax quarterly. The City could ask the county to collect the additional City share and remit the funds to the City quarterly. The County currently deducts an administration fee from revenues before distributing funds to County Parks and the County General Fund. A similar fee could be deducted from the City of Eugene's portion before distribution.</p>
Timeline	<p>Because a mechanism already exists for collection of this fee within Lane County, this fee might be relatively simple to implement, if an intergovernmental agreement can be reached with Lane County for collection.</p>
Who Pays	<p>People/businesses who rent motor vehicles from rental companies located in Eugene; primarily non-residents.</p>
Fairness & Indirect Implications	<p>A car rental tax would increase the cost of visiting Eugene, primarily impacting tourists and business travelers. It would also increase costs for local businesses that frequently pay for car rental services, such as insurance companies.</p> <p>A high tax has the potential to dissuade some visitors from renting a vehicle and could perhaps encourage a higher use of alternative transportation methods. If the rate were increased high enough, there might be incentive for those renting vehicles (particularly those rentals not from the Airport or Amtrak station) to rent vehicles in Springfield.</p> <p>If the tax is not used to fund tourism or vehicle-related expenses, it could be viewed as unfairly burdensome for non-residents.</p> <p>The tax is regressive. It would have a bigger burden on low-income earners because the additional cost of a car rental is a greater portion of their income than it would be for a higher income individual.</p>
Sustainability Impact	<p>Eugene businesses that use car rentals would see an increased cost of doing business. It has the potential to negatively affect local car rental companies. It is unlikely that the car rental tax would prevent travelers from visiting Eugene, but it could reduce their mobility around town and therefore reduce their likelihood of purchasing goods from local businesses.</p> <p>The tax could have a positive impact on the environment by encouraging alternative modes of transportation, such as ride-sharing services and short-term bicycle and scooter rentals.</p>

	It should be noted as previously stated that there is a disproportionate impact on low-income consumers.
Viability in Solving Funding Issues	<p>Overall, this is a viable revenue source to yield between \$500,000 and \$1 million annually. However, there are some unknowns, such as the legality of taxing rental vehicles at the Eugene Airport, how stacking a Eugene rental tax on top of the Lane County 12% car rental tax might alter consumer behavior, and whether it would face political opposition due to the existing County tax.</p> <p>It would be relatively straightforward to implement because Lane County already collects a car rental tax; ideally Eugene would enter into an agreement with the County for them to collect on our behalf. The tax could probably be implemented within the current biennium due to the relative administrative ease of implementation.</p> <p>With a low yield relative to the funding issue, it is likely not a great solution for ongoing service costs. However, other jurisdictions use motor vehicle rental tax revenue for General Fund costs. It is also a viable revenue source for climate and sustainability services, given the direct nexus with the issue. It does not have a clear nexus with any other revenue options.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Parking Tax	
Description	A parking tax is usually structured as an excise tax associated with the renting or leasing of parking spaces. It could alternatively be structured as a type of business privilege or gross receipts tax levied on businesses that provide parking to employees, customers or participants, and on industrial or fleet parking.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council could establish the tax by ordinance. It could also be placed on the ballot by citizen initiative or be referred to the ballot by Council or by a successful citizen referendum petition. Revenue would be available for General Fund services.
Precedence	<p>The research conducted in 2014 found that at least 49 cities in the U.S. imposed parking taxes. That research found that the rates for parking taxes varied considerably from 6-40%.</p> <p>New research determined that the City of San Francisco imposes a 25% tax on all commercial, off-street, non-residential parking. Miami has a 15% tax, Los Angeles' tax is 10% of the parking fee and Pittsburg imposes a 37.5% tax on non-residential parking. Chicago imposes a 20% tax for daily parking on weekends and 22% on weekday and long-term parking.</p> <p>In the state of Washington, the City of Bremerton imposes a 15% rate on commercial operators, while Bainbridge Island's rate of 30% applies to both private and public parking. The City of Seattle enacted a tax on commercial parking operators in 2006. The tax rate is 14.5%, added to the fee drivers pay to park in Seattle's commercial parking lots. Drivers pay the tax when they park but it is the responsibility of the business to charge and collect the tax. The business is liable for the tax whether or not it is collected.</p> <p>The City of Salem has had a Downtown Parking District since 1976 to provide funding for economic promotion and public parking within Salem's downtown core. (Staff did not find evidence of new parking districts amongst the ten largest cities in Oregon). The District is supported by tax assessments on all for-profit businesses of a proportionate share of the costs of the District, calculated on type of business, square footage and associated customer parking demand. Annual assessments are reported by category and currently range from \$460 for small businesses to \$145,000 for the retail category consisting of 87 businesses.</p> <p>The City of Tualatin established a Core Area Parking District in 1979 to construct and manage parking lots and ensure adequate public parking within the district. The tax is based on gross leasable area of a business in the district and a space factor.</p> <p>The City of Eugene has used this revenue source in the past. In 1973 a measure was passed authorizing establishment of a Downtown Development District, including public parking and transportation and the</p>

	<p>power to tax in the district. This district is no longer in existence. From 1977 to 1986 voters approved several measures to levy a Downtown Free Parking District tax.</p> <p>The Eugene Budget Committee Citizen Subcommittee considered a parking tax as an option for funding transportation system needs in 2001 but decided not to pursue this option.</p> <p>The State of Oregon's new Climate Friendly and Equitable Communities (CFEC) rules may play a role in the parking tax. In March of 2020, Governor Kate Brown issued an executive order directing state agencies to take actions to reduce and regulate greenhouse gas emissions and mitigate the impacts of climate change while also centering the needs of Oregon's most vulnerable communities. In response, the Oregon Land Conservation and Development Commission developed new requirements, the Climate-Friendly and Equitable Communities (CFEC) rules, for cities to help meet these goals through changes to local transportation and housing planning systems. Eugene is required to change development standards to encourage more climate-friendly development and reduce emissions. One option is to tax the revenue from commercial parking lots collecting no less than 10 percent of income, with revenues dedicated to improving transportation alternatives. However, the tax on commercial parking lot revenue is not included in the land use code amendments. Council is scheduled for a public hearing on the CFEC Parking Reform Land Use Code Amendments on September 18, 2023.</p>
Revenue Yield & Stability	<p>Parking taxes are usually a tax rate applied to the parking revenues generated by the owner or operator, or paid by the parking patron. Other less common approaches include a flat fee per space or transaction, or a tiered rate system based on parking location, type of parking and/or length of use. The tax could be based only on commercial parking or on all parking. This could include parking at office buildings, residences, on-street parking, and so on. It could be levied on paid parking or all parking including non-paid spaces.</p> <p>In Eugene, paid parking is provided by public entities, such as the City of Eugene, Lane County, and University of Oregon, and private companies, such as Diamond Parking, Republic Parking, and the 5th Street Market. Some residential housing also has paid onsite parking for residents. Non-profits also collect event fees for athletics, Lane County Fair, and other community events.</p> <p>City staff do not have revenue estimates for private parking operators, including the number of spaces under their management. City staff do have information on the City of Eugene's parking system.</p> <p>Prior to the pandemic, the City of Eugene's parking system generated about \$8 million per year in non-citation parking revenue. The resources are used to recover the cost of providing parking, address outstanding deferred maintenance needs on six parking structures, and align with climate and transportation policies and goals. In 2023, the parking system generated about \$5 million in non-citation parking revenue. Remote work has dampened paid parking demand from pre-Covid levels.</p> <p>The City has proposed parking fee increases to address deferred capital</p>

	<p>maintenance needs in the Parking Enterprise Fund. A tax levied on City parking resource could detract from the Parking Funds' ability to raise revenue to meet maintenance needs.</p> <p>Parking supply data in downtown has not been updated since 2006. In 2006 a parking needs assessment of only the Eugene downtown area was conducted. The study identified about 15,250 spaces in the downtown area, of which approximately 5,000 were on and off-street publicly-owned spaces. The remaining approximately 10,000 are presumed to be free or paid commercial parking. If public parking were excluded and the owners/operators of these downtown commercial spaces were taxed \$60 annually per space, then the tax would produce about \$600,000 revenue annually.</p> <p>As part of a 2007 study of transportation funding options, City staff estimated an approximate number of parking spaces citywide. Total parking spaces were estimated at 250,000, of which approximately 100,000 were nonresidential (estimate generated from impervious surface data) and 150,000 were residential (estimate generated from number of residential units). Beyond these approximate numbers no further information is currently available on citywide parking spaces.</p>
Administrative Effort	<p>Administration of this tax will require parking owners or operators to maintain reliable records of their parking revenues or their parking transaction activities, depending on the method of taxation. Under-reporting of taxable activity is a difficulty faced by governments that have adopted a parking tax.</p> <p>The administration of a parking tax would fall on the various parties affected by the tax. For the City, operating costs would include the salaries of additional employees needed to collect, monitor, and enforce the tax. These costs would depend on the specifics of the tax structure and payment periods. Parking operators, building owners, and employers who charge their employees for parking, would bear costs for recordkeeping and remitting the tax. These costs could be passed onto customers.</p>
Timeline	<p>The tax would take approximately two years to implement, as there is no current taxing/remittance structure for this type of tax.</p>
Who Pays	<p>A parking tax can be structured to be paid by the owners or operators of parking facilities, or by the direct users of the parking spaces. Taxes paid by owners or operators of parking facilities may be passed on to the direct users (drivers), depending on the economics of the parking market in the area.</p> <p>A parking tax would be paid by anyone who parks in the parking spaces that are subject to the tax. If a parking tax were structured to capture revenue from all free and commercial spaces, then it would be paid by all businesses and residences. The City would probably not be able to levy this tax on parking provided by the federal, state, county, government and possibly the airport (more research would be required to understand legal issues around taxes at the airport).</p>

Fairness & Indirect Implications	The tax would increase the cost of parking in Eugene, which may have the effect of encouraging consumers to travel to neighboring cities that have lower parking costs.
Sustainability Impact	<p>A parking tax is considered regressive because it is not based on the income of a parking patron. Parking patrons that have no reasonable alternative to parking downtown for lower wage jobs or to access necessary shopping or services could bear a significant financial burden. If a parking tax were levied on all parking, including free parking associated with rental housing, lower income citizens would bear an additional significant financial burden.</p> <p>A parking tax could encourage the use of alternate modes. For instance, the City of San Francisco's parking tax was implemented in the 1970's as part of an overall strategy to discourage the use of private automobiles. On the other hand, a parking tax could encourage suburban sprawl. If a parking tax is levied only on commercial spaces that generate parking revenue, the effect could be to encourage businesses to locate in outlying areas where parking is free.</p>
Viability in Solving Funding Issues	<p>It is possible that a parking tax's cost would be close to the amount it generated. Such as tax has a nexus with ongoing service costs, but no obvious nexus to the other funding needs.</p> <p>The Parking Fund struggled through the pandemic and adding a tax on parking activity could encourage drivers to avoid using the City's parking, thereby causing financial stress to the fund.</p> <p>It would take approximately 2 years to develop a tax structure and a collection system.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Payment in Lieu of Taxes	
Description	<p>A payment in lieu of tax (“PILOT”) is a payment made by a tax-exempt entity like a government or non-profit organization, to a municipality to compensate for some of the cost of providing municipal services to that entity. These payments can be mandated through legislation (such as the CILT payments from city-owned utilities to the city) but are usually voluntary.</p> <p>City governments will sometimes negotiate PILOTs with large tax-exempt entities, such as universities or hospitals. These entities draw on fire, police and other city services, but do not contribute to funding those services through property taxes.</p> <p>Some PILOT agreements and programs have been implemented as a result of threats of legal mandates or lawsuits, with the result of encouraging non-profits to participate and develop a mutually agreeable arrangement.</p>
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The Council has delegated administrative responsibility to the City Manager. The City Manager has the authority to negotiate PILOT payments with participating payors, or to develop a systematic program administratively. Non-legal considerations might result in the desirability of having the City Council provide direction on the program.</p>
Precedence	<p>According to a study by the Lincoln Institute of Land Policy in 2012, PILOTs worth more than \$92 million per year have been received by at least 218 localities in at least 28 states over the prior 12 years. That report found that many of these agreements were in the Northeast region of the US, and most of the payments come from higher ed institutions, followed by hospitals.</p> <p>PILOT programs can be created in various ways, as a one-off legal agreement, or they can be more systematic. They may be called different things, such as fees or gifts, and can be one-time payments or annual amounts.</p> <p>As an example, the City of Berkeley and the University of California have an agreement that outlines an annual payment to the city to support fire and other city services over a 16-year period. The agreement was reached in order to resolve litigation by the city over the university’s expansion plans.</p> <p>On the other hand, the City of Boston took a systematic approach to their PILOT program, setting up a task force in 2011 to create a clear vision for a fair and collaborative PILOT program. In 2022, the city</p>

	received over \$35 million in PILOT payments from 47 educational, medical and cultural organizations.
Revenue Yield & Stability	<p>As this is a voluntary program, the amount that could be raised by implementing PILOTs would depend on the parameters of the program and the participation of the non-profit institutions.</p> <p>According to the Lane County Department of Assessment and Taxation, there was \$4.2 billion of taxable assessed value that was exempt from property taxes in the current year, representing over \$27 million annually of lost property taxes due to exemptions in the City's General Fund. Of that, there was \$393 million of taxable assessed value that was exempt from taxes for charitable organizations, and \$1.4 billion of value for state government property (which would include the University of Oregon) in the most recent fiscal year, representing nearly half of the tax-exempt property value and General Fund impact. It would not be expected that a PILOT payment would equal the full amount of the property tax exemption, as there would likely be some credit recognizing the contribution that the non-profit makes to community service.</p> <p>The Boston PILOT program publishes statistics each year for the amount requested, the amount received, and the percent of the requested amount received. Over the past 10 years, the amount received ranged from \$23 million in 2013 to \$35.5 million in 2022. The percent of the requested amount received ranged from 66% to 82%, with 75% being received in the most recent year.</p> <p>For Eugene, <u>as an example only</u>, if half of the state and charitable institution property value were captured in a PILOT program, and those non-profit institutions received a 50% reduction in the amount that they would have paid in taxes to offset their community service provision, then the PILOT program would request approximately \$3 million from non-profits and expect to receive approximately \$2.3 million. Using the Boston model, this would be phased in over several years. However, a more limited approach would be to negotiate an agreement with one or two large nonprofits, which would likely yield less.</p> <p>Revenues would potentially fluctuate with the financial health of the non-profit sector and the overall economy.</p>
Administrative Effort	To get a systematic PILOT program up and running would require a significant amount of administrative and political effort. If the Boston model were followed, there would be a task force formed, and there would need to be City council meetings, staffing of that task force, and possibly public input sessions, over a period of approximately 15-18 months. Once that is complete, the legal documents and program parameters would need to be created and documented.

	<p>In the Boston model, the city makes a request twice a year from each of the non-profits for the contribution that is being requested and meets with the non-profits to explain the request. Because a significant part of the program is building and maintaining the relationships with the PILOT-paying organizations, there might be a need for a staff person to focus on developing and implementing this program for several years, or maybe ongoing.</p> <p>A more limited approach of negotiating with one or two large nonprofits would not incur any significant administrative costs, but there would be staff effort expended in building and maintaining the relationship around the PILOT agreements.</p>
Timeline	<p>A limited approach of negotiating with one or two large nonprofits could be implemented in a shorter time period. Revenues could conceivably be received within the current biennium, or next biennium under this approach.</p> <p>If Eugene were to follow the City of Boston model to take a systematic approach to implementing a PILOT program, it would take several years. A task force that includes representatives from the larger non-profits would be formed to help define the vision and program parameters. Once the task force was formed, their process took over 14 months in Boston. When the task force work was complete, the new program would be implemented. In Boston, the payments were initially phased in over a five-year period. This revenue source would be a longer-term solution to funding issues.</p>
Who Pays	<p>The direct payor of the PILOT program would be the non-profit that is subject to the payment. The non-profits get their revenues from different sources, such as sales or fees for service, donations and grants, and those would be indirect payors of the program.</p>
Fairness & Indirect Implications	<p>One of the main reasons for creating a PILOT program is to address perceived unfairness in the burden that organizations place on city services. Large institutions that use city services but don't pay property taxes essentially shift the burden of paying for those services to the remaining taxpayers.</p> <p>PILOT payment agreements and programs can be viewed as unfair if they are inconsistent, or if all non-profits do not participate. One of the key pillars of the Boston program is based on transparency and consistency that is meant to build trust and treat everyone fairly.</p> <p>There is a broad range of types of non-profit organizations, and some of those are very small. Asking for a voluntary payment from those smallest organizations may have a significant negative impact on their ability to provide services.</p>

	<p>Not all non-profits own property, and therefore are not subject to property taxes. In the Boston model, only non-profits that own property participate in the PILOT program.</p> <p>One important part of the Boston program is an acknowledgement of the contributions that non-profits make to the community through their services. The program includes a credit, using clear rules, of up to 50% of the non-profit's calculated PILOT contribution.</p>
Sustainability Impact	<p>Asking for non-profits to provide PILOTs to the City could result in a reduction of the service level in that sector. This could have a negative impact on the clients served by the non-profits, including some of the most vulnerable community members.</p>
Viability in Solving Funding Issues	<p>Implementing a PILOT program, either a limited one or a more systematic approach, could potentially provide funding to assist with funding issues. If the program were focused on services that the non-profits and City partner on, such as ambulance/hospital services, or public safety/university services, or homelessness and housing issues, or climate and sustainability issues, there could be a strong nexus between the PILOT and the use of funds. There could also be an approach that focuses on capital or one-time funding needs, with PILOTs being used to help pay for those larger project costs.</p> <p>This would not be an appropriate revenue source for repaying the City Hall loan due in part to the timeline for receiving the revenues, or for the City's participation larger community sports and/or entertainment venues due to the lack of any nexus between the non-profits and those uses.</p> <p>For a limited PILOT program, revenue could be received in the current or next biennium. Implementation of a comprehensive PILOT program would be a long-term effort, with revenue not expected to be fully realized for at least 5 to 7 years.</p>

**General Fund Revenue Alternatives
Staff Revenue Team – 2023**

Payroll Tax	
Description	<p>Payroll taxes are levied on wages and salaries earned or sourced from within the taxing jurisdiction. The tax can be applied to self-employed people as well as those employed by others.</p> <p>The tax can take the form of a flat tax per employee or a tax rate applied to taxable wages paid by an employer within the taxing jurisdiction. It can be levied on the employer based on the employee's wages, or the employee as a deduction from an employee's wages. In the latter case this tax would not be the same as a local income tax, which would tax all income after adjustments under applicable income tax laws.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a payroll tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or through a successful referendum petition.</p> <p>In 2019, City Council adopted by ordinance the Community Safety Payroll Tax (CSPT) to support community safety services, generally allocated among services as follows: 65% for police services; 10% for fire and emergency medical services; 15% for municipal court and prosecution services; and, 10% for prevention and homelessness services.</p>
Precedence	<p>The Eugene City Council passed the Community Safety Payroll Tax Ordinance (No. 20616) on June 11, 2019 to provide long-term funding for community safety services. The Community Safety Payroll Tax became effective January 1, 2021.</p> <p>The State of Oregon collects a transit tax on subject wages paid for services performed within the Lane Transit District (LTD) in Eugene/Springfield area and the Tri-County Metropolitan Transit District (Tri-Met) in the Portland area to provide partial funding for those districts. Transit districts do not have the home rule authority and so may not impose these taxes unless specifically allowed by the state statute.</p>
Revenue Yield & Stability	<p>In the 2023-2025 biennium, revenues are forecasted to be \$46.0 million (\$22.6 million in FY24 and \$23.4 million in FY25) and expenditures to be \$51.3 million. FY23 revenues were \$21.8 million.</p> <p>The tax is imposed quarterly on every employer, except the federal government, State of Oregon or any political subdivision of the state, with a physical address in the city at a rate of 0.0021 of wages paid by the employer; or on the first \$100,000 of wages paid by an employer with two or less employees at a rate of 0.0015; or on every employee working at an employer located in the city at a rate of 0.0044 of employee's wages. The tax rate imposed on every non-minimum wage employee making a wage of \$15.00/hour or less working at an employer located in the city is 0.0030 of the employee's wages.</p> <p>Generally stable, this revenue source is subject to the fluctuation of economic cycles and contraction of payroll due to recessionary impacts.</p>

Administrative Effort	<p>The City collects this tax utilizing an online self-service option provided through a contract with MUNIRevs; paper filing options are provided to taxpayers as well. The City uses 4.5 FTE for administration and management of the program (as of October 2023).</p> <p>For details on how the Community Safety Payroll Tax is administered, see Administrative Order 44-21-07-F (applicable for tax periods after January 1, 2022).</p>
Timeline	<p>Implementation took approximately 18 months, from the signing of the ordinance to the effective date (date the City began collecting the tax).</p> <p>Initial revenue projections were slowed due to impacts of the pandemic; but forecasts are now on track to collect the target of \$23.6 million in annual revenues by FY25.</p>
Who Pays	<p>Employers and employees are liable for the tax for wages or salaries paid by an employer with a physical business location in the City. The employer is responsible for reporting and remitting the employee's contributions to the Payroll Tax.</p>
Fairness & Indirect Implications	<p>In many or most instances a payroll tax paid by the employer will be passed on either to the employee through downward pressure on wages and salaries or to the consumer in the price of goods and services. Structuring the tax as a rate applied to wages and salaries makes the tax more progressive. Employee-paid payroll tax is deductible on state and federal income taxes.</p>
Sustainability Impact	<p>A payroll tax with an employer-paid tax component could discourage new businesses from establishing in Eugene and could also encourage existing businesses to move to a lower tax city, resulting in an overall loss in tax revenue for the city. Businesses could experience an impact on net profits as total payroll costs increase. The Community Safety Payroll Tax is structured to lessen the impact on small employers by allowing for a reduced tax rate on the first \$100,000 in payroll. A payroll tax with an employee-paid tax component could make employers in the city less competitive with hiring and retaining workers.</p> <p>While payroll taxes can be more impactful to lower wage workers, the tiered tax rate structure of the employee-paid component of the CSPT tax is intended to mitigate the financial impact to this population.</p> <p>The environmental impact of a payroll tax is contained to an increase of physical mail distribution both by the city and taxpayers who choose to file on paper. The environmental impact can be limited by providing online filing options and encouraging taxpayers and tax preparers to file in that format. In FY23, the CSPT received 33% of all tax filings in a paper format, which is expected to decline as taxpayers become more familiar with online self-serve options.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Personal Income Tax	
Description	A tax on income of residents of Eugene; may also be assessed on employees working within city limits.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a personal income tax on residents by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Unless otherwise restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	<p>About a third of all states allow their counties, municipalities, and other local jurisdictions to impose an income tax. However, not all states have a local tax in every jurisdiction. Only five cities in Colorado impose the tax, while Iowa has hundreds of school districts that levy income taxes.</p> <p>The greater Portland area (Metro) imposes a 1% personal income tax for individuals with Metro taxable income over \$125,000 (\$200,000 if married filing jointly). Multnomah County has a 1.5% "Preschool for All" tax on those same income groups, with an additional 1.5% tax on Multnomah income over \$250,000 or \$400,000 for joint filers.</p> <p>As of 2023, Lane County Transit District imposed an income tax for employers within the district at a rate of 0.78%.</p> <p>Eugene has had several income tax proposals fail the public vote (or before reaching the ballot) in the past; most recently, in a May 2011 special election, Eugene's Measure 20-182 proposed a temporary City income tax for schools. 62% voted against the measure.</p> <p>In January 2010 two statewide tax measures were passed by voters, one of which raised tax rates on income above \$125,000 to fund education, health care, public safety and other services.</p> <p>In 2019, Council passed the Community Safety Payroll tax, setting a tax rate on employee wages (for persons working within city limits) ranging from 0.30%-0.44%, and 0.21% for employers. The tax went into effect January 1, 2021. Any additional personal income tax imposed by the City would double tax income of City residents that work inside city limits.</p>
Revenue Yield & Stability	<p>In 2011, Eugene's Temporary City Income Tax for Schools was structured with tiered rates applied to Oregon Taxable Income: incomes below \$22,000 were not taxed; between \$22,001 and \$35,000 had a rate of 0.35%; between \$35,001 and \$50,000 had a rate of 0.47%; between \$50,001 and \$75,000 had a rate of 0.75%; and income above \$75,000 had a rate of 1.2%. These rates were for joint incomes and single filer income levels were half of the joint levels. It was estimated that this would generate a net amount of \$16.8 million per year, after subtracting tax avoidance and evasion, exemptions, and administration.</p> <p>Tax revenues would fluctuate with changes in personal income and mirror economic conditions.</p>

Administrative Effort	If a new personal income tax were implemented, Eugene could potentially contract collection out to the City of Portland Revenue Bureau or the Oregon Dept. of Revenue, reducing the administrative burden and confusion with the Payroll Tax. A new tax would likely face significant, aggressive political opposition making implementation difficult, lengthy, and increasing costs.
Timeline	A new tax would take up to two years; the City would have to establish a collection mechanism, either in house or through contract with another entity, such as DOR, and establish procedures around the distribution of the tax.
Who Pays	Many localities assess income tax on residents and any non-residents who work in city/district limits.
Fairness & Indirect Implications	<p>Personal income taxes are generally considered progressive, since you pay more if you earn more, and there are multiple allowable deductions for low-income and health/disability-burdened earners.</p> <p>A new tax could be structured to provide exemptions for low-income households, however this would increase the rate needed to generate a particular dollar amount and increase the associated administration costs.</p>
Sustainability Impact	<p>Generally, an income tax is designed to be progressive, but the structure of the tax can increase or decrease progressivity.</p> <p>Due to Oregon's state income tax being ranked as one of the highest in the nation, an additional local income tax may not be sustainable long-term.</p> <p>Impact on low-income residents would depend on the structure of the tax and what exemptions are included. May slightly negatively impact the City's economic prosperity goals and initiatives.</p> <p>Impact on the city's business climate is uncertain; a higher local income tax rate could discourage in-migration and encourage workers to relocate, reducing economic activity and negatively impacting businesses in city limits.</p> <p>There is no direct environmental impact apparent.</p>
Viability in Solving Funding Issues	<p>Due to Oregon's already-high personal income tax rate, and the City's Payroll Tax, a new tax is likely to face strong opposition.</p> <p>Tax revenues would fluctuate with changes in personal income and mirror economic conditions.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable, sufficient revenue, better feasibility politically since payees of the tax could also benefit from City services (indirect nexus). • Capital Acquisition & Replacement: Viable, sufficient revenue, no direct nexus and unlikely one could be created; political feasibility is low. • Climate/ Sustainability Services: Viable, sufficient revenue, no direct nexus; might be possible to direct revenues towards services/actions addressing this issue, depending on specific service funded may or may not face strong political opposition.

	<ul style="list-style-type: none">• Unhoused Services: Viable, sufficient revenue, no direct nexus and one could be created but might face opposition in directing revenues to address this issue.• Affordable Housing: Viable, sufficient revenue, no direct nexus and unlikely one could be created; political feasibility is low.• City Hall Loan Repayment: Not viable; funding is sufficient but not politically feasible and likely wouldn't be available in timeframe needed; no direct nexus.• City Contributions to Community Partnerships (infrastructure): Viable, sufficient revenue (though may not be available within timeframe needed), no direct nexus.
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**2023 Staff Revenue Team
Revenue Source Summary**

Photo Red Light Cameras	
Description	<p>A citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer.</p> <p>Photo Red Light Camera programs are most often put in place to promote public safety. It should be noted that EPD enforces traffic laws for public safety, not for the purpose of generating revenue.</p>
Legal Authority & Restrictions	<p>If a city chooses to operate a camera that complies ORS 810.434 (Photo red light), a citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer if certain conditions are met.</p> <p>ORS 810.434 Photo red light requires:</p> <ol style="list-style-type: none"> (1) Any city may, at its own cost, operate cameras designed to photograph drivers who: <ol style="list-style-type: none"> (a) violate ORS 811.265 (Driver failure to obey traffic control device) by failing to obey a traffic control device; or (b) Violate the speed limit established in ORS 811.111 (Violating a speed limit) by 11 miles per hour or greater or violate the designated speed posted under ORS 810.180 (Designation of maximum speeds) by 11 miles per hour or greater. (2) Cameras operated under this section may be mounted on street lights or put in other suitable places. (3) A city that chooses to operate a camera shall: <ol style="list-style-type: none"> (a) Provide a public information campaign to inform local drivers about the use of cameras before citations are actually issued; and (b) Once each biennium, conduct a process and outcome evaluation for the purposes of subsection (4) of this section that includes: <ol style="list-style-type: none"> (A) The effect of the use of cameras on traffic safety; (B) The degree of public acceptance of the use of cameras; and (C) The process of administration of the use of cameras. (4) By March 1 of each odd-numbered year, each city that operates a camera under this section shall present to the Legislative Assembly the process and outcome evaluation conducted by the city under subsection (3) of this section. <p>Effective Jan 1, 2023, ORS 810.437 permits a citation for speeding to be issued on the basis of photographs from a camera and other technology, including but not limited to sensors, that measure the</p>

	<p>speed of a vehicle without the presence of a police officer if certain conditions are met.</p> <p>Revenue generated from the Photo Red Light Cameras could be used for the General Fund, net of any operational expenses.</p>
Precedence	<p>Portland, Beaverton, Medford, Salem, Albany, Madras, Tigard, Wilsonville, and Newburg all utilize Photo Red Light Cameras as allowed by ORS 810.434.</p> <p>In 2018, the City's five-year Vision Zero Action Plan included a two-Year initiative to install automated enforcement cameras for red light violations on the Vision Zero High Crash Network using a data-driven process. Direct revenue generated by traffic citations would be directed to the City's Vision Zero Program. As of 2023, no photo red light cameras have been installed.</p>
Revenue Yield & Stability	<p>It is unknown if this program would generate any net revenue or incur ongoing liability. The City of Eugene's Public Works Department and EPD are currently exploring the possibility of launching a Photo Red Light pilot program with the goal of creating a cost-neutral system designed to reduce traffic safety violations at up to three intersections in Eugene. The purpose of these Photo Red Light Cameras would be to prevent traffic fatalities and injuries—not to generate revenue.</p> <p>Many jurisdictions with photo red light cameras operate the cameras either in a cost-neutral manner or at a net loss, due to the costs involved in paying the vendor, processing the tickets, increased municipal court caseloads, increased records requests, and the cost of an officer's time when summoned to court for trial. It is notable that there may also be some cost savings associated with mitigating severe intersection crashes, such as officer and court time that might have been spent investigating and prosecuting crashes that involve red light or speed violations. Revenue generated from the photo red light cameras would go toward City staff time associated with the program, but very likely would not generate additional revenue beyond covering, or partially covering, program costs.</p> <p>When Photo Red Light Cameras were initially explored by Eugene in 2002 and 2004, estimates showed a negative impact to the General Fund, however these previous studies may not reflect current market conditions. As of October 2023, City of Eugene staff are consulting with other communities in Oregon who have successful cost-neutral red light camera systems to help gain insight on how a pilot program might be structured.</p>
Administrative Effort	<p>There are currently no specific estimates of the cost of administration, additional FTE, vendor contracts, or collection associated with this revenue source. Start-up cost estimates including the identification and survey of intersections would also need to be included. Additionally, it is estimated that FTE may need to be added to both the City's Municipal</p>

	Court, EPD, and the Prosecutor's Office to process the additional citations that the program would create.
Timeline	This would take one to two years to implement due to the process to contract with a vendor, install, hire associated FTE, and begin issuing citations.
Who Pays	Individuals violating ORS 811.265: Driver failure to obey traffic control device. This could be both residents and non-residents of the city.
Fairness & Indirect Implications	The issuance of citations would directly affect only those violating traffic laws in intersections where the system is installed.
Sustainability Impact	<p>A higher rate of compliance with red light signals may reduce collisions directly related to red light or speed violations and enhance public safety.</p> <p>Opponents of photo red light camera programs frequently cite privacy concerns and scope creep (fear of cities using the cameras for anything other than traffic infractions) as arguments against implementation.</p>
Viability in Solving Funding Issues	<p>This is not a viable solution for solving the City's organizational funding issues, however may be an appropriate cost-neutral public safety program to be further considered by EPD and Public Works. A photo red light camera program would support traffic safety goals and community well-being, but could also be potentially burdensome to low-income community members. More research is needed as to the revenue generating potential of this program. EPD and Public Works staff will continue their research into the feasibility of photo red light enforcement.</p> <p>It would take one to two years to implement this type of program due to the time required for surveying intersections, getting vendor proposals and securing a vendor contract, installing equipment, and hiring new FTE to support the increased administrative and legal work required.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Private Foundation Endowment	
Description	<p>A legal structure for accepting and managing pooled funds or donations, often in perpetuity, to earn interest. Interest revenues can be applied to annual funding needs as allowed by the endowment terms.</p> <p>This option would be for a private foundation to be formed or an existing foundation to be expanded, to create an ongoing revenue stream to fund services and/or to pay for capital projects.</p>
Legal Authority & Restrictions	<p>ORS 128.322 outlines the responsibility a foundation has to use funds received for an endowment in a manner consistent with the donor's instructions.</p> <p>A private foundation endowment can invest funds at higher earnings rates, and higher risk, than the City could invest those same funds. ORS 294.035 governs the investment of public funds.</p>
Precedence	<p>The City of Eugene currently partners with the Eugene Parks Foundation, Eugene Public Library Foundation, the Friends of the Library, and the Police Foundation, which were founded by donor contributions. Those organizations hold, invest, and distribute the funds. The City is the recipient of the endowment funds. The Eugene Public Library Foundation contributed \$5 million towards construction of the Downtown Public Library.</p> <p>The City of Portland has a Parks Endowment Fund that comprises four separate endowments.</p> <p>Corvallis' Friends of Corvallis Parks and Recreation is a non-profit organization that partners with the City to provide financial support above and beyond what is included in the City of Corvallis Parks and Recreation Department annual budget.</p>
Revenue Yield & Stability	<p>A private foundation or endowment would likely need multiple donors in order to provide sufficient revenue to meet funding needs year after year. For an annual revenue to support ongoing services of at least \$4.8 million, not considering inflation or administrative costs, the initial endowment principal amount would need to be at least \$64 million. See last page for full sensitivity analysis.</p> <p>An endowment provides long-term stability as it will likely grow over time and can garner additional donations throughout its life. However, as original endowments are non-spendable in nature and revenue is based on interest earnings, they are susceptible to fluctuations in market interest rates. If endowments are invested in equity investments, then the principal of the endowment is also subject to fluctuation, and the principal could drop below the initial endowment level.</p>
Administrative Effort	<p>Initial fundraising would require significant effort, which would vary depending on the size of the principal needed. City staff would need to connect with this effort in order to ensure that the fundraising effort was consistent with the City's goals and services.</p>

	Once created, management of an endowment would be handled by the private foundation, reducing the internal administrative effort required.
Timeline	Depending on the size of the endowment needed, it would likely take at least five years to raise funds from donors or through City surplus property sales. Property sales would need Council review and approval, increasing the timeline.
Who Pays	Private citizens who choose to donate to the foundation, or City taxpayers, through the sale of surplus property.
Fairness & Indirect Implications	Since donations would be voluntary, this option would be fair and not place an inequitable financial burden on low-income families.
Sustainability Impact	A sustainable source of revenue for small projects; interest earnings only would be used to meet funding needs, while the principal amount would remain in the endowment fund to continue earning interest annually.
Viability in Solving Funding Issues	This could potentially be a long-term solution to funding certain services sustainably. It is not a viable solution for paying for ongoing service costs in the short term. A capital campaign could be created to fund large capital projects that have general public appeal (such as was done for the Eugene Public Library). There would need to be a group of private community members who were willing to form a foundation and generate donations for any of the specific uses, such as climate/sustainability services, unhoused services, affordable housing or community partnerships. This would not be a viable solution for City Hall Loan Repayment.

Parks Endowment Scenarios		FY24	FY25	FY26	FY27	FY28
Scenario 3						
Annual Interest Revenue Earned		\$ 5,400,000	\$ 5,800,000	\$ 6,200,000	\$ 6,600,000	\$ 7,100,000
Principal Needed at Interest Rate of	2.1%	\$ 257,142,857	\$ 276,190,476	\$ 295,238,095	\$ 314,285,714	\$ 338,095,238
Principal Needed at Interest Rate of	5.3%	101,886,792	109,433,962	116,981,132	124,528,302	133,962,264
Principal Needed at Interest Rate of	7.5%	72,000,000	77,333,333	82,666,667	88,000,000	94,666,667
Scenario 2						
Annual Interest Revenue Earned		\$ 4,800,000	\$ 5,100,000	\$ 5,500,000	\$ 5,900,000	\$ 6,300,000
Principal Needed at Interest Rate of	2.1%	\$ 228,571,429	\$ 242,857,143	\$ 261,904,762	\$ 280,952,381	\$ 300,000,000
Principal Needed at Interest Rate of	5.3%	90,566,038	96,226,415	103,773,585	111,320,755	118,867,925
Principal Needed at Interest Rate of	7.5%	64,000,000	68,000,000	73,333,333	78,666,667	84,000,000
¹ Interest rate of 2.1% was earned by the City of Portland's Parks Endowment Fund in 2019, pre-pandemic						
² Interest rate of 5.3% is the average annualized interest rate earned by non-profit endowments 2009-2017						
³ Interest rate of 7.5% is the historical average annualized interest rate earned by college and university endowments over a ten-year period; this is generally accepted as the target average return over 10 ears						

**2023 Staff Revenue Team
Revenue Source Summary**

Rental Housing Fee Increase																				
Description	<p>The City's Rental Housing Door Fee (the "Door Fee") was established in 2004 at \$10 per door per year when Council adopted the Rental Housing code with habitability standards. The Door Fee was increased in FY23 following Council's approval of Renter Protections phase I by \$10 to be a total of \$20 per door per year.</p>																			
Legal Authority & Restrictions	<p>Council determines eligible uses for the Door Fee in the Rental Housing Code. On July 11, 2022, City Council approved Ordinance No. 20670, amending sections 8.405, 8.415, 8.425, 8.430, and 8.440 of the Eugene code to provide a phase 1 of renter protections. The ordinance expanded the use of the Door Fee by adding EC 8.440(2)(b).</p> <p>EC 8.440(2)... "The revenues generated by the fee may be used for:</p> <ul style="list-style-type: none"> (a) Offsetting the costs to the city associated with the enforcement of this City Rental Housing Code; and (b) Costs associated with providing services to tenants and owners and managers of rental housing, including but not limited to a rental housing navigator position, rental housing data collection, and tenant support services." <p>As currently described, the door fee could likely be used for some ongoing service costs and Affordable Housing services related to renters and renter protections.</p> <p>Council could amend the Code to expand the scope of the fee to encompass additional activities, with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund.</p> <p>The City Manager sets the amount of the Door Fee in the Administrative Rule. Admin Order 53-22-08-F increased the annual Door Fee by \$10 (for a total of \$20/unit annually or \$1.67/unit each month).</p> 																			
Precedence	<p>The City has an existing Door Fee in place. (See above info). Several other jurisdictions have Rental Housing license programs. However, there is variability in local ordinances that govern what the programs do. As of October 2022, other jurisdictions had the following rates for their Rental Housing Programs:</p> <table border="1"> <thead> <tr> <th>Community</th><th>Type of Code</th><th>Annual Fee</th></tr> </thead> <tbody> <tr> <td>Beaverton</td><td>Rental Housing Code</td><td>Houses: Business License required after 3 units: \$75 base fee plus \$8.75 per person involved in management. Apartments: \$75 per unit for first 40 units plus \$1.25 for each additional unit, plus Business License.</td></tr> <tr> <td>Corvallis</td><td>Rental Housing Code</td><td>\$15 per unit, \$1 increase in odd-calendar years (next in 2023)</td></tr> <tr> <td>Gresham</td><td>Rental Housing Code</td><td>\$55 for first 2 units, plus sliding scale of \$20 to \$45 on additional units</td></tr> <tr> <td>Medford</td><td>Rental Housing Code</td><td>\$40 base fee after first unit, plus \$1 for each additional unit</td></tr> <tr> <td>Portland</td><td>Business License Code</td><td>\$65 per unit, plus registration and applicable taxes with City of Portland Revenue Division</td></tr> </tbody> </table>		Community	Type of Code	Annual Fee	Beaverton	Rental Housing Code	Houses: Business License required after 3 units: \$75 base fee plus \$8.75 per person involved in management. Apartments: \$75 per unit for first 40 units plus \$1.25 for each additional unit, plus Business License.	Corvallis	Rental Housing Code	\$15 per unit, \$1 increase in odd-calendar years (next in 2023)	Gresham	Rental Housing Code	\$55 for first 2 units, plus sliding scale of \$20 to \$45 on additional units	Medford	Rental Housing Code	\$40 base fee after first unit, plus \$1 for each additional unit	Portland	Business License Code	\$65 per unit, plus registration and applicable taxes with City of Portland Revenue Division
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Revenue Yield & Stability	<p>FY23 revenue was \$687,213 for the \$20 per unit per year fee.</p> <p>The program revenue for the first year of the increased Door Fee generated just over \$340,000 (FY23) for the implementation of Phase I Renter Protections for a rental housing navigator, data collection/management, program oversight, enforcement, and support services. As a new program, and depending on the impacts of Council's recently approved Phase II and any future Council direction, some adjustments may be needed to the Door Fee, especially since the initial estimate of renter protections program costs exceeded the projected revenue. Staff will review the fee annually to ensure the fee is set appropriately to fund the tasks included in renter protections program.</p> <p>Currently, there are approximately 34,000 rental units registered with the City. Changes in the number of rental units and the number that are registered with the City would impact revenue.</p>
Administrative Effort	<p>Increasing the Door Fee for uses already in the Rental Housing Code would require an Admin Order (PDD and CAO staff time) and public outreach (the required comment period plus notification to the RHC interested parties list at a minimum).</p> <p>To be able to spend Door Fee revenue on uses not currently in the Rental Housing Code would require Council to amend the code, which would involve staff time for at least a public hearing and action item plus public outreach.</p> <p>The mechanics of collecting a higher amount would have relatively little impact because sending bills and processing payments is an existing annual process.</p>
Timeline	<p>This depends on what the new Door Fee revenue would be used for. It would take about three months to increase the fee to use funds for an existing eligible purpose. Bills are sent annually in the fall. It would likely be FY25 at a minimum before new revenue would be received.</p> <p>For authorizing new uses of the funds, it would take longer. Lead time would be necessary to navigate political and practical matters, especially considering how the new use of funds relates to the Renter Protections Phase III work currently in progress (estimated to go to Council once Phase II implementation is completed for initial feasibility discussion).</p>
Who Pays	<p>Although an increased Door Fee is imposed on landlords, there is likely to be an indirect impact on renters because some or all of the cost of the door fee would presumably be added to the monthly rent to be paid by the tenant.</p>
Fairness & Indirect Implications	<p>Over half of the Eugene community are renters; 56% of all renters are rental cost burdened (a household that pays 30% or more of their income for housing). A very large increase would be needed before the annual Door Fee would have a meaningful impact on rent. (Currently, the fee is \$1.67/unit/month.)</p> <p>If landlords perceive the Door Fee to be too high, they might not register their unit(s). Perceived concerns from some that the Door Fee will impact landlords' interest in continuing to rent their property(ies).</p>
Sustainability Impact	<p>It depends on the amount of the Door Fee and the uses for the revenue. A modest increase could generate revenue that would make a difference in the lives of low-income community members, if for example, the revenue was used for Unhoused Services.</p>

<p>Viability in Solving Funding Issues</p>	<p>The Door Fee is currently a viable source of funds to offset the costs to the City associated with the enforcement of the Rental House Code and costs associated with providing services to tenants and owners/managers of rental housing, including but not limited to: a rental housing navigator position, rental housing data collection, and tenant support services.</p> <p>Under the existing Code, the Door Fee could likely be used for some ongoing service costs and Affordable Housing services related to renters and renter protections. Council could amend the Code to expand the scope of the fee to encompass additional activities, with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund. This most likely amounts to using increased fee revenue for renter related costs of Affordable Housing or unhoused services.</p> <p>There are political factors to consider regarding spending the Door Fee on non-rental housing or housing/homeless related things.</p> <p>Timing for new revenue depends on what the use is (how much deliberation Council would need to do to come to a decision) and how it would be integrated with the Renter Protections Phase III work already underway. (Council just approved Phase II and will pick up Phase III, once phase II is implemented.) Soonest would be FY25 for new Door Fee revenue, if code change and admin rule in place by summer 2024.</p> <p>Though this fee could be a viable option to addressing some of the following funding issues in the mid-term, the City would need to show articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund; no direct nexus; insufficient revenue, low political feasibility • Capital Acquisition & Replacement: Not viable, no direct nexus, insufficient revenue, low political feasibility • Climate/ Sustainability Services: Viable with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund; no direct nexus; insufficient revenue, low political feasibility • Unhoused Services: Viable, direct nexus for renter related uses, sufficient revenue for partial support of funding issue (any funding is better than none) • Affordable Housing: Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none) • City Hall Loan Repayment: Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • City Contributions to Community Partnerships (infrastructure): Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.
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**2023 Staff Revenue Team
Revenue Source Summary**

Restaurant Tax	
Description	Tax on sales of food and non-alcoholic beverages served by restaurants in Eugene. The tax is typically applied as a rate and paid by customers on their restaurant bill.
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The City Council may implement a restaurant tax by ordinance without state enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>While ORS 317A.158 restricts commercial activity taxes based on the receipts from grocery sales, the definitions for ORS 317A.100 expressly exclude from preemption “(U) Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages.” More legal analysis might be needed to understand how this statute would affect any restaurant tax.</p>
Precedence	<p>Currently, there are three cities in Oregon that collect a prepared foods tax: Ashland, Yachats, and Cannon Beach, who all have city retail sales taxes of 5% on prepared foods. In 2021, Newport voters rejected a similar proposal for a 5% sales tax on prepared foods.</p> <p>Cannon Beach voters narrowly approved the 5% prepared food tax that went into effect in July 2022. The revenue generated will be split between the City of Cannon Beach and the Cannon Beach Rural Fire Protection District for emergency services and city infrastructure. The city offered businesses grants of up to \$5,000 to help with the costs associated with modifying point of sales systems to collect the tax.</p> <p>The City of Yachats 5% tax applies to most prepared foods and dispensed beverages, not including alcoholic beverages. Tax proceeds are dedicated to debt payments on the wastewater treatment plant. The ordinance that imposed the tax does not have a sunset clause, and contains a provision allowing the city council to increase the tax rate in the future after a public hearing.</p> <p>The City of Ashland collects a 5% tax on all prepared food. One percent is used to purchase open spaces for parks and four percent is used to offset the costs associated with the building of the new wastewater treatment plant. The tax was to sunset in 2010, however, 59% of Ashland voters voted to extend the tax to 2030. One of the factors in this vote was that the wastewater rates would have gone up by 55% had the tax not been renewed.</p> <p>In 2021, Newport voters rejected a proposed 5% restaurant tax that would have supported service costs including police, fire, library, and parks. In 2011, Cottage Grove City Council rejected a 3% restaurant tax proposed to support aquatic center operations.</p> <p>In March 1993, the City of Eugene proposed a 3% restaurant tax to be</p>

	<p>used as a general revenue source; the proposal failed at public vote with 60% opposed and 40% in favor. In 2010, the City's Meeting the Challenge Task Force recommended a restaurant tax as one of the three preferred potential revenue raising options.</p> <p>Some major cities have a "meals tax" in addition to sales tax – the combined taxes on meals range from 5% to almost 11%. The meals tax rates alone range up to 5.5% with the average being just over 2%.</p>
Revenue Yield & Stability	<p>Revenue would fluctuate with changes in personal income and the economic environment. The 2017 Economic Census reported \$943 million in annual Restaurant and Accommodations sector sales in the Eugene-Springfield Metro Area; we can presume at least 50% of the sales are in Eugene (\$472 million). It is unknown what portion of this figure is from restaurant/prepared foods sales; the following projections assume 50%, or \$236 million. The estimates contain a lot of unknowns, and further research is required.</p> <p>If levied at a 5% tax rate, which is the rate imposed by Yachats, Ashland, and Cannon Beach, the tax could yield approximately \$12 million annually. At a 3% rate, it could raise approximately \$7 million, and a 1% rate could yield slightly over \$2 million annually. These figures do not account for the costs to administer the tax, the possibility of delinquency, or possible exemptions, such as fast-food sales. It would be advisable to round down the ranges to something more like \$2-10+ million until more is known about the potential yield.</p> <p>The 2017 census shows that Oregon's total restaurant and accommodations sales were \$11.8 billion. The results of the 2022 Economic Census will be released in March 2024.</p>
Administrative Effort	<p>If patterned after Ashland's process, businesses would remit the tax quarterly to the City. After the initial registration of all eligible businesses, staff time would be required to post payments, work with business owners and enforce the tax uniformly. Dedicated staff would be needed to perform this function. An effort will need to be made to clearly identify foods and beverages that are subject to this tax to make compliance easier for local businesses. A portion of the proceeds may be retained by the restaurants to help defray the costs associated with collections and remittance activities.</p>
Timeline	<p>This tax would take a longer period of time to implement, possibly two years or more. Lead time would be necessary to establish administrative and enforcement mechanisms.</p>
Who Pays	<p>Restaurant patrons; residents and non-residents.</p> <p>Determining how much of this amount would be paid by out-of-town visitors vs. City residents would require additional research, as this data is not readily available.</p>
Fairness & Indirect Implications	<p>In the current economic environment, an additional tax on food and beverages may be seen as unfair by some segments of the local community, including businesses and those representing low-income populations. One way to possibly address this concern is to exempt fast</p>

	<p>food.</p> <p>Although it is possible that some consumers may choose to go outside of city limits to avoid the tax, a small tax is unlikely to significantly impact local restaurant revenues, similar to the implementation of the gas tax. However, it may result in some lost business for Eugene restaurants. Restaurant margins may be too slim to absorb administration costs.</p>
Sustainability Impact	<p>There is disagreement over whether a restaurant tax is equitable. Some argue that low-income households spend a larger portion of their income on prepared food. However, multiple studies have shown that higher-income households spend a greater portion of their food budgets on prepared food. Low-income households tend to spend more on fast food than restaurant food. Some restaurant taxes specifically exempt fast food restaurants in order to reduce the impact on low-income households. Even with this exemption, the tax is still regressive since it levies same percentage on goods purchased regardless of the buyer's income.</p> <p>Businesses tend to be very opposed to these types of taxes due to the possibility that consumers will reduce their purchases. Even if consumer behavior does not change, it could lead to a tense relationship with the business community.</p>
Viability in Solving Funding Issues	<p>A restaurant tax of 1-5% could be a viable funding solution, though there is no direct nexus with any of the areas needing funding. The potential gross yield of \$2-10+ million, depending on the rate, makes this tax a candidate for supporting ongoing service costs. However, there is likely to be significant opposition from the business community and other community members that are concerned about the impacts a restaurant tax would have on businesses and consumers, especially low-income households. Although Council can create this tax by ordinance, citizen initiative would likely result in a ballot measure and a highly politicized electoral environment.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Sale of Surplus Property	
Description	<p>Sale of surplus property owned by the City, which could be used to seed an endowment or used to cover a one-time cost.</p> <p>The City owns hundreds of parcels, most of which support City services, that should not be considered for sale. However, there are underused parcels that could be considered for sale to raise one-time revenue.</p>
Legal Authority & Restrictions	<p>Analysis completed in 2021 determined that City Ordinance 2.864 grants the City Manager the authority to declare real property as surplus subject to disposal. ORS 221.725 specifies the requirements for public noticing.</p> <p>City Council established a disposition process in 2017. Staff also follow these protocols when selling property in the Urban Renewal District.</p> <p>Individual parcels may have specific deed restrictions that limit their disposal; research should be conducted for each parcel.</p>
Precedence	<p>March 2018 - City of Eugene sold a 0.24-acre parcel to a private party. The former surface lot is now being developed into housing.</p> <p>The City sold property as one of the multiple sources of funding for construction of the Downtown Public Library. The property sale took many years to accomplish, and proceeds were not available to pay for construction costs when needed. The City had to provide cash flow funding for several years until property sale proceeds were realized.</p>
Revenue Yield & Stability	<p>Actual revenue generated would vary depending on the size and location of the parcel is sold. Some examples:</p> <ul style="list-style-type: none"> • 255 Lincoln Street. 2.39 acres, Assessor estimates real market value at \$3.4 million. • 1545 Jefferson Alley. 3.97 acres, Assessor estimates RMV at \$300,000, but actual market value would be much higher, given scarcity of flat parcels of that size in the center of Eugene. <p>For the sale of any surplus property, the original source of funding to purchase the property would need to be understood, and any restrictions on those original dollars would need to be honored.</p>
Administrative Effort	<p>The City would need to identify parcels that are not needed at this time. Some work was done early in the pandemic to identify City-owned sites that could be used as shelter sites for the unhoused. That research could be a foundation for an effort to identify disposable property. It may take up to 80 hours of staff time to assemble a list of potential surplus properties.</p> <p>The amount of staff time depends on the process used to sell the property. If Council chooses to issue an RFP, with specific development requirement, the project can take 1.5 years and 500 to 1,000 hours of staff time. Alternatively, the City can simply list a property as for sale, which would take less than 200 hours of staff time.</p>

Timeline	<p>Timing would vary, based on the disposal process. The 2021 analysis concluded that it would likely take at least one to two years to identify disposable property, propose to Council and gain Council's approval, and obtain a buyer. The process could take less than one year if the parcel were already identified, and Council opted to list the property with a broker.</p> <p>It is recommended that the sale of property only be used as a funding source for a project once property sale proceeds are in hand to reduce the risk to the project of timing of receipt and/or amount of proceeds.</p>
Who Pays	The purchaser of the property pays.
Fairness & Indirect Implications	<p>Sale of public property could negatively impact future opportunities to serve areas of the city and could be negatively received by the public if it is viewed as contradictory to the City's pledge to increase accessibility to parks and open spaces. The impact could be seen as positive if an underused parcel can be redeveloped into a productive use.</p> <p>The City runs a land bank program for Affordable Housing. Federal HUD dollars are used to acquire land and then sell it at a greatly reduced cost to providers of income-qualified Affordable Housing. Surplus properties could be used to bolster the supply of land for Affordable Housing and allow the City to leverage the federal dollars.</p>
Sustainability Impact	By nature, sales of public property are one-time events. They can be used to fund one-time events. If the funds are used to seed an endowment, they can be sustainable if properly managed.
Viability in Solving Funding Issues	<p>It is reasonable to dispose of unused parcels to fund one-time needs that benefit the community. There is a nexus with these funding issues:</p> <ul style="list-style-type: none"> • Capital Acquisition & Replacement (such as parks) • Affordable Housing (if sites were used for Affordable Housing) • City Hall Loan Repayment • City Contributions to Community Partnerships (infrastructure) <p>The sale of property could begin in the Near Term but may not be completed, with funds available for use on a particular purpose, in the near term.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Sales Tax: General	
Description	<p>A retail sales tax is an excise tax levied on a range of goods and services at the point of final sale to an end-user or consumer. It can be imposed as a general sales tax applying to a broad range of goods and services. It can also be made quite narrow and selective in the range of goods and services subject to the tax (SEE SALES TAX: SELECTIVE). The tax can be structured to apply to leases and rentals as well as sales.</p> <p>It is usually levied only on sales of tangible personal property (goods). Services, real estate, and financial instruments such as stocks and bonds are not tangible personal property and are usually exempt, although some jurisdictions do include specific categories of services as taxable services.</p> <p>Purchases of goods and services by households are generally retail sales and are taxable. Purchases by businesses are also taxable if consumed by the business, and goods consumed by business such as machinery and equipment (which wear out or are consumed slowly) and supplies that are used up in the production process but do not become part of the final product, are also retail sales. Wholesale sales are not taxable because those sales are not made to final consumers.</p> <p>Typical exemptions from sales taxes include food for human consumption, prescription medicines, utilities, gasoline, animals and feed for animals, agricultural supplies, and items that become a component of goods manufactured for later retail sale. It is typically structured as a tax rate applied to the value of the sale. Different rates may be applied to specific categories of goods and services.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a retail sales tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>State law prevents local retail sales taxes on alcohol, tobacco and vape products, and real estate transactions. Local taxes on motor vehicle fuel, transient lodging, and marijuana are restricted. In 2018, the U.S. Supreme Court ruled a state may collect sales tax from taxpayers located outside the state if they are selling to state residents and there is a sufficient connection between the taxpayer and the state (Wayfair Decision).</p> <p>The definition of retail sales and what goods and services are taxable vary among taxing jurisdictions that have them. Nearly all jurisdictions provide numerous categories of goods and services that are exempt from sales tax, or taxed at reduced rates. The purchase of goods for further manufacture or for resale is uniformly exempt from sales tax. Most jurisdictions exempt food sold in grocery stores, prescription medications, and many agricultural supplies.</p>

Precedence	<p>Forty-five states impose general sales taxes that apply to the sale or lease of most goods and some services. Many cities and counties across the nation also have local general sales taxes.</p> <p>Oregon has no general retail sales taxes, but a number of selective retail sales taxes are in place.</p>
Revenue Yield & Stability	<p>Revenue would depend on the structure and rates of the tax, and the range of goods and services to which the tax would apply. Census data estimates \$3.2 billion per year in total retail sales for Eugene. If we assume that half of this amount would be taxable, a 1% general retail sales tax could generate an estimated \$16 million per year.</p> <p>Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur due to tax-avoidance behavior. Local sales tax is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales.</p>
Administrative Effort	<p>Because there is no existing infrastructure in Oregon to collect a general sales tax, the effort to implement, administer and collect a local general retail sales tax would certainly be high, requiring several FTE to implement, administer, collect, and enforce.</p>
Timeline	<p>Implementation would likely take at least two years or more.</p>
Who Pays	<p>This will depend on the structure and coverage of the tax. A general retail sales tax could apply to a much broader range of consumers than a more selective retail sales tax.</p>
Fairness & Indirect Implications	<p>A broad, general retail sales tax is regressive because lower income households spend a larger percentage of their available income on goods and services subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods and services. Typical exemptions for food for human consumption, prescription medicines, utilities, and similar essential goods and services mitigates, but does not eliminate, the regressivity of a general sales tax.</p>
Sustainability Impact	<p>Lower income households will experience a larger negative impact if a general sales tax is enacted.</p> <p>Businesses may experience an increase in costs associated with administration of a tax that is generally not applied in Oregon. This could be mitigated by allowing businesses to withhold some of the tax to help cover administrative costs, similar to Eugene's lodging tax which allows 5% withholding for this purpose.</p>

Viability in Solving Funding Issues	<p>A general retail sales tax is a viable funding source for all funding issues, including On-going Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships.</p> <p>A general sales tax has the potential to generate significant revenue. However, a general sales tax has never been implemented in Oregon, so it may face resistance from voters. If Council chooses to not put it out for a vote, it's possible a citizen referendum petition could be successful to get it on the ballot.</p> <p>A general sales tax would likely take at least two years or more to implement, which makes it a mid-term funding option (2025-2027 biennium).</p>
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**2023 Staff Revenue Team
Revenue Source Summary**

Sales Tax: Selective	
Description	<p>A retail sales tax is an excise tax levied on a range of goods and services at the point of final sale to an end-user or consumer. It can be made quite narrow and selective in the range of goods and services subject to the tax. It can also be imposed as a general sales tax applying to a broad range of goods and services (SEE SALES TAX: GENERAL). The tax can be structured to apply to leases and rentals as well as sales. It is typically structured as a tax rate applied to the value of the sale. Different rates may be applied to specific categories of goods and services.</p>
Legal Authority & Restrictions	<p>Under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The City Council may implement a retail sales tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue would be unrestricted and available to the General Fund.</p> <p>State law prevents local retail sales taxes on alcohol, tobacco and vape products, and real estate transactions. Local taxes on motor vehicle fuel, transient lodging, and marijuana are restricted. In 2018, the U.S. Supreme Court ruled a state may collect sales tax from taxpayers located outside the state if they are selling to state residents and there is a sufficient connection between the taxpayer and the state (Wayfair Decision).</p>
Precedence	<p>Most states levy selective sales taxes on the sale or lease of particular goods or services. Many cities and counties across the nation also have local selective sales taxes.</p> <p>Several selective retail sales taxes are in place in Oregon. The state and a number of cities and counties, including Eugene, charge taxes on transient lodging and marijuana sales. Eugene’s local lodging tax rate is 4.5% and Eugene’s local marijuana tax rate is at the 3% maximum allowed by state law. Other examples include Ashland, Yachats, and Cannon Beach, who all have city retail sales taxes of 5% on prepared foods. In 2021, Newport voters rejected a similar proposal for a 5% sales tax on prepared foods.</p> <p>In Oregon, state taxes on tobacco, vape products, and alcohol, as well as state and local taxes on motor vehicle fuel are collected at the wholesale or distributor level. While these are excise taxes, they are not retail sales taxes.</p>
Revenue Yield & Stability	<p>Revenue would depend on the structure and rates of the tax, and the selective goods and services to which the tax would apply. As examples, Eugene’s local lodging tax generated \$4.1 million in FY22, and Eugene’s local marijuana tax generated \$1.7 million in FY22.</p> <p>Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur due to tax-avoidance behavior. Local sales tax is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales.</p>

Administrative Effort	Implementation, collection, and administration of a selective sales tax by the city would likely require a few FTE, depending on the number businesses that sell taxed items. Businesses would have the administrative responsibility to collect and remit taxes to the city.
Timeline	Implementation would likely take up to two years.
Who Pays	This will depend on the structure and coverage of the tax. A selective retail sales tax could apply to a much smaller number of consumers than a general retail sales tax.
Fairness & Indirect Implications	<p>Retail sales taxes are regressive because lower income households spend a larger percentage of their available income on goods and services subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods and services.</p> <p>Selective, targeted retail sales taxes can be much less regressive, in particular when applied to goods and services that are non-essential or luxury purchases.</p>
Sustainability Impact	<p>Lower income households will experience a larger negative impact if a selective sales tax is enacted.</p> <p>Businesses may experience an increase in costs associated with administration of a selective tax. This could be mitigated by allowing businesses to withhold some of the tax to help cover administrative costs, similar to Eugene's lodging tax which allows 5% withholding for this purpose.</p>
Viability in Solving Funding Issues	<p>A selective retail sales tax is a viable funding source for all funding issues, including On-going Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships. However, no specific goods or services have been identified as a potential for a selective retail sales tax at this time, reducing the potential viability of this option.</p> <p>A selective sales tax would not generate as much revenue as a general sales tax. However, a number of selective sales taxes are already place in Eugene and across Oregon, so it may face less resistance from voters compared to a general sales tax. If Council chooses to not put it out for a vote, it's possible a citizen referendum petition could be successful to get it on the ballot.</p> <p>A general sales tax would likely take at least two years or more to implement, which makes it a mid-term funding option (2025-2027 biennium).</p>

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SDC Financing Repaid by Property Taxes	
Description	<p>Generally, a property owner that wishes to develop their property must pay a Systems Development Charge (SDC) imposed when new development, expansion, or an intensification of use of property occurs that is served by city infrastructure. The fees are used to fund the non-assessable portion of the construction of infrastructure (wastewater, stormwater, transportation, and park facilities) needed to support growth in the community, and to recoup a portion of the community's investment in the infrastructure already in place.</p> <p>In order to support a desired development project, City Council can waive SDCs for the owner. However, to ensure that the city's SDC Fund is able to pay for the infrastructure upon which the city's SDC methodology is based, the city can make the SDC Fund whole by paying the waived SDC fees from future property tax revenue that the city will receive in the General Fund from the new construction.</p>
Legal Authority & Restrictions	<p>City Council can direct the City Manager to execute an agreement that provides for the city's payment of SDCs from future property tax revenue that the City will receive from the development. The City will pay the city-imposed SDCs for the local wastewater, stormwater, transportation, and parks/recreation systems related to the project. SDC payment for the regional wastewater system will remain the property owner's responsibility.</p> <p>An Administrative Order is needed to provide that the SDCs subject to the agreement will not accrue any interest. Pursuant to Eugene city code 7.720(4), when paying by installment payment, the obligation to pay the unpaid SDCs will be secured by a lien against the property upon which development is to occur or, in lieu of such lien, an alternative security that is approved by the City Manager (or designee). The City Manager may find that city's financial solvency and commitment to pay the SDCs subject to the agreement are sufficient alternative security for purposes of satisfying Eugene city code 7.720(4).</p>
Precedence	<p>In May 2014, City Council authorized payment of the Veterans Affairs (VA) Clinic SDCs with future property tax revenue from construction of the Clinic located at 3355 Chad Drive. This resulted from previous Council direction to look at what action the city could take in order to remain competitive for the siting of a new VA Clinic. Ten annual SDC installments will be paid from property taxes from FY18 through FY27.</p> <p>In June 2019, City Council authorized payment of the non-residential portion of the Midtown Arts Center SDCs with future property tax revenue from construction of the Center located at 174 E 16th Avenue. This action assisted the Eugene Ballet with the purchase of space in the building because the developer provided a reduction in the purchase</p>

	<p>price in an amount equivalent to the SDC reduction. A savings in the cost of acquisition helps the Eugene Ballet maintain lease terms and rental fees below market for nonprofit and community use of the Center. Ten annual SDC installments will be paid from property taxes from FY23 through FY32.</p>
Revenue Yield & Stability	<p>Future property tax revenue resulting from SDC financing agreements would depend on the number of agreements and the taxable assessed value of improvement projects that result from such agreements. Property tax revenue is a stable, ongoing revenue source.</p> <p>The SDC financing agreement for the VA Clinic includes ten annual interest-free installments of approximately \$138,000 for a total SDC amount of \$1.38 million repaid from property taxes from FY18 through FY27. Over the same ten-year period, the Clinic will generate an estimated \$2.5 million in General Fund property tax revenue. In FY28, after the SDC repayments are over, the Clinic will generate an estimated \$310,000 per year for the General Fund.</p> <p>The SDC financing agreement for the non-residential portion of the Midtown Arts Center includes ten annual interest-free installments of approximately \$16,200 for a total SDC amount of \$162,000 repaid from property taxes from FY23 through FY32. The non-residential portion of the Center will not generate property tax revenue because it's owned by a tax-exempt entity (Eugene Ballet) and used for tax-exempt purposes. However, the taxable residential portion of the Center will generate an estimated \$1.3 million in General Fund property tax revenue over the ten-year SDC repayment period. In FY33, after the SDC repayments are over, the residential portion of the Center will generate an estimated \$160,000 per year for the General Fund.</p> <p>In order to offer this arrangement, the City would have to identify a source of funding for the upfront SDC payments that could be used until the developer has repaid the full amount. There is a loss of interest earnings on the amount that is used to make the upfront payment.</p>
Administrative Effort	<p>Some administrative effort is needed to implement an SDC financing agreement, including City Council approval and an Administrative Order, but it would not be substantial. Also, a low amount of administrative effort would be needed to process the annual SDC installment payments from future property tax revenue.</p> <p>Property taxes are administered by the county. The county prepares the tax bills, collects the funds, and remits the appropriate amount to the city on a regular basis. Enforcement is performed by the county in the foreclosure process.</p>
Timeline	<p>An SDC financing agreement is typically approved before building permits are issued for a development project. It can take three to four years from the time of an approved agreement to get through the building permit process, construction, and eventually make it on the</p>

	property tax roll to generate revenue. The first SDC installment payment to the SDC Fund is projected to coincide with the first year the new construction generates property tax revenue for the General Fund.
Who Pays	The owner of the property developed as a result of an SDC financing agreement is the taxpayer responsible for paying the property taxes used to make the SDC installment payments.
Fairness & Indirect Implications	<p>The owner receives the benefit of having city-imposed SDCs waived for the approved development project. Alternatively, this benefit can be passed along to another entity, such as the Midtown Arts Center, who passed the SDC savings along to the Eugene Ballet by reducing the purchase price of space in the Center.</p> <p>SDC financing agreements can be perceived as unfair by other owners who develop their properties and are required to pay the full cost of SDCs. Property taxpayers at large may also perceive SDC financing agreements as unfair given that their property tax dollars go toward providing General Fund services, while a portion of the property tax dollars resulting from an SDC financing agreement goes toward reducing costs for a developer.</p>
Sustainability Impact	SDC financing agreements can be used to promote a healthy business environment by making Eugene more attractive for the siting of new facilities, such as the VA Clinic. SDC financing agreements can also be used to benefit nonprofits and the broader community, such as the non-residential portion of the Midtown Arts Center occupied by the Eugene Ballet.
Viability in Solving Funding Issues	<p>If an SDC financing agreement enables development that otherwise would not occur, additional property tax revenue is generated over time and the net revenue generated makes this option a viable funding source for Capital Acquisition & Replacement and City Contributions to Community Partnerships.</p> <p>However, there are two reasons why this might not be on the short list. First, there needs to be a funding source to make the upfront payments to cover the SDCs for the initial project. If the tool were to essentially allow anyone to repay their SDCs over 10 years, there would likely be cash flow issues. Second, this tool has been used on a limited basis for two projects that had a significant public purpose attached to them. In the case of the VA Hospital, there was a real possibility that the hospital would locate elsewhere. If that had happened, then the City would not have received the additional property taxes, so there was a net financial benefit from the transaction. It can take three to four years from the time of an approved SDC finance agreement to eventually generate property tax revenue, which makes it a mid-term funding option (2025-2027 biennium).</p>

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Revenue Source Summary**

Solar Power Generation	
Description	<p>Generate and sell own solar power.</p> <p>Other revenue/cost-saving models:</p> <ul style="list-style-type: none"> • Selling Renewable Energy Credits (RECs): Cities can sell the environmental attributes of the clean energy produced by their solar projects as RECs. These credits can be purchased by companies seeking to offset their carbon emissions. Echo Hollow pool generates RECs. • Leasing City-Owned Land: If the city owned suitable and sufficient land, leasing it to solar developers for installations could generate rental income. The city could also try to negotiate a percentage of the revenue from the energy generated. • “Payment in lieu of property taxes”: other counties in Oregon use this model, however there are not solar facilities within Eugene city limits that would provide sufficient revenue. • Direct ownership/independent power producer: The City would own/operate a large-scale solar facility, operate as an independent power producer (IPP) and sell electricity generated by facility to utilities at a wholesale/avoided cost rate. However, the city would need to own the land, and being an IPP is complicated and expensive. Payback period on such an investment would likely be >30 years. • Direct ownership/energy cost savings/net metering: invest in solar installations on municipal buildings, facilities, and public spaces. By owning and operating these systems, cities can benefit from energy cost savings by eliminating some retail electricity purchases, and excess power generation can be net metered at avoided cost. Echo Hollow Pool does this, but the cost savings from any excess net metering is modest.
Legal Authority & Restrictions	<p>Many renewable energy projects in Oregon are exempt from local property taxes by two provisions of state law. First, alternative energy systems that are net metering facilities or are “primarily designed to offset onsite electricity use” are exempt from property tax. Second, publicly owned property that is used for public purposes is exempt from property tax. This shields publicly owned renewable energy projects from property taxation, even if the projects are not net metering systems or primarily designed to offset onsite electric use. As a rule, only privately owned renewable energy projects that primarily produce electricity for use offsite are subject to property taxes in Oregon.</p> <p>Oregon law also states that any change in real market value to property due to the installation of a qualifying renewable energy system is exempt from assessment of the property’s value for property tax purposes. Qualifying renewables include solar, geothermal, wind,</p>

	water, fuel cell or methane gas systems used to heat, cool or generate electricity. This exemption is intended for end users and only applies to systems that are net metered or primarily intended to offset on-site electricity use. (ORS § 307.175)
Precedence	<p>There are currently no solar photovoltaic power plants near Eugene.</p> <p>As of 2019, thirteen counties—Clackamas, Crook, Deschutes, Jackson, Jefferson, Klamath, Lake, Malheur, Marion, Multnomah, Polk, Umatilla, and Yamhill Counties—had solar facilities subject to property taxes in Oregon. Solar projects subject to property taxes have been proposed in additional counties, including Gilliam, Morrow, and Wasco Counties.</p>
Revenue Yield & Stability	<p>With no current infrastructure in place, it is difficult to estimate what the revenue yield could be if the City were to generate its own solar power for use and sale.</p> <p>Likewise, there are no existing solar photovoltaic power plants (privately or publicly owned), and therefore there are no entities that would be subject to taxes or payments in lieu of taxes.</p> <p>In tax year 2017–2018, direct payments to Oregon counties and taxing districts from renewable energy (including, but not limited to solar) projects totaled over \$31.7 million.</p> <p>Solar, a relative newcomer in the renewable energy generation sector in Oregon, currently comprises a relatively small amount (8.5%) of Oregon’s total renewable energy generation capacity. However, that amount has been growing rapidly.</p> <p>One 2023 estimate reports that on average, one can expect a return on investment of \$21,250- \$42,500 per acre every year for solar power. However, these figures will vary depending on individual projects.</p>
Administrative Effort	<p>Building infrastructure and implementing mechanisms for the sale of solar power would be a massive undertaking, requiring the City to become a utility provider.</p> <p>Establishing a tax on private solar providers (or payments in lieu of taxes for publicly owned providers) would require less, but still substantial administrative effort. Negotiating completely new agreements with providers and creating collections processes and systems would require multiple FTE and significant legal assistance.</p>
Timeline	Depending on how revenue is generated it could take many years to implement. If revenue is to be generated by the City creating solar power infrastructure, and producing and selling power to utilities or the community, it would likely take more than 5 years to begin earning revenue. However, a tax or payments in lieu of taxes on solar-generating companies would take 1 to 2 years.

Who Pays	Depends on the revenue model, but likely utility providers such as EWEB or EPUD, who would then re-sell the power to residents and businesses within their jurisdictions.
Fairness & Indirect Implications	Creating a new solar power plant/farm could have negative impacts on local agricultural businesses, especially if the land used affects livestock or migratory animal habitats.
Sustainability Impact	<p>New solar photovoltaic farm(s) near Eugene could make renewable energy more accessible and prevalent in the community, reducing our reliance on fossil fuels and nuclear power.</p> <p>However, in order to generate sufficient power, solar farms require many acres of land, and there are concerns on the impact to wildlife and natural habitats.</p> <p>Creating solar power infrastructure could have negative implications for agricultural businesses near Eugene, and any payments in lieu of taxes would likely discourage solar producers from doing business in city limits.</p> <p>Increased solar power infrastructure would have positive impacts on the City's climate and sustainability goals.</p>
Viability in Solving Funding Issues	<p>This option is not a viable solution to address any of the current funding issues, due to prohibitive costs of implementation and lengthy payback period. Legal restrictions, current status of the industry, and land availability in Eugene also limit the viability of other solar power related revenue streams (taxes/payments-in-lieu of taxes on existing producers, leasing land, etc.).</p> <p>Though there is a direct nexus with funding Climate & Sustainability Services, the upfront investment costs of building infrastructure to generate and sell our own solar power, as well as administrative effort required to establish pathways to the market and/or agreements with other utility providers, make this inviable.</p> <p>Additionally, this option could face political opposition for many reasons, including potential negative impacts to agricultural businesses whose land/livestock could be affected by new solar power plants.</p>

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Solid Waste Collection Fee	
Description	<p>The solid waste fund comprises fees paid to the City from each of Eugene’s licensed hauling businesses, based on hauler revenue. Nearly 30 years ago, the solid waste special revenue fund was created to provide programs for waste prevention, recycling, and material recovery, and relevant reporting that is required by the State of Oregon. This special revenue fund was set up separate from the general fund to ensure that this stream of revenue was not redirected and thus available to meet these state requirements. Local haulers and an advisory committee played a significant role in this decision, the establishment of which required an increase in the hauler paid license fees, and with that, the expectation that license fee revenues would be dedicated to waste recovery efforts and related projects as well as solid waste related regulation and enforcement.</p> <p>Solid waste collection rates (paid by users) are reviewed on an annual basis as outlined in AO 53-21-07-F (R-3.250-T) to ensure that Eugene residents and businesses pay no more than is reasonable and necessary for trash collection services.</p> <p>A proposal was made in 2014 to implement a 2.5% user fee, imposed on users, that would be collected by the haulers on the City’s behalf through the haulers’ billing systems. The 2014 proposal was separate from the long-standing license fee imposed on haulers. That fee was not implemented.</p> <p>Lane County recently presented to the County Commission regarding a proposal to build a material recovery facility (MRF) in the Goshen/Glenwood area, to be funded at least in part by an increase to the cost per ton for trash collected for landfill (landtip fees). While these fees are not direct user fees, any increases would still impact the rates Eugene residents pay for trash collection.</p>
Legal Authority & Restrictions	<p>The City Council could implement a solid waste collection fee (imposed on the users) by ordinance without state enabling legislation or elect to place a fee proposal on a ballot by the Council decision, by citizen initiative, or by referendum petition.</p>
Precedence	<p>In previous years, City Council has voted not to adopt proposals that would increase user fees associated with hauling solid waste.</p>
Revenue Yield & Stability	<p>A rate analysis (to determine user rates) is currently underway using financial information submitted by Eugene’s licensed haulers and market-based adjustments to the current rate structure. The rate analysis is in process and therefore details about the rate recommendations are still confidential.</p> <p>The projected revenue generated by a 2.5% fee based on the 2022 hauler financials would be approximately \$35,000. It isn’t possible to accurately project what revenue would be generated in future years since that requires evaluating future hauler financial data, however, future revenue generated by a 2.5% fee would be of a similar scale.</p>

Administrative Effort	<p>The City's solid waste rate structure is reviewed annually to ensure the largest licensed hauler (by market share) achieves a target profit level of 11%. A 2023 rate analysis that reviews hauler margins relative to inflation, CPI increase, labor costs, and fuel costs is in process as of August/Sept 2023. An additional 2.5% fee would be added to any market-based rate increase that may be required as part of this review/analysis.</p> <p>A new solid waste collection fee would have administrative costs for the haulers associated with this added billing function and these costs would factor into the annual rate analysis as required to keep haulers at the target profit level, potentially also contributing to additional rate increases.</p> <p>A fee that would need to be processed in addition to existing license revenue collection would require additional FTE for City staff administrative oversight to ensure revenues received aligned with yearly customer counts and amounts collected.</p> <p>Eugene's licensed haulers are private businesses. Implementing a requirement that haulers act as fee collectors for the City's General Fund and directing this revenue to non-related waste prevention/recycling related activities could be met with political opposition and/or legal response from haulers.</p>
Timeline	<p>Implementation of a fee attached to trash hauling service would require further analysis and review in order to fully evaluate the following:</p> <ul style="list-style-type: none"> • Projected fee revenue based on the rate that was currently in place per Administrative Order since the proposed fee would be linked to the rate as it changes over time per AO 53-21-07-F (R-3.250-T), • Administrative and compliance costs that might negatively impact any revenue generated from a proposed fee, and • The lead time needed to establish administrative and compliance mechanisms. <p>It is therefore difficult to estimate the amount of time it would take to implement the proposed fee, and when the collection of revenue from this fee would be realized, since the administrative process would be limited by staff capacity and legal review, as well as any potential political or legal challenges that would need to be navigated before/during implementation.</p>
Who Pays	<p>Although haulers would be responsible for collecting and remitting the fee to the City, residents and businesses would pay either in the form of a direct line item on their bill or through increased rates.</p> <p>The proposed 2.5% solid waste collection fee would be in addition to any rate adjustment, compounding the total cost to residents and businesses. This cumulative effect would create a noticeable impact on the average customer's monthly bill. Additionally, the City's minimum solid waste collection rate is also subject to (as per R-3.250-S) an additional up to 10% collection rate above the minimum rate at the discretion of any licensed hauler, so dependent on service provider, users would likely see increases that are more significant than the minimum rate + proposed 2.5% fee.</p>
Fairness & Indirect	Any percentage-based user fee added to the solid waste rate structure

Implications	would impact both residential and commercial rate payers in Eugene, essentially raising the cost of solid waste disposal for both residents and businesses. Residential rate increases are based on service levels which would mean that an additional fee would disproportionately impact those that are low-income. Fees added to the commercial rate structure would also increase disposal costs for businesses, including those businesses that provide multifamily housing, an increase that would likely be passed on to renters. A fee would also compound any market-based rate increases that result from inflation, labor, and fuel costs, and the consumer price index.
Sustainability Impact	When residential customers perceive rates to be too high, they might haul their own garbage or illegally dump garbage creating additional disposal costs and potential environmental hazards. Cost is also a driver when residents and businesses are looking to clean up or otherwise improve property, on construction/demolition projects where disposal costs impact the overall cost of a project, and when nuisance abatement or the disposal of abandoned property that is paid for by businesses or local government.
Viability in Solving Funding Issues	<p>This revenue source would generate less than \$50,000 per year. Solid waste collection rates are highly regulated, with Eugene's haulers already paying negotiated fees that support activities allowed in the Solid Waste Fund.</p> <p>If the County funds construction of a new MRF with an increase to solid waste disposal/landfill tip fees, it will impact Eugene rate payers as that cost is factored into what residents and businesses pay for trash collection at the curb. This could reduce the feasibility of the City implementing a solid waste collection fee.</p> <p>Expanding the fee has no clear nexus with any of the funding issues.</p>

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Special Districts	
Description	<p>Special districts are governmental entities that provide a single service or a group of services within a delineated local service area. Oregon state law authorizes formation of many different special districts for particular purposes. Each special district has services, formation requirements, governance structure, revenue authority, and other powers and limitations described in the Oregon statutes, usually in a “principal Act” for each type of district.</p>
Legal Authority & Restrictions	<p>Some types of special districts may provide urban services that may also be provided by a city, such as fire protection or park services. However, a special district and a city may not provide the same services to the same territory. The formation process for most types of special districts is covered in ORS Chapter 198 – “Special Districts Generally” and ORS Chapter 255 – “Special District Elections”. Some types have additional formation requirements that are found in the district’s principal Act. Applicable law also addresses annexation to an existing special district. Formation of or annexation to a special district requires voter approval.</p> <p>Each type of district’s principal Act describes its governing structure, service areas, revenue authority, and debt authority. Most kinds of districts are operated under a separate elected governing board. Many, but not all, special districts can levy property taxes with voter approval, and some may charge fees or assessments for services. Special districts are subject to Oregon Constitutional property tax limitations.</p> <p>A new special district could be established within a city, or city territory could be annexed to an existing special district, if the applicable urban land use plan permits it. The adopted Eugene-Springfield Metropolitan Area General Plan (Metro Plan) currently restricts the use of special districts within the city. The Metro Plan views special districts as interim solutions for provision of services to urban transition areas prior to annexation by a city, and existing special districts within the Plan’s boundary are not permitted to expand their service territories. The Metro Plan would first need to be amended if a special district were to be established. If permitted by the Metro Plan, special districts could be considered to provide fire, emergency medical, park and recreation, or library services now provided by the city.</p> <p>In the case of formation of a new special district, a vote would need to be held on the establishment of the district, election of a governing board, and a separate vote would be needed to approve a permanent property tax rate to support the district’s services. If annexation to an existing district were proposed, a vote would be required on the annexation question, but the existing governing board and permanent rate of the district would automatically apply to the annexed territory if the voters approved the proposal.</p> <p>With either a new district or annexation to an existing district, the city would need to terminate or transfer to the special district all current city services that would be provided by the district within the city’s territory.</p>

Precedence	<p>Special districts have a long history and are found throughout Oregon. Most districts provide services in rural or unincorporated urban areas but, as long as there is no duplication of services, special districts may also provide services within city boundaries.</p> <p>Dozens of districts currently provide services throughout Lane County. Within the Eugene-Springfield metropolitan area, special districts currently provide fire protection, ambulance services, library services, park and recreation services, and soil and water conservation services.</p>
Revenue Yield & Stability	<p>Each special district is granted particular revenue and debt authority by its principal Act. Some types of districts can charge fees or collect assessments for services. Many types are authorized to establish a permanent property tax rate and levy local option property taxes with voter approval. Property tax revenue yield depends on the tax rate and the taxable assessed value of property within the district.</p> <p>The following lists a number of districts within the Eugene-Springfield urban area, with their tax rates per \$1,000 of assessed value as of FY23.</p> <p><i>Willamalane Park & Recreation</i>: 2.0074 permanent, 0.1840 bond <i>River Road Park & Recreation</i>: 3.0559 permanent, 0.4700 local option <i>Santa Clara Rural Fire Protection</i>: 1.0439 permanent, 0.4500 local option <i>River Road Water District</i>: 1.9694 permanent <i>Lane Fire Authority</i>: 2.0388 permanent, 0.3500 local option <i>Willakenzie Rural Fire Protection</i>: 3.0669 permanent <i>Lane Library District</i>: 0.5900 permanent <i>Upper Willamette Soil and Water Conservation District</i>: 0.07 permanent</p> <p>Special districts are subject to property tax limitations under the Oregon Constitution, including compression of property tax revenue under certain conditions. Overlapping taxing districts providing general governmental services share the general government property tax cap of \$10 per \$1,000 of real market value. Any proposal for the formation of a new special district would require careful fiscal analysis. The likelihood of property tax compression should be particularly examined and understood.</p> <p>When a special district is formed within a city or a city's territory is annexed to a special district, the city's permanent maximum property tax rate limit would not change. Tax revenue that might have been budgeted on the transferred services would now be available to fund other services. City Council could choose to decrease the tax levies below the maximum rate limit in recognition of reduced provision of services from the city, or the Council could budget to redirect the funds to other services.</p>
Administrative Effort	<p>A very high and sustained level of effort would be required to establish a new special district within the city or to annex city territory to an existing special district. Forming a new government would result in duplicating the administrative infrastructure that is currently used to manage those services, such as governing board, financial services, human resources, technology services, and so on.</p>

Timeline	<p>The formation process for a special district would likely take three to four years or more. The Metro Plan would first need to be amended, which could take one to two years or more. District formation or annexation could then take another one to two years or more, some of which could potentially happen concurrently with the Metro Plan amendment. Finally, the formation proposal would need to go to the ballot for voter approval.</p> <p>Following a successful vote, a formation order must be filed in final approved form with the Oregon Department of Revenue by March 31 in order for the change to be effective for the tax year beginning on July 1. If this deadline is missed, the district's tax levy cannot be imposed on the territory subject to the district formation, and the district will receive no revenue from the change until the subsequent tax year. In the case of a measure on the May ballot, notice of a "proposed change" may be filed by March 31 instead of a final order. If the ballot measure passes, the tax revenue may then be collected that same year.</p>
Who Pays	After formation or annexation, owners of taxable property would be liable for district property taxes as well as city property taxes. A district may also be able to charge fees or assessments for services provided.
Fairness & Indirect Implications	A special district is established and levies property taxes only with the approval of its voters. If a district serves territory within a city there may be increased likelihood of tax compression, which would reduce property tax revenue to both district and the city. The addition of a new governing board supporting specific services within the city could result in conflicting priorities and less overall coordination of urban services.
Sustainability Impact	Establishment of a special district could provide urban services that are important for urban quality of life, that otherwise could not be funded by a city. The additional property taxes levied by a district would increase the overall tax load within the city, and could be a burden to households with limited income. Increased property taxes could also have a negative impact on economic investment within the city.
Viability in Solving Funding Issues	<p>Special districts are a viable funding option for Ongoing Service Costs because they can be used to fund certain city services, such as fire and emergency medical services, parks and recreation, and library services. However, the potential impact of property tax compression should be particularly examined and understood.</p> <p>If a special district is formed to provide existing city services, the city would not be required to levy less than the current General Fund permanent rate (although, that is an option and may be an expectation of voters). Tax revenue that was previously allocated to the transferred services could be made available to fund other city services, which makes it a viable option for Capital Acquisition & Replacement, Climate/ Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships.</p> <p>The formation process for a special district would likely take three to four years or more, which makes it a long-term funding option (after 2027).</p>

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Street Lighting District	
Description	<p>A street lighting district is a special district formed to provide street lighting services for the specified geographical area. The area can be contiguous or non-contiguous. Each special district has services, formation requirements, governance structure, revenue authority, and other powers and limitations described in the Oregon statutes, usually in a “principal Act” for each type of district.</p>
Legal Authority & Restrictions	<p>ORS 372 provides the legal ability to create a highway/street lighting district. “The boundary lines of the district shall include only territory that abuts a portion, not less than 600 feet in length, of a highway.” [Amended by 1971 c.514 §3]. With the limited territory allowed under this type of district, its utility is limited to street/highway lights, and no other road-related kinds of services. The principal Act describes the governing structure, service areas, revenue authority, and debt authority.</p> <p>A new special district could be established within a city if the applicable urban land use plan permits it. The adopted Eugene-Springfield Metropolitan Area General Plan (Metro Plan) currently restricts the use of special districts within the city. The Metro Plan would likely prevent a special district providing funding for urban service within the City of Eugene. It views special districts as interim solutions for provision of services to urban transition areas prior to annexation by a city, and existing special districts within the Plan’s boundary are not permitted to expand their service territories.</p> <p>The Metro Plan would first need to be amended if a special district were to be established to provide services now provided by the City of Eugene. The amendments to the Metro Plan would need to demonstrate that formation or expansion of special districts would be a viable and reasonable strategy to provide desired urban service within City of Eugene boundaries. To amend the Metro Plan, elected officials from Eugene, Springfield, and Lane County must agree to the changes, following a citizen involvement process and public hearings. These processes would also be subject to approval by the Oregon Land Conservation and Development Commission.</p> <p>If allowed by the Metro Plan, a petition for formation of a new special district must be signed by 15% of the electors or 100 electors, whichever is greater, registered in the territory subject to the petition. Alternatively, the county commissioners may initiate the formation process by adopting an order in lieu of a petition. A formation petition/order must be accompanied by a City Council resolution approving the petition/order.</p> <p>Formation of a new special district requires a vote to be held on the establishment of the district, election of a governing board, and to approve a permanent property tax rate to support the district’s services. A new district</p>

	proposal must be on either a May or November ballot and a simple majority is required for approval.
Precedence	<p>Special districts have a long history and are found throughout Oregon. Most districts provide services in rural or unincorporated urban areas but, as long as there is no duplication of services, special districts may also provide services within city boundaries.</p> <p>The City is not part of any street lighting district.</p> <p>Clackamas County has a special district to fund streetlights throughout the County, with City of Happy Valley being included in the district as well. Additional subdivisions and neighborhoods have been annexed into the district over time. The County Commissioners serves as the governing board for the special district. The district contracts all street lighting repairs and maintenance out to PG&E; it has no staff. The costs for the district are passed through to property owners through a special assessment on their property tax statements.</p> <p>White City, Oregon, in Jackson County, formed a special lighting district to provide lighting services in 2004 in response to under-lit areas. It has a permanent tax rate of \$0.47 per \$1,000 of assessed value. The Jackson County roads department is responsible for the program administration and maintenance of the lighting system, funded by the special district.</p>
Revenue Yield & Stability	<p>Street light districts are permitted to levy property taxes under a permanent property tax rate limit, levy local option levies, and charge fees for services. Property tax revenue yield depends on the tax rate and the taxable assessed value of property within the district. A district may also be divided into tax zones for the purpose of imposing and levying property taxes at different rates on property in each zone. The establishment of different zones shall be based upon differences in the services provided by the district to property in each zone and must be approved by voters. General Obligation (G.O.) bonding is not permitted, but revenue bonding is permitted.</p> <p>Special districts are subject to property tax limitations under the Oregon Constitution, including compression of property tax revenue under certain conditions. Overlapping taxing districts providing general governmental services share the general government property tax cap of \$10 per \$1,000 of real market value. Any proposal for the formation of a new special district would require careful fiscal analysis. The likelihood of property tax compression should be particularly examined and understood.</p> <p>After the creation of a new special district, the city's permanent maximum property tax rate limit would not change. Tax revenue that might have been budgeted on the transferred services would now be available to fund other services. City Council could choose to decrease the tax levies below the maximum rate limit in recognition of reduced provision of services from the city, or the Council could budget to redirect the funds to other services.</p>

Administrative Effort	A very high and sustained level of effort would be required to establish a new special district within the City of Eugene. Forming a new government would result in duplicating the administrative infrastructure that is currently used to manage those services, such as governing board, financial services, human resources, technology services, and so on.
Timeline	The Metro Plan would first need to be amended, which could take a year or more. District formation could then take an additional year or more. Finally, the formation proposal would need to go to the ballot for voter approval.
Who Pays	After formation or annexation, owners of taxable property would be liable for district property taxes as well as city property taxes. A district may also be able to charge fees or assessments for services provided.
Fairness & Indirect Implications	A special district is established and levies property taxes only with the approval of its voters. If a district serves territory within a city there may be increased likelihood of tax compression, which would reduce property tax revenue to both district and the city. The addition of a new governing board supporting specific services within the city could result in conflicting services priorities and less coordination of urban services overall.
Sustainability Impact	Establishment of a special district could provide urban services that are important for urban quality of life, that otherwise could not be funded by a city. The additional property taxes levied by a district would increase the overall tax load within the city and could be a burden to households with limited income. Increased taxes could have a negative impact on economic investment within the city. There would not likely be an increased burden transferred onto future generations, however.
Viability in Solving Funding Issues	<p>A street lighting district has the ability to generate a mid to high level of revenue, based upon the permanent tax rate established during the creation of the district. ORS restricts the revenue of a street lighting district to be spent only on street lighting expenses, and no other road-related services. This revenue option is a long-term option due to the significant establishment requirements. The Metro Plan would first need to be amended, which could take a year or more. District formation could then take an additional year or more. Finally, the formation proposal would need to go to the ballot for voter approval.</p> <p>In the cities and counties where a street lighting district has been formed, the absence of street lighting services was a significant factor in gaining voter approval. Since the City of Eugene currently provides street lighting, the political feasibility of this option may be less than needed to overcome the significant efforts to establish the district.</p>

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Sweetened Beverages Distributor Tax	
Description	<p>A distributor tax on sweetened beverages is an excise tax levied on distributors of sweetened beverages that are distributed within city limits. Distributors may or may not choose to pass the cost of the tax on to retail establishments. In turn, retail establishments may or may not choose to pass the cost of the tax on to retail consumers at the point of sale.</p> <p>The tax may be narrowly defined to include only products sweetened with sugar or may be applied more broadly to include any beverage that lists any form of caloric sugar-based sweetener, including sucrose, glucose, high fructose corn syrup, as well as artificial sugar substitutes, including stevia, aspartame, or other substitutes. The tax can be imposed on a per ounce basis to those products that are deemed as sweetened beverages.</p> <p>A variety of soda taxes have been in place for decades in some states and were mostly designed to generate revenue for particular projects or programs. These taxes were often in the form of a license or gross receipts tax. However, the more recent taxes on sugar-sweetened beverages have been imposed by municipalities as an excise tax on distributors, mostly with an intention to combat obesity by reducing consumption of sweetened beverages, which is evident by the tax's nexus to the caloric content of the product.</p> <p>The range of products subject to this type of tax varies greatly depending on the jurisdiction. The tax is generally applied on a per ounce basis, and the rate ranges from 1 cent per ounce to 2 cents per ounce. Unlike sales tax revenues, which are typically tied to the value of the sale of goods, a sweetened beverages distribution tax is an excise tax based on the volume of the beverage distributed rather than a product's sale value.</p>
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement an excise tax on the distribution of sweetened beverages by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue could be unrestricted and available to the General Fund or designated for a particular purpose. The City of Berkeley, for example, has designated the revenue from the tax for community health initiatives.</p> <p>In 2018, Oregon Measure 103 - the "Ban Tax on Groceries Initiative" - would have prevented local governments from taxing soda or sugary beverages. This measure failed with only 42.7% voting in favor.</p> <p>Under federal law, purchases made with benefits from the Supplemental Nutrition Assistance Program, or SNAP, are exempt from state and local taxes. The beverage industry has inserted this argument in lawsuits</p>

	<p>against cities that have the tax, arguing that cities are taxing SNAP recipients in ways that violate SNAP policies. However, cities have maintained that because the tax is on distributors and not a retail sales tax on consumers, the tax does not conflict with current SNAP policies.</p> <p>A commercial activity tax on sweetened beverages may be prohibited by ORS 317A.158, which excludes receipts on retail sales of groceries from a taxpayer's commercial activity. Further legal analysis is needed to confirm. The successful implementation of a sweetened beverage tax will depend on structuring the tax so that it does not conflict with this ORS provision.</p>
Precedence	<p>Seven cities currently impose a tax on sweetened beverages: Albany, California, Berkeley, California, Boulder, Colorado, Oakland, California, Philadelphia, Pennsylvania, San Francisco, California, and Seattle, Washington.</p> <p>Cook County, Illinois (the county that includes Chicago) passed a 1 cent per ounce soda tax in November 2016. However, that tax was in effect for only a few months before the county board reversed itself and repealed it in October 2017.</p> <p>Although this tax is an excise tax on distributors, all of the precedents are in jurisdictions within states that also have a broad-based retail sales tax. No city in states without a retail sales tax (Alaska, Delaware, Montana, New Hampshire, and Oregon) has an excise tax on the distribution of sweetened beverages.</p> <p>Although Oregon has no general retail sales taxes, state excise taxes at the distribution level are in place for products like beer, alcohol, and tobacco products. The City has a local motor vehicle fuel tax that is collected at the wholesale or distributor level. The City also has a retail sales tax on marijuana items sold within City limits.</p> <p>The definition of a sweetened beverage for taxation purposes varies among the jurisdictions that currently have the tax. For example, Seattle's tax does not apply to diet beverages or beverages sweetened with sugar substitutes. However, Philadelphia applies the tax to diet or zero calorie beverages that use stevia, aspartame, or other sugar substitutes.</p> <p>In 2011, House Bill 2644 was proposed in the Oregon state legislature and would have imposed an excise tax on the sale of sugar-sweetened beverages and concentrates in the state of Oregon. It was estimated that this tax would have earned approximately \$100 million annually with the tax being set at a rate of \$0.005 per ounce (\$0.06 cents per can of soda). However, the bill died in committee.</p> <p>Similar legislation was introduced in Oregon in 2013, 2016, and 2017, without success.</p>
Revenue Yield & Stability	<p>The amount of revenue collected from this tax would depend on the tax rate per ounce, and the range of sweetened beverages to which the tax would apply. In 2017, the Trust for Public Land produced a revenue</p>

	<p>estimate by beverage type, as well as sugary drinks overall for Eugene, with a total of approximately \$4.7 million (see Exhibit A). This revenue estimate does not account for collection and enforcement costs, unpaid taxes, fluctuations in economic conditions or tax avoidance behavior in which consumers choose to buy these products in neighboring jurisdictions. A tax borne by consumers is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales. Additionally, if some products are exempt, diet drinks for example, consumption patterns could shift towards untaxed beverages, resulting in less revenues.</p>
Administrative Effort	<p>There is no existing collection or administrative infrastructure at the City of Eugene to implement an excise tax on sweetened beverage distributors. The City's local motor vehicle fuel tax, the City's most similar tax to a sweetened beverage distribution tax, is administered by the Oregon Department of Transportation. The effort to implement, administer and collect a sweetened beverage tax on distributors would be high, likely requiring at least one additional staff person. These taxes have been challenged in court in many of the other jurisdictions, so it would be prudent to consider the potential legal costs as part of the administrative effort to implement the new tax.</p>
Timeline	<p>Implementation would likely take two years, possibly longer. Any legal challenges could delay implementation.</p>
Who Pays	<p>The tax would be collected and remitted by distributors at the time of initial distribution. The financial burden of the tax would likely be borne by consumers at the point of sale through an increased product price.</p>
Fairness & Indirect Implications	<p>Sweetened beverage taxes have a fairly high effective tax rate by using ounces as the basis. For example, a 1 cent per ounce tax on a 24-pack of soda would be \$2.88, which is a relatively high tax rate based on the cost or value of the product. In general, excise taxes on retail products are considered regressive because lower income households typically spend a much larger percentage of their available income on goods subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods. Similar to overall consumption, a tax on sweetened beverage distributors would be regressive tax because sugary drinks are consumed by individuals from all income groups and are not considered luxury goods.</p> <p>This tax could drive consumers to grocery shop or dine outside of City limits. It could also increase costs for restaurant and bar owners that purchase sweetened beverages from distributors, reducing their profit margins and discouraging them from doing business in Eugene.</p>
Sustainability Impact	<p>Lower income households may experience a larger financial impact if a sweetened beverage distributor tax is enacted.</p>

	<p>Distributor businesses may experience an increase in administrative and compliance costs associated with collection and remittance of the tax. One year after Philadelphia passed its beverage tax, sales of sugary and artificially sweetened beverages dropped by 38 percent in chain food retailers, according to Penn Medicine researchers who conducted one of the largest studies examining the impacts of a beverage tax. Distributors (including Pepsi and Coca-Cola) and franchise grocery store owners in Philadelphia blamed job cuts in 2017 on the tax, but an independent study in 2021 found “no evidence of a negative employment impact two and a half years post-tax”.</p> <p>Sugary drink purchases have decreased in cities that have implemented the tax, possibly leading to better health outcomes for diseases such as Type II diabetes, obesity and childhood obesity, heart disease, and tooth decay. The long-term health impacts may be better understood in the decades ahead.</p>
Viability in Solving Funding Issues	<p>Though this tax could be a viable option to addressing some of the following funding issues in the mid-term, opposition from the restaurant and beverage distributor industry would be very high and could prohibit the implementation of this tax, affecting viability.</p> <p>Impact on low-income households could be negative if the added cost is passed from distributor to consumer, and impacts to the business climate and other Council goals are likely to also be somewhat negative.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable, no direct nexus, sufficient revenue, low political feasibility • Capital Acquisition & Replacement: Viable, no direct nexus, sufficient revenue for partial support of funding issue, low political feasibility • Climate/ Sustainability Services: Viable, no direct nexus, sufficient revenue, low political feasibility • Unhoused Services: Viable, no direct nexus, sufficient revenue, low political feasibility • Affordable Housing: Viable, no direct nexus, sufficient revenue, low political feasibility • City Hall Loan Repayment: Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • City Contributions to Community Partnerships (infrastructure): Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.

Exhibit A

Penny-per-Ounce Sugar-Sweetened Beverage Tax			
Sugary Drink Type	OR Gallons Sold*	OR Annual Revenue	Eugene Estimated Annual Revenue**
Carbonated soft drinks	36,845,853	\$47,162,691	\$1,919,187
Fruit drinks	11,478,572	\$14,692,572	\$597,883
Sports drinks	13,276,036	\$16,993,327	\$691,508
Ready to drink tea	12,683,321	\$16,234,651	\$660,635
Energy drinks	11,872,066	\$15,196,244	\$618,379
Enhanced water	1,501,209	\$1,921,547	\$78,193
Ready to drink coffee	2,599,078	\$3,326,820	\$135,378
Sugary Drink Total	90,256,135	\$115,527,852	\$4,701,164
<i>*2017 estimate</i>			
<i>**based on population size</i>			
<i>Source: The Rudd Center for Food Policy & Obesity</i>			

Source: Trust for Public Land, 2017

**2023 Staff Revenue Team
Revenue Source Summary**

Transient Lodging Tax Increase	
Description	A transient lodging tax (TLT) is levied as a rate applied to the cost of rentals of temporary lodging. The tax is collected from hospitality providers (hotels, motels, lodges, bed & breakfasts) and RV parks and campgrounds, including private, city, county, and state. Federal parks are exempt.
Legal Authority & Restrictions	<p>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council could increase the fee by ordinance. It could also be increased by citizen initiative, referral to the ballot by Council or by a successful citizen referendum petition.</p> <p>State law requires that 100% of the revenue from the City's current 4.5% tax must continue to go to tourism promotion and tourism-related facilities; it cannot be diverted to other purposes.</p> <p>While all revenue from the current TLT must continue to go to the Cultural Services Fund, state law permits an increase in the tax rate to generate additional revenue of which at least 70% shall be used for tourism promotion or tourism-related facilities, while a maximum of 30% may be used for city operations not directly related to tourism. An increase in the Transient Lodging Tax and assignment of increased revenues could be accomplished by ordinance; a vote would not be required. City Code would also need to be amended if part of the increased revenue were to be directed to city operations not directly related to tourism.</p> <p>The Oregon State Legislature has considered, and will likely continue to consider, changing state law to allow unrestricted use of transient room tax revenue.</p>
Precedence	<p>The City currently imposes a 4.5% tax under the authority of the City's Transient Lodging Tax Ordinance on all overnight stays in the City, including hotels and motels, campgrounds, retreat centers, RV parks, bed and breakfasts, and vacation rentals. The tax is collected by the lodging operator, who retains a collection fee of 5% of the amount collected and remits the balance to the city. City Code directs that all the revenue is placed in the Cultural Services Fund, which accounts for operation of the Hult Center, Community Events, Public Art, and Cuthbert Amphitheater.</p> <p>Lane County also levies a transient lodging tax (7%) as does the State (1.5%), making the current total tax rate within Eugene 13.0%.</p>
Revenue Yield & Stability	The amount of taxes currently available for any given period varies with the lodging occupancy rate. In FY22, TLT revenue was over \$4 million.

	<p>The revenue source is generally reliable but may fluctuate based on economic conditions. Additionally, consumer behavior may change as a result of the higher tax rate.</p> <p>An increase in the tax rate from 4.5% to 5.5% would increase the revenue yield by \$900,000 annually. A maximum of 30% or about \$270,000 would be available for city services unrelated to tourism promotion or tourism-related facilities. A minimum of 70% or about \$630,000 would have to be used for tourism promotion or tourism-related facilities.</p>
Administrative Effort	Administrative effort would be very low. The Department of Revenue is already collecting the tax on the City's behalf.
Timeline	The tax could be implemented relatively quickly, though it could face political backlash that would draw out the timeline. The delay could be due to a citizen petition to vote on the rate increase.
Who Pays	Primarily non-residents, though Eugene residents without stable housing could also be subject to the tax if they are using temporary lodging.
Fairness & Indirect Implications	<p>An increase in room rates would disproportionately affect those without stable housing or in transition.</p> <p>Depending on the size of any rate increase, this could make Eugene lodging less competitive and cause some visitors to obtain lodging outside the City. City revenue may not increase if our largest tourism-related events and conventions go to more affordable cities. A possible negative economic effect may extend to our restaurants, retail stores, and small businesses throughout Eugene.</p>
Sustainability Impact	<p>If consumers perceive taxes to be too high, they might obtain lodging outside the City. Businesses could lose customers and revenue.</p> <p>Eugene residents without stable housing could also be subject to the tax if they are using temporary lodging.</p>
Viability in Solving Funding Issues	<p>Generally, this is not a viable solution for many of the current funding issues due to the low unrestricted yield (\$270k for a 1% rate increase available for non-tourism related expenses); if the state legislature approves unrestricted use of these funds in the future, it would become a much more viable revenue source. However, this option is worth considering in addressing Contributions to Community Partnerships, due to the tourism-related nature of the Ems Stadium.</p> <p>Increasing the current TLT rate would be administratively simple but could potentially face some political opposition.</p> <p>Due to the current use restrictions on this tax, a direct nexus only exists for Contributions to Community Partnerships.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Urban Renewal-Increase Frozen Base	
Description	<p>One or both of the City's Urban Renewal Districts could permanently increase the frozen base, which would result in less tax increment dollars for the District but more City General Fund dollars.</p> <p>Each UR District has a 'frozen base', which is the assessed value in the District at its creation. The tax revenue from the frozen base is distributed to all the overlapping taxing districts according to their rates. Assessed value over the frozen base is directed to the UR District. An Urban Renewal Agency can choose to 'raise' its Frozen Base, thereby increasing the revenue to the overlapping districts and diminishing the annual revenue directed to the UR district.</p>
Legal Authority & Restrictions	<p>ORS 457 enables Tax Increment Financing, the mechanism behind Urban Renewal. Both temporary and permanent frozen base increases are authorized under ORS 457.455.</p>
Precedence	<p>Eugene's 2023-2025 biennial budget includes \$400,000 of General Fund revenue from an increase to the Urban Renewal Frozen Base. The City Council amended the Downtown UR Plan in June 2023, with no change to the Frozen Base. City staff are working in the summer and fall of 2023 to amend the Riverfront Plan. The financial projections assume the increase in the Frozen Base comes entirely from the Riverfront District.</p>
Revenue Yield & Stability	<p>The UR Districts' budget is set by the Agency and is called 'maximum indebtedness'. It is a spending limit (which could be in the form of debt or cash on-hand) over the lifetime of the District. The funds may only be spent on projects in the UR Plan. Reducing the revenue to the District would lengthen the number of years needed to pay back the borrowed funds.</p>
Administrative Effort	<p>This would be implemented through the budget process and submittal of the Form UR-50 to the Tax Assessor. The Budget Committee sets the taxes when they make their recommendation to Council; City Council and Urban Renewal Agency then approve the tax rates when they approve the budget. That is followed by staff notifying the Tax Assessor of the decision through Form UR-50, which is due in July for that same fiscal year (i.e., July 2024 form is for FY25).</p> <p>An alternate approach would be to temporarily reduce the increment to collect a lower amount of taxes and release more dollars to the overlapping taxing districts. Both temporary and permanent frozen base increases are authorized under ORS 457.455. These actions may be taken "If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan". The Agency must consult and confer with overlapping taxing districts before taking either of these actions.</p>

Timeline	It is estimated at least 6 months is needed, before the end of a fiscal year, to ensure there is adequate time to consult with the overlapping taxing districts and build the change into the budget.
Who Pays	The UR District receives less revenue each year. Property taxes for individual property owners do not change.
Fairness & Indirect Implications	Increasing the frozen base may limit the ability of the UR districts to have a meaningful impact on the redevelopment of land and improvements to the public realm within the district.
Sustainability Impact	Increasing the Frozen Base lengthens the time a District will need to reach its maximum indebtedness, but otherwise does not negatively impact the District.
Viability in Solving Funding Issues	Raising the Frozen Base shifts property tax revenue from the UR District(s) to the City, 4J, and the County's General Fund. It would increase the City's GF revenue moving forward. It would be one small step to address On-going Service Costs. It could be implemented in the Near Term.

**2023 Staff Revenue Team
Revenue Source Summary**

Urban Renewal District-Riverfront Plan Amendment	
Description	Use Tax Increment Revenue resources in the Riverfront Urban Renewal District to fund improvements to City Hall or construction of a new fire station. The Riverfront UR Plan must include these projects in the list of eligible activities and the Plan must be amended to increase the District's maximum indebtedness.
Legal Authority & Restrictions	<p>ORS 457 enables Tax Increment Financing, the mechanism behind Urban Renewal. To be eligible for UR funds (i.e., increment), a 'project' must be in the UR Plan.</p> <p>The Riverfront UR Plan would need to be amended before the end of calendar year 2023, and the existing language that identifies City Hall as potential use of funds is included in the amendment.</p> <p>On September 13, 2023, City Council (acting as the UR Agency Board) began a process to consider amending the Riverfront UR Plan. The proposed amendment includes the language from the previous amendment that identified eligible public buildings, including City Hall and a Fire Station. Council has moved 3 amendments forward, with 3 different increases to the maximum indebtedness. The smallest increase does not have adequate funds to support construction of or improvements to any public building.</p>
Precedence	The City of Eugene has used UR for public buildings in the past, including the Library and the Farmers Market Pavilion. The recent change to state law is evidence of political pushback on using UR to fund public buildings.
Revenue Yield & Stability	<p>The UR Districts' budget is set by the Agency and is called 'maximum indebtedness'. It is a spending limit over the lifetime of the District. The funds may only be spent on projects in the UR Plan. UR funds are restricted to capital projects; they may not be used for operations. Funds to support the renovation of the new City Hall would be a one-time use.</p> <p>The amount available to individual projects is determined by City Council, and will depend on whether Council amends the Plan and if it does, by how much Council increases the maximum indebtedness. The amendments do not identify specific amounts.</p>
Administrative Effort	City Council has initiated the process to amend the River UR Plan. Staff have already committed time to complete the amendment process. The administrative effort is heavy, but including public buildings in the amendment does not measurably increase staff time. Council will consider the Riverfront Plan amendment in the fall of 2023, so it meets deadlines to prevent the expiration of the District. The draft Plan presented to Council on 9/13 has been revised to include language that continues the use of UR funds for the development of public facilities, including City Hall, fire facilities, and other public buildings.

	An amendment to the Riverfront UR Plan requires 'concurrence', or formal approval, from the 4J School District Board. City staff have requested to be on the agenda for two 4J work sessions (first, for the presentation of information and the request for concurrence and second, for the Board to vote). Staff also provide information to the County, but the County's concurrence is not required.
Timeline	The Plan must be approved by City Council by the end of calendar year 2023, or it will cease to exist.
Who Pays	UR revenue comes for property taxes. Adding a new project to the Plan would limit the funds available to invest in projects that would increase the tax base in the Riverfront District.
Fairness & Indirect Implications	Adding a public project to the Plan will limit the funds available to other projects in the District. The original purpose of Urban Renewal is to use public dollars to invest in the District, to encourage private investment, so that the District's tax base grows at a rate faster than what it would in the absence of the UR investment. Investing in public buildings may only indirectly affect the growth in the tax base in the District.
Sustainability Impact	The projects would be one-time investments from the District.
Viability in Solving Funding Issues	As described, the funding source could be applied to a single funding issue in the Near Term for City Hall Loan Repayment. Including public projects in the Riverfront UR Plan Amendment would increase the political risk that 4J would not concur with the Plan Amendment.

**2023 Staff Revenue Team
Revenue Source Summary**

Utility Consumption Tax	
Description	A tax on consumers for use of utility services; levied on the amount consumed or established as a flat fee per account. Utility services include electricity, natural gas, water, stormwater and/or wastewater.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a utility consumption tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	<p>The City of Ashland imposed an Electric Utility User Tax in 1976. The tax is designed as a surcharge of 25% on monthly energy use. This tax generates revenue to fund general City services. In the 2019-2021 biennium, this tax generated approximately \$7 million. Ashland has a municipally-owned electric utility.</p> <p>In March 1996, the City of Eugene proposed a 1% utility consumption tax to fund low-income housing which failed at public vote; 61% no to 39% yes. That tax would have dedicated 10% of the proceeds for low-income energy assistance programs.</p>
Revenue Yield & Stability	<p>If the tax were structured as a surcharge on the use of electricity, natural gas, water, storm water and wastewater a rough estimate for potential yield (numbers from 2010 analysis) was about \$2.2 million for every 1% surcharge. The monthly impact to the average residential user of electric, gas, water, storm water and wastewater services (numbers from 2010 analysis) was about \$1.25 for every 1% surcharge. Impact to commercial users is not provided as commercial consumption varies greatly by business. Residential consumption accounts for approximately 60% of the electric retail revenue collected by EWEB.</p> <p>A portion of the tax revenue would be needed to offset administrative costs for utilities to collect and remit the tax. An annual allocation could be set to help mitigate the financial impacts of the tax on low-income households. Implementation of these items would reduce the yield estimates given.</p>
Administrative Effort	Utility service providers (City, EWEB, NWNG) would be responsible for collection of the tax. An administrative fee for collecting and remitting the tax to the City could be negotiated with EWEB and NWNG. As an example, if an administrative fee of 5% of the tax were instituted, the foregone revenue would be approximately \$110,000 at the 1% tax level.
Timeline	This tax would take a longer period of time to implement, up to 2 years, due to the negotiations and coordination with the utility providers who would collect the tax.
Who Pays	All consumers of the subject utilities in the city would pay.

Fairness & Indirect Implications	This tax would have a greater impact on large businesses, low-income residents or those who are out of work. The tax could be structured to provide relief for low-income households but this would increase the rate and the administrative costs associated with the collection.
Sustainability Impact	<p>When the tax is established as a percent of consumption, large utility users are affected more than other users in the community. Developing a program to rebate some portion of the tax to large users could mitigate creating a barrier to economic development.</p> <p>The tax could lead to reduced consumption, a sustainable practice which is a high priority value for the City.</p> <p>An increase would be a greater financial burden to low-income households who have little to no discretionary income.</p>
Viability in Solving Funding Issues	<p>This tax could generate approximately \$2M for a 1% charge on utility consumption (based upon a 2010 analysis), so could likely generate a little higher revenue today. After negotiations with EWEB and NW Natural Gas were completed, which could take up to 2 years, the ongoing administrative burden of collection would be relatively low. This tax would have a nexus with funding general City services, and climate related services, but has no close nexus with other funding issues. By contributing to a low-income assistance fund to help those who have difficulties paying their utility bill, some of the impact of this tax on low-income households could be mitigated. With the nexus to funding general city services and climate-related services, the ongoing administrative requirements (after initial negotiations) and the ability to generate a mid to high level of revenue, this fee should be considered. The drawback of this tax will be the time and political struggles of negotiating with EWEB and NW Natural Gas to carry out collections of this fee.</p> <p>The Meeting the Challenge Task Force recommended this in 2010 as one of three potential options to fund the budget gap.</p>

**2023 Staff Revenue Team
Revenue Source Summary**

Vacancy Tax (Empty Dwelling Fee)	
Description	<p>A vacancy tax is a tax levied on property owners who have vacant properties. The purpose of a vacancy tax is to disincentivize keeping properties empty, thus increasing the housing supply for renters. Alternatively, an Empty Dwelling Fee or Fine could be charged on properties or parcels that remain unused for an extended period.</p> <p>Depending on the goal of the policy, taxes or fees may be applied to vacant parcels, empty buildings or commercial space, individual housing units, or all of the above. Vacancy taxes, in different forms, have been enacted or considered by jurisdictions across the country and internationally. At a high level, the common goal is to incentivize the best use of land. The motivation behind this varies significantly based on local market conditions: to combat blight, to disincentivize empty lots, to discourage vacation or investment properties that are only in use part-time in tight housing markets.</p>
Legal Authority & Restrictions	<p>A Vacancy Tax by means of property taxes is restricted by Article 1 section 32: <i>Section 32. Taxes and duties; uniformity of taxation. No tax or duty shall be imposed without the consent of the people or their representatives in the Legislative Assembly; and all taxation shall be uniform on the same class of subjects within the territorial limits of the authority levying the tax.</i></p> <p>However, under Oregon’s constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city’s boundaries. The City Council may implement a fee/fine on property owners by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative, or by referendum petition.</p> <p>It would be important to further analyze the legality of this revenue source, and the City Attorney’s Office would want to look closely at whether such assessments could be considered an unlawful “taking”.</p>
Precedence	<p>No city in Oregon currently has a vacancy tax, though the City of Portland’s Housing Advisory Committee (PHAC) recently evaluated an Empty Dwelling Fee.</p> <p>Vancouver B.C., Oakland, Washington D.C., and San Francisco all have vacancy taxes. (San Francisco’s tax does not apply to residential properties, only commercial)</p> <p>Washington, D.C., has a version of a vacant property tax, according to the city’s Office of Taxation and Revenue. Vacant property is taxed at \$5.00 per \$100 of assessed value and blighted property is taxed at \$10.00 per \$100 of assessed value.</p> <p>Voters in Oakland, California, passed the Vacant Property Tax Act in 2018. Homes that are in use fewer than 50 days a year will be subject to the tax, which is a \$6,000 flat fee, according to the city’s website. The annual tax was approved for 20 years, and will provide funding for affordable housing,</p>

	<p>services for the homeless and the clean-up of blighted properties and illegal dumping, according to the city.</p> <p>The City of Vancouver, B.C., implemented the vacancy tax in 2017 at a rate of 1% of a property's assessed taxable value. The "Empty Homes Tax" is calculated annually and is based off the property's assessed taxable value in the previous tax year. Since 2017, the tax rate has been increased twice (in 2020 and 2021); recently in May 2023, the City Council vote to keep the rate at 3%.</p> <p>In a workpaper published in August 2023, City of Seattle staff evaluated a vacancy tax, expecting that such a tax likely could be imposed without requiring a ballot measure. Staff also estimated the tax could generate between \$5 million and \$20 million annually, depending on definitions, rules, and tax rate.</p>
Revenue Yield & Stability	<p>A FY20 proposal from the City of Portland Budget Office estimated that a \$5,000 flat-rate fee, applied to residential units vacant for 120 days or more could generate \$2.1 – \$5.0 million annually, based on a 2.3% vacancy rate and a very low collection rate of 15%.</p> <p>Housing market data taken from the most recent 2022 American Community Survey census data, estimates Eugene's vacancy rate for residential properties at 4%. (3,861 vacant out of 77,395)</p> <p>At a collection rate of 15%, a \$5,000 fee would generate about \$2.85 million annually in Eugene based on estimated vacancy rates; however, it is unlikely that all vacant residential properties included in the above estimate would be subject to the tax.</p> <p>Since the fee is intended to discourage vacancies, revenues ought to decline over time. Increasing the rate/fee amount as revenues decline is not recommended as it could have counter-productive impacts on property development.</p>
Administrative Effort	<p>Likely quite high; a FY20 study by the City of Portland's Office of Management and Finance estimated that such a tax would require 3.0 FTE to administer.</p> <p>Staff would be required to assess which properties are subject to the fee; likely exemptions would include properties:</p> <ul style="list-style-type: none"> • Undergoing renovation, • Listed for rent or sale, • Owner death or home in estate, • Hospitalized or disabled owner, • Low-income, • Limited-use properties, • Owned by non-profit organizations, • Parcels that are under construction or development <p>The process of verifying residency involves a wide range of documents and databases and would likely require home visits to confirm the condition and</p>

	<p>circumstances of the unit. The data currently available does not identify what percentage of units are empty because they are second homes or vacation rentals, are new units that have not yet been leased or purchased, or are vacant/have been abandoned for financial or health and safety reasons.</p> <p>An independent appeals venue, which could generate additional administrative costs and workload, would be necessary to ensure the tax is fairly applied and enforced.</p> <p>Potential legal challenges could also delay implementation and increase implementation costs.</p>
Timeline	Based on Portland's implementation proposal, the City would first need to establish a Vacancy Fee Reference Period, develop a registration process, an appeals process, and finally establish the fee. This work would likely take more than 2 years.
Who Pays	Property owners who have properties that are vacant for more than an allowable time period; for example, vacant for 120 consecutive days or more.
Fairness & Indirect Implications	<p>Exemptions for low-income property owners, and other exemption examples listed above, could increase the fairness of the fee and mitigate negative impacts to low-income residents.</p> <p>The intent of this fee would be to provide a disincentive for property owners to leave habitable properties vacant, thereby increasing the supply of housing in the city and reducing rents. The fee could encourage speculative owners to rent vacant properties or sell properties to avoid remitting the fee. The fee could therefore allow more people to live in city limits, bringing economic activity.</p>
Sustainability Impact	<p>Depending on the fee's structure, it could have counter-productive impacts on property development and could have a negative impact on the city's business climate. Conversely, the fee could also encourage development of vacant properties, bring more residents into city limits and improve economic activity, leading to a healthier business climate.</p> <p>The burden on low-income residents would likely be low, since exemptions would likely be put in place to exclude low-income property owners.</p> <p>No direct environmental impact apparent.</p>
Viability in Solving Funding Issues	<p>Implementation would likely take more than 2 years and administration efforts needed would be very high, requiring hiring of 2-3 FTE.</p> <p>Impacts on Council's goal of Sustainable and Accountable Development and low-income residents are positive since the fee is designed to disincentivize vacant housing, likely increasing the supply of housing in the city and reducing rents. The fee could also encourage more in-migration, increasing local economic activity.</p> <ul style="list-style-type: none"> • On-going Service Costs: Viable, no direct nexus.

	<ul style="list-style-type: none"> • Capital Acquisition & Replacement: Not viable due to lack of nexus, revenues not likely available within timeframe needed, community would not support directing funds to this issue. • Climate/ Sustainability Services: Viable, no direct nexus; could be argued that efficient use of property is good for the climate (reduces the need for new development) • Unhoused Services: Viable, indirect nexus. This option could be a good fit for addressing this issue. Directing funds towards unhoused services could increase community support. • Affordable Housing: Viable, direct nexus. This option could be a good fit for addressing this issue. Directing funds towards affordable housing projects will increase the likelihood of community support. • City Hall Loan Repayment: Not viable due to lack of nexus, revenues not available within timeframe needed, and not politically feasible to gain support in directing funds to this issue. • City Contributions to Community Partnerships (infrastructure): Not viable; no nexus, funding is insufficient and not politically feasible to gain support in directing funds to this issue.
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Revenue Options

Summary Matrix



Attachment A

Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Recommendation
Potential Need	\$10 to \$20 million	millions	depends on service level	depends on service level	depends on service level	\$4 million	\$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
City Service Fees	☐	☐	☐	☐	☐	✗	✗	Most Viable
Debt: General Obligation Bonds	✗	☐	☐	✗	✗	✗	☐	Most Viable
Restaurant Tax	☐	☐	☐	☐	☐	☐	☐	Most Viable
Admissions/Entertainment Tax	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
Business License Fee	☐	☐	☐	☐	☐	✗	✗	Worth pursuing
Carbon Tax	☐	☐	☐	✗	✗	✗	✗	Worth pursuing
Construction Excise Tax (CET) Increase	☐	☐	☐	☐	☐	✗	✗	Worth pursuing
EWEB Wholesale CILT Increase	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
First Responder Fee Increase	☐	☐	✗	☐	☐	✗	✗	Worth pursuing
Franchise Fees	☐	☐	☐	☐	☐	✗	✗	Worth pursuing
Local Option Property Tax	☐	☐	☐	☐	☐	☐	☐	Worth pursuing
Payment in Lieu of Taxes	☐	☐	✗	☐	✗	✗	✗	Worth pursuing
Rental Housing Fee	☐	✗	☐	☐	☐	✗	✗	Worth pursuing
Sale of Surplus Property	✗	☐	☐	☐	☐	☐	☐	Worth pursuing
SDC Financing for Contributions to Cmty Partnerships (Repaid by Property Taxes)	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
Special District	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
Transient Lodging Tax	☐	✗	✗	☐	☐	✗	☐	Worth pursuing
Urban Renewal District-Raise Frozen Base	☐	✗	✗	✗	✗	✗	✗	Worth pursuing

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Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Attachment A Recommendation
Potential Need	\$10 to \$20 million	millions	depends on service level	depends on service level	depends on service level	\$4 million	\$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
Urban Renewal District-Riverfront Plan Amendment	✗	□	✗	✗	✗	□	✗	Worth pursuing
Utility Consumption Tax	□	□	▣	□	□	□	□	Worth pursuing
Business Gross Receipts Tax	□	✗	□	□	□	✗	✗	Not recommended
Corporate Income Tax	□	✗	□	□	□	✗	✗	Not recommended
Debt: Revenue Bonds	✗	□	□	□	□	✗	□	Not recommended
Fees for Service - New or Increased	□	✗	□	□	□	✗	✗	Not recommended
Heavy Vehicle Tax	✗	□	□	✗	✗	✗	✗	Not recommended
Internal Services Sold to Other Organizations	□	✗	✗	✗	✗	✗	✗	Not recommended
Luxury Tax	✗	✗	✗	✗	✗	✗	✗	Not recommended
Marijuana Tax	□	□	□	□	□	✗	✗	Not recommended
Motor Vehicle Rental Tax	□	□	□	□	□	✗	✗	Not recommended
Parking Tax	□	✗	□	✗	✗	✗	✗	Not recommended
Personal Income Tax	□	□	□	□	□	✗	□	Not recommended
Photo Red Light Cameras	✗	✗	✗	✗	✗	✗	✗	Not recommended
Private Donations	✗	✗	✗	✗	✗	✗	✗	Not recommended
Sales Tax: General	□	□	□	□	□	□	□	Not recommended
Sales Tax: Selective	▣	▣	▣	▣	▣	▣	▣	Not recommended
Sweetened Beverage Tax	□	□	□	□	□	✗	✗	Not recommended
Vacancy Tax/Empty Dwelling Fee	□	✗	□	□	□	✗	✗	Not recommended
Bicycle Registration Fee	✗	✗	□	✗	✗	✗	✗	Not considered
High CEO Pay Ratio Tax								Not considered
Payroll Tax Increase								Not considered

Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Attachment A Recommendation
Potential Need	\$10 to \$20 million	millions	depends on service level	depends on service level	depends on service level	\$4 million	\$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
Solid Waste Collection Fee	☐	✗	☐	✗	✗	✗	✗	Not considered
Street Lighting District	☐	✗	✗	✗	✗	✗	✗	Not considered
Real Estate Transfer Tax								Not considered: Pre-empted
Solar Power Generation	✗	✗	✗	✗	✗	✗	✗	Not considered; Long-term/outside scope

Key:

- ☑ = Meets All Criteria/Viable (Not Necessarily Recommended)
- ☐ = Meets Some Criteria/Maybe
- ✗ = Does Not Meet Criteria/Not Viable
- = Not Applicable

Criteria Evaluation Summary
Evaluation Matrix

Attachment A

Revenue Option	Amount or Rate	Revenue Raising Capability (\$ millions or H/M/L)	Action Needed to Implement	Revenue Administrative Effort to Implement and Manage	Revenue Stability and Reliability	TBL: Healthy Business Climate	TBL: Burden on Low Income Community Members	TBL: Impact on Environment	Impact on Other Council Goals	Funding Flexibility, Existing Nexus	Implementation Period	Overall Viability Assessment
City Service Fees	Needs further direction & analysis; depends on service area(s) selected	High	Ordinance or Vote	□	▣	□	□	▣	▣	▣	▣	Strong viability, good yield potential; biggest hurdle will be establishing a collection mechanism
Debt: General Obligation Bonds	Depends on funding level	High	Resolution and Vote	□	▣	□	□	■	□	Only for publicly-owned capital projects	▣	Potentially viable for certain capital costs
Restaurant Tax	1-5%	\$2-\$10+ million	Ordinance	□	▣	□	□	■	□	▣	□	Viable, though feasibility may be low. This was recommended by the Meeting the Challenge Task Force in 2010.
Admissions/Entertainment Tax	5.0%	\$600,000-\$1.5 million	Ordinance	□	□	□	▣	■	□	▣	□	Possible, CILT w/UO improves viability; feasibility low (incl. CILT agreement); may not be able to stack tax with Hult Patron User Fee
Business License Fee	\$100 annually	\$0.5 million annually	Ordinance	□	▣	✗	□	■	□	▣	▣	Potentially challenging due to existing Payroll Tax & CET, and state CAT; <\$500k yield; could provide other useful data for economic development purposes
Carbon Tax	depends	L-M	Ordinance or vote	□	□	□	✗	□	□	Depending on structure of tax, could be restricted to transportation projects in ROWs, or Climate/Sustainability services or infrastructure	▣	Viable, particularly as an increase to existing Motor Vehicle Fuel Tax, but some legal restrictions may affect rate & use of tax, depending on structure and intended use.
Construction Excise Tax (CET) Increase	increase residential permit value tax by 0.5% (up to 1% state max); increase commercial/industrial (no State max)	Depends on construction activity and increase selected.	Code Change (ordinance)	▣	□	□	□	□	□	Likely restricted to Affordable Housing	▣	Residential CET increase limited to +0.5% (\$750k-\$1.1M), but Commercial CET is not capped and 1/2 (~\$175k) could be used for non-housing related projects
EWEB Wholesale CILT Increase	Negotiated Amount	M	City Council & EWEB Board	□	□	□	■	■	□	▣	▣	Worth considering, as the environment surrounding wholesale electric has changed since the agreement was negotiated.
First Responder Fee Increase	up to \$450 per transport	\$0.5 million annually	Ordinance revision	▣	▣	▣	▣	■	▣	Flexible, but most appropriate for h on-going service cost for emergency response, including vehicles & equipment	▣	Easy to implement, viable.
Franchise Fees	Varies per utility/service	<\$1.0 million	Ordinance	▣	▣	□	▣	▣	▣	▣	▣	Easy to implement, viable; yield may be limited by rate caps
Local Option Property Tax	\$0.30 per \$1,000 AV	\$5.5 million annually	Resolution and Vote	▣	□	□	□	■	□	▣	▣	Viable, good yield and low resistance likely; limits on rate due to compression, and term limits reduce viability to solve long-term funding issues.
Payment in Lieu of Taxes	Negotiated Amount	M	Interagency agreement	✗	□	■	□	■	□	Subject to Interagency Agreement(s)	□	Could be a viable, long-term solution for services where we partner with nonprofit providers.
Rental Housing Fee	set by CM in admin order; Current - \$20/unit/yr	Low; current rate earns ~\$690,000/yr	Ordinance to expand eligible uses; Admin Rule to increase fee	□	▣	□	□	■	□	Currently reserved for rental housing	□	Possible approach for contributions towards unhoused services.

Criteria Evaluation Summary
Evaluation Matrix

Attachment A

Revenue Option	Amount or Rate	Revenue Raising Capability (\$ millions or H/M/L)	Action Needed to Implement	Revenue Administrative Effort to Implement and Manage	Revenue Stability and Reliability	TBL: Healthy Business Climate	TBL: Burden on Low Income Community Members	TBL: Impact on Environment	Impact on Other Council Goals	Funding Flexibility, Existing Nexus	Implementation Period	Overall Viability Assessment
Sale of Surplus Property	\$/AC varies with parcel location	Varies with parcel size and location	Council Approval	☑	✗	☑	☑	☑	☐	Depends on source of funding for the original property purchased	☑	Not viable for solving most funding issues due to low yield and uncertain timeline, but has potential for funding City Hall and Contributions to Community Partnerships.
SDC Financing Repaid by Property Taxes	Depends on each specific SDC financing agreement	L: Depends on # of SDC financing agreements and amount of new taxable AV	Council Approval Administrative Order	☑	☑	☑	▪	▪	☑	☑	☐	Viable for certain development projects that have a strong public purpose and where the City has identified a source for making the upfront payment.
Special District	Can be sized to meet district service level; some districts have limits; compression should be considered	M: Can be sized to meet district service level; some districts have limits; compression should be considered	Metro Plan Amendment Voter Approval	☐	☑	☐	☐	▪	☐	Restricted to services provided by the special district	✗	Low viability to address these funding issues due to very long implementation period, but good potential yield for other services.
Transient Lodging Tax	1% increase	L; <\$300k unrestricted; ~\$600k for tourism	Ordinance	☑	☐	☐	☐	▪	☐	A portion of the funds are restricted: 70% to tourism promotion or tourism-related facilities. The remaining 30%, or \$270k, could be used for any purpose.	☑	Viable, but existing TLTs at city, county, and state level reduce feasibility; relatively low yield.
Urban Renewal District-Riverfront Plan Amendment	Some portion of TIF in the Riverfront District	Up to \$4 million 1x	Council (as the UR Agency) approval; plus approval from 4J, plus either the County or LCC	☑	☑	☑	☑	☑	☐	Must be spent in accordance with UR Plan language	☑	Worth considering, as Council is in the process of amending the Riverfront Plan right now and could choose to include renovations to public buildings (City Hall, a new fire station) in the project list. This option could offset costs, allowing project dollars to go towards loan repayment.
Urban Renewal District-Raise Frozen Base	Determined by Council and budget process	<: Will generate \$400k in FY25	Amend UR Plan; Certify Taxes	☐	☑	☑	☑	☑	☐	☑	☑	Possible. Would lengthen time needed to pay back borrowed funds, thereby lengthening the time the District would need to reach its maximum indebtedness
Utility Consumption Tax	1.0%	\$2 million annually	Ordinance	☐	☑	☐	✗	▪	☐	☑	☐	Sufficient revenue to pursue; would need agreements with utility providers to carry out tax collection.

Key:

☑ = Meets All Criteria/Viable

☐ = Meets Some Criteria/Maybe

✗ = Does Not Meet Criteria/Not Viable

▪ = Not Applicable

Key for Implementation Period:

☑ = Short (2023-2025)

☐ = Med (2025-2027 Biennium)

✗ = Long (after 2027)