

Archival EW article on the 2010 DTURD Plan Amendment
by Bonny Bettman McCornack

City Hall is where good ideas go to die and bad ideas are repeatedly resurrected. The City has assembled a miscellaneous brew of “projects,” including rebuilding LCC’s downtown campus, that they speculate will be popular enough to neutralize opposition to their tightly choreographed resurrection of the Downtown Urban Renewal District (DTURD). The plan amendment they intend to initiate 3/8/10 will extend the life of the plan, increase the boundaries of the district, and increase the spending limit. All of which will ensure a continuous stream of fungible cash for extraneous expenditures like “surveys”, and predacious administrative costs. If it sounds familiar, it is. Eugene Voters trounced a DTURD spending limit increase in 2007 by almost 2:1.

The Mayor and Council should let DTURD expire. If there is no council approved plan amendment by June 30, 2010, the district becomes deactivated and the city is required (by state law,) to return a significant sum to each of the taxing districts that have been forgoing revenue to the DTURD for 42 years. Those overlapping taxing jurisdictions include, LCC, 4J, Lane ESD and the City and County general funds, and bonds.

The DTURD is a slush fund in search of a justification. The city does not need a DTURD plan amendment to help rebuild LCC’s downtown campus, there are other funds available for financing. The other major proposed expenditure is \$2.5 million to lure the Veterans Clinic downtown, necessitating a DTURD boundary expansion. Peachealth and the Federal government sure don’t need the money, especially when that money is taken away from education and essential services.

Thirty years into the life of the DTURD, the City dedicated its “tax increment financing” to the sole purpose of building the new library. Bonds were levied for \$18.8 million and then, annually, for over a decade, the City “over-collected” tax increment funds for the library debt by a whopping 30 percent, or \$1.0 million - \$1.2 million per year more than the library debt obligation.

City memos dating as far back as June 2003, explicitly predicted there would be at least \$9.7 million in excess revenue by 2010, as long as they continued to over-collect tax increment, which they did. Current budgets show the DTURD has accumulated over \$10 million dollars (not counting real property.) The most recent city memos claim an “estimated” \$3.2 million of the \$10 million is refundable to the taxing jurisdictions. However at the 2/22/10 works session the city claimed there was nearly twice that amount, \$5.9 million, counted as tax increment funds. In addition they claimed \$2.1 million in program funds and one half million left under the existing spending cap, which is re-estimated at \$850,000.

Below are the dollar sums City Hall will have to refund to the overlapping taxing jurisdictions if the council does not approve a plan amendment for DTURD by June 30th. The calculations are based on a range of estimated DTURD reserves spanning the city’s latest estimate and an estimate based on additional documentation. Estimates range from \$3.2 to \$6.1 million.

If the DTURD plan amendment is not approved:

- Eugene's general fund will receive from \$1.5 million to \$2.9 million:
- Lane County's general fund will receive \$280,000. to \$524,000.
- Eugene School District's refund will be from \$1.0 million to \$1.94 million: • Lane Community College will receive \$140,000 to \$253,000.
- Lane ESD will get back \$50,000 to \$91,000.
- Eugene School district Bond will be refunded \$130,000 to \$238,000.
- Lane County Bond's refund \$30,000 to \$48,000.
- City of Eugene Bonds refunded \$70,000 to \$135,000.

In addition to the above one time refunds the taxing jurisdictions will be able to keep the annual stream of taxes that have been diverted to subsidize DTURD for 42 years. That money goes back as of July 2010, upon termination of the DTURD. The amount of that retained revenue will be comparable to the following totals, which are the amounts diverted to DTURD in 2009:

- City of Eugene General Fund= \$873,627 per year. • Lane County General Fund = \$158, 436 per year. • 4J = \$591,606 per year.
- LCC= \$76,885 per year.
- Lane ESD= \$26,743 per year.
- City, County, and Schools' Bonded debt = \$160,825 per year.

That revenue can finally be spent to provide the services those taxes were meant to provide. The city's portion can be used to fund a revenue backed levy to help LCC, a standard financing mechanism which won't raise taxes and doesn't need ballot approval. As an added benefit, ending the DTURD will lower your taxes. An added liability of resurrecting the DTURD is that even more taxes will be diverted annually due to the boundary expansion.

Usually it takes 100 days to process a plan amendment, but this one is on a hyper- accelerated track for adoption by May 10, 2010, before all the relevant details are available This uncertainty gives the city a logistical advantage; because whatever they "promise" on the front end can easily be changed once they've nailed continuation of the DTURD. The Feds won't even make their siting decision until next winter, long after the plan has been approved, including \$2.5 million plus a boundary expansion for the Vets' Clinic. What's the city going to do with all that money if the feds don't pick the downtown location? City Hall can exploit the uncertainties in this plan because it only takes 5 councilors, (or the Mayor and 4 councilors,) to change any aspect of the plan, at any time. They've done it before, they will do it again. Heck, that's what they're doing now.