

# MINUTES

Eugene Budget Committee  
McNutt Room—City Hall—777 Pearl Street  
Eugene, Oregon

July 27, 2009  
5:30 p.m.

**PRESENT:** John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown (participating via telephone), Mike Clark, Andrea Ortiz, George Poling, Chris Pryor, Betty Taylor, Alan Zelenka, Mary Ann Holser, Terry McDonald, Doug Smith, members; Mayor Kitty Piercy, City Manager Jon Ruiz, Assistant City Manager Sarah Medary, Dee Ann Raile, Sue Cutsogorge, John Huberd, Kristie Hammitt, Pavel Gubanikhin, Central Services Department; Interim Police Chief Pete Kerns; Mike Penwell, Facilities Division; Jan Bohman, City Manager's Office; Alana Holmes, Becky Hopkins, Human Resources; John Brown, EWEB Commissioner.

**ABSENT:** Jennifer Solomon, Kate Davidson, Noah Kamrat, Joseph Potwora, members.

Mr. Barofsky called the meeting of the Eugene Budget Committee to order. He invited Dee Ann Raile to describe recent staffing changes in Finance.

Ms. Raile announced that after a decade as Finance Director she would be Acting in Capacity (AIC) as the Budget Manager and Financial Analysis Manager for the next six months while Kitty Murdoch was on a temporary assignment in Risk Management. She said both she and Ms. Murdoch would be retiring in 2010. She introduced Sue Cutsogorge as the AIC Finance Director. She noted that information on the City's new recruitment process for boards and commissions had been distributed. She said the terms of Doug Smith and Joseph Potwora were expiring and hoped both would reapply.

Mr. Barofsky said the purpose of the meeting was to comply with the City Council's direction to City Manager Jon Ruiz to work with the full Budget Committee on the disposition of funds in the Facility Reserve and obtain feedback from the citizen members on the police facility and City Hall.

## **I. USE OF FACILITY RESERVE AND POLICE FACILITY**

Interim Facilities Division Manager Mike Penwell used a slide presentation to provide an overview of the City Hall master planning process and issues related to City Hall and a police facility. He said the council specifically wanted input from citizen members of the Budget Committee on moving police to the proposed Country Club Road building and the future of the City Hall site. He highlighted the public process and the project values that were discussed during public meetings and outreach events over the past two years.

Mr. Penwell said City Hall was built in 1964 and building codes had changed several times since then. Issues related to the current facility were earthquake safety, failing building systems, high energy consumption, poor civic presence and connection and dispersed services. He said the current seismic code was far more stringent, with particularly high requirements for essential facilities of police, fire and hospitals to assure they remained operational following a major seismic event. To begin to address public safety issues the 9-1-1 Call Center, Property and Forensics Unit and the Downtown Fire Station and Fire

Marshall had been relocated from City Hall over the past few years; moving police was the next logical step.

Mr. Penwell reviewed the failing building systems, which were original to the building, and maintenance concerns. He noted that the council had directed in 2001 that maintenance on City Hall be minimized while the future of the facility was being determined and only enough maintenance to keep the building functional had been done. He said the building construction also resulted in high energy consumption and its design was inward facing and not inviting to the public. He used an aerial view of downtown to illustrate how City services were spread among ten different locations.

Mr. Penwell remarked that police were one of the biggest challenges to dealing with the current City Hall because of the seismic requirements. He said the building at 300 Country Club Road had been built to a higher seismic standard and could be upgraded to essential facilities standards for approximately \$500,000 in total project costs, compared to an estimated \$7.5-8 million to upgrade City Hall to those standards. He said the Country Club Road building was appropriately sized at 66,000 square feet to meet current needs and accommodate future projected growth and included secure underground parking for 75 vehicles, with surface parking for additional vehicles or expansion purposes.

Mr. Penwell used aerial views to illustrate connections to downtown and Interstate 5 from the Country Club Road site. He emphasized that a strong police presence would be maintained in the downtown area with a continuation of regular car and bike patrols, as well as a downtown public safety station. He said the estimated cost of a new patrol facility, with other police functions remaining in City Hall, was \$16-17 million; a new police facility that consolidated all functions now in City Hall would cost approximately \$34-35 million. He said the Country Club Road building would allow all current City Hall police functions to be consolidated at an estimated project cost of \$16 million. He indicated the funding mechanism for any of those options was the Facility Reserve, which had a current balance of \$22 million.

Concluding his presentation, Mr. Penwell said that moving police from City Hall would provide options for its disposition, including upgrading the facility over a period of time and or locating City services elsewhere in the downtown area. He said one possibility was to leverage the City's investment in the Beam or WG Development projects by moving employees currently located in City Hall into those facilities and use the balance of the Facility Reserve for some of the upfront capital costs and buy down the ongoing costs of operations. He said one of the primary reasons for leaving the current City Hall was to avoid the tens of millions of dollars in capital costs involved in upgrading the building, including replacing the current heating system when steam heat was no longer available from Eugene Water & Electric Board (EWEB). He said cost estimates to upgrade City Hall for another 25 to 30 years of use ranged from \$30 to \$50 million.

Addressing some issues raised in a July 22 letter to the Budget Committee from Councilor George Brown, Mr. Penwell said that seismic issues for other City facilities such as the parking garages, airport, swimming pools, Hult Center and Atrium were typically addressed through the capital program using various funds. He noted that preliminary seismic studies rated City Hall considerably worse than other City buildings. He said that higher level seismic studies would be required to determine exactly what would be required to upgrade those other facilities. He said the comment that current police staffing levels would only occupy half of the Country Club Road building appeared to be based on a comparison of the square footage of that building with the space occupied by police in City Hall. He pointed out that the police department was squeezed into its existing space and part of the move to Country Club Road would right-size to correct space, with some room for expansion in each area. He pointed out that while the cost to bring City Hall up to essential facility standards was \$8 million, an additional investment of \$20 to \$30 million would be required to continue to use the building. He invited questions and comments from the committee.

## COMMITTEE DISCUSSION

Mr. Barofsky reiterated that the council wanted feedback from the citizen members of the Budget Committee prior to making a decision at the July 29 council meeting. He read the three proposed motions from the July 29 council agenda.

Ms. Taylor remarked that there had not been sufficient public involvement and most of the public were not even aware of the issue. She asked how much a public safety station in the downtown area would cost to construct. Mr. Penwell said the public safety station would be a leased facility; there would be no initial expenses, but there would be the ongoing costs of a lease.

Ms. Taylor said there had to be costs associated with a downtown public safety station and those should be added to the cost of purchasing the Country Club Road site to compare it to costs associated with upgrading the current City Hall. She said the preferred solution should not be that of staff or the council; rather, it should be the community's preference and she did not think that was known at this point. She said the seismic retrofit of City Hall had to be done, regardless of its disposition.

Ms. Syrett indicated she had no strong feelings about relocating police functions outside of downtown, but expressed concern with the idea of vacating City Hall and locating City functions in different sites in downtown according to a "civic center" concept, instead of establishing a new City Hall facility. She asked if Facility Reserve funds would be used to further assist downtown developers by paying for capital costs related to moving City functions into those projects. Mr. Penwell said the proposal was to use the remaining portion of the Facility Reserve to pay for those portions of upfront capital costs associated with City-occupied space in those developments. He said it was a preliminary concept.

Mr. Ruiz said the contract with Beam was for the City to backstop up to 50,000 square feet of that project if necessary. He said the proposal described by Mr. Penwell could be a part of that obligation, but if it was not the commitment would remain under the contract. He said leasing instead of purchasing a building did provide flexibility in the future and locating City functions in a civic center would provide a presence in that area. He emphasized that leasing did not preclude future discussions of consolidating functions into a new City Hall.

Ms. Syrett said she could support the idea of a temporary civic center if there was a commitment to revamping a viable City Hall location with centralized City functions.

Mr. Poling asked if expanding or upgrading any of the police department's existing space would trigger a requirement that the entire City Hall would need to meet current seismic standards for essential services. Mr. Penwell said changes to space occupied by police would not trigger new seismic standards as long as the work occurred within the current building envelope, but adding space to the building would.

Mr. Poling asked if vertical or horizontal expansion was possible with the Country Club Road property. Mr. Penwell said horizontal expansion was possible.

Mr. Poling noted that Mr. Brown's letter had indicated seismic concerns related to the airport, parking structures and the Atrium and asked if there were problems. Mr. Penwell said follow-up seismic studies would be needed to determine the extent of any problems related to those facilities.

Mr. Zelenka urged staff to conduct those seismic studies as soon as possible. He asked staff to elaborate on the items included in the \$16 million cost of the Country Club Road facility. Mr. Penwell said the cost

included acquisition at appraised price, design, upgrades and remodeling to meet police needs and moving costs. He said it was the full project cost.

Mr. Zelenka asked if there were any buildings in the downtown core area that met the criteria for a police facility. Mr. Penwell said he was not aware of any, although he had solicited expressions of interest from property owners; the Country Club Road property met virtually all of the criteria for a police facility.

Mr. Zelenka said he also had not received any responses to his request for information about potential police facilities in the downtown area. He asked how many full time police employees, not including officers, worked full time in City Hall. Police Chief Pete Kerns replied that there were between 30 and 40 people who working in the building on a full time basis, including officers in administrative positions.

Mr. McDonald found the proposal to be a creative and elegant solution to a long-term problem and would provide police with a suitably sized facility that could accommodate expansion on the site. He said it would also relieve pressure on the decision-making process related to disposition of the current City Hall building and allow the community, council and staff to focus on the larger issue of a core city center. He urged the council to move forward on acquisition of the Country Club Road property.

Ms. Holser agreed with the comments by Ms. Taylor and Ms. Syrett. She said it appeared that City Hall had been allowed to deteriorate, but seismic upgrades were being done on other City facilities. She asked if there was a decision several years ago to delay maintenance on City Hall. Mr. Penwell reiterated that the council had directed in 2001 that non-essential maintenance would be discontinued; only maintenance necessary to keep the building functional was permitted.

Ms. Holser stated her concern about the lack of maintenance on City Hall. She was not opposed to moving police out of downtown, but was bothered by traffic problems in the vicinity of the Country Club Road site and access to and from a police facility in that location.

Mr. Barofsky said the Facility Reserve was established to accrue funds for a new City Hall, but that dream appeared to have gone away. His first choice was to building a new City Hall, but he did support moving police to the Country Club Road location. He asked if the City Manager had the ability to reject the purchase of the terms were not favorable to the City. Mr. Penwell said the council would authorize, not order or direct, the City Manager to proceed with the acquisition; he would have the authority to decline to purchase.

In response to a question from Mr. Brown, Mr. Ruiz said the council's proposed motion on July 29 would authorize him to negotiate and sign a contract for purchase of the Country Club Road property; further approval of the acquisition by the council would not be required.

Mr. Brown felt the process was too rushed and too expensive and more time was needed. He noted that the police occupied 35,000 square feet in City Hall and asked how much additional space they would occupy in the Country Club Road building. Mr. Penwell said the interior design would accommodate a reasonable amount of future expansion in areas such as the locker room and offices as new personnel were hired. He estimated that about 60,000 square feet of the 65,000 total would be included in the initial build-out.

Ms. Ortiz commented that that she had been involved in discussions about City Hall and police facility for many years. She did not object to decentralizing government and moving City functions into different locations downtown to make them more accessible. She said the current City Hall building was not welcoming to the public. She supported acquisition of the Country Club Road building and felt it was a good use of funds. She hoped that the current City Hall site could be landbanked and perhaps become a

park to commemorate it as the former site of City Hall. She hoped that eventually voters would approve a bond to construct a new building.

Mr. Pryor felt it was unlikely the voters would approve \$35+ million in funding to improve the current City Hall. He felt purchasing the Country Club Road property for a police facility was a prudent use of Facility Reserve funds. He wanted to see the City retain ownership of the land on which the current City Hall was located. A civic center concept with City functions clustered in buildings near the Atrium was a temporary solution that retained flexibility for future choices.

Mr. Clark said he was initially troubled by the prospect of moving police to Country Club Road, but had been persuaded with the discussion of a downtown public safety station and the savings realized by the purchase of an existing building suitable for police functions instead of construction of a new facility. He attended a community discussion of the issue and it appeared that a majority of those in attendance were in favor of moving police to the Country Club Road site. He agreed with an interim civic center campus in downtown while a long-term solution was developed in partnership with the community.

Mr. Smith supported acquiring the Country Club Road property for a police facility and hoped that EWEB's river front property would be the site for a City Hall. He felt the current City Hall should be demolished and liked Ms. Ortiz's idea of a park on the site. He agreed with comments from Mr. McDonald, Mr. Pryor and Mr. Clark.

Ms. Taylor said she understood that the agreement with Beam was to move City functions that were currently housed in leased space into that development, which she supported, but that was different from moving employees in spaces the City already owned. She questioned how leased space that was designed to accommodate the council could be adapted for other uses when City functions were moved to a new City Hall. She asserted that traffic on Country Club Road was terrible and would make access difficult. She noted that the City Hall space previously occupied by the fire department was empty. She supported moving the fire department because its employees lived in that space.

Mr. Zelenka agreed that traffic on Country Club Road was bad, but pointed out that it should not be a concern because there would be a small number of employees who remained in the building for extended periods; officers were dispatched from their positions out in the community where they were patrolling. He asked if a definitive answer on gaining access to Interstate 105 was possible by July 29. Mr. Penwell said the process was complicated and it was not possible to obtain an answer from the Oregon Department of Transportation by then. He noted that similar access existed elsewhere in the State so there was a precedent.

Mr. Zelenka asked what percentage of City employees currently worked in City Hall and what functions had been moved to other locations. Mr. Ruiz said excluding police the number was less than 100, but he would provide the council with specific data. With respect to relocating functions, Mr. Penwell said since 2001 the 9-1-1 Center, Property and Forensic units, the fire department and the Fire Marshal's Office had moved to other facilities.

Mr. Zelenka said if moving City functions to other locations downtown as a temporary measure instead of reinvesting \$30 to \$50 million in the current building was the decision, it made sense to lease space instead of investing capital in a building. He asked if leased space could be adapted for other purposes once a decision was made about a long-term City Hall solution. Mr. Ruiz said the City primarily needed office space, which was generic in design, and the concern might be over City Council chamber space. He said that space could be designed in a way that was functional, but could be used for other purposes without a large capital investment. Mr. Penwell agreed that new chamber space could be more multi-functional than the current space.

Mr. Clark pointed out that Lane County also occupied an aging facility in downtown and suggested that the City and the County could perhaps consider a joint venture to create a municipal-county civic facility.

Ms. Ortiz said a new facility for the police was an equity issue and police employees deserved a space that met their needs. She said it was apparent during a recent listening session with police that they felt very unsupported and she was in favor of acquiring the Country Club Road site for a police facility.

Mr. Poling said it was time for the council to make a decision on a police facility. He noted that the Facility Reserve was steadily decreasing as funds were used for other purposes. He agreed with Mr. Zelenka that traffic was generally not going to be a concern as police worked staggered shifts. He said there had been a suggestion from the public to spend the Facility Reserve funds to hire new police officers, but there would be no space for them. He liked Mr. Clark's suggestion of a joint venture with the County.

Mr. Brown thought that July 29 was too soon for the council to make a decision. He was not convinced that the City's property at 858 Pearl Street should be sold; other City functions now in City Hall could be moved there, giving the police more space. He said that secure parking could be developed across the street from City Hall and police vehicles moved there while the building was seismically retrofitted. He encouraged the council to look at other options before buying the Country Club Road property.

Mr. Brown asked what was meant by using funds to "buy down" the cost of the City's occupancy in a leased building. Mr. Penwell explained that funds would be used for tenant improvement and other capital costs related to the City's occupancy in order to reduce the lease rate.

Ms. Holser said she was in favor of relocating police if additional information was provided about traffic issues, including access in the event of emergencies. She did not like the proposed design for a new City Hall and felt the public should be consulted further on the question of whether to save the current building or build a new one.

Mr. Smith asked if there was any concern about the 100-year flood plain. Mr. Penwell said that had been taken into account with the location, but he was less concerned about flooding because the building and its connection to Country Club Road were above the flood plain and there was typically some advance notice. He was more concerned about a seismic event.

Mr. McDonald said the facility on County Club Road was an ideal solution to the problem of space for police, but it was also a good facility unto itself. He said City Hall would require too great an investment in order to make it usable as a civic center and another use should be considered. He liked the civic campus concept near the Atrium building as it would help to revitalize that part of downtown. He felt purchasing the Country Club Road property was a practical, cost-effective solution that would allow the council and the community time for the larger discussion of what to do with City Hall and where to house City functions.

Ms. Syrett said if the City moved forward with purchase of the Country Club Road property, it should then focus on preserving the remaining Facility reserve and continuing to build it if possible. She noted that there would be some additional cost associated with I-105 access. Mr. Penwell agreed, but said it would be emergency access only, not an engineered on-ramp.

Ms. Syrett appreciated the need for community input on any future plans and agreed with Ms. Holser about the proposed design. She said there appeared to be conflicting opinions on seismic problems associated with the City Hall structure and hoped those would be reconciled. Mr. Penwell said he was unaware of any conflicting seismic retrofit concepts.

Mr. Barofsky stated that he favored moving the police to Country Club Road. He said reusing an existing building was consistent with the City's sustainability goals and financially prudent. He hoped the current City Hall site would be considered for an urban park and farmers' market. He was not in favor of buying down lease costs because the developers were already being subsidized by the City and if the City's tenancy was temporary it could afford a higher lease rate and save Facility Reserve funds for the current City Hall site.

## **ADJOURN**

The meeting adjourned at 7 p.m.

(Recorded by Lynn Taylor)