

# **MAYOR'S COMMITTEE ON ECONOMIC DEVELOPMENT**



## **Final Report and Recommendations**

**Approved by the Mayor's Committee  
on Economic Development**

**July 19, 2004**

**Presented to the City Council**

**August 9, 2004**



# Summary

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In January 2004, the Eugene City Council approved the Mayor's request to establish the Mayor's Committee on Economic Development. The City Council charged the Committee "to provide for reviews of past economic development strategic plans, identification of elements that are relevant today, and identification of gaps and areas of opportunity for improvement." The Mayor called upon the Committee to forward meaningful and specific recommendations to the City Council for consideration in the fall of 2004.

The charge from the Mayor to the Committee was to move quickly to agreement on a few key actions that could be accepted by the City Council and could have immediate effects on economic development in Eugene. The Mayor acknowledged the history of controversy in Eugene regarding economic development, and the difficulty of agreeing on policies to encourage economic development in ways that are compatible with other City goals regarding environmental quality, public amenity, fiscal responsibility, and fairness. Thus, he did not charge the Committee with creating a complete economic development plan. Rather, his hope was that the Committee members, whose backgrounds reflect the diversity of opinions in Eugene, could find some common ground that could be the foundation for a community-supported economic development strategy that the City Council could adopt.

The Committee met eight times from March through July. It discussed existing economic policies and different tools that could improve the economic climate in the City of Eugene. It recommends that the following tools be adopted by the City Council:

- The City Council should support and contribute to a regional buildable lands analysis of available commercial and industrial land that is consistent with state requirements and that earns broad public support. The inventory should include vacant and underutilized land, and identify the potential for assembling small parcels to create larger parcels.
- The Committee recommends that Chapter 9 of the Eugene Code be made simpler, and that it be intuitive, adaptable, enabling to staff, logical, strategic, and fair. Additionally, the code should be reviewed on an annual basis.
- The City Council and Budget Committee should fund a facilitator to assist businesses with expansion, coordinate multi-agency review of development permits, assist in developing methods and policies to help streamline permitting process, and make recommendations on addressing Chapter 9 revisions suggested in the above recommendation.
- The Committee recommends that the City of Eugene establish an Enterprise Zone. Its boundaries should include the previous West Eugene Enterprise Zone properties, plus a relatively small amount of adjacent industrial-zoned properties that were not included in the previous zone. An

eligible firm would receive 100% of the Zone's tax benefits if it expanded on existing, redeveloped, brownfield, or infill sites. Eligible firms would receive 67% of the tax benefits if the new investment occurred on a greenfield site (City staff interprets the Oregon Administrative Rules to preclude reduction of the tax exemption benefit by more than one-third). Those firms building on greenfield sites could receive up to 100% of the tax benefits if they meet additional criteria related to attractive wages, employee benefits, job training and advancement opportunities, job retention, and job programs that assist disadvantaged workers.

- Urban Renewal Districts are a powerful tool for economic development. A subcommittee was formed to explore how this tool has been and could be used in Eugene, looking at boundaries, governance, models, and reinvestment strategies. Although the subcommittee produced no recommendations, the members agreed that these issues warrant further study.
- The City of Eugene should continue to support quality infrastructure.

The Committee believes the actions recommended here will be individually helpful for economic development. Given the diversity of opinions about economic development in Eugene, the Committee recommends these tools as an important step, and one that affords the City Council a chance of having public support and implementation.

The details of these recommendations, and the Committee's reasons for recommending them, are contained in the Committee's report. Supplementary material referenced in that report provides yet more detail.

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# Background

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## ECONOMIC DEVELOPMENT COMMITTEE

### PURPOSE

In his January 2004 State of the City speech, Mayor Jim Torrey said that the City of Eugene lacked a clear economic strategy. He recommended a review of existing policies and strategies and the adoption of new ones that are consistent with the economic realities that face the City of Eugene today.

The Mayor, with the support of the City Council, created the Economic Development Committee and charged it with evaluating the strengths and weaknesses of City policies for achieving Eugene's broad economic goals, and with providing specific recommendations to the City Council as to how to best achieve those goals. Specifically, the Committee was asked to review past economic development strategic plans, identify elements that are relevant today, and identify gaps and areas of opportunity for improvement. The Mayor called upon the Committee to forward meaningful and specific recommendations to the City Council for consideration in the fall of 2004.

This document contains the recommendations of the Mayor's Committee on Economic Development.

As a citizen group, the Committee can only recommend policy changes to the City Council. It is the responsibility of the Eugene City Council to determine which of the Committee's recommendations to adopt.

### MEMBERSHIP

The Committee that produced this report consisted of fourteen community members:<sup>1</sup>

- Tom Bowerman, Farmer's Union Inc.; Down to Earth
- Marcia Edwards, Windermere/Jean Tate Real Estate
- Jim Forbes (Chair), Looking Glass
- Bill Goldsmith, O.U.R. Credit Union; Neighborhood Economic Development Corporation (NEDCO)
- Don Kahle, Comic News Magazine
- Steve Korth, McKay Investments; Oakleaf Property Management
- Gretchen Pierce, Hult and Associates

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<sup>1</sup> Though invited to participate, the schedules of Kartar Khasla (Golden Temple of Oregon) and Michael Phinney (Full City Coffee) did not allow them to participate.

- Joshua Proudfoot, Good Company
- Marvin Re'Voal, Pacific Benefit Planners
- Rusty Rexius, Rexius Forest By-Products
- Jana Rygas, Citizen Member of the Eugene Budget Committee
- Kathy Smith, KJ Smith Associates
- Ellen Teninty, Economic Consultant
- Craig Wanichek, Sterling Savings Bank

## ACTIVITIES

The Mayor's Committee on Economic Development met as a full Committee eight times between March and July 2004. The eight Committee meetings were as follows:

1. March 8: Overview of project and the purpose of the Committee. ECONorthwest described economic development policies and how they can impact economic growth and City staff described the City's growth management policies and economic development issues particular to the City of Eugene.
2. April 5: Guest speakers provided an overview of the economy and views of local economic development and the factors that affect it.<sup>2</sup>
3. April 20: Former City staff and elected officials discussed issues specific to Eugene's economic development. The speakers were chosen because they had extensive experience with the City of Eugene, and could provide insight into what past economic development policies were, or were not, effective. The speakers were asked to discuss the obstacles and opportunities for economic development in Eugene and what the Committee could recommend to the City Council.<sup>3</sup>
4. May 3: The full Committee discussed economic development issues and policies to address them.
5. May 24: The full Committee continued to discuss the policies that can address economic development issues.

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<sup>2</sup> Individual speakers and their topics were the following: *Tom Potiowsky*, State Economist at the Oregon Office of Economic Analysis spoke about Oregon and Lane County economic conditions, opportunities, and constraints. *Jack Roberts* of Lane Metro Partnership spoke about economic development and why it matters. *Bob Doppelt* of the Program for Watershed and Community Health at the University of Oregon discussed sustainable economic development. *Bob Warren* of the Oregon Economic and Community Development Department described government business assistance programs. *Rick Duncan* of Duncan and Brown spoke about commercial and industrial land supply. *Bob Bussel* of the Labor Education and Research Center at the University of Oregon discussed how the quality of the workforce and wages affect economic development. *Dick Sheehy* of Industrial Design and Construction discussed why firms do or do not locate in Eugene.

<sup>3</sup> The following individuals spoke to the Committee: *Brian Obie*, former Mayor of Eugene. *Jim Johnson*, former Eugene City Manager. *Lew Bowers*, staff at Portland Development Commission and former City of Eugene staff in the Planning and Development Department, Community Development Division. *Hugh Prichard*, local realtor. *Rich Linton*, University of Oregon Vice President for Research and Graduate Studies and Graduate School Dean.

6. June 14: The full Committee continued to discuss the policies that can address economic development issues.
7. June 28: The full Committee reviewed a draft of the proposed economic development recommendations.
8. July 9: The full Committee made final edits to its recommendations. Committee members subsequently approved the final report by email.

Members also formed subcommittees to discuss specific economic development tools:

- **Urban Renewal District Agency:** The subcommittee discussed the merits of creating an independent agency responsible for managing the City's Urban Renewal district.
- **Enterprise Zone:** The subcommittee worked to define the geographic boundaries of a proposed Enterprise Zone, and the criteria businesses would have to meet to be eligible to receive property tax breaks associated with such a Zone.

## HISTORY OF ECONOMIC DEVELOPMENT POLICIES IN EUGENE

Over the last 25 years, the City has developed economic strategies to respond to changing economic circumstances. Economic conditions in the community have changed as regional and global market forces have shifted. In summary:

- **Six-Point Program for Economic Diversification, 1981.** The Program was developed during the timber recession of the early 1980s. This policy focused on economic diversification and halting the deterioration in the local economy.
- **Action Plan, 1982.** The Plan was developed to carry out the objectives of the Six-Point Program for Economic Diversification. The plan recognized that the City's role in economic development was best served by focusing more on long-range goals while acknowledging that some quick steps also needed to be taken, and that diversification would occur largely through the expansion of local firms. The plan also recognized that financial institutions, developers, businesses, and private business associations play a major role in successful economic development.
- **Action Plan, 1985.** The 1982 Action Plan was updated to better reflect the changing conditions of the local economy. The Six-Point Plans helped to establish many successful economic development tools. The Plans helped create the Business Assistance Team, capitalize the Business Development Fund, start-up the Willow Creek Park One Industrial Incubator, merger of City and County job training programs, helped to form the Eugene/Springfield Metropolitan Partnership, streamlined the City's business development regulations, and created the Permit and Information Center as a one-stop center.

- **Economic Development Strategic Plan, 1988.** This Plan continued the City’s crucial role in infrastructure development, land use planning, public safety, and other essential City services. The Strategic Plan specifically focused on positioning Eugene as a regional center for West and Southwest Oregon. Key policies in the Strategic Plan included building on successful strategies that were implemented in the previous Action Plan and a stronger emphasis on Eugene as a regional center.
- **Council Committee on Economic Development, 1994.** The City Council established the CCED to determine what actions, if any, the City of Eugene should take to promote economic development that benefits its citizens. The CCED recommended a number of strategies, including improve the regulatory process, assist businesses, and promote an adequate supply of buildable sites, among others. Although the City Council took action to generally support these strategies, a specific action plan did not emerge for Council consideration.
- **Growth Management Policies, 1998.** The last economic development policy action taken by the Council was incorporated within the 1998 Growth Management Policies. Policy #16 directed that: “Efforts to diversify the local economy and family wage jobs will focus on small, local, and environmentally sensitive business. Direct available financial and regulatory incentives to support these efforts.”

# Recommendations

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## CONTEXT FOR RECOMMENDATIONS

### PROCESS

The direction from the Mayor and City Council to the Committee on Economic Development created some constraints that the Committee had to work within:

- Finish its task by June 2004 (in fact, the final report was adopted by the Committee in mid-July)
- Obtain agreement from at least 75% of the Committee members on the recommendations in the Committee's report to the City Council.

The Committee members were selected to represent a diversity of opinions about growth, development, policy, and politics. Recognizing the difficulties for such a diverse group, the Committee decided early on that it had to focus on a subset of all potential economic development. The Committee simply did not have time to discuss all the good ideas for economic development. These recommendations are only some of the potential actions and tools available for economic development; there are many others the Committee was not able to discuss.

The recommendations in this section meet the Council's requirement: they have been approved by at least 75% of the Committee members. That does not mean that 75% of the members agree that each recommendation is the best one—it means it is the best one on which they could agree.

The Committee members volunteered substantial time to understanding and discussing the economic development issues addressed below. Though their recommendations are advisory (it is up to the City Council to decide whether to adopt any of them as City policy), it is their hope and intent that the Council will consider the difficulties of reaching consensus on issues of growth and development in Eugene, and the opportunity that the Committee has provided, by virtue of its diversity and agreement, to make some progress on economic development strategies by adopting these recommendations.

### ISSUES

The Committee worked to identify the problems facing economic development in Eugene, and what solutions could help. Based on the information provided by guest speakers and its own experience, the Committee discussed key issues affecting economic development in Eugene. More than a few people (though not necessarily a 75% majority in all cases) supported the following:

- The City lacks a clear policy for economic development. Committee members stressed that the City should have a clear, consistent, and focused commitment to economic development that can remain stable through business cycles.
- Wages in the community are low relative to state and national averages.
- The City's regulations and land use code are too complex, inconsistent, and burdensome, and the rules are inconsistently applied.
- Land supply is an important issue for commercial and industrial development and there is no agreement about the existing supply of land in Eugene.
- Redevelopment of underused sites should be encouraged.
- Infrastructure is important.
- There are few public financial incentives for new or growing businesses. If the City had incentives, what should it require in return for the incentives? What types of businesses should be offered public incentives? The role of public incentives is controversial in community development.
- The City should support ecologically sustainable businesses and business practices.
- Economic development strategies, or lack thereof, have regional impacts, and policies addressing it should take that into consideration.
- There is a perception—locally and even outside the state—that the City of Eugene is a place with a policy and political environment that is indifferent, if not hostile, toward business and economic growth.

## SIGNIFICANT AREAS OF DISCUSSION

The Committee also discussed at some length whether it should move directly from issues (problems) directly to policy recommendations (solutions), or whether it needed an intermediate step of developing *principles* that would provide some direction for the types of tools to be considered and adopted. It discussed draft principles but eventually voted not to adopt principles, in part because of time constraints, and in part because a majority of members believed that they could get to the heart of their assignment (agreeing on tools) without having agreed on principles.

At least four issues of importance to many of the Committee members are not addressed explicitly in the recommendations. The Committee believes some discussion of these issues is important here to provide context for the recommendations that follow. Additionally, the City Council should consider how future policy changes affect these issues:

- *Wages.* The Committee agrees that one of the fundamental objective of economic development should be to increase wages for Eugene's citizens. The Committee discussed language to make incentives contingent on providing some minimum number of jobs with wages higher than the countywide median. In the end, problems with definition, measurement,

and state law (for Enterprise Zones) kept the Committee from recommending specific policies targeted at wages. Nonetheless, it wants to make clear to the City Council, and to City staff that may eventually implement Council policy, that creating stable jobs that provide good wages and/or opportunities for skill development should be an important goal or principle for economic development. The community is made up of people with a wide variety of skill sets and there should be employment opportunities for all levels of skills, and opportunities to acquire new skills and move up the wage ladder. It is the Committee's hope that several of its recommendations below (e.g., regarding incentives and business assistance) will be implemented in a way that causes more jobs with better wages to be created.

- *Sustainability.* The Committee discussed sustainable businesses. At a broad level there is agreement that businesses that do not pollute, that deal responsibly with waste, that create products or processes that help conserve natural resources and ecosystems, and that reuse materials and land are very desirable businesses for Eugene. The difficulty, which proved insurmountable in the time available, was to define sustainable businesses in a way that would allow them to be identified for special policy treatment, and to agree on whether special treatment for such businesses (if they could be identified) was the most effective direction for encouraging job growth.
- *Perceptions matter.* Whether based on an objective evaluation or not, once businesses believe that a city has policies, elected officials and staff that are anti-business, then that city will have a problem in the area of economic development. At some level, that is the perception some Eugene businesses and business organizations have of Eugene. The Committee does not have a recommendation aimed directly at changing that perception. Rather, it believes that the other actions it recommends, if adopted, would address some specific problems cited by the business community.
- *Local revenue impacts.* The Committee worked to identify economic development tools that would create a net gain for the community. As the Committee discussed different tools, it considered whether the cost of the tool, such as a tax break to a firm, would in the long-term generate more revenue for the City than it would cost the City. The Committee aimed to find actions that would have a positive fiscal impact.

## **RECOMMENDATIONS IN SUPPORT OF NEW TOOLS**

This section describes the actions the Committee recommends the City Council take to further economic development in Eugene. Each recommendation has three subsections, which describe the problem, possible solutions, and the final recommendation of the Committee.

# 1. BUILDABLE LANDS INVENTORY

## THE PROBLEM

In the context of economic development, land is a fundamental input for new and growing firms. Land provides the physical foundation upon which buildings are constructed and the production process occurs. To be effective, communities must have an available supply of development-ready land—appropriately zoned and with existing utilities and services—and existing buildings to accommodate the needs of business.

In the context of Oregon's land use laws, expanding developable land supply is possible, but it is not easy. Local jurisdictions must balance demand for developable land with demand for open space and environmental quality. State laws prescribe processes to determine if a City can expand its supply of developable land. A key step in that process is a strong argument that the City lacks a 20-year supply of buildable land. A City cannot make that argument without a thorough understanding of its supply and demand for land.

The Committee found a diversity of opinion regarding the need for land. Many Committee members argued that there is an inadequate supply of commercial and industrial land, and the supply of buildable land is dwindling. The Committee did agree that no change to the land supply can be made without a better understanding of the facts. The Committee agreed that there is a lack of agreement about the true supply of commercial and industrial land in the City of Eugene.

## SOLUTIONS

The primary response to land supply issues is to maintain a supply of commercial and industrial land that meets Oregon land use planning laws and goals and supports community economic development goals.

## RECOMMENDATION

The City Council should support and contribute to a regional buildable lands analysis of available commercial and industrial land that is consistent with state requirements and that earns broad public support. The inventory should include vacant and underutilized land, and identify the potential for assembling small parcels to create larger parcels.

# 2. LAND USE CODE

## THE PROBLEM

Local governments and their policies affect the costs of doing business by providing infrastructure and services, and through regulations, taxes, and incentives. The City of Eugene's land use code is the City's primary regulatory tool that affects businesses. Regulations exist to maintain the health, welfare, and safety of a community. They are designed to make buildings safer, the air cleaner,

and a variety of other protections. Firms must work with local bureaucracies to meet regulatory requirements, and some regulations and processes can be quite onerous.

The City of Eugene hired Zucker Systems, an outside consultant, in 2003 to review the Planning and Development Departments' Planning Division (which interprets and enforces the code) with an emphasis on the land use permitting process. Zucker Systems reported that staff and applicants find the code difficult and confusing, and it is likely more complex than it needs to be to achieve the City's goals. There are generally large numbers of criteria and standards that apply to projects and a thoughtful audit of their effectiveness should be done to measure their value. The 2003 Zucker Report recommended that the City consider being less prescriptive, streamline various processes, and amend the code annually.

The Committee agreed that many perceive that the City's regulations and land use code to be too complex, inconsistent, and burdensome, and the rules to be inconsistently applied. Many of these problems have lessened in recent years, but there remains substantial room for improvement. An improved regulatory process would enhance the experience and image of doing business in Eugene.

## **SOLUTIONS**

The development code could be modified to make it simpler to understand. It is beyond the scope and available time of this Committee to make specific recommendations to modify the code, but the Committee agreed to recommend guiding principles to future changes to the City's code. The Committee worked with City staff to identify useful guiding principles to improve the City's code.

## **RECOMMENDATION**

The Committee recommends that Chapter 9 of the Eugene Code be made simpler, and the following guiding principles should be applied to its review and revision. Additionally, the code should be reviewed on an annual basis.

- Intuitive. Staff and the public find the code difficult and confusing, and it is likely more complex than it needs to be to achieve the City's goals. A thoughtful audit of the effectiveness of criteria and standards should be done to measure their value.
- Adaptable. At this time, the City's code is 'one size fits all.' It could be more flexible and adaptable on a project-by-project basis. Establishing flexible and adaptable tools would allow City staff to better respond to challenges and issues that come up during the development process.
- Enabling. Entrust staff to carry out policies and objectives by utilizing professional expertise. Empower staff to use creative problem-solving to achieve set policies and goals. Provide the framework for bounded delegation. Allow staff to make practical, rational decisions on common sense matters. Common-sense requests by applicants often require exception processes and may be burdensome.

- Logical. There should be a discernible path from the standards and criteria to the objective the City is trying to achieve. Make it make sense. Every time we propose amendments to the code we should ask ourselves the questions ‘what issue are we trying to address, what problem are we trying to solve?’
- Strategic. Having a code that is less detail-oriented and more form-based with adjustable processes that allow more responsiveness to staff, developers, and neighbors about how to achieve goals and policies can allow staff to be more open to negotiations and hands-on problem-solving.
- Fair. The code must recognize there will be a variety of different stakeholders needs that must be met. Negotiations, compromise, balance, and consensus-building must be incorporated into a code revision process and ongoing code applications in order for the code to embody the diverse values of our community.

### **3. BUSINESS ASSISTANCE**

#### **THE PROBLEM**

The attitude behind the implementation of the local regulatory and permit system is as important as the regulations. Locations that work to assist development within the context of meeting the community’s regulatory mandates fare better than locations that use their regulatory and permit system to “keep undesirable things from happening.” It is the difference between viewing businesses as part of the community or an adversary to protect the community from.

The Zucker report found that the community perceives Eugene as anti-business. It is considered to be a difficult place to get things done. The report found that while staff are competent and dedicated, there is a lack of consistency in interpreting regulations. Applicants report hearing different answers from different staffers. Permitting staff do not have a problem-solving approach, and seem to look for ways to say no.

#### **SOLUTIONS**

If the problem is as the Zucker report describes, then it requires both a change in policies and a change in attitudes. Changing the code is the main policy solution: that recommendation was just described above. Changing attitudes requires clear policy direction, not only from the revised code, but from Council and senior staff.

The message should not be that codes are obstacles that staff should work around. Rather, the codes should be designed to reasonably and efficiently meet public objectives for quality, safety, and integrity in development and building, and staff should enforce those codes. But codes can be enforced in different ways, and the difference can depend on the message from senior staff and policymakers. City staff at the Planning Division should be looking for a balance between the most rigid interpretation of the code and a broader interpretation of the purpose of

the code and other City policies. There should be some effort to help permit applicants find ways to fix their development to meet the spirit of City standards.

The Economic Development Committee identified one specific action related to this problem: the City could create a staff position that would act as a business facilitator, or ombudsman. An ombudsman would enhance the experience and image of doing business in Eugene.

An ombudsman's day-to-day role would be to help coordinate the multi-agency aspect of development. The permitting process requires that applicants work with different departments that have different goals. The ombudsman would assist an applicant to navigate through the process, and help negotiate solutions to permitting obstacles.

The ombudsman would work with all the different departments and divisions that regulate the development of new and existing sites. The ombudsman would have the perspective of both an applicant and a City staffer. Because this person will have a different vantage point from other staff, he or she would have insight into how to develop methods and policies to streamline the permitting process. It is recommended that the job description also include time devoted to code revision recommendations or other systemic changes.

In the long-term, the expenditure on an ombudsman will be cost effective. The Planning Division generates a large portion of its own budget through permitting fees. If an applicant decides to not pursue a development because the process is too cumbersome, that revenue will never be generated. A staff member who works to keep these applicants in the system will help the Division continue to raise permitting revenues.

## **RECOMMENDATION**

The City Council and Budget Committee should fund a facilitator to assist businesses with expansion, coordinate multi-agency review of development permits, and assist in developing methods and policies to help streamline permitting process.

## **4. ENTERPRISE ZONE**

### **THE PROBLEM**

The City of Eugene has few public financial incentives for new or growing businesses. There is a perception that Eugene's lack of an Enterprise Zone puts us at a competitive disadvantage with other jurisdictions that do have an Enterprise Zone. The problem with the lack of incentives is that neighboring communities do have them. Eugene competes with other communities in Oregon for jobs.

### **SOLUTIONS**

Governments can offer firms financial incentives to encourage growth. Financial incentives come in many forms, but all reduce the cost of doing

business. Local governments can reduce a firm's tax burden or provide explicit assistance to a particular project.

To reduce a firm's tax burden, local governments in Oregon are limited to reducing a firm's property tax burden. They are unable to influence income tax rates at the local level, and there is no sales tax to adjust. The State of Oregon allows local governments to participate in the Oregon Enterprise Zone program, which offers a three-to-five-year property tax exemption for new building, machinery and equipment investments by qualified businesses located within a designated area defined by the zone sponsor.

The Committee focused on Enterprise Zones as a financial incentive tool. It is a tool that can address redevelopment, infill, and wages. It is not the only tool that can be used to achieve the City's goals, but it is one that has been effective in Eugene in the past.

The Committee worked to identify ways for an Enterprise Zone to positively affect wages and to encourage firms to become environmentally sustainable. The Committee found that about 75% of the group supported the concept of an Enterprise Zone, but it was much more likely to reach full consensus if the Zone addressed wages and sustainability.<sup>4</sup> The Committee acknowledged during its discussions that an Enterprise Zone is not an appropriate tool to accomplish all goals. State statutes appear to be amenable to consideration of wages in determination of Enterprise Zone benefits for eligible firms. Committee members agreed to address sustainability by encouraging redevelopment and infill.

## **RECOMMENDATION**

The Committee recommends that the City of Eugene establish an Enterprise Zone. Its boundaries should include the previous West Eugene Enterprise Zone properties, plus a relatively small amount of adjacent industrial-zoned properties that were not included in the previous zone. An eligible firm would receive 100% of the Zone's tax benefits if it expanded on existing, redeveloped, brownfield, or infill sites. Eligible firms would receive 67% of the tax benefits if the new investment occurred on a greenfield site (Oregon Administrative Rules preclude reduction of the tax exemption benefit by more than one-third). Those firms building on greenfield sites could receive up to 100% of the tax benefits if they meet additional criteria related to attractive wages, employee benefits, job training and advancement opportunities, job retention, and job programs that assist disadvantaged workers.

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<sup>4</sup> See attached addendum for a description of the Committee's decision process.

# RECOMMENDATIONS IN SUPPORT OF EXISTING TOOLS

The Committee found that the City of Eugene has policies in place that positively impact economic development. Rather than ignore the existing policies, the Committee decided to acknowledge that these tools matter, and to explicitly express support for the City's activities.

## 1. INFRASTRUCTURE

An important role of government is to increase economic capacity by improving the quality and efficiency of infrastructure such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.

The Committee agreed that infrastructure is one of the most important things that a local government provides, and it is important to acknowledge that the City should continue to support its infrastructure systems.

## 2. URBAN RENEWAL

The Committee discussed the importance of Urban Renewal as an active redevelopment strategy. The Committee also generally discussed the potential uses of urban renewal to encourage redevelopment beyond the existing district.

Urban Renewal Districts are a powerful tool for economic development. A subcommittee was formed to explore how this tool has been and could be used in Eugene, looking at boundaries, governance, models, and reinvestment strategies. Although the subcommittee produced no recommendations, the members agreed that these issues warrant further study.

## CONCLUDING COMMENTS

The Committee was asked by the City Council to identify tools that would further economic development in Eugene. It was asked to do that in a relatively short amount of time, and was required to achieve at least 75% agreement on its recommendations.

The recommendations above are a small subset of the potential economic development tools available to the City of Eugene. These recommendations cover the tools that the Committee had time to debate and agree on. There are additional options and issues associated with economic development that the City could address. It is likely that with more time and discussion the Committee could have come to agreement on additional recommendations.

The Committee believes these recommendations are a good starting point. They are ones where this diverse Committee, after substantial debate and compromise, could find some agreement. If the Council sees fit to adopt these recommendations, and if they prove to be as successful as the Committee hopes,

then they could lead to some additional policies that the Committee did not have time to address.

The Committee has completed the task given by the Mayor and the City Council. It now hands the task back. The Committee can only make recommendations; the Council can take action that will make the recommendations of the Committee City policy.

# Addendum: The Drama of Compromise

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The following was prepared by member Don Kahle and approved by Committee members for insertion as an addendum to the report. It illustrates the level of discussion and compromise that was typical for all the recommendations that eventually made it into this report.

In some ways, the Enterprise Zone recommendations represent our best work and may provide a roadmap for the community-wide discussion of this and many other economic development issues.

Three members of the larger Committee agreed to explore the issue of Enterprise Zones after the entire Committee received staff reports on their history and efficacy in Eugene. The subcommittee returned to the next Committee meeting with a recommendation that we apply for a new Enterprise Zone using the state requirements. Several members queried the subcommittee about extra requirements that might be added to address some of the other desired outcomes outlined by the Committee. Two of these dissenters agreed to join the subcommittee and the subcommittee went back to work.

The subcommittee's report at the next meeting was much different—the result of long discussions about “the bigger picture,” phone calls to state regulators, and further staff inquiries.

City staff returned to the next meeting with legal opinions that many of the new filters added might not pass muster with the state or might at the least invite lawsuits, since they did not appear to be directly related to job creation as state regulations required. All agreed that we must find other ways to promote sustainability and clustered industries.

One member then offered a motion that the Committee adopt the original plan. This motion did pass the 75% threshold, but when the additional provisions regarding salary and infill goals was added back (the provisions deemed safe by legal counsel), that motion passed without dissent.

This may serve as an example of inviting dissenters into these deliberations and forging solutions that incorporate the values of a wide range of citizens.