

Memorandum Date: July 25, 2014

TO: Board of County Commissioners

DEPARTMENT: County Administration

PRESENTED BY: Steve Mokrohisky, County Administrator

AGENDA ITEM TITLE: REPORT/Lane County and City of Eugene Land Exchange Opportunity

I. AGENDA ITEM SUMMARY

Staff has been directed to explore an opportunity to exchange properties with the City of Eugene by which a new County Courthouse could be sited on the City Hall block and the Butterfly Lot could be reclaimed as part of the Park Blocks and serve as a home for the future development of a year-round Farmers' Market. This is a status report on staff's work on this item.

II. BACKGROUND

In 1915, with land provided by the county and support from the City, the Lane Pomona Grange partnered with Eugene Commercial Club (forerunner of the Chamber of Commerce) to establish a public farmers' market on the west block of Eugene's "public square." The "market in the park" grew to include two covered structures and over 80 vendors. Eventually the market was able to build a permanent facility at Broadway and Charnelton, which served the community until 1959. The Lane County Farmers' Market returned to Eugene's Park Blocks in the 1970s and has become a vital source of quality local produce and a cornerstone of downtown activity. On Saturday's, the Farmers Market operates in the areas around the perimeter of the south half of the County's Butterfly Lot, fronting Oak St., 8th Ave, and W. Park St.

While the Farmers' Market has maximized use of the existing space, the configuration and limitations of the site make it difficult for the market to grow and reach its full potential. For many years, the Farmers' Market has expressed a need and desire to establish a larger and more prominent, year-round market in downtown. While the Butterfly Lot has been considered the future site of a new county courthouse and has been held for that purpose for decades, it is has also been identified by the Farmers' Market as the preferred site for establishing a larger, year-round market in downtown.

At the same time, Phase One of the City Hall rebuild project continues to move forward. The current design concept includes approximately 25,000 square feet of building area on the existing block set on a public plaza within the context of a larger development framework for the entire site over time. The current development framework was designed to provide the flexibility and adaptability to respond to other potential development opportunities as they arise – including potential partnerships with other public entities that would maintain the civic nature of the block.

Meanwhile, the County has continued to explore options to address growing issues with its aging Courthouse. The Lane County Courthouse was designed and constructed in 1957-58, along with the Butterfly Lot built as a supporting parking facility. The Courthouse has served as the County's primary justice center since that time, housing the State Circuit Court, the District Attorney's Office and the Sheriff's Department. Several independent studies have identified significant deficiencies associated with the Courthouse when measured against current security and building code standards, as well as its limited ability to support modern judicial proceedings. Additionally, annual utility and maintenance costs for the Courthouse have risen steeply as it has aged. The County has previously identified a full renovation or relocation of the Courthouse as an urgent capital improvement priority. Recognizing similar needs at county courthouses around the State, the 2013 State Legislature established The Oregon Courthouse Construction Improvement Fund (OCCIF) in the State Treasury. The State is currently developing the requirements and restrictions of this newly available funding, and the County is engaged in the qualification process with the intent of qualifying for assistance in support of its efforts to build a new courthouse.

The City and County have an opportunity to work together to realize their shared vision for this area. By partnering in a property exchange, a new County Courthouse could be sited on the City Hall block and the Butterfly Lot could be reclaimed as part of the Park Blocks and serve as a home for the future development of a year-round Farmers' Market. This concept builds on the City and County's shared history that brought about the first public market and supports mutual goals of providing a permanent location for a year-round public farmers' market, supporting a great civic street along 8th Avenue, strengthening downtown's connection the river, and continuing the momentum of downtown revitalization.

On April 28 and 29 respectively, the Eugene City Council and Lane County Board of Commissioners held work sessions on this partnership opportunity. The meetings provided each body with an overview of the initial concept and allowed staff to collect feedback and questions. Both the Eugene City Council and the Lane County Board of Commissions agreed to further exploration of this potential partnership including a joint public hearing to engage and hear from stakeholders and the community. This public hearing was held on June 3, 2014, at which time

the Board of County Commissioners and City Council received a significant amount of public input.

III. ANALYSIS/DISCUSSION

County and City staff continue to meet and are working to identify and evaluate challenges and opportunities associated with any proposed exchange. At this time there is not a specific, mature proposal to analyze and discuss with the Board. The most specific issue, and perhaps of greatest significance, is achieving clarity with regard to any legal restrictions associated with the subject properties that may impact any proposed exchange. County Counsel met with the City Attorney to discuss whether the relevant deeds contain any use or conveyance limitations relating to the butterfly lot or the other land conveyed to the county by the Skinner deed. Respective counsel discussed two issues: (1) whether use of the butterfly lot is limited to courthouse purposes or is it amenable to other public uses, and (2) whether the county courthouse is required to remain on some portion of the 40 acres of land deeded to the county by the Skinners in the 1850's. Without going into the specifics of the legal analysis at this time, there do not appear to be any limitations in the deeds that would make the contemplated land exchange impossible. County Counsel can provide more details of its analysis as required.

As a parallel effort to the land exchange discussions, County staff has been working to evaluate funding options with respect to ultimately constructing a new courthouse. The well-known deficiencies at the Multnomah County Courthouse in downtown Portland have resulted in a series of statutory adjustments over the course of the last several legislative sessions to ensure that state resources can assist in replacement activities. The most significant change was to extend state bonding authority to allow new courthouse construction, with certain sidebars.

Article XI-Q bonds are the primary source for financing state-owned facilities, and are issued by the State Treasurer. Senate Bill 5506 (2013) for the first time directed the Treasurer to issue \$15M in bonding authority for the 13-15 biennium and deposit those funds into the newly established Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF). The bill further stipulated:

- The funding could only be used for courthouse replacement (not remodeling) and only if significant structural defects present actual or potential threats to human health and safety.
- The funding could only be provided for courthouses or portions of courthouses owned or operated by the State of Oregon (at least for the term during which the bonds remain outstanding).
- Funding would be matched by the county at a rate of 50% if there were a co-location of state offices in the courthouse and at 75% if there were no co-location of state offices in the courthouse (note the state matching funds will only be granted to the actual courthouse portions of the project).

In 2014, SB 5703 further amended these statutes to allow that the county match could include an appraised value or actual purchase price (whichever is higher) of land “purchased by the county” for the courthouse (provided that the state approves the land as the site for the courthouse). In addition, the total bonding authority was increased from \$15M to \$19M.

In anticipation of budget development for the 15-17 biennium, the Chief Justice of the Oregon Supreme Court has signaled his intent to seek \$35M of bonding authority for new courthouse construction. This led to questions about how that funding would be allocated amongst counties. The Association of Oregon Counties created a Court Funding Task Force (Commissioners Stewart and Bozievich were members), and solicited proposals from Oregon Counties such that it could forward its recommendations to the Chief Justice. The Task Force completed its work on July 21, ultimately sending a recommendation of \$36.5M worth of specific replacement projects along to the Chief Justice. Lane County was included within that list, with a \$1.4M proposal for programming, design and construction budgeting that it will match with \$1.4M from the County’s capital fund. These dollars will be utilized to create a shovel ready project in advance of the 17-19 biennium, and presumably the County will then make a larger ask of the OCCIF for construction funding.

In addition, staff have begun to seek out a state agency for a co-location partner. Potential agencies include the Oregon State Police (Medical Examiner) and the Department of Justice (local offices of Child Support Division and Legal Division). It is anticipated that this work will culminate in an intergovernmental agreement or other memorandum of understanding as the process evolves towards the next round of OCCIF funding.

IV. FOLLOW-UP

Staff will continue to update the Board as appropriate or as requested.