

# MINUTES & NOTICE OF BOARD ACTION

APPROVED

11/12/97



## LANE COUNTY BOARD OF COMMISSIONERS

*This document, upon approval in a public meeting by the Board of County Commissioners, serves as official minutes of such meetings as required under the Open Meetings Law, ORS 192.650.*

Pursuant to notice made by mailing agendas to news media, a selected list of jurisdictions and individuals in Lane County, a meeting of the Board of County Commissioners was held.

Questions should be directed to The Board Office Specialist 3, ext. 4203.

June 18, 1997  
1:30 p.m.

REGULAR MEETING  
BOARD OF COUNTY COMMISSIONERS

Harris Hall  
Main Floor

Chair Cindy Weeldreyer presided with Steve Cornacchia, Ellie Dumdi, Bobby Green, Sr. and Peter Sorenson present. Zoe Gilstrap, Recording Secretary.

### 15. OTHER BUSINESS

#### a. CONTINUED DISCUSSION/West Eugene Enterprise Zone.

Craig Smith, co-chair of the Enterprise Zone Advisory Committee, addressed the charge of the committee, stating that the Eugene City Council asked that they develop new criteria that may be imposed on enterprise zone projects if the enterprise zone is extended for another ten years. He said if the zone is not extended, they were asked to develop and adopt criteria for grandfathered projects. Smith remarked that as they developed the matrix, they did not differentiate between the extension of the zone and any new projects the grandfathered organizations might implement.

Sorenson reported on the joint meetings with the City of Eugene, stating that there was discussion of the 25% public benefit contribution concept and asked Smith about the origin of that concept as it applies to grandfathered firms.

Smith replied that they used Portland's program, noting that they believed that they could not give an abatement and then take back 100% of that abatement. He said, however, that there was substantial agreement that some public benefit should be retained. Smith commented that the 25% amount was primarily using Portland's approach and believed it would be enforceable.

Sorenson noted that Vicki Elmer, Eugene City Manager, and Bill Van Vactor, County Administrator, met to discuss the possible allocation of the public benefit contribution and asked Smith for his view on how that could be implemented if the City and the County adopt any portion of the public benefit contribution.

Smith said his personal focus of any application of that money was for job development activities within Lane County. He explained that the state statutes speak to abatement associated with jobs and job creation. He remarked that, in terms of allocation, one of the categories is general job development organizations, noting a sense on the committee for a need of the governmental organization to obtain some tax revenue in order to address the additional expenses associated with the expansion.

Sorenson asked about firms receiving a promise or guarantee to continue industrial expansion and asked how the committee looked at applying these criteria to firms in the zone currently with precertified projects. He also asked if Smith's view on whether there was a promise or expectation that there would be no change in the zone or criteria.

Smith said it is a question of what the parties understood, stating that the answer would probably be different for each organization. He said they made their decisions assuming that there were no understandings in place.

Dumdi noted that the Portland enterprise zone was just recently formed and prior to that they had a Strategic Investment Program with the rules clearly laid out allowing new companies to know exactly what to expect.

Weeldreyer asked Sorenson and Dumdi for a summary of the joint meetings.

Dumdi stated that she feels very strongly that commitments were made to forty companies in the West Eugene Enterprise Zone and those companies were led to believe that those agreements would be honored. She said the committee agreed that the job cap should be eliminated. Dumdi remarked that her recommendation is that they treat businesses as promised, not impose a matrix on them. Dumdi remarked that they should allow the enterprise zone to expire.

Sorenson stated that they discussed the job cap, abatement and the differences between abatement with and without Ballot Measure 50, and a report provided by Jim Gangle, Tax Assessor regarding depreciation (see material on file). He reported that they considered the three-year exemption for grandfathered firms and precertified projects and potential distribution of any public benefit, if that option is agreed upon. Sorenson stated that he is hoping to hear more about the extent of the promises made to the firms within the enterprise zone.

Weeldreyer opened the meeting for Public Comment.

Greg McLauchlan, 2401 W.22nd Ave, Eugene, stated that he supports the principle of returning a portion of the generous tax breaks given to companies in the West Eugene Enterprise Zone back to the public and taxpayers. He noted that he agrees with The Register-Guard editorial which stated that "Now every penny of tax abatement is a penny that otherwise would increase local government's revenue." He stated that this is revenue that is desperately needed to prevent cuts in popular public services. McLauchlan remarked that Lane County's unemployment rate is at a historic two-decade low right now and there is no overriding need to attract new jobs. He stated that the enterprise zone was set up as a public policy tool to promote job creation at a time when Oregon's economy was in a depressed state and was never designed as a corporate welfare program. McLauchlan said returning 25% of tax breaks seems more than fair and reasonable and he hoped the Commissioners are not influenced by a highly organized campaign.

Bonnie Bettman, 2191 Friendly Street, Eugene, supported the council's proposal to limit tax subsidies, stating that it is legal and modest. She said she personally would have supported even greater limitations on the subsidies and a larger give-back. Bettman remarked that the Commissioners have come up with two arguments to reject the proposals, one of which is to say that limiting subsidies is somehow motivated by racism and the other is that someone made a deal with Hyundai regarding the tax breaks and they need to honor that deal. She stated that she was stunned that elected officials would stoop to playing the race card and accuse citizens who want to limit corporate handouts as racist was a cynical ploy to deflect attention from the real issue of appropriation of revenue. Regarding honoring the deal that was made, Bettman asked which commissioner signed an agreement with Hyundai making these promises. She stated that the public and elected officials are not responsible for guaranteeing a private enterprise the maximum return on an investment. Bettman remarked that this is a very modest proposal and Hyundai will still get millions of dollars in tax breaks.

Gary Crum, 25534 Hall Road, Junction City, read a letter that he wrote to the Register Guard, stating that he did not know if the tax abatement which helped bring Hyundai to Eugene was a good or bad deal for the people of Lane County. He stated, however, that it was clearly a deal. Crum remarked that the Eugene City Council and the Lane County Board of Commissioners have every right to allow the abatement program to expire and not make further deals. He said to unilaterally modify an agreement and drastically cut abatements already granted and promised is an entirely different matter, as our society is founded on trust. He asked that the Commissioners vote to void the Eugene City Council's actions and restore the abatements in the enterprise zone. He applauded Commissioners Dumdi, Cornacchia and Green for the public stances on this issue.

Rachel Knudson, 1350 Lincoln Street, echoed the first two speakers' sentiments. She stated that she was here to speak plainly and honestly about values and common sense. Knudson remarked that investing millions into these Hyundai plants does not make sense when this kind of industry has a history of poor working conditions and low wage jobs and when we will be paying for their environmental destruction with our money and health for years to come after they are gone in five years. She asked how we can sink \$81 million into a company that is here to exploit us when we know these back room promises for expansion had nothing to do with public input.

Trish Rosewood, 10 Crest Drive, Eugene, said she was here today representing Peaceworks and expressed their concern about the loss of public support for the good things government does. She remarked that when she sees the bigger industry being supported on the backs of the smaller businesses and individuals, the loss of public support for the good things government does is inevitable. Rosewood noted that 30% of our local water will be used by Hyundai if phase three development goes through while, at the same time, residents are urged to use water saving conservation methods. She voiced concern about the issue of keeping agreements and said that Hyundai has not been able to keep many their agreements, noting that Hyundai could not keep their agreement to limit runoff to an acceptable level and asked the DEQ to change that agreement and also couldn't meet the noise level agreement and asked the City to change the agreement. Rosewood stated that it was the responsibility of the elected officials to reevaluate these agreements.

David Hinkley, 1308 Jefferson, Eugene, stated that there is another, much older contract that is also involved, the social contract between a citizen and his government. He explained that this was the contract in which the citizen gives up part of his rights, privileges and prerogatives to the government in the expectation that the government will provide for the common good and meet the common needs of the community. Hinkley said that over time, this list of common needs has become a list of expected services such as police and fire, libraries and recreation, social and welfare services, stating that, thanks to Ballot Measures 47 and 50, local government is hard pressed to provide a level of service that the public has grown to expect. He stated that in about a year they will be placing some sort of property tax levy on the ballot to replace the expiring law enforcement levy and asked if they really want an \$81 million albatross on that levy.

Jason Wilkinson, 1350 Lincoln, Eugene, stated that it is easy for society to forget history, noting that the way government was set up was for the people and by the people and not for the corporation and by the corporation and that there was never a deal made with these corporations when this country was founded. He said we need to reevaluate where we stand and think about how we can end this merger of corporate interests and government. Wilkinson demanded a public hearing, stating that the public

was left out from the beginning and not involved in any deal made to Hyundai because all deals were made behind closed doors. He stressed that if Hyundai is not willing to invest in our community, we should not welcome them.

Nancy Forrest, 415 Kourt Drive, Eugene, stated that she pays her property taxes every year and voted for the serial levy but is becoming increasingly cynical because while programs that benefit a very wide, diverse community are being cut, the same is not being applied to corporations and individuals who earn a lot of money. Forrest remarked that many people who support taxes are becoming tired of doing so when they continually see that corporations coming to our community ask for our clean water, potentially endangering our health and are not willing to step up to the plate and pay more taxes. She stated that it appalls her that Hyundai would write a letter to legislators saying they are going to pull out if they don't get their tax break.

Weeldreyer closed the Public Comment.

Cornacchia stated that it became apparent to him over the last week that there are many people in this community on both sides of the issue saying the same thing. He said, however, that he still does not see where the Board has a foundation to take the same action as the city council. Cornacchia remarked that he heard a variety of arguments regarding "a deal" and if it should be changed, stating that each argument has a common factor which is the lack of contact with Hyundai. He stated that he cannot understand why this is being discussed in the 11th hour and why there has not been an effort to sit down with Hyundai and say that people no longer support government and government services with their dollars. He noted that many people have voted this way and that only 20% of people now support government services and are willing to pay for it. Cornacchia remarked that everything offered or agreed to with Hyundai was reported repeatedly in the newspapers and now that people realize how much of a tax abatement occurs when you invest a billion dollars in a plant, they want to change the rules. He addressed the Memorandum of Understanding and said there is nothing in it that says Eugene cannot change rules but noted a direct reference to the statute regarding the enterprise zone, where it clearly speaks to all of the treatments which include three-year tax abatements for each level of investment. Cornacchia stated that he does not agree that we invited Hyundai into our enterprise zone under the understanding that we would change our rules somewhere down the road. He stressed that he hoped that government honors its commitments and suggested taking no action today but rather to continue the joint meetings and asked that representatives from Hyundai, school districts, advisory committee members and the public be invited.

Sorenson stated that the job cap is not going to happen. He remarked that he would be more comfortable with a continued discussion and then, if results are produced, they can have an appropriate modification. Sorenson commented that several people

have asked for public hearings and said he was interested in this approach. He referred to the depreciation issue discussed by Gangle, noting that this is an extremely complicated matter. Sorenson stated that he is still troubled by references of promises. He said written documents such as the Memorandum of Understanding are enforceable and our laws are enforceable such as pollution laws, tax laws and depreciation schedules and discrimination, however, these are laws that can be changed and modified by citizens through an initiative or referendum and by legislative bodies. He is troubled by the tremendous amount of work that was put in by the people on this advisory committee, representing many different perspectives in the community. Sorenson stated that he did not think this is breaching a deal after a group of people has spent an enormous amount of effort to analyze the options. He remarked that he is not comfortable in letting the zone expire and would like to pursue more discussion. Sorenson stated that making a decision of this magnitude after two board meetings troubles him because this decision has at least a ten-year fiscal impact and probably is in excess of \$160 million in abated taxes. He said he would like to hold public hearings on the narrow issue of developing criteria for the zone for the grandfathered firms.

Green stated that the city council gave staff the direction not to actively and aggressively recruit outside interests while he was still a councillor. Green referred to today's public comment about the race card and said he had asked if anyone can show him a company in Eugene that has undergone the scrutiny that this company has taken and remained. He said there are at least forty companies in this enterprise zone and one has been singled out and characterized as "don't give Hyundai any more breaks, they don't belong here anyway." Green stated that his position has not changed from last week and does not see where they can actually deal with this issue and have everyone win. He declared that he remained firm in his position.

Dumdi concurred that her position has not changed from last week either. She said discussions with the City did not persuade her, stating that the discussions were valuable and that the suggestions made by advisory committees were good but were not appropriate as an afterthought for the companies that are currently in the enterprise zone. Dumdi remarked that she would hate to see companies pick up and go because commitments were not honored. She referred to the jobs created by new industry and stated that they are not low income jobs but rather family wage jobs. She said the employees are paying taxes and bringing money into the community. Dumdi remarked that she is not in favor of holding any more public hearings, stating that if people did not attend the meetings over the last three years regarding Hyundai she does not think continued discussions with the City will change the way the Board is positioned right now. She commented that she would like to see the enterprise zone expire.

Weeldreyer said there has been extensive public discourse on both sides and stressed that this is a complicated matter. She noted that many of the people who lost job

opportunities due to federal timber policies are now working at Hyundai. Weeldreyer stated Lane County is a unique and wonderful place and said she is very concerned about the environment. She remarked, however, that we did make a commitment that brought Hyundai to Lane County and their business investment strategy was based on the tax abatement. Weeldreyer agreed that public policy has changed, causing property tax limitations on the local jurisdictions which has reduced the quality of life we enjoy. She said, however, it is unfair to tell businesses that made investments based on those commitments that we are going to go back and change that. Weeldreyer stated that she believes every business in this zone has a commitment to this community and because the situation has changed for schools and local governments, there is an expectation that we need to enter into dialogue with our corporate neighbors to look for ways to mitigate and change the fundamental way Eugene and Lane County is funded. She concurred with Sorenson in maintaining a sense of openness as we look to the future but did not believe in going back to retroactively penalize businesses by changing the rules. Weeldreyer stated that she would welcome the opportunity to bring Hyundai into the discussions and would like to craft criteria for future years in a collaborative way.

Cornacchia said an offer should be made to the City of Eugene to see if they are willing to sit down in this interim period of ten days with Hyundai to deal with this unilaterally and he hoped that the Board could make that request to the cities and school districts as well.

There was agreement to Cornacchia's suggestion to have Sorenson and Dumdi meet with the City of Eugene and to invite representatives from Springfield, Hyundai and other affected businesses and the school districts, including LCC, for continued discussion and, specifically, to discuss a ceiling of 25% public benefit contribution option created by the advisory committee.

There being no further business, this meeting adjourned at 5:30 p.m.

  
Zoe Gilstrap, Recording Secretary