



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae  
FROM: Anne Kah, Administrative Services Manager; Frank Lawson, General Manager  
DATE: September 29, 2021 (October 5, 2021, Regular Session)  
SUBJECT: EWEB Headquarters Buildings and Associated Real Property Disposition  
OBJECTIVE: Direction

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## **Issue**

On June 1, 2021, Management asked Commissioners for guidance related to the potential future disposition of EWEB's Headquarters buildings and associated property. Commissioners requested additional data to inform their direction.

## **Background**

When EWEB executed a Purchase and Sale Agreement with the City of Eugene for the sale of the "MGP Site", the conditions specified that EWEB required the City of Eugene to waive its rights to the Headquarters property effective upon the settlement parties (Cascade and PacifiCorp) agreement of EWEB's assignment of maintenance responsibilities to the City.

On August 17, 2021, that condition was met, and the City of Eugene thereby released their exclusive right to negotiate for the sale/transfer of the Headquarters buildings and property under Eugene City Code Section 2.196. This milestone permits EWEB to keep or dispose of the Headquarters buildings and property without further restriction aside from the caveat described in the following paragraph.

The riverfront property is comprised of 3 separate developable parcels (refer to map attached herein). EWEB can sell all three parcels to a single entity without encumbrment, however if EWEB sells any less than all of the parcels, then a Right of First Refusal Agreement will be in effect. EWEB entered into this agreement with the Urban Renewal Agency as part of the sale of the riverfront property.

According to EWEB Property Management Policies, now that the City of Eugene has waived their exclusive right to negotiate, EWEB will initially explore the interest of other public agencies.

## **Discussion**

During Management's previous discussion with the Board, Commissioners voiced a preference for the property to be utilized in ways that continue to benefit and enhance the community we serve, as opposed to being sold to a private entity. In response to the Board's sentiments, staff engaged in a targeted outreach to informally gauge local government and community service-oriented organizations' interest in purchasing or leasing the property. Real estate information and a Survey of Interest were provided to contacts at sixteen different organizations. Several other entities were

contacted via telephone; however they did not express interest.

The results of this endeavor resulted in a number of meetings and tours of the headquarters buildings with EWEB's Property and Facilities subject matter experts. To date, four organizations have requested additional information and/or tours of the property as they consider potential purchase or lease opportunities. As of this writing, Surveys of Interest were submitted by two organizations.

Pending direction from the Board a broader and more robust outreach to government and community organizations could be conducted, prior to listing the riverfront property for sale or lease to the real estate market at large.

Management requests that Commissioners contemplate whether it is in EWEB's and our customer-owners' best interest to sell the property in the near term or hold the property until the area is developed in hopes of realizing added value. In either the sell or hold scenario, EWEB would need at least a year before we are ready to fully vacate the fourth floor of the South building, in which case we will be prepared to negotiate a lease agreement to meet EWEB's interim space requirements for the backup Dispatch center.

A tenant currently occupies a portion of the South building's first floor, and a small area of the North building's second floor. The lease agreement will expire soon, and negotiation is in progress to renew the lease for the South building area. The new lease agreement will include an exit clause that provides flexibility to both EWEB and the tenant.

On October 5, 2021, Management will request further direction from Commissioners to inform next steps. Management asks the Board to consider the following:

1. Should EWEB pursue sale of the property now, or hold for potential increased value?
2. Would the Board consider selling any of the three developable parcels separately, and if so under what circumstances?
3. What type of favorable terms would the Board consider offering to a government or community service-orientated organization to help them overcome potential financial obstacles? (e.g. lease to own, etc.)
4. If we are fortunate to have more than one interested party with a viable offer, what criteria will the Board use to select?
5. Although this is a Board decision, beyond Commissioner representation should the public be involved in the selection criteria or process?
6. If the property is retained, to what extent should EWEB invest in the buildings to secure a tenant(s)?

### **Requested Board Action**

No action is requested at this time. Management is requesting direction from Commissioners as to the potential disposition of the Headquarters property.

### **Attachments**

Riverfront Property Tax Map

# Riverfront Property

# Tax Map

500 East 4<sup>th</sup> Avenue, Eugene OR

