Oregon Research Institute apparently won’t be the spark that ignites a revival of downtown Eugene.

The behavioral research firm with 250 Eugene employees has announced it plans to occupy a yet-to-be constructed building near the Willamette River and won’t be moving into the heart of downtown into a yet-to-be renovated Centre Court building at Broadway and Willamette Street.

The new headquarters would be developed by national real estate giant Trammel Crow Co.

ORI chose the site in the University of Oregon Riverfront Research Park over the Centre Court and three other locations offered by developers elsewhere in Eugene.

“We had five very good proposals in front of us,” ORI Executive Director Cynthia Guinn said Tuesday. “It was not an easy decision.”

ORI’s proposed 80,000-square-foot headquarters would be built at the University of Oregon’s Riverfront Research Park, on a former industrial site east of the new U.S.Courthouse and Eugene Water & Electric Board complex.

“It’s close to downtown and sustains our collaborative relationship with the university,” Guinn said.

The development deal is to be finalized with Trammel Crow during the next four months, but Guinn said she’s “very confident” that the building will be constructed.

ORI — which occupies leased space off Franklin Boulevard — has struggled for years to come up with a plan, and the financing, to build a home. All that time, city officials and downtown advocates have hoped ORI would move into the city core and help start a revitalization.

ORI’s latest announcement is good news for the nonprofit agency. Unable to find
enough funding, ORI two years ago dropped plans to build a downtown office building on the city-owned excavated pit north of the public library.

But ORI’s choice of the Riverfront Research Park site leaves the city’s downtown developer, Beam Development of Portland, without the major tenant it had been banking on to make the Centre Court project financially feasible.

Beam had spent the last several months wooing ORI to anchor the renovation of the empty five-story Centre Court, once a JC Penney store.

“It’s very disappointing,” said Pete Eggspuehler, Beam’s real estate development director. “It definitely will have an impact. We are trying to see what we can do without a large tenant anchorlike that.”

Still, Eggspuehler said his firm anticipates finding other tenants for the Centre Court so it can proceed.

“The only uncertainty is whether it’s going to start sooner or later,” he said.

ORI and Trammel Crow executives will take four months to negotiate details that would allow Trammel Crow to construct the four-story office building and rent it to ORI. The deal will give ORI an option to buy the building, Guinn said.

ORI now rents 57,000 square feet of office space in two buildings — one on Franklin Boulevard and the other in the Riverfront Research Park.

Guinn hopes Trammel Crow will breakground on the new headquarters next year.

ORI’s present office leases expire in June 2009, but Guinn hopes to get extensions until mid 2010, when the new building is completed.

Besides Beam’s proposal, ORI considered three other projects from Eugene developers: A plan to renovate the Eugene Clinic building at West 12th Avenue and Willamette Street; a proposal to remodel an office building on Country Club Road in north Eugene, and an offer by ORI’s present landlords on Franklin Boulevard, Tom Connor and Don Woolley.

Connor and Woolley, who also own the Centre Court and the adjacent Washburne building, had proposed renovating and expanding ORI’s Franklin Boulevard offices.

ORI found Trammel Crow’s offer superior to the others, Guinn said, mainly because it’s an “incredible financing package that met our goals for an environmentally sustainable building.”

The Riverfront Research Park, part of the University of Oregon, would continue to
own the land through a long-term lease with Trammel Crow, said Diane Wiley, research park director.

University officials are eager to see a new ORI headquarters in the research park, she said.

ORI, created by UO faculty 48 years ago, maintains strong ties to the university, Wiley said. ORI’s selected site, about 3 acres, would be on the western edge of the Riverfront Research Park, near the U.S. Courthouse.

“It’s a pivotal site, located at the intersection of academic, research and governmental organizations,” Wiley said.

Beam had hoped ORI would occupy a large part of the renovated Centre Court and a new structure that Beam planned to build on the adjoining excavated pit.

But without ORI as a tenant, Eggspuehler said, Beam must consult with its lender to learn how much of the building will need to be pre-leased to tenants before the lender provides a construction loan.

The city is willing to help finance the project by lending Beam nearly $10 million to help Beam buy the Centre Court and Washburne properties, and to help renovate the Centre Court building.

But the total project could cost as much as $35 million. That would require Beam to get other financing.

Until recently, construction lenders only needed to know that a small part of a building was pre-leased before agreeing to a loan, Eggspuehler said, but the tightened credit market has made lenders cautious.

“We need to find out from our lender what that target lease level is,” he said.

The city has an option to buy the Centre Court and the adjacent Washburne building from Connor and Don Woolley for $4.7 million. The city exercised the option by putting $470,000 down. The sale was to be final on July 8.

Under the proposed agreement with the city, Beam would ultimately buy the buildings. However, uncertainty over the project has forced the city to ask Connor and Woolley for more time to close the deal.

“Those conversations have gone very well,” said Mike Sullivan, the city’s community development division manager.

Under the initial option, the city’s 10 percent deposit becomes nonrefundable on Thursday.
However, Sullivan said the option extension will push the nonrefundable date forward. Details will be disclosed when the option extension is signed, most likely by Thursday, he said.

Eggspuehler said the city is taking the lead on the option talks with Connor and Woolley, but his firm has agreed to pay $50,000 to move the sale beyond July 8.

Beam also will pay the city $470,000 to cover the cost of the down payment, he said.