

# **ANNOTATED MINUTES**

Thursday, October 26, 2006 - 9:00 AM  
Multnomah Building, First Floor Commissioners Conference Room 112  
501 SE Hawthorne Boulevard, Portland

## **IF NEEDED EXECUTIVE SESSION**

- E-1 The Multnomah County Board of Commissioners will meet in Executive Session Pursuant to ORS 192.660(2)(d),(e) and/or (h). Only Representatives of the News Media and Designated Staff are allowed to attend. News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Session. No Final Decision will be made in the Session. Presented by Agnes Sowle. 15-30 MINUTES REQUESTED.

***EXECUTIVE SESSION NOT NEEDED.***

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Thursday, October 26, 2006 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

*Chair Diane Linn convened the meeting at 9:30 a.m., with Vice Chair Lonnie Roberts and Commissioners Serena Cruz Walsh present, Commissioner Lisa Naito participating via speakerphone, and Commissioner Maria Rojo de Steffey excused until 9:45 a.m.*

### **CONSENT CALENDAR**

***UPON MOTION OF COMMISSIONER ROBERTS, SECONDED BY COMMISSIONER CRUZ, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-3) WAS UNANIMOUSLY APPROVED, WITH COMMISSIONERS NAITO, CRUZ, ROBERTS AND LINN VOTING AYE.***

### **DEPARTMENT OF COMMUNITY SERVICES**

- C-1 RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to JANA LYNNE GANN

***RESOLUTION 06-179***

- C-2 RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to VICKI JOSLYN

***RESOLUTION 06-180***

**NON-DEPARTMENTAL**

- C-3 Reappointment of John Rettig to the Multnomah COUNTY PLANNING COMMISSION

**REGULAR AGENDA**

**PUBLIC COMMENT**

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

***NO ONE WISHED TO COMMENT.***

**NON-DEPARTMENTAL**

- R-1 Budget Modification NOND-04 Reclassifying One Position in the County Attorney's Office, as Determined by the Class/Comp Unit of Central Human Resources

***COMMISSIONER CRUZ MOVED AND  
COMMISSIONER ROBERTS SECONDED,  
APPROVAL OF R-1. AGNES SOWLE  
EXPLANATION. BUDGET MODIFICATION  
UNANIMOUSLY APPROVED, WITH  
COMMISSIONERS NAITO, CRUZ, ROBERTS AND  
LINN VOTING AYE.***

- R-2 RESOLUTION Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon

COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF R-2. DOUG BUTLER EXPLANATION OF REQUEST FOR PROPOSALS PROCESS, SCORING AND RECOMMENDATIONS. MR. BUTLER EXPRESSED HIS APPRECIATION FOR THE EFFORTS OF FELLOW EVALUATION COMMITTEE MEMBERS MARGARET BAX, ROBIN BOYCE, DAVE BOYER AND MARY CARROLL. CHAIR LINN COMMENTED AGAINST SPECIFIC DESIGNATION OF LOW INCOME ARTISTS AS PROPOSED IN THE CASCADIA BEHAVIORAL HEALTHCARE, INC. AND WINKLER DEVELOPMENT CORPORATION SUBMISSION. CHAIR LINN THANKED MARGARET BAX FOR HER PARTICIPATION ON THE EVALUATION COMMITTEE. MOTION UNANIMOUSLY APPROVED WITH COMMISSIONERS NAITO, CRUZ, ROBERTS AND LINN VOTING AYE. UPON DISCOVERING THAT SOMEONE WANTED TO SPEAK ON THIS ISSUE AND AT THE REQUEST OF THE CHAIR, THE VOTE WAS SUSPENDED PENDING PUBLIC TESTIMONY. JOHN CARROLL EXPLAINED HE WAS A PARTICIPANT IN THE MARTHA WASHINGTON BUILDING DISPOSITION AND TESTIFIED IN OPPOSITION TO THE CASCADIA BEHAVIORAL HEALTHCARE/ WINKLER DEVELOPMENT CORPORATION SUBMISSION AND IN OPPOSITION TO EVALUATION COMMITTEE RANKING ISSUES. MR. CARROLL TESTIFIED IN SUPPORT OF DEVELOPING THE PROPERTY FOR SENIOR HOUSING AS PROPOSED BY SOCKEYE DEVELOPMENT. CHAIR LINN EXPLAINED THE RANKING WAS VERY FAIR AND THAT THE 10 YEAR PLAN TO END HOMELESSNESS IN PORTLAND FOCUSES ON THE HOMELESS ON THE STREETS TODAY. COMMISSIONER CRUZ THANKED MR. CARROLL FOR COMING TODAY; ADVISING THE COUNTY LOOKS VERY CAREFULLY AT MENTAL HEALTH AND AGING AND DISABILITY TREATMENT ISSUES; AND STATING THAT WHILE MR. CARROLL HAS

**TREMENDOUS INSIGHT IN AFFORDABLE HOUSING, THE SOCKEYE DEVELOPMENT PROPOSAL DID NOT MEET THE NEEDS OF THE COUNTY. COMMISSIONER NAITO THANKED MR. CARROLL FOR COMING TODAY AND EXPRESSED HER APPRECIATION FOR THE TWO EXCELLENT PROPOSALS.**

*Commissioner Rojo arrived at 9:45 a.m.*

**RESOLUTION 06-181 UNANIMOUSLY ADOPTED, WITH COMMISSIONERS NAITO, CRUZ, ROBERTS AND LINN VOTING AYE.**

**DEPARTMENT OF COUNTY MANAGEMENT**

R-3 Reallocation of Facilities Capital Project Funds FPM 07-03, Multnomah County Yeon Building Alarms Upgrade Project

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF R-3. JOHN LINDENTHAL EXPLANATION. BUDGET REALLOCATION UNANIMOUSLY APPROVED.**

**SERVICE DISTRICTS**

(Recess as the Board of County Commissioners and convene as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1)

R-4 Dunthorpe-Riverdale Service District and City of Portland Sewage Transportation, Treatment, Maintenance and Engineering Service Agreement

**COMMISSIONER CRUZ MOVED APPROVAL OF AGREEMENT WITH AMENDMENT TO THE NUMBER OF ADDITIONAL EQUIVALENT DWELLING UNITS (EDUS) AND THE PURCHASE DATE IN A PORTION OF PAGE 5, SECTION V (A), CONNECTIONS, TO READ: "IN ADDITION, THE DISTRICT HAS PURCHASED 14 ADDITIONAL EDUS (AS OF 9/30/06) WHICH HAVE PAID SEPARATE CAPACITY CHARGES."**

**COMMISSIONER ROJO SECONDED. ASSISTANT COUNTY ATTORNEY MATT RYAN ASKED AND RECEIVED CLARIFICATION THAT THE AMENDMENT WAS FOR A PORTION OF SECTION V (A). AGREEMENT UNANIMOUSLY APPROVED, AS AMENDED. JERRY ELLIOTT EXPLANATION. UPON REQUEST OF CHAIR LINN, THE AGREEMENT WAS UNANIMOUSLY APPROVED, AS AMENDED.**

(Adjourn as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1 and reconvene as Board of County Commissioners)

**DEPARTMENT OF COUNTY HUMAN SERVICES**

R-5 Budget Modification DCHS-09 Appropriating \$34,250 from an Agreement with Oregon Health and Science University Funding a Mental Health Consultant/Community Resource Consultant Position in the Mental Health and Addiction Services Division

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF R-5. NWEREM GODWIN INTRODUCED DR. JUDY KENDALL OF OREGON HEALTH AND SCIENCE UNIVERSITY. MR. GODWIN EXPLANATION. IN RESPONSE TO A QUESTION OF CHAIR LINN, DR. KENDALL ADVISED SHE WOULD BE GLAD TO ANSWER ANY QUESTIONS. THERE BEING NO QUESTIONS, THE BUDGET MODIFICATION WAS UNANIMOUSLY APPROVED.**

R-6 Budget Modification DCHS-10 Appropriating \$360,093 from a Grant Awarded to Domestic Violence by the Department of Justice, Office of Violence Against Women

**COMMISSIONER CRUZ MOVED AND COMMISSIONER ROBERTS SECONDED, APPROVAL OF R-6. CHRIS YAGER EXPLANATION. CHAIR LINN COMMENTS IN APPRECIATION FOR THE GRANT. BUDGET MODIFICATION UNANIMOUSLY APPROVED.**

## DEPARTMENT OF HEALTH

R-7 Budget Modification HD-03 Authorizing Nine Position Conversions and Reclassifications within Various Divisions of the Health Department, as Determined by the Class/Comp Unit of Central Human Resources

**COMMISSIONER CRUZ MOVED AND  
COMMISSIONER ROBERTS SECONDED,  
APPROVAL OF R-7. WENDY LEAR EXPLANATION.  
BUDGET MODIFICATION UNANIMOUSLY  
APPROVED.**

*There being no further business, the regular meeting was adjourned and the briefing convened at 9:52 a.m.*

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Thursday, October 26, 2006 - 10:00 AM  
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## BOARD BRIEFING

B-1 General Fund Overview and Preliminary Fiscal Year 2008 Revenue Forecast. Presented by Mark Campbell. 30 MINUTES REQUESTED.

**MARK CAMPBELL PRESENTATION AND  
RESPONSE TO BOARD QUESTIONS AND  
COMMENTS. MR. CAMPBELL TO COME BACK  
TO BOARD IN JANUARY, 2007 FOR APPROVAL OF  
2008 FISCAL PARAMETERS.**

*Commissioner Roberts was excused at 10:32 a.m.*

**CHAIR LINN COMMENTED IN SUPPORT OF THE  
COUNTY'S STRONG FISCAL CONDITION; THE  
TOUGH DECISIONS MADE BY THE BOARD IN  
THE LAST FIVE YEARS; AND THE COUNTY'S  
GREAT PRIORITY BASED BUDGETING.  
COMMISSIONER NAITO EXPRESSED HER  
APPRECIATION TO MR. CAMPBELL FOR HIS  
GREAT WORK AS WELL AS THE WORK OF THE**

**BUDGET OFFICE AND ASKED FOR ADDITIONAL BUDGET TRANSPARENCIES. COMMISSIONER CRUZ EXPRESSED HER APPRECIATION FOR THE WORK OF MR. CAMPBELL AND ADVISED SHE FEELS CONFIDENT THE BOARD WILL HAVE MORE CHOICES FOR THE FISCAL YEAR 2008 BUDGET.**

*There being no further business, the meeting was adjourned at 10:42 a.m.*

BOARD CLERK FOR MULTNOMAH COUNTY, OREGON

*Deborah L. Bogstad*



Multnomah County Oregon

# Board of Commissioners & Agenda

connecting citizens with information and services

REVISED

## BOARD OF COMMISSIONERS

Diane Linn, Chair

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

Phone: (503) 988-3308 FAX (503) 988-3093

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## OCTOBER 26, 2006 BOARD MEETINGS FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:00 a.m. if needed Executive Session
Pg 2	9:30 a.m. Opportunity for Public Comment on Non-Agenda Matters
Pg 3	9:33 a.m. Resolution Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon
Pg 3	9:35 a.m. Dunthorpe-Riverdale Service District and City of Portland Sewage Transportation, Treatment, Maintenance and Engineering Service Agreement
Pg 4	10:00 a.m. General Fund Overview and Preliminary Fiscal Year 2008 Revenue Forecast

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## **REGULAR MEETING**

### **CONSENT CALENDAR - 9:30 AM** **DEPARTMENT OF COMMUNITY SERVICES**

- C-1 RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to JANA LYNNE GANN
- C-2 RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to VICKI JOSLYN

### **NON-DEPARTMENTAL**

- C-3 Reappointment of John Rettig to the Multnomah COUNTY PLANNING COMMISSION

### **REGULAR AGENDA - 9:30 AM** **PUBLIC COMMENT - 9:30 AM**

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- R-2 RESOLUTION Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon

**DEPARTMENT OF COUNTY MANAGEMENT - 9:40 AM**

- R-3 Reallocation of Facilities Capital Project Funds FPM 07-03, Multnomah County Yeon Building Alarms Upgrade Project

**SERVICE DISTRICTS - 9:43 AM**

(Recess as the Board of County Commissioners and convene as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1)

- R-4 Dunthorpe-Riverdale Service District and City of Portland Sewage Transportation, Treatment, Maintenance and Engineering Service Agreement

(Adjourn as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1 and reconvene as Board of County Commissioners)

**DEPARTMENT OF COUNTY HUMAN SERVICES - 9:55 AM**

- R-5 Budget Modification DCHS-09 Appropriating \$34,250 from an Agreement with Oregon Health and Science University Funding a Mental Health Consultant/Community Resource Consultant Position in the Mental Health and Addiction Services Division
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**DEPARTMENT OF HEALTH - 9:58 AM**

R-7 Budget Modification HD-03 Authorizing Nine Position Conversions and Reclassifications within Various Divisions of the Health Department, as Determined by the Class/Comp Unit of Central Human Resources

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# MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
501 S.E. HAWTHORNE BLVD., Room 600  
PORTLAND, OREGON 97204  
(503) 988-5217

LISA NAITO • DISTRICT 3 COMMISSIONER

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## MEMORANDUM

TO: Chair Diane Linn  
Commissioner Maria Rojo de Steffey  
Commissioner Serena Cruz  
Commissioner Lonnie Roberts  
Board Clerk Deb Bogstad

FROM: Matthew Lieuallen  
Staff to Commissioner Lisa Naito

DATE: October 25, 2006

RE: Commissioner Naito will be participating in the October 26, 2006 Board Meeting  
by phone.

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Commissioner Naito will be participating in the October 26, 2006 Board Meeting by phone.

Thank you,

Matthew Lieuallen  
Staff to Commissioner Naito



**Maria Rojo de Steffey**  
Multnomah County Commissioner, District 1

Suite 600, Multnomah Building  
501 SE Hawthorne Boulevard  
Portland, Oregon 97214

Phone: (503) 988-5220  
FAX: (503) 988-5440  
Email: [district1@co.multnomah.or.us](mailto:district1@co.multnomah.or.us)

## MEMORANDUM

TO: Chair Diane Linn  
Commissioner Serena Cruz  
Commissioner Lisa Naito  
Commissioner Lonnie Roberts  
Clerk of the Board Deb Bogstad

FROM: April Fernandes - Staff Assistant to Commissioner Maria Rojo de Steffey

DATE: October 25, 2006

RE: October 26, 2006 Board Meeting Late Arrival

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Commissioner Rojo de Steffey will be arriving late to the regular Board meeting on October 26th at 9:45 a.m.



**MULTNOMAH COUNTY  
AGENDA PLACEMENT REQUEST**

**Board Clerk Use Only**

Meeting Date: 10/26/06  
 Agenda Item #: E-1  
 Est. Start Time: 9:00 AM  
 Date Submitted: 10/16/06

**BUDGET MODIFICATION:** -

**Agenda Title:** Executive Session Pursuant to ORS 192.660(2)(d),(e) and/or (h)

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

<b>Date Requested:</b>	<u>October 26, 2006</u>	<b>Time Requested:</b>	<u>15 -30 mins</u>
<b>Department:</b>	<u>Non-Departmental</u>	<b>Division:</b>	<u>County Attorney's Office</u>
<b>Contact(s):</b>	<u>Agnes Sowle</u>		
<b>Phone:</b>	<u>503 988-3138</u>	<b>Ext.</b>	<u>83138</u>
<b>Presenter(s):</b>	<u>Agnes Sowle and Invited Others</u>		
<b>I/O Address:</b>	<u>503/500</u>		

**General Information**

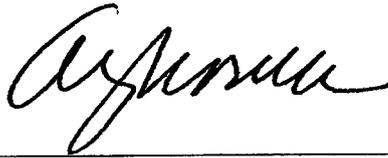
1. **What action are you requesting from the Board?**  
 No Final Decision will be made in the Executive Session.
2. **Please provide sufficient background information for the Board and the public to understand this issue.**  
 Only Representatives of the News Media and Designated Staff are allowed to Attend. Representatives of the News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Executive Session.
3. **Explain the fiscal impact (current year and ongoing).**
4. **Explain any legal and/or policy issues involved.**  
 ORS 192.660(2)(e) and/or (h)
5. **Explain any citizen and/or other government participation that has or will take place.**

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**Required Signatures**

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**Department/  
Agency Director:**



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**Date:** 10/16/06

**Budget Analyst:**

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**Date:**

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**Department HR:**

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**Date:**

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**Countywide HR:**

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**Date:**

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# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

**Board Clerk Use Only**

Meeting Date: 10/26/06  
 Agenda Item #: C-1  
 Est. Start Time: 9:30 AM  
 Date Submitted: 10/17/06

**BUDGET MODIFICATION:** -

**Agenda Title: RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to JANA LYNNE GANN**

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

**Date Requested:** October 26, 2006      **Time Requested:** Consent Item  
**Department:** Community Services      **Division:** Tax Title  
**Contact(s):** Gary Thomas  
**Phone:** 503-988-3590      **Ext.** 22591      **I/O Address:** 503/4/TT  
**Presenter(s):** Gary Thomas

**General Information****1. What action are you requesting from the Board?**

The Tax Title Section is requesting the Board to approve the private sale of a tax foreclosed property to JANA LYNNE GANN.

**2. Please provide sufficient background information for the Board and the public to understand this issue.**

The subject property is a small strip that came into county ownership through the foreclosure of delinquent tax liens on October 17, 2005. The strip is approximately 1.4' x 152' and contains approximately 207 square feet. It is located between 301 & 323 SE 192nd Ave, Gresham. The strip was included in the legal description for the property at 301 SE 192nd up until a deed recorded in 1996 where, for some reason it was excluded. We propose to sell the strip to the owner of 301 SE 192nd Ave.

The attached plat map, Exhibit A, shows the location of the strip. Exhibit B, an aerial photo, shows the parcel in relation to the adjacent properties.

Although no written confirmation was received from the City of Gresham, the Tax Title Division is confident that the size and shape of the property, approximately 207 sq.ft. make it unsuitable for the

construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.

**3. Explain the fiscal impact (current year and ongoing).**

The Private Sale will allow for the recovery of a portion of the delinquent taxes, fees and expenses (see Exhibit C).

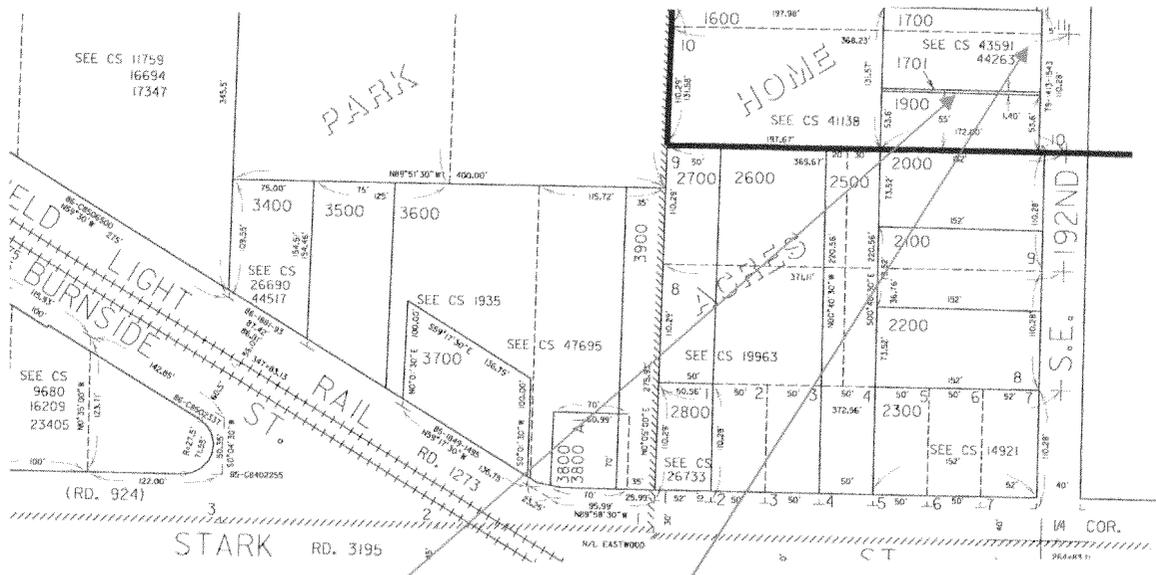
**4. Explain any legal and/or policy issues involved.**

No legal issues are expected. The parcel will be sold "As Is" without guarantee of clear title.

**5. Explain any citizen and/or other government participation that has or will take place.**

No citizen or government participation is anticipated.

# EXHIBIT A



Subject 301 SE 192nd Ave

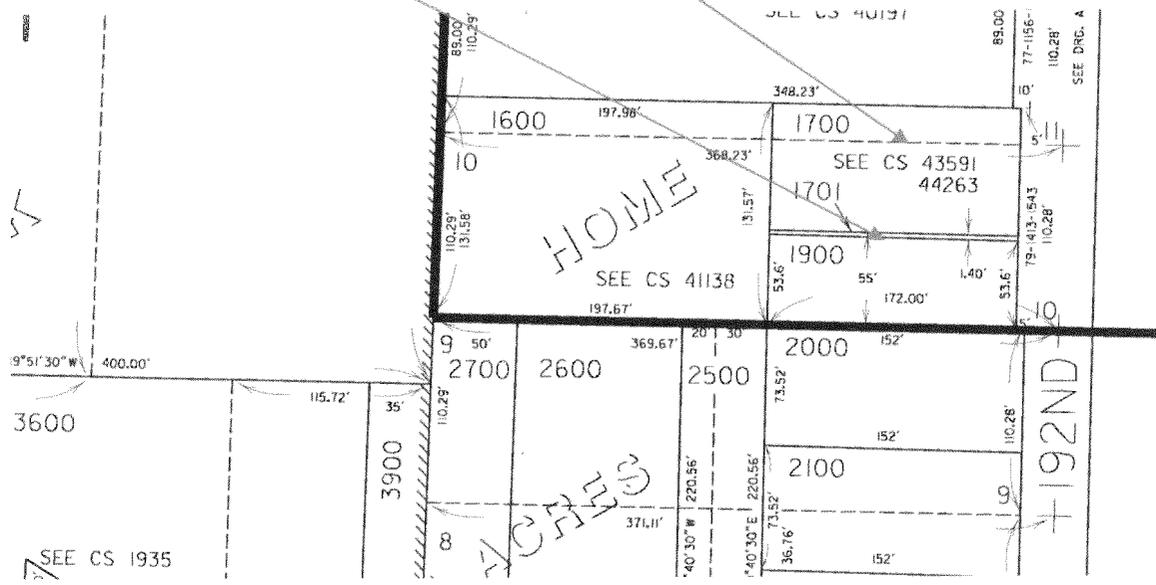


EXHIBIT B



Subject strip

301 SE 192nd Ave

**EXHIBIT C**  
**PROPOSED PROPERTY LISTED FOR PRIVATE SALE**  
**FISCAL YEAR 2006-07**

**LEGAL DESCRIPTION:**

EXCEPT PART IN STREET-NLY 1.40' OF THE SLY 55' OF THE ELY 172' OF LOT 10  
PEAK BROTHERS HOME AC.

**ADJACENT PROPERTY ADDRESS:** 301 SE 192nd Ave  
**TAX ACCOUNT NUMBER:** R241044  
**GREENSPACE DESIGNATION:** No designation  
**SIZE OF PARCEL:** Approximately 207 square feet  
**ASSESSED VALUE:** \$200.00

**ITEMIZED EXPENSES FOR TOTAL PRICE OF PRIVATE SALE**

<b>BACK TAXES &amp; INTEREST:</b>	<b>\$19.28</b>
<b>TAX TITLE MAINTENANCE COST &amp; EXPENSES:</b>	<b>\$50.00</b>
<b>RECORDING FEE:</b>	<b>\$26.00</b>
<b>SUB-TOTAL</b>	<b>\$95.28</b>
<b>MINIMUM PRICE REQUEST OF PRIVATE SALE</b>	<b>\$26.00</b>

---

**Required Signatures**

---

**Department/  
Agency Director:**

*Robert A Maestre*

**Date:** 10/17/06

**Budget Analyst:**

**Date:**

**Department HR:**

**Date:**

**Countywide HR:**

**Date:**

**BOGSTAD Deborah L**

---

**From:** GRACE Becky J  
**Sent:** Tuesday, October 17, 2006 12:05 PM  
**To:** BOGSTAD Deborah L  
**Subject:** FW: Nov 16 Agenda Gann Private Sale R241044

-----Original Message-----

**From:** RYAN Matthew O  
**Sent:** Thursday, October 12, 2006 2:17 PM  
**To:** GRACE Becky J  
**Cc:** KINOSHITA Carol  
**Subject:** FW: Nov 16 Agenda Gann Private Sale R241044

Becky,  
The attached Resolution and deed have been reviewed and are authorized to be submitted to the BCC for consideration and approval. Thanks.

Matthew O. Ryan  
Assistant County Attorney  
Multnomah County, Oregon  
Tel: 503-988-3138; Fax: 503-988-3377  
[matthew.o.ryan@co.multnomah.or.us](mailto:matthew.o.ryan@co.multnomah.or.us)

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-----Original Message-----

**From:** GRACE Becky J  
**Sent:** Thursday, October 12, 2006 9:25 AM  
**To:** RYAN Matthew O  
**Cc:** KINOSHITA Carol  
**Subject:** Nov 16 Agenda Gann Private Sale R241044

Hi Matt,  
Attached for your review and approval are the November 16 agenda documents for the Gann Private Sale. I will bring the legal/TC Deed up to Rita's desk.  
Thanks,

Becky Grace  
Multnomah County Tax Title  
PO Box 2716  
Portland OR 97208  
503-988-3590

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. \_\_\_\_\_

Authorizing the Private Sale of a Tax Foreclosed Property to JANA LYNNE GANN

**The Multnomah County Board of Commissioners Finds:**

- a. Multnomah County acquired the real property described below through the foreclosure of liens for delinquent real property taxes.
- b. The property has an assessed value of \$200 on the County's current tax roll.
- c. Although no written confirmation from the City of Gresham was obtained, the Tax Title Division is confident that the shape and size of the property, approximately 207 square feet, make it unsuitable for the construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.
- d. JANA LYNNE GANN has agreed to pay \$26, an amount the Board finds to be a reasonable price for the property in conformity with ORS 275.225.

**The Multnomah County Board of Commissioners Resolves:**

1. Upon Tax Title's receipt of the payment of \$26, the Chair on behalf of Multnomah County, is authorized to execute a Bargain and Sale deed conveying JANA LYNNE GANN the following described real property in Multnomah County, Oregon:

EXCEPT PART IN STREET-NLY 1.40' OF THE SLY 55' OF THE ELY 172' OF  
LOT 10; PEAK BROTHERS HOME AC.

ADOPTED this 26th day of October, 2006.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

Until a change is requested, all tax statements  
shall be sent to the following address:  
JANA LYNNE GANN  
PO BOX 30926  
PORTLAND OR 97294

After recording, return to:  
MULTNOMAH COUNTY  
TAX TITLE  
503/4

**Bargain and Sale Deed D072096 FOR R241044**

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to JANA LYNNE GANN, Grantee, the following described real property in Multnomah County, Oregon:

EXCEPT PART IN STREET-NLY 1.40' OF THE SLY 55' OF THE ELY 172' OF LOT 10;  
PEAK BROTHERS HOME AC.

The true consideration for this conveyance is \$26.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners the 26th day of October 2006, by authority of a Resolution of the Board of County Commissioners heretofore entered of record.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

STATE OF OREGON            )  
  ) ss  
COUNTY OF MULTNOMAH    )

This Deed was acknowledged before me this 26th day of October 2006, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

\_\_\_\_\_  
Deborah Lynn Bogstad  
Notary Public for Oregon  
My Commission expires: 6/27/09

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 06-179**

Authorizing the Private Sale of a Tax Foreclosed Property to JANA LYNNE GANN

**The Multnomah County Board of Commissioners Finds:**

- a. Multnomah County acquired the real property described below through the foreclosure of liens for delinquent real property taxes.
- b. The property has an assessed value of \$200 on the County's current tax roll.
- c. Although no written confirmation from the City of Gresham was obtained, the Tax Title Division is confident that the shape and size of the property, approximately 207 square feet, make it unsuitable for the construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.
- d. JANA LYNNE GANN has agreed to pay \$26, an amount the Board finds to be a reasonable price for the property in conformity with ORS 275.225.

**The Multnomah County Board of Commissioners Resolves:**

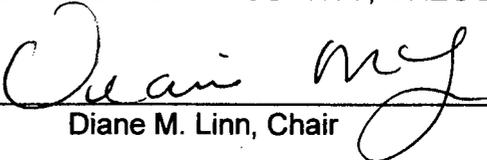
1. Upon Tax Title's receipt of the payment of \$26, the Chair on behalf of Multnomah County, is authorized to execute a Bargain and Sale deed conveying JANA LYNNE GANN the following described real property in Multnomah County, Oregon:

EXCEPT PART IN STREET-NLY 1.40' OF THE SLY 55' OF THE ELY 172' OF  
LOT 10; PEAK BROTHERS HOME AC.

ADOPTED this 26th day of October, 2006.



BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By   
Matthew O. Ryan, Assistant County Attorney

Until a change is requested, all tax statements  
Shall be sent to the following address:  
JANA LYNNE GANN  
PO BOX 30926  
PORTLAND OR 97294

After recording, return to:  
MULTNOMAH COUNTY  
TAX TITLE  
503/4

**Bargain and Sale Deed D072096 FOR R241044**

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to JANA LYNNE GANN, Grantee, the following described real property in Multnomah County, Oregon:

EXCEPT PART IN STREET-NLY 1.40' OF THE SLY 55' OF THE ELY 172' OF LOT 10;  
PEAK BROTHERS HOME AC.

The true consideration for this conveyance is \$26.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners the 26th day of October 2006, by authority of a Resolution of the Board of County Commissioners heretofore entered of record.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

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Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

STATE OF OREGON            )  
  ) ss  
COUNTY OF MULTNOMAH    )

This Deed was acknowledged before me this 26th day of October 2006, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

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Deborah Lynn Bogstad  
Notary Public for Oregon  
My Commission expires: 6/27/09



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

**Board Clerk Use Only**

Meeting Date: 10/26/06  
 Agenda Item #: C-2  
 Est. Start Time: 9:30 AM  
 Date Submitted: 10/11/06

**BUDGET MODIFICATION:** -

**Agenda Title:** RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to VICKI JOSLYN

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

<b>Date Requested:</b>	<u>October 26, 2006</u>	<b>Time Requested:</b>	<u>Consent Item</u>
<b>Department:</b>	<u>Community Services</u>	<b>Division:</b>	<u>Tax Title</u>
<b>Contact(s):</b>	<u>Gary Thomas</u>		
<b>Phone:</b>	<u>503-988-3590</u>	<b>Ext.</b>	<u>22591</u>
<b>Presenter(s):</b>	<u>Gary Thomas</u>		
	<b>I/O Address:</b>	<u>503/4/TT</u>	

## General Information

**1. What action are you requesting from the Board?**

The Tax Title Section is requesting the Board to approve the private sale of a tax foreclosed property to VICKI JOSLYN.

**2. Please provide sufficient background information for the Board and the public to understand this issue.**

The subject property is a triangular shaped vacant lot that came into county ownership through the foreclosure of delinquent tax liens on October 17, 2005. The parcel is approximately 14.5' x 12.5' x 19' and contains approximately 91 square feet. The lot is adjacent to SW 45<sup>th</sup> Drive and another vacant lot approximately 1,200sf in size. It appears that the subject lot is part of what left over after SW 45<sup>th</sup> Dr was constructed. As shown on the plat map, the purchaser's house at 4808 SW Marigold is some distance from the subject. However, SW 48<sup>th</sup> Ave is a vacated street and not developed. We propose to sell the property to the owner of the adjacent vacant lot, TL 9500, who lives at 4808 SW Marigold St

The attached Exhibit A, a plat map shows the location of the property. Exhibit B, an aerial photo, shows the parcel in relation to the adjacent properties.

Although no written confirmation from the City of Portland was obtained, the Tax Title Division is confident that the shape and size of the property, approximately 91 square feet, make it unsuitable for the construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.

**3. Explain the fiscal impact (current year and ongoing).**

The Private Sale will allow for the recovery of a portion of the delinquent taxes, fees and expenses (see Exhibit C).

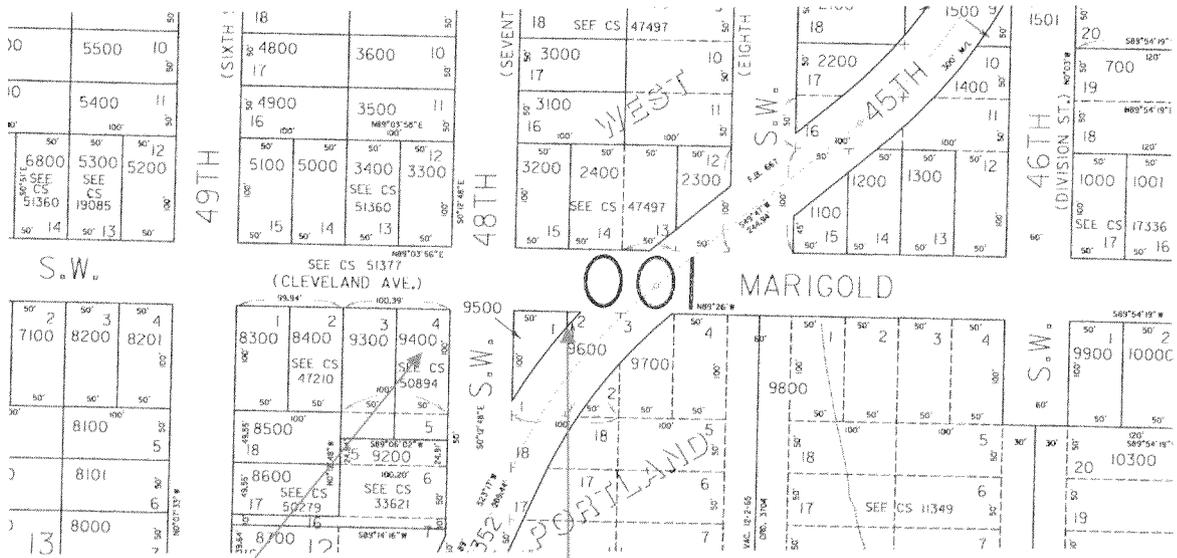
**4. Explain any legal and/or policy issues involved.**

No legal issues are expected. The parcel will be sold "As Is" without guarantee of clear title.

**5. Explain any citizen and/or other government participation that has or will take place.**

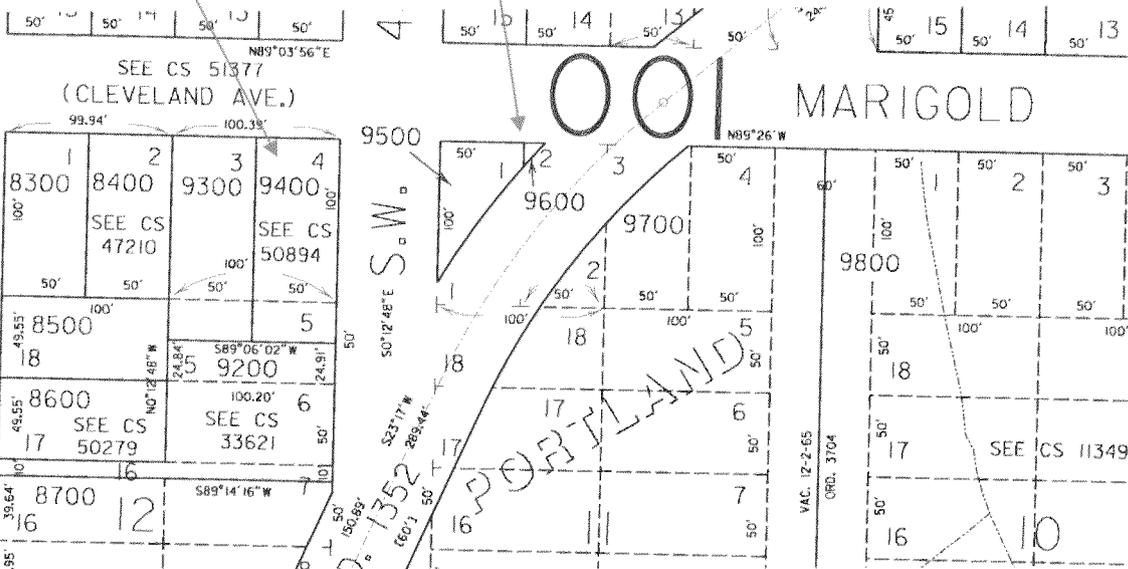
No citizen or government participation is anticipated.

# EXHIBIT A



4808 SW Marigold ST

Subject



**EXHIBIT B**



4808 SW Marigold St

Subject

**EXHIBIT C**  
**PROPOSED PROPERTY LISTED FOR PRIVATE SALE**

**LEGAL DESCRIPTION:**

NWLY OF SW 45<sup>TH</sup> DR - LOT 2, BLOCK 11; WEST PORTLAND

**ADJACENT PROPERTY ADDRESS:** 4808 SW Marigold St (closest improved property)

**TAX ACCOUNT NUMBER:** R301620

**GREENSPACE DESIGNATION:** No designation

**SIZE OF PARCEL:** Approximately 91 square feet

**ASSESSED VALUE:** \$100

**ITEMIZED EXPENSES FOR TOTAL PRICE OF PRIVATE SALE**

<b>BACK TAXES &amp; INTEREST:</b>	\$14.50
<b>TAX TITLE MAINTENANCE COST &amp; EXPENSES:</b>	\$100.00
<b>RECORDING FEE:</b>	\$26.00
<b>SUB-TOTAL</b>	\$140.50
<b>MINIMUM PRICE REQUEST OF PRIVATE SALE</b>	\$26.00

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**Required Signatures**

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**Department/  
Agency Director:**

*M. Cecilia Johnson*

---

**Date:** 10/11/06

**Budget Analyst:**

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**Date:**

---

**Department HR:**

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**Date:**

---

**Countywide HR:**

---

**Date:**

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**BOGSTAD Deborah L**

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**From:** GRACE Becky J  
**Sent:** Wednesday, October 11, 2006 1:30 PM  
**To:** BOGSTAD Deborah L  
**Subject:** FW: Nov 9 Board Agenda Joslyn Private Sale Documents

-----Original Message-----

**From:** RYAN Matthew O  
**Sent:** Monday, October 09, 2006 4:54 PM  
**To:** GRACE Becky J  
**Subject:** FW: Nov 9 Board Agenda Joslyn Private Sale Documents

Becky,  
The attached Resolution and Deed have been reviewed and authorized to be submitted to the BCC for approval.  
Thanks.

Matthew O. Ryan  
Assistant County Attorney  
Multnomah County, Oregon  
Tel: 503-988-3138; Fax: 503-988-3377  
[matthew.o.ryan@co.multnomah.or.us](mailto:matthew.o.ryan@co.multnomah.or.us)

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-----Original Message-----

**From:** GRACE Becky J  
**Sent:** Monday, October 09, 2006 4:22 PM  
**To:** RYAN Matthew O  
**Cc:** KINOSHITA Carol  
**Subject:** Nov 9 Board Agenda Joslyn Private Sale Documents

Good Afternoon,

Attached for your review and approval are the Joslyn Private Sale documents for the Nov 9<sup>th</sup> Agenda. I will bring the deed and legal up to Rita's desk.

Thanks,

Becky Grace  
Multnomah County Tax Title  
PO Box 2716  
Portland OR 97208  
503-988-3590

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. \_\_\_\_\_

Authorizing the Private Sale of a Tax Foreclosed Property to VICKI JOSLYN

**The Multnomah County Board of Commissioners Finds:**

- a. Multnomah County acquired the real property described below through the foreclosure of liens for delinquent real property taxes.
- b. The property has an assessed value of \$100 on the County's current tax roll.
- c. Although no written confirmation from the City of Portland was obtained, the Tax Title Division is confident that the shape and size of the property, approximately 91 square feet, make it unsuitable for the construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.
- d. VICKI JOSLYN has agreed to pay \$26, an amount the Board finds to be a reasonable price for the property in conformity with ORS 275.225.

**The Multnomah County Board of Commissioners Resolves:**

1. Upon Tax Title's receipt of the payment of \$26, the Chair on behalf of Multnomah County is authorized to execute a Bargain and Sale deed conveying VICKI JOSLYN the following described real property in Multnomah County, Oregon:

NWLY OF SW 45TH DR - LOT 2, BLOCK 11; WEST PORTLAND

ADOPTED this 26th day of October, 2006.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

---

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

Until a change is requested, all tax statements  
shall be sent to the following address:  
VICKI JOSLYN  
4808 SW MARIGOLD ST  
PORTLAND OR 97219-5149

After recording, return to:  
MULTNOMAH COUNTY  
TAX TITLE  
503/4

**Bargain and Sale Deed D072095 FOR R301620**

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to VICKI JOSLYN, Grantee, the following described real property in Multnomah County, Oregon:

NWLY OF SW 45TH DR – LOT 2, BLOCK 11; WEST PORTLAND

The true consideration for this conveyance is \$26.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners the 26th day of October 2006, by authority of a Resolution of the Board of County Commissioners heretofore entered of record.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

STATE OF OREGON                    )  
  ) ss  
COUNTY OF MULTNOMAH         )

This Deed was acknowledged before me this 26th day of October 2006, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

\_\_\_\_\_  
Deborah Lynn Bogstad  
Notary Public for Oregon  
My Commission expires: 6/27/09

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 06-180**

Authorizing the Private Sale of a Tax Foreclosed Property to VICKI JOSLYN

**The Multnomah County Board of Commissioners Finds:**

- a. Multnomah County acquired the real property described below through the foreclosure of liens for delinquent real property taxes.
- b. The property has an assessed value of \$100 on the County's current tax roll.
- c. Although no written confirmation from the City of Portland was obtained, the Tax Title Division is confident that the shape and size of the property, approximately 91 square feet, make it unsuitable for the construction or placement of a dwelling thereon under current zoning ordinances and building codes, as provided under ORS 275.225.
- d. VICKI JOSLYN has agreed to pay \$26, an amount the Board finds to be a reasonable price for the property in conformity with ORS 275.225.

**The Multnomah County Board of Commissioners Resolves:**

1. Upon Tax Title's receipt of the payment of \$26, the Chair on behalf of Multnomah County is authorized to execute a Bargain and Sale deed conveying VICKI JOSLYN the following described real property in Multnomah County, Oregon:

NWLY OF SW 45TH DR - LOT 2, BLOCK 11; WEST PORTLAND

ADOPTED this 26th day of October, 2006.



BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

A handwritten signature in cursive script, appearing to read "Diane M. Linn".

\_\_\_\_\_  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

Until a change is requested, all tax statements  
Shall be sent to the following address:  
VICKI JOSLYN  
4808 SW MARIGOLD ST  
PORTLAND OR 97219-5149

After recording, return to:  
MULTNOMAH COUNTY  
TAX TITLE  
503/4

### **Bargain and Sale Deed D072095 FOR R301620**

MULTNOMAH COUNTY, a political subdivision of the State of Oregon, Grantor, conveys to VICKI JOSLYN, Grantee, the following described real property in Multnomah County, Oregon:

NWLY OF SW 45TH DR – LOT 2, BLOCK 11; WEST PORTLAND

The true consideration for this conveyance is \$26.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

IN WITNESS WHEREOF, MULTNOMAH COUNTY has caused these presents to be executed by the Chair of the Multnomah County Board of Commissioners the 26th day of October 2006, by authority of a Resolution of the Board of County Commissioners heretofore entered of record.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
Matthew O. Ryan, Assistant County Attorney

STATE OF OREGON                    )  
  ) ss  
COUNTY OF MULTNOMAH        )

This Deed was acknowledged before me this 26th day of October 2006, by Diane M. Linn, to me personally known, as Chair of the Multnomah County Board of Commissioners, on behalf of the County by authority of the Multnomah County Board of Commissioners.

\_\_\_\_\_  
Deborah Lynn Bogstad  
Notary Public for Oregon  
My Commission expires: 6/27/09



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

**Board Clerk Use Only**

Meeting Date: 10/26/06  
 Agenda Item #: C-3  
 Est. Start Time: 9:30 AM  
 Date Submitted: 10/19/06

**BUDGET MODIFICATION:** -

**Agenda Title:** Reappointment of John Rettig to the Multnomah County Planning Commission

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

<b>Date Requested:</b>	<u>10/26/2006</u>	<b>Time Requested:</b>	<u>Consent Calendar</u>
<b>Department:</b>	<u>Non-Departmental</u>	<b>Division:</b>	<u>Chair's Office</u>
<b>Contact(s):</b>	<u>Chair Diane Linn, Andy Smith</u>		
<b>Phone:</b>	<u>503 988-3308</u>	<b>Ext.:</b>	<u>83308</u>
<b>Presenter(s):</b>	<u>N/A</u>		
<b>I/O Address:</b>	<u>503/600</u>		

**General Information**

**1. What action are you requesting from the Board?**

Request Board approve reappointment of John Rettig to the Multnomah County Planning Commission

**2. Please provide sufficient background information for the Board and the public to understand this issue.**

The Planning Commission acts as the land use advisory body to the Board of County Commissioners for unincorporated Multnomah County. The Planning Commission recommends to the Board of County Commissioners, the adoption, revision or repeal of the comprehensive plan and the implementing measures needed to carry out the plan. It initiates actions under MCC Chapter 37, as amended. There are 9 members on the Planning Commission appointed to represent the various demographic areas of Multnomah County. No more than 2 members may be engaged in the same kind of business trade or profession. No more than 2 members may be engaged principally in the buying, selling or developing of real estate for profit. Members are appointed to 4-year terms by the County Chair with approval of the Board of County Commissioners.

**3. Explain the fiscal impact (current year and ongoing).**

No current year/ongoing fiscal impact.

**4. Explain any legal and/or policy issues involved.**

No legal and/or policy issues involved.

**5. Explain any citizen and/or other government participation that has or will take place.**

N/A

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**Required Signatures**

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**Department/  
Agency Director:**



**Date:** 10/18/2006

**Budget Analyst:**

**Date:**

**Department HR:**

**Date:**

**Countywide HR:**

**Date:**



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS  
AGENDA # R-1 DATE 10-26-06  
DEBORAH L. BOGSTAD, BOARD CLERK

### Board Clerk Use Only

Meeting Date: 10/26/06  
Agenda Item #: R-1  
Est. Start Time: 9:30 AM  
Date Submitted: 10/11/06

### BUDGET MODIFICATION: NOND -04

**Budget Modification NOND-04 Reclassifying One Position in the County**  
**Agenda Title: Attorney's Office, as Determined by the Class/Comp Unit of Central Human Resources**

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

Date Requested: October 26, 2006 Time Requested: 3 mins  
Department: Non-Departmental Division: County Attorney's Office  
Contact(s): Agnes Sowle  
Phone: 503-988-3138 Ext. 83138 I/O Address: 503/500  
Presenter(s): Agnes Sowle, County Attorney

### General Information

- 1. What action are you requesting from the Board?**  
Approval of budget modification Nond 04 to reclassify one Legal Assistant position within the County Attorney's Office.
- 2. Please provide sufficient background information for the Board and the public to understand this issue.**  
This position has been reviewed by Human Resources Class Comp and identified as requiring a position classification change due to work duties the employee has been performing for at least six months.
- 3. Explain the fiscal impact (current year and ongoing).**  
This reclass will increase the position's base pay cost by \$1,390 in the current fiscal year. For FY 2007, the County Attorney's Office will reduce its supplies budget to cover the increased cost.
- 4. Explain any legal and/or policy issues involved.**  
N/A
- 5. Explain any citizen and/or other government participation that has or will take place.**  
N/A

# ATTACHMENT A

## Budget Modification

If the request is a Budget Modification, please answer all of the following in detail:

- What revenue is being changed and why?

None.

- What budgets are increased/decreased?

Personnel budgets will be increased by a total of \$1,926, and supplies decreased by the same amount.

- What do the changes accomplish?

This action reclasses one position in the County Attorney's office from Legal Assistant 2 to Legal Assistant Senior.

- Do any personnel actions result from this budget modification? Explain.

Yes. Central Human Resources Class-Comp unit recommended the re-class as the incumbent employee has progressed from Legal Assistant 2 work to more complex work that requires additional knowledge of practices and procedures in the civil judicial system.

- How will the county indirect, central finance and human resources and departmental overhead costs be covered?

These expenses are budgeted in the County Attorney's Office budget.

- Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?

N/A

- If a grant, what period does the grant cover?

N/A

- If a grant, when the grant expires, what are funding plans?

N/A

*NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.*

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## ATTACHMENT B

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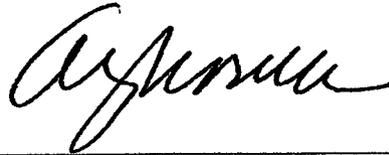
**BUDGET MODIFICATION: NOND -04**

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### Required Signatures

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**Department/  
Agency Director:**



**Date:** 8/14/06

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**Budget Analyst:**



**Date:** 10/12/06

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**Department HR:**



**Date:** 10/12/06

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**Countywide HR:**

**Date:**

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Budget Modification ID: Nond 04

### EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2007

Line No.	Fund Center	Fund Code	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
				Internal Order	Cost Center	WBS Element						
1	10-70	3500	0020		107001		60000	1,433,831	1,435,221	1,390		Increase position 702366
2	10-70	3500	0020		107001		60130	460,116	460,206	90		Increase insurance SR
3	10-70	3500	0020		107001		60140	293,273	293,719	446		Increase Fringe costs
4	10-70	3500	0020		107001		60240	45,000	43,074	(1,926)		Decrease supplies
5									0			
6	72-10	3500	0020		705210		50316		(90)	(90)		Increase insurance SR
7	72-10	3500	0020		705210		60330		90	90		Increase insurance SR
8									0			
9									0			
10									0			
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										0	0	Total - Page 1
										0	0	GRAND TOTAL



**MULTNOMAH COUNTY  
AGENDA PLACEMENT REQUEST**

**Board Clerk Use Only**

**Meeting Date:** 10/26/06  
**Agenda Item #:** R-2  
**Est. Start Time:** 9:33 AM  
**Date Submitted:** 10/18/06

**BUDGET MODIFICATION:** -

<b>Agenda Title:</b>	<b>RESOLUTION Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon</b>
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*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

<b>Date</b>	October 26, 2006	<b>Time</b>	15 Minutes
<b>Requested:</b>		<b>Requested:</b>	
<b>Department:</b>	Chair Linn	<b>Division:</b>	Chair's Office
<b>Contact(s):</b>	Doug Butler		
<b>Phone:</b>	(503) 988-6294	<b>Ext.</b>	86294
		<b>I/O Address:</b>	503/600
<b>Presenter(s):</b>	Doug Butler		

**General Information**

**1. What action are you requesting from the Board?**

The Department of County Management requests that the Board authorizing negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement (DDA) for the Martha Washington Building, 1115 SW 11<sup>th</sup> Avenue, Portland Oregon.

The Department of County Management, Facilities and Property Management Division, recommends adoption of the Resolution.

**2. Please provide sufficient background information for the Board and the public to understand this issue.**

By Resolution 05-201, dated December 8, 2005, the Multnomah County Board of Commissioners declared the Martha Washington Building, 1115 SW 11<sup>th</sup> Avenue, Portland, Oregon ("Property") as surplus. By Resolution 06-036, dated March 30, 2006, the Multnomah County Board of Commissioners authorized Facilities and Property Management Division ("Facilities") to develop a

Request for Proposals, ("RFP") for the Property. The Resolution detailed specific elements to be addressed in the RFP, including affordable housing, chronic homelessness, supportive services, and development standards. The RFP was issued June 19, 2006. It was widely publicized through commercial real estate services, County e-mail, display signs, County Surplus Property website, and direct distribution. In addition, property inspection tours were conducted July 10 and July 20, 2006. On August 17, 2006, a letter was issued by the Facilities Director that extended the deadline for responses until September 5, 2006. In addition, the letter clarified the outline for responses and distributed the Evaluation Form by which responses would be scored. Two proposals were received by the September 5, 2006 deadline: Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation submitted a response dated September 5, 2006; and, Sockeye Development, LLC submitted a response dated September 5, 2006. An Evaluation Committee ("Committee") was convened to consider the proposals. The Committee members were: Margaret Bax, Housing Policy Manager, City of Portland; Robin Boyce, Executive Director, Housing Development Center; Dave Boyer, former Chief Financial Officer, Multnomah County; Doug Butler, Facilities Director, Multnomah County; and, Mary Carroll, Chief of Staff, Office of Commissioner Serena Cruz Walsh. Each Committee member executed a conflict of interest statement that affirmed they rated the proposals without interference or pressure. The Committee members scored the proposals independently and reached a consensus scoring for each proposal as indicated on the attached Evaluation Forms. It is the recommendation of the Committee that the Board commence negotiations with Cascadia/Winkler for transfer of the Martha Washington Building pursuant to a Disposition and Development Agreement that incorporates the terms of the Cascadia/Winkler proposal.

**3. Explain the fiscal impact (current year and ongoing).**

None. The RFP proposes that the County transfer the Property at no cost.

**4. Explain any legal and/or policy issues involved.**

None

**5. Explain any citizen and/or other government participation that has or will take place.**

None

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**Required Signatures**

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**Department/  
Agency Director:**

**Date:** 10/18/06

**Budget Analyst:**

**Date:** \_\_\_\_\_

**Department HR:**

**Date:** \_\_\_\_\_

**Countywide HR:**

**Date:** \_\_\_\_\_

**BOGSTAD Deborah L**

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**From:** THOMAS John S  
**Sent:** Wednesday, October 18, 2006 1:51 PM  
**To:** BOGSTAD Deborah L  
**Subject:** Martha Washington Resolution

I have approved the Martha Washington resolution sent to you today.

John Thomas  
Deputy County Attorney

MULTNOMAH COUNTY BOARD OF COMMISSIONERS  
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

\*\*\*This form is a public record\*\*\*

MEETING DATE: 10/26/06

SUBJECT: \_\_\_\_\_

AGENDA NUMBER OR TOPIC: R-2

FOR: \_\_\_\_\_ AGAINST: X THE ABOVE AGENDA ITEM

NAME: JOHN CARROLL

ADDRESS: 4129 SW. GREENLEAF CT.

CITY/STATE/ZIP: PORTLAND Oregon 97221

PHONE: DAYS: 503.228.7276 EVES: 503.294.1220

EMAIL: JCARROLL@CARROLLINVESTMENTS.COM FAX: 503.228.6001

SPECIFIC ISSUE: MARLA Washington

WRITTEN TESTIMONY: \_\_\_\_\_

**IF YOU WISH TO ADDRESS THE BOARD:**

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

**IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:**

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.



## **THE MARTHA WASHINGTON**

### **PERMANENT SUPPORTIVE HOUSING IN A CREATIVE COMMUNITY HOUSING FOR PERSONS WITH SPECIAL NEEDS, CHRONICALLY HOMELESS INDIVIDUALS, and LOW-INCOME ARTISTS**

Acquisition, Renovation, and Enhanced Property Management Program

**September 5, 2006**

Submitted by  
**Cascadia Behavioral Healthcare, Inc.**  
PO Box 8459  
Portland, OR 97207

**Winkler Development Corporation**  
210 SW Morrison St., Suite 600  
Portland, OR 97204

Contact

**Neal Beroz**  
Cascadia BHC  
503 963-7775  
[neal@cascadiabhc.org](mailto:neal@cascadiabhc.org)

**James Winkler**  
Winkler Development  
503 225-0701  
[jhw@winklercompanies.com](mailto:jhw@winklercompanies.com)

**Background:** The Martha Washington is a large former hotel well located on public transportation in the Portland city core. The property is owned by Multnomah County and has been declared surplus. The County Department of Community Justice previously operated the property as transitional housing for two corrections programs: the 60-bed River Rock Alcohol and Drug Treatment program and the Sheriff's 60-bed work release program. The property was well suited to this use with the vast majority of its units being adequately sized Single Room Occupancy units with private bathrooms. In addition, there are ample common areas, a commercial kitchen and congregate dining area, and office space. Multnomah County has valued the property at \$4.6 million.

Although initially the property seemed to be operable without a sizable investment in rehabilitation, on closer inspection there are considerable deferred maintenance and repair needs. Major items include seismic upgrade, roof replacement, plumbing, electrical, heat system, and elevator replacement. The County puts these costs at \$5.3 million, including almost \$1.6 million in soft costs. In addition to deferred maintenance, rehabilitation should consider the upgrading of units to kitchen-equipped studio and one-bedroom units to enhance marketability and to reduced turnover motivated by a desire to "upgrade" from a SRO unit.

While Cascadia had submitted comments to the County strongly suggesting that the Martha Washington continue its Community Justice history as housing for offenders, recent conversations have led to a different vision for the property. Cascadia and Winkler Development Corporation (WDC) now propose that the property provide permanent affordable housing to three populations that we believe will be compatible: extremely low income persons having mental illness and/or in recovery from substance use; persons who are chronically homeless; and, low income artists.

### **1. Proceeds to the County from the disposition of property**

This proposal requests that the County provide the property free of charge to Cascadia who will lease it to a Limited Partnership formed to own the improvements. The lease will be a fully subordinated, 99-year lease with the right to extend as long as the property is put to the proposed, or a similar, use. The donation of the property will help the project to reduce its need for competitive resources and achieve operational sustainability.

### **2. Need for affordable housing in the Central City for elderly, special needs, and other low-income residents of the West End sub-market. Describe affordability levels and number of units.**

**Overview:** Cascadia proposes to redevelop the Martha Washington as a place where extremely low income persons with mental health and recovery support needs, persons experiencing chronic homelessness, and low income artists can live together in permanent, supportive, affordable rental housing in the middle of Portland's Cultural District. Research into the needs of persons who are homeless and who struggle with mental illness and substance use is conclusive - permanent supportive housing is the strategy of choice both in terms of restoring persons with these disabilities to healthy community functioning and in terms of reducing the immense public and societal costs of continued disability and homelessness. The Martha

Washington will offer service coordination, intensive case management, recovery support groups, and employment training/work opportunities on-site. In addition, residents with Oregon Health Plan coverage will have access to a host of clinic-based services that include counseling, psychiatric care, medication management, benefit access assistance, A&D treatment and health care access. One important factor in the recovery of persons with mental health and substance issues is participation in a pro-social, diverse community. We will accomplish this at the Martha Washington by drawing our residents from three distinct populations.

**Affordability Levels and Number of Units:** This proposal will create 80 units of studio and 1-bedroom permanent affordable housing, a culinary training program, and common areas suited to support both service delivery and creative activities in a historically significant building. Rent assistance will be sought to enable a minimum of 25 units to be targeted and leased to persons at or below 17% of area median income; 25 additional units will be affordable to 30% AMI and 30 units will be affordable to 50% AMI. Cascadia will self-manage the property and will be the primary service provider. Appropriate services will be provided on-site by Cascadia and other service providers, and through Cascadia clinics (closest at 12<sup>th</sup> and SW Stark). Our proposed project will return 80 units of affordable housing back into Portland's diminishing inventory – contributing to the City's goal of preserving and increasing our affordable housing stock. According to the NW Pilot project's 2004 Downtown Portland Affordable Housing Inventory, approximately 2000 units of affordable housing have been lost in downtown Portland since 1978, which they site as the primary reason for increase homelessness.

**Meeting the needs of the Chronically Homeless:** Of the 80 units planned for the building, 25 residents will be drawn from the ranks of those who have experienced chronic homelessness. The results of Oregon's Office of Mental Health and Addictions Services Housing Survey reports that there are an estimated 675 chronically homeless individuals in Multnomah County. Cascadia currently has 200 individuals on its homelessness waiting list. These individuals have very low incomes, if any, and little recent work experience. They have high service needs as evidenced by multiple contacts with hospital emergency rooms and the public safety system. They respond best to clear expectations, peer pressure, high levels of staff contact, and easily accessed, non-traditionally delivered services.

To accommodate the needs of these residents, on-site program monitors (3 FTE) and the property management staff (2 half time Cascadia employees) will actively promote a positive peer culture. Cascadia service coordinators will work to link these residents to services, provide case management, lead education and recovery groups, and work with property management to promote lease compliance. Cascadia's Wellspring Social Enterprise program will provide training and employment opportunities to these individuals in a culinary training program that will be operated on-site. Intensive case managers from Cascadia's partnering agencies (Central City Concern, Volunteers of America) will have an on-site presence to work directly with the residents of this sub-population that they refer or serve.

**Meeting the needs of low-income individuals with mental health and addictions:** A second 25 residents will be drawn from Cascadia's existing waiting lists and service recipients. We currently have a waiting list of 681 individuals who qualify for our mental health and addictions services and permanent supportive housing. The average waiting time on the lists is about 14

months. This is based on recent information from housing offers and/or placements made. This number includes the fact that over 100 individuals graduate from our Bridgeview and Royal Palm low barrier transitional housing programs, both of which exist in and serve the downtown core. When these individuals graduate, they are prepped and ready to transition into permanent supportive housing. Unfortunately, the demand for such housing exceeds the availability. As a result, these individuals remain in transitional housing programs until their names come to the top of the list. This can take as long as two years, obstructing the turnover intended for transitional housing to make room for those leaving homelessness and the streets. Our community housing partners share similar need. Central City Concern's Community Engagement Program, for example, has an average of 30 individuals at any one time on their waiting list for permanent supportive housing.

Beyond our own housing waiting list and the needs of our community partners, we know from the 2006 Oregon DHS: Mental Health and Addictions Services housing survey that there is a significant unmet need for affordable housing among individuals with mental illness and addictions. The survey estimates that over 7500 individuals with mental health and/or addictions are in need of affordable housing in Oregon. We estimate that over 50% of these individuals reside in Multnomah County; so over 3250 individuals are in immediate need of affordable housing in Multnomah County. In addition, the study found that the highest level of unmet need exists among adults with co-occurring mental health and addictions disorders, and people who are homeless or at-risk of homelessness. It is reasonable to suggest that the bulk of these people live within the city of Portland, as do the bulk of Cascadia clients.

These are very low-income individuals who have mental illnesses and who are currently living in housing that is transitional, expensive, and/or not conducive to recovery. They are often at risk of homelessness. For example, because of checkered rental histories and very low income (typically SSI, 17% of area median), housing access for these persons is often limited to "slum" housing where drug use and criminality challenge efforts to remain safe and sober. These residents are typically covered by the Oregon Health Plan and are well engaged in OHP-funded services, including case management. They are generally stable with respect to their disability but sometimes need encouragement to continue their involvement in services, as well as exposure to a pro-recovery environment.

Cascadia's site-based service coordinators and program monitors will encourage continued involvement with clinic-based services. They will promote employment either competitively or through Wellspring Social Enterprises culinary program (on-site) or janitorial and landscape maintenance businesses. Some services for these residents will be offered at the Martha Washington by out-stationed clinic staff. Should a resident need more intensive services, site-based staff will respond to the need directly and/or notify the resident's case manager, service provider, the Cascadia housing support team, or Cascadia's Project Respond Mobile Outreach Team.

**Meeting the needs of Low-income artists:** The remaining 30 units will be rented to low-income artists. These are individuals whose income is 50% of area median or less. Although not necessarily disabled, this population is often characterized as eccentric or quirky and tends to be tolerant of others who are on the fringes of conventional society. We know that there is a local

need and support for the provision of affordable housing for our community's low-income artists. City Commissioner Sam Adams and the Regional Arts and Culture Council conducted a survey which was sent to 600 artists, advertised to the Portland Backstage, and sent to RACCs general email list of 10,000 people to scope for need and interest in artist live/work space in Portland. Over 300 responded to this survey, overwhelmingly agreeing that there is unmet demand for artist live/work and studio space. Respondents specify that they would prefer to live in a vintage building, with a secure rent/mortgage of \$600-800 monthly for a space that is 400-800 square feet in size. Furthermore, the survey suggests that responding artists would prefer to live in a place that provides onsite programming to promote art: spaces for lectures, readings, media (equipment).

Our proposed artist units in the Martha Washington provide the safe affordable housing, a stimulating artistic community, and space in which to work these artists need. Cascadia's part time property managers will be selected from among this population so as to cultivate an artistic community in the Martha Washington in which creativity and creative expression, rather than disability, is established as the normative culture for all residents, be they "homeless", "disabled", or "artist". In addition, Cascadia's on-site staff will be available to help these residents' access services and benefits as appropriate.

We believe that this mixing of populations will create a vibrant, stable community at the Martha Washington. The "artist" population will be the key to this – the artistic community culture will establish the normative behavior and the artists themselves will be behavioral role models for the other residents. Our initial leasing efforts will focus on establishing a strong core of artist residents. The "homeless" residents will require intensive services, particularly during initial lease up - additional staffing during this period and a relaxed lease up schedule for this sub-population will provide time for the artist culture to become dominant. The "disabled and stable" (not homeless) residents will model recovery management for their "homeless" peers. Interestingly, there are a sizeable number (approximately 100) of persons who are currently served by Cascadia who self-identify as artists – it is to these potential residents that we will initially market the Martha Washington so as build on the community established by the artist population.

### **3. Address how project will meet the need for housing for the chronically homeless and contribute to the goals of the 10 Year Plan to End Homelessness.**

Cascadia's proposed project for the Martha Washington site will meet the need for housing the chronically homeless and contribute to the goals of the 10 Year Plan for Ending Homelessness first and foremost by creating units for persons at or below 17% of area median income for which Cascadia will seek rental assistance. Overall 50 units of housing individuals at or below 30% MFI (including those reserved for persons at or below 17% AMI), 25 of which will be set aside for chronically homeless individuals, 25 of which will be set aside for individuals with mental health and addictions disorders who are very likely to have struggled with homelessness as well.

Secondly, our proposed project directly addresses the nine goals of the 10 Year Plan for Ending Homelessness in the following ways:

1. *Move people into housing first:* At Cascadia's Martha Washington this property, housing is the first line of service with support services built around an individual's presenting needs. Typical barriers to housing – poor rental history, criminal involvement, and inadequate income – will be assessed from a “reasonable” accommodation framework. We understand that our job is to help people who may seem like poor risk tenants get on their feet with a combination of housing and linked resources.
2. *Stop discharging people into homelessness:* Cascadia works and will continue to work with jails, hospitals, and our community partners in discharge planning to triage appropriate individuals into housing at the Martha Washington. Cascadia has clinical staff stationed in hospital emergency rooms. Our occupancy specialists will work with these staff, with our own Bridgeview and Royal Palm housing specialists, with Volunteers of America and Central City Concern to house persons who are exiting area emergency rooms, residential treatment, Hooper detox, and transitional housing to facilitate applications to the Martha Washington.
3. *Improve outreach to homeless:* Cascadia has been and will continue to provide outreach to homeless individuals through our Project Respond Mobile Outreach Team. Outreach takes place primarily in the downtown core with goal of linking individuals with housing and appropriate services. We engage will over 400 individuals per year, and will focus direct appropriate referrals to the Martha Washington. We will also work in close collaboration with Central City Concern's Community Engagement program and with Transition Projects (where Cascadia outstations staff) to provide outreach-oriented services to homeless individuals.
4. *Emphasize permanent solutions:* all homes at the Martha Washington will be permanent supportive housing with flexible supports.
5. *Increase the supply of permanent supportive housing:* Our plan for the Martha Washington will add 50 units of permanent supportive housing to the current supply, of which 25 reserved for chronically homeless, the other 25 for those with special needs who are often homeless or at risk of homelessness.
6. *Create innovative partnerships to end homelessness:* the proposed project represents a very creative partnership between Cascadia Behavioral Healthcare (Oregon's largest community based mental health and addictions services provider, and one of Oregon's largest operators of special needs housing), Winkler Development Corporation (a regional developer with strong connections to our local housing and arts communities). Cascadia and WDC will bring their relationships with Central City Concern, Volunteers of America, Transition Projects Inc., and Portland Institute for Contemporary Arts the project. In addition, Jim Winkler is well positioned to influence for-profit developers to be positively disposed toward “social” housing.
7. *Make rent assistance system more effective-* Cascadia manages several rent assistance contracts and accepts Section 8. Cascadia will help residents with incomes below 30% AMI and 17%AMI to secure rent assistance (Shelter Plus Care, Project based, tenant

based Section 8). In addition, we will accept rent from our partners agencies (Volunteers of America and Central City Concern) on behalf of tenants that can access program specific rental assistance through various housing initiatives. Finally, we will apply through the McKinney process for shelter plus care and through PDC and HAP for project based specifically to support Martha Washington residents.

8. *Increase economic opportunity for homeless people:* Cascadia emphasizes supported employment as a critical service to our consumers. Individuals living in the Martha Washington will have access to Wellspring Social Enterprises, Cascadia's supported employment program. Wellspring's Culinary Training program will be conducted in the existing commercial kitchen of the Martha Washington. Wellspring includes three enterprises to date: Culinary Training, Landscaping, and Janitorial.
  9. *HMIS* – Cascadia participates in the HMIS data system.
4. **Address the services to be provided to the proposed residents of the project (both on- and off-site). Services should enhance the living experiences and opportunities for vulnerable, low-income residents.**

For Cascadia to be successful in operating permanent supported housing in the Martha Washington Building, on-site services will be essential to support the efforts of tenants to successfully integrate into this community. Given that we would be bringing together a group of 80 very diverse individuals into this building, we recognize the importance of providing a more robust program during the first year of operation in order to establish and promote a safe, healthy community within the building. As the community becomes established by the end of year one, we anticipate decreasing the on-site supports by around 25%. All efforts with regard to this transition will be coordinated with our community partners.

With this in mind, for the start-up of the program at the Martha Washington, Cascadia plans to bring together a program with the capacity to provide flexible, individualized services that ensures safety, increases life skills, builds on tenant strengths, increases lease compliance, reduces symptomatic behavior, manages medical regimens and enhances quality of life. At the same time, the service program will be sensitive to privacy and consumer choice issues, be tolerant and accommodating with respect to behavior, be clear about limits and lease compliance, and will develop balance between the individual and the overall milieu.

As such, we plan to provide several tiers of services for the tenants of the building. Please refer to the attached "Proposed Program Services Budget" in reference to this section. The tiers of service include the following:

Tier 1: All tenants will have access to and benefit from services that are fully supported by rental income. Services will include:

- Community Building ~ Cascadia have "Program Monitors" (3 FTE) on site 16 hours per day/7 days per week to establish a pro-social, creative community and to promote a safe

and healthy environment within the building. The hours to be covered typically will from mid-afternoon to the following morning.

- Service coordination ~ A full time Service Coordinator would focus on linkages and referrals to community resources for the building tenants;

Tier 2: Given the impending closure of Cascadia's Bridgeview Program at the Golden West Hotel by June 30, 2008, Cascadia has consulted with both the City of Portland and Multnomah County regarding the transfer of financial support from the Bridgeview to the proposed program at the Martha Washington Building. We have been encouraged by each entity to include a proposed budget for the potential use of CDBG funds from the City and General Funds from the County for this project. Presuming that we are indeed able to transfer these existing funds, Cascadia would offer an enhanced service package for the 50 tenants who are "chronically homeless" and/or at risk of homelessness. These services would include:

➤ CDBG Funds from the City of Portland

- Program Supervisor ~ A full time administrator whose costs are split between City CDBG funds and County General Funds would be responsible for the administrative and clinical supervision for the program staff at the facility,
- Intensive case management ~ 2 full time intensive case managers will work from the Martha Washington Building as their office and have a caseload of 17 clients. These ICM's will provide services 7 days per week and have after hours availability to intervene early in the event of a crisis. The primary work for the ICM's will be on recovery oriented treatment planning, assistance in obtaining and/or maintaining available benefits, assistance with developing or retaining familial ties, and supportive counseling. A major focus of case management will be to support tenants in obtaining the skills and tools to live more independently. The principles of harm reduction will be emphasized within the program in order to meet residents at their individual step in the recovery process.
- Psychiatric services ~ This would include MD and RN time whose costs are split between City CDGB funds and County General Funds. The focus would be on psychiatric assessment, medication prescription and medication management,
- Flex Funds ~ These funds would be used for essential items such as security and utility deposits, bus tickets and other items that support each tenant's recovery efforts.

➤ General Funds from Multnomah County

- Program Supervisor ~ A full time administrator whose costs are split between City CDBG funds and County General Funds would be responsible for the administrative and clinical supervision for the program staff at the facility,
- Skills training ~ 3.5 full time skills trainers would be on duty 7 days per week. Their focus would be on providing direct assistance and support to residents in relation to

regular activities of daily living such as cleaning, shopping, cooking, community building, & conflict resolution,

- Coordination of Personal Care Services ~ A half time staff would be available to work with tenants who are Medicaid-eligible and qualify for the Medicaid Personal Care Services Program that provides up to 20 hours per month of service related to in areas such as housekeeping, nutrition and grooming/hygiene. Cascadia's PCS Coordinator will be involved in brokering these services for eligible residents.
- Psychiatric services ~ This would include MD and RN time whose costs are split between City CDGB funds and County General Funds. The focus would be on psychiatric assessment, medication prescription and medication management,

➤ OHP Funds from Verity

Based on our experience at Prescott Terrace. A program serving 18 chronically homeless persons, where approximately one-third of the tenants have been Verity (Medicaid) eligible with a LOCUS score of 3 or 4 (indicating higher service need), we would anticipate that 15 to 20 prospective tenants at the Martha Washington would be of similar profile. Given this projection, we presume that Cascadia will be able to allocate enough Verity funding to cover the cost of 1 additional full time Intensive Case Manager. This Verity funded ICM would work in tandem with the 2 CDBG funded Intensive Case Managers as part of the on-site case management team.

Tier 3: In addition, sponsoring agencies such as Central City Concern and Volunteers of America who have an interest in obtaining permanent supported housing for their clients at the Martha Washington, have expressed a commitment to offer both site-based and office-based services to their clients. This commitment would ultimately be put into a "Memorandum of Understanding" with such sponsoring agencies. A number of tenants may be eligible to access a variety of treatment services at Cascadia clinic sites as well. These services will be funded by program initiatives that are separately funded and awarded, such as Central City Concern's CEP and Volunteers of America CPR programs; which serve homeless and returning ex-offenders respectively.

Tier 4: Finally, tenants will have access to Project Respond, which is Cascadia's mobile crisis response team and to the Urgent Walk-in Clinic, which is located at a Cascadia clinic site in SE Portland.

Permanent housing with rent assistance and linkage to services is critical for this population. We anticipate that initially the need will exist for a higher proportion of on-site services, and that as the tenants of the building acclimate to their new environment and their situations stabilize, more of their service needs will likely transfer to community or clinic based services. The overarching philosophy is that the supports and services that will ultimately work best for these tenants are those that happen in the most natural of settings in the community.

**5. Address how the project will maximize the use of funds other than competitive public funds.**

The redevelopment of the Martha Washington will be funded by several sources with an emphasis on those sources that are non-competitive public funds. The total cost of the project is estimated at \$8,703,488. We believe the project will qualify for the highest level of both federal housing and historic tax credits. Historic Tax Credits (HTC) will result in significant equity – we believe the HTC will generate approximate \$1,494,600 in equity. In addition, the project is located in a hard-to-develop census tract and will qualify for non-competitive 4% Low-Income Housing Tax Credits (LIHTC). The anticipated equity contribution by the LIHTC investor is estimated at \$2,718,424. A significant portion of developer fees, which qualify for both HTC and LIHTC, will be deferred, to be paid from future cash flow generated by operations. A deferred developer's fee in the amount of \$300,000 payable to CBH will help fund the project. Both Multnomah County and the Oregon Housing and Community Services Department (OHCS) have weatherization funds. These funds are non-competitive.

We anticipate at least \$200,000 of weatherization funds will be provided to the project. We expect to receive grants from foundations to partially fund furniture, fixtures and equipment (FF&E), wireless Internet and workforce training programs. Because the project will be designed to incorporate sustainable features, we anticipate the project may qualify for Business Energy Tax Credits and potentially for a Green Investment Fund award. While it is too preliminary at this point to forecast specific amounts to be realized from those efforts, we have estimated \$75,000 from these sources.

Although a competitive source, we will request from a \$100,000 equity contribution to the project the OHCS Trust Fund. The final anticipated funding source is tax increment funding from the Portland Development Commission (PDC). We anticipate funding in the approximate amount of \$3,815,464 from PDC.

As the above demonstrates, \$4,788,024 of the funding is anticipated from non-competitive sources and \$3,915,464 in anticipated from competitive sources, for an estimated 55% of total project costs from non-competitive resources.

- 6. Describe a rehabilitation program that addresses the following: compliance with building code regulations including seismic and fire/life safety; accessibility throughout the common area appropriate to populations served; sustainable plan to provide on-going maintenance and operating expenses to achieve long term affordability; respectfulness of the building's historic and architectural characteristics; and kitchen facilities (both in-unit and common) appropriate to the proposed residents. Address how the proposed renovation is appropriate to the residents served and promote resident and building stability.**

The project team and consultants have reviewed the building several times in the past two months to develop a realistic and costs effective renovation plan. LRS Architects' prior experience with the building's infrastructure assisted the assessment of the remaining useful life of building systems and components and extent of the required renovation. Catena Consulting Engineers were engaged because of their particular expertise in seismic renovations. The development team members met with City of Portland Bureau of Development Services (BDS)

representatives to discuss the extent of fire and life safety improvements needed to satisfy the new code (IBC).

The building in its current condition and configuration presents significant challenges for both Fire and Life Safety and Seismic upgrading. The team assembled, however, is experienced with the issues and has a positive relationship with the BDS. Recent renovations of existing buildings include the DeSoto and adidas Village. Both of these projects were examples of the cooperative effort between the Development Team and the BDS to find solutions that met code and were cost effective. The City is supportive of adaptive reuse of historic structures and recognizes that old buildings, in their current condition, fall far below any acceptable threshold, and is therefore supportive of redevelopment to bring buildings to current code. Our cooperative relationship with the City is based on a shared goal of developing solutions that will be the best possible given the resources available. An outline of some potential FLS related code improvements are noted in our floor plan Exhibit A. The FLS concepts noted will need to be assessed with City input to reach a common understanding of the new IBC Chapter 34 provisions for alterations to existing buildings.

The design team also met with BDS to review building accessibility. Additional meetings will be required and administrated by LRS Architects, Inc. Accessibility enhancements are needed to comply with Section 1113 of the OSSC/IBC. Public areas of the building do not meet accessibility standards nor do the connections to the north and south wing. Those deficiencies will be remedied during the building rehabilitation.

Accessibility alterations currently under review and planned within the building include an accessible route to every floor in the building, egress routes, living units and common areas. Individual unit interiors will be designed to meet accessibility standards as required as well. In addition, new compliant elevator(s) will be provided.

Winkler Development Corporation is committed to advanced energy conservation and sustainability principles. WDC's Troutdale Terrace Apartments was the first and largest installation in the United States of GFX technology. GFX (gravity film exchangers) are designed to recapture drain water heat. Currently WDC is completing the Headwaters at Tryon Creek, one of the most environmentally advanced affordable projects in this region. The sustainability plan proposed for the Martha Washington addresses energy conservation, water conservation, stormwater management, indoor air quality and use of environmental materials, trash recycling, low maintenance durable finishes and an occupancy program designed to minimize the use of toxic cleaning agents. An operations manual will be provided to educate and assist tenants and staff in the appropriate cleaning techniques and the use of green cleaning products. Specific measures planned for the Martha Washington include:

#### Energy Consumption:

- EnergyStar lighting, roofing and appliances.
- Maximum exterior insulation.
- Hydronic heating
- Storm windows.
- Pre-heating of domestic hot water supply through solar application.

- Individual metering of all utilities including electricity, domestic and hot water.
- Water Consumption
- Dual-flush water closets
  - 2 gpm shower heads
- Stormwater Management
- Re-directing stormwater to water quality landscape features in the courtyard.
- Indoor Air Quality
- Centralized Heat-Recovery ventilation system for continual whole-house exhaust and tempered fresh air supply
- Environmental Materials
- Formaldehyde free sheathing material
  - Zero VOC paints
  - Low VOC cabinetry
  - Zero VOC flooring.
- Durability
- Marmoleum flooring throughout living units.
  - Built-in bed, desk and closet storage systems.
  - Solid core doors with welded metal door frames
  - Abuse resistance fixtures
  - Carpet Tactiles (glue-less application)

WDC has a long-term relationship with Heritage Investment Corporation, experienced historic consultants. Heritage has been engaged to provide advisory services related to assuring the renovation plan complies with all Federal and tax regulations and qualifies for Historic Tax Credits. The renovation plan includes nominating the building for placement on the National Register of Historic Places. The building renovation remodel will meet all Federal requirements related to the preservation of its historic architectural character.

Finally, each unit will be supplied with a full service kitchen (see Architectural Unit Plans), including a range, microwave, refrigerator, sink and storage. The program for the commercial kitchen is designed to facilitate use as a training kitchen to prepare building residents, including formerly homeless and special needs residents, for work in the culinary arts. To achieve serviceability at reasonable costs, kitchen will be evaluated for reuse potential and modified as needed. New grease exhaust ductwork will be installed for fire protection reasons. The budget for kitchen renovations is currently forecast for \$47,500 based on a preliminary assessment of the condition of the commercial kitchen.

- 7. Demonstrate financial feasibility including: financial projections (development budget, operating budget including support services, rent subsidies, and mix of sources); evidence of proposer's equity in project; evidence of financial commitments or letters of interest; developer fees; information about the financial strength and resources of the proposer.**

Copies of the development and operating budgets are attached. As described elsewhere, the development budget anticipates extensive work on the structure to be funded primarily by

historic and low income tax credits and by local (PDC) funds. We have attached correspondence from Heritage Consulting indicating their view that the property will qualify for the 20% historic preservation investment tax credit, and from Enterprise Community Investments (formerly ESIC) expressing their interest in participating as equity investor for both the historic and the housing tax credits. We have also attached a letter of interest from Bank of America Commercial Real Estate and a copy of the Co-Developer Letter of Intent between Cascadia and Winkler Development Corporation in which WDC indicates its willingness to provide up to \$75,000 in pre-development funds to the project and Cascadia indicates its willingness to defer a portion of its developer fee. With respect to developer fees, the fee proposed for the Martha Washington project is approximately 8% of the total development cost; 4.6% will be paid through the development budget and 3.4% will be deferred.

The operating budget assumes 25 studio units at a 30% rent of \$356 per month; 25 studios for 17% AMI with project based section 8 and/or shelter plus care rent assistance at a rent reasonableness rent of \$495; and 30 1-bedroom units at a 50% rent of \$636. We believe that rent support for 25 units is likely – shelter plus care assistance is already provided for the chronically homeless individuals that Central City Concern will refer, program-based rent assistance is available for those referred by Volunteers of America, and the Housing Authority of Portland has regularly made Section 8 rent assistance available to projects seeking capital resources from PDC to target chronic homelessness. In addition, the federal McKinney Continuum of Care process has regularly included “bonus” shelter plus care funding to jurisdictions using those funds to address permanent housing for those who are chronically homeless. Finally, responses to a survey of low-income artists sponsored by City Commissioner Sam Adam’s office indicate that a rent in the vicinity of \$600 would be attractive to this population.

Assuming the above rent structure, operating revenue will be adequate to meet the expenses of the project including support service staffing by 3 program monitors and a service coordinator/case manager and annual contributions to a replacement reserve of \$24,000. The cost of operations and reserves per unit per year is \$4,812, reflecting the cost of enhanced property management and support service staffing. The reserve is initially funded at \$200,000, thus assuring the project’s viability.

In addition to services funded through rents, residents will have access to services provided by Cascadia, Central City Concern, and Volunteers of America consistent with their eligibility for those programs. Although the funding for these services is not linked specifically to this housing, the three organizations have agreed to prioritize access to services for residents they have referred, and intend to offer services on-site in order to increase resident access and provider efficiency. Both the city of Portland and Multnomah County have agreed in concept to allowing Cascadia to redirect some of their funds from Cascadia’s Bridgeview Community program to the Martha Washington in order to provide additional services. Letters from CCC, VOA, Portland BHCD, and Multnomah County Behavioral Health are attached.

With respect to the financial strength of the co-developers, Winkler Development Corporation is wholly owned by the family of James H Winkler. The company maintains 7-figure liquidity and has an 8-figure net worth. If selected, WDC will provide detailed financial information in a confidential format as required. Cascadia Behavioral Healthcare is an Oregon not-for-profit

corporation whose annual revenues exceed \$50 million. Cascadia also sponsors more than a dozen single asset housing entities, and a related organization, the not-for-profit Cascadia Housing, Inc. is the general partner in three LIHTC limited partnerships. Cascadia's most recent audited financial statements are attached.

**8. Provide evidence of readiness to proceed. Describe how the project is in compliance with zoning codes. State proposed closing date and specify all contingencies to closing.**

The subject site is zoned RXd, central residential. The RXd zone is the most dense urban residential zone. Prior to bonuses, the RX zone provides an outright FAR of 8:1. The anticipated project fits within allowed zoning and will require no adjustments and will qualify, subject to design review and Historic / Landmark Commission hearing, for a building permit. As no modifications to the exterior (other than removal of fire escapes) are contemplated, no issues regarding historic approvals are anticipated. The project, subject to funding, should be deemed ready to proceed. We propose to take possession of the property in the summer of 2007 concurrent with the closing of construction financing, the admission of the tax credit limited partner, and the issuance of the building permit.

**9. Describe how the project is compatible with the neighborhood. Describe discussions with the neighborhood and provide evidence of support from the neighborhood, if any. (Good Neighbor Agreement).**

The proposed project involves the reuse of a historically significant building to house persons who have experienced chronic homelessness, people with mental illness, and low income artists at a lower density than the property's most recent previous use by Multnomah County to house offenders remanded to the Department of Community Justice River 60-bed Rock Alcohol and Drug Treatment program and the Sheriff's 60-bed work release program. The mix of populations and lower density, coupled with Cascadia's active management and support services will result in a property that will be an asset to the community in general and the West End neighborhood in particular. The Martha Washington will take advantage of the property's location in the cultural district to attract low-income artists who cannot afford to reside in the Pearl district.

We believe that the mixing of populations will create a vibrant, stable community at the Martha Washington. The "artist" population will be the key to this – the artistic community culture will establish the normative behavior and the artists themselves will be behavioral role models for the other residents. Our initial leasing efforts will focus on establishing a strong core of artist residents. This is entirely in keeping with the location of the project near the Portland Art Museum. The "homeless" residents will require intensive services, particularly during initial lease up - additional staffing during this period and a relaxed lease up schedule for this sub-population will provide time for the artist culture to become dominant. The "disabled and stable" (not homeless) residents will model recovery management for their "homeless" peers. Both the homeless and the disabled/stable population currently frequent this neighborhood. The proposed project will house people who are currently part of the neighborhood fabric.

Cascadia and/or WDC have contacted several nearby stakeholders from the development community to elicit their reaction to the proposed program. Mark Fraser, developer of the proposed Jefferson West replacement housing, has indicated that he does not support our proposed project. He voices concern about the concentration of low income and homeless persons in the West End. John Carroll, developer of Eliot Tower, seems more accepting of the project, voicing concern about neighborhood safety but not about concentration of poverty, recognizing that the proposed use is less intensive than the previous use by the County.

Jim Winkler, as General Partner in the neighboring 1200 Building, is supportive of the proposed project based on its innovative housing solution to a social issue that includes on-site services as well as workforce training. Jordan Schnitzer, representing Harsch Investment Properties, is also supportive of the proposed project.

The mixed response elicited by our program is neither unusual nor surprising. Stakeholders do not typically meet the prospect of housing for persons with mental illnesses, addictions, or homelessness with enthusiastic support. We are concerned about potential negative reactions from nearby property owners and residents based on the population we intend to house, particularly given the attention to which siting has been subjected over the past several years. Cascadia will be sensitive to the concerns of the neighbors while at the same time, attentive to the privacy rights of the residents and the Federal Fair Housing Act, which protects their right to live in the neighborhood of their choosing.

Cascadia understands that community education, engagement, and responsive management are keys to community acceptance. With this in mind, Cascadia will reach out to neighbors through the "good neighbor" process promoted by the city of Portland Office of Neighborhood Involvement (ONI). We expect to receive ONI's assistance in mediating a public involvement process. We also plan to notify the Neighborhood Association and seek their guidance in terms of identifying the stakeholders and neighborhood leaders with whom to consult. We will propose a meeting with the chair of the Neighborhood Association and other community activists. Cascadia's outreach activities will attempt to educate the neighbors as to the nature of the disabilities that residents may exhibit, the services and supports available to residents, and how Cascadia manages its properties. Cascadia will develop a "Fact Sheet" and a "Frequently Asked Questions" handout regarding the project for presentation to neighbors, activists, bureau staff, and elected officials. If indicated, Cascadia staff will go door-to-door to talk with our immediate neighbors, to respond to their concerns, and to provide contact information.

Cascadia will offer to complete a "Good Neighbor Agreement" with representatives of the neighborhood association. Cascadia has completed Good Neighbor Agreements with other neighborhoods, and has found them to be an excellent way to establish shared expectations, review processes, and communication channels. At the least, we will supply the names and telephone numbers of Cascadia Behavioral Healthcare contact persons to neighborhood association leaders, to the immediate neighbors, to the County Commissioners' Offices, to ONI, to the Coalition office, and to any other household or entity that desires that information. Finally, Cascadia will work closely with the community policing officers assigned to the West End neighborhood and with city crime prevention specialists in order to enhance the safety of residents and neighbors in and around the Martha Washington.

**10. Demonstrate proposer's capacity to develop, own, and manage the project. Identify development team, the experience and the role of each team member. Provide information to show that the team will have capacity to complete the project, factoring in time requirements for the project and contemporaneous commitments of team members.**

Co- Developer - Cascadia Behavioral Healthcare, Inc. (Cascadia) is a non-profit 501(c)(3) organization that provides a vast array of individual, group, and wrap-around services to persons with special needs in Multnomah, Washington and Marion Counties. Cascadia has a significant housing program, operating over 50 properties, representing over 775 units. Cascadia has developed much of this portfolio. Vice President of Housing, **Neal Beroz**, will lead the Martha Washington effort for Cascadia. Beroz has substantial experience with the various housing programs of the Cities of Gresham and Portland, the Portland Development Commission, State Housing and Community Services, State Office of Mental Health and Addictions Services, Multnomah County, and HUD. He has developed projects ranging in size from 5 units to 46 units.

Co- Developer – Winkler Development Corporation (WDC) is a leader in the application of public-private partnerships to affordable and market rate housing projects, with a resume of over 25 completed projects to its credit. **Jim Winkler**, President of WDC, will lead the Martha Washington effort, assembling the development team and directing the project. Winkler has extensive experience as developer of conventional and bond financed apartments, government assisted and elderly housing, historic rehabilitations and mixed use properties, and subdivisions. Noteworthy projects include the Headwaters at Tryon Creek, Troutdale Terrace Apartments, and Dolph Creek Townhomes.

Project Manager – Sullivan Architecture LLC (Sullivan) has worked with WDC on a number of projects. **Shawn Sullivan** has been a practicing architect in Oregon since 1980. He has both historic rehabilitation and new construction experience, and will be project manager for the Martha Washington rehabilitation.

Architects – LRS Architects, Inc. are regular members of the Winkler Development team. LRS is committed to sustainability. A widely diversified firm, LRS has provided the full spectrum of architectural design, construction documents, permitting, and contract administration services to a large number of affordable and special needs projects including the Fenwick Apartments, Arbor Ridge, Chestnut Lane, 82<sup>nd</sup>/Broadway, and Laurelhurst Village. They have extensive experience with remodeling and seismic upgrading of buildings similar to the Martha Washington. **Michael Roberts** will lead for LRS.

Contractor – R&H Construction Co. has provided construction services to the Northwest since 1979. R&H's credits include major historic rehabilitations of the Brewery Block One, and Wieden and Kennedy, rehabilitation and new construction at adidas Village, and a host of new construction. R&H is the contractor for Headwaters at Tryon Creek. R&H has earned a regional reputation for providing valuable pre-construction services and delivering quality projects on

time and within the owner's budget requirements. **Norm Dowty** has provided valuable insight into the needs of the Martha Washington and associated costs.

Engineering – The principals of Catina Consulting Engineers have provided structural design and seismic services for dozens of Portland historic buildings including the Daisy Kingdom – DeSoto Building, the Pacific Telcom Exchange, the Telegram Building, the Reed College Old Dorm Block, and the Multnomah Hotel. **Chris Thompson** has already proved invaluable in understanding the structural challenges presented by the Martha Washington.

Historic Consultants – **Rob Mawson** of Heritage Consulting Group will manage the process of getting the Martha Washington listed as a significant building with the State Historic Preservation Office and with the Department of Interior National Park Service. Mawson is uniquely knowledgeable of the workings of the National Trust for Historic Preservation, having worked there in the 80's. In addition, Mawson is familiar with the West End Plan, having spearheaded that effort for the Association for Portland Progress.

General Partner – Cascadia Housing, Inc. is the GP in three LIHTC limited partnerships. Cascadia Housing currently consists of members appointed by Cascadia Behavioral Healthcare and 7 outside members. Neal Beroz and Debra Humphrey-Keever are appointed members: Beroz and Humphrey-Keever are the VP - Housing and CFO, respectively, of Cascadia Behavioral Healthcare, and serve as President and Treasurer of Cascadia Housing. Other members of Cascadia Housing, Inc. include Harris Matarazzo (Chair), Steve Jagers (Secretary), Greg Close, Bradley Heath, Jeffrey Wood, Steve Daniels, and Charles Duit. Matarazzo is an attorney who specializes in representing persons with special needs. Jagers is a retired Dean of the Allied Health Program at Mt. Hood Community College. Close is a principal with Wyse Investment Services. Heath is a former special needs housing developer. Wood, Daniels, and Duit are community housing advocates. Between them, these individuals have extensive experience in housing, special needs, or both. They have all been involved in the development of multiple Cascadia housing projects.

Equity Investor – Enterprise Community Investments (formerly ESIC) is a national, mission-driven investor. Enterprise is the limited partner in two Cascadia LIHTC properties, and is the investor in WDC's Headwaters project.

Construction, Conventional, and Bond Financing – WDC and Bank of America have a longstanding relationship. Bank of America has provided construction financing to Cascadia as well, and is a major investor in an Enterprise Community Investments equity fund. The relationships between B of A, WDC and Enterprise may result in pricing and pay-in schedules that could be beneficial to the project.

Tax Attorney – **Ron Shellan** leads Miller Nash's affordable housing group and is a recognized authority on LIHTC law. Shellan has provided legal counsel on dozens of affordable housing developments during the last ten years. Shellan is also a certified public accountant, and before his career in law worked as a tax accountant for Coopers & Lybrand.

Tax Accountant – **Anthony Almer** of Deloitte is an expert in the intricacies of the LIHTC program. Almer has worked with tax credit equity funds, investors and developers across the country, providing a wide range of services including yield analysis, structuring the investment entity, review of offering documents, due diligence and assistance with closing activities.

Property and Asset Management – Cascadia Behavioral Healthcare self manages over 775 units, successfully complying with landlord-tenant law, ADA, Fair Housing, etc., and with the compliance requirements of HUD, OHCS, PDC, FHLB, and tax credit limited partners. Cascadia property and asset management activities are guided by the values of privacy, tolerance, support and permanence. We strive to manage our properties as if we lived in them ourselves, while providing supports and accommodations that enhance a resident's ability to be successful and promote recovery. Cascadia has managed special needs housing for 20 years. **Juli Garvey**, Director of Asset Management, will oversee the management of the Martha Washington, including tenant selection, compliance with Landlord/Tenant Law, ADA, and Fair Housing regulations, budget preparation and monitoring, occupancy compliance and property maintenance.

Service Program - Cascadia Behavioral Healthcare provides mental health and addictions services to 17,000 people a year from offices in Multnomah, Washington, and Marion counties. Under the leadership of **Jim Hlava**, Vice President for Clinical Services, Cascadia has developed programming for persons that were formerly homeless and/or difficult to house. This programming meets resident needs, manages resident behavior, and honors Residential Landlord-Tenant law. Hlava will oversee the development and operation of services for this project, coordinating with Garvey of the Asset Management department to create safe, affordable, low barrier housing for some very difficult to house people.

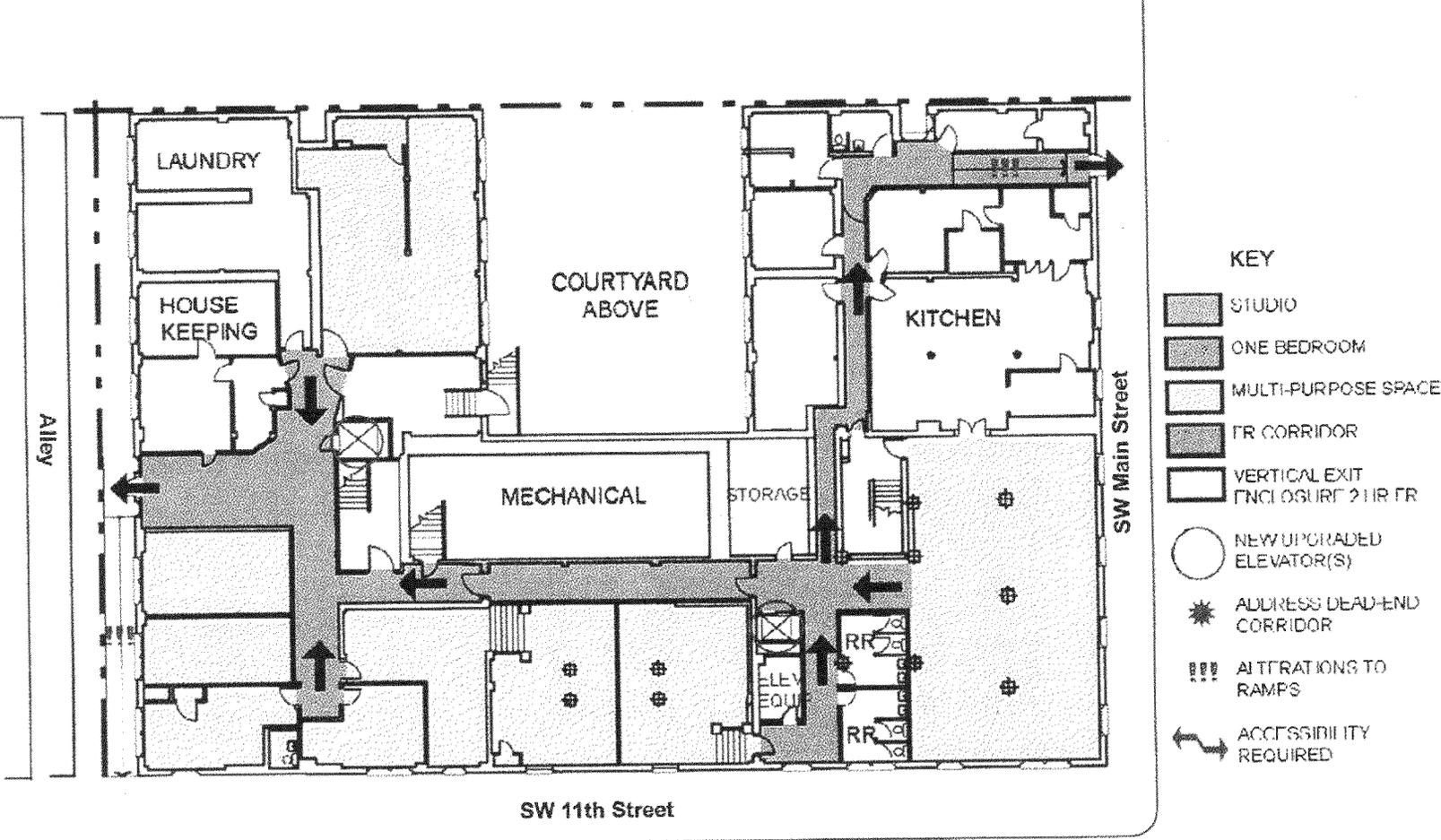
Resumes of development team members are available upon request.

**Proposal Attachments:**

- Development Plans
- Development Budget
- Operating Budget
- Staffing Plan
- Co-developer Letter of Intent between Cascadia and WDC
- Letters of equity commitment:
  - Heritage Consulting
  - Enterprise Community Investment
  - Bank of America
  - Multnomah County
- Letters of Support
  - Central City Concern
  - Harsch Investment Properties
  - Volunteers of America
  - Winkler Development Corporation
  - Portland NW College of Art
- Zoning Code
- Copy of Oregonian article
- Cascadia Audit

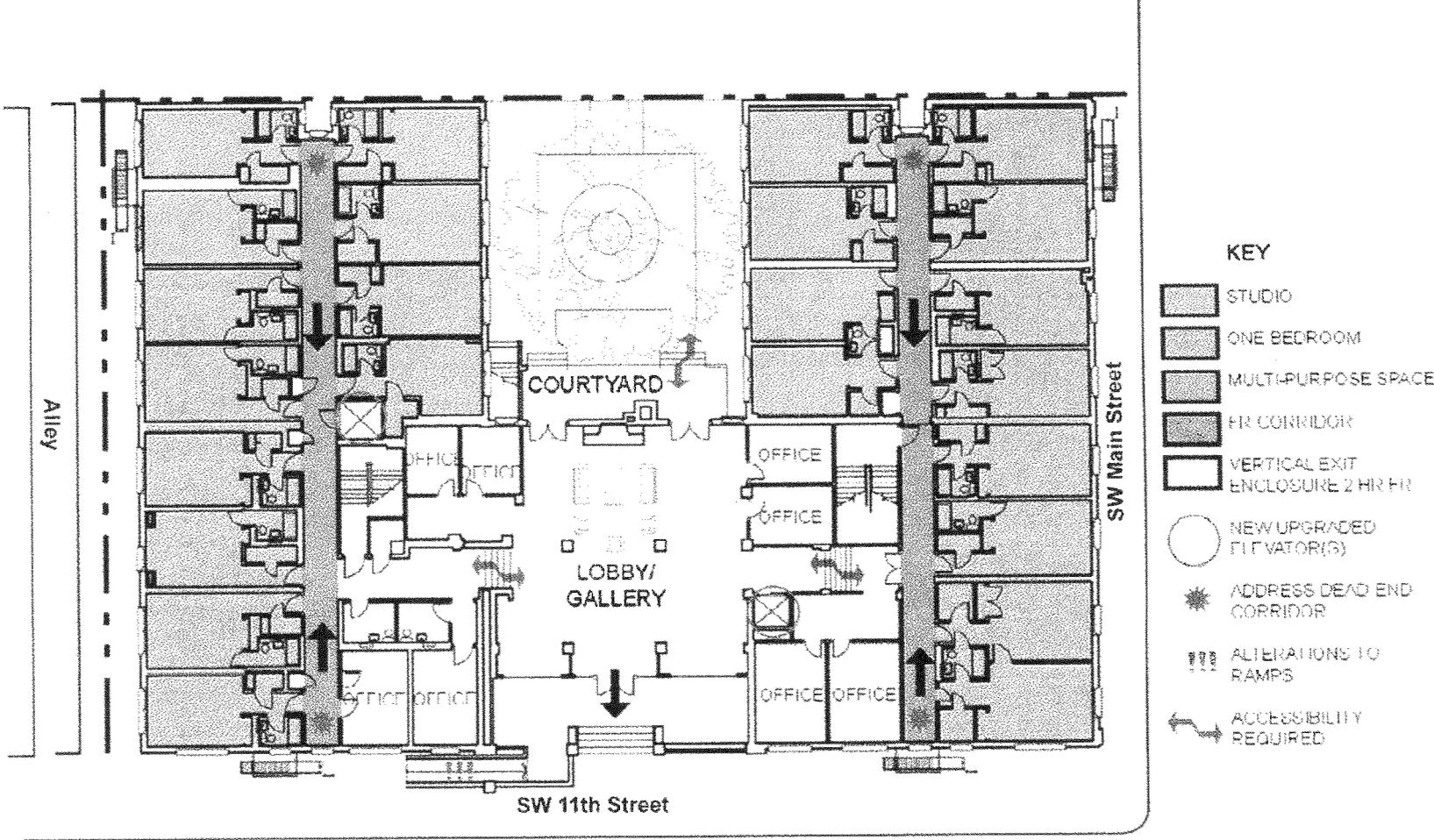
■ **Development Plans**

**EXHIBIT A**



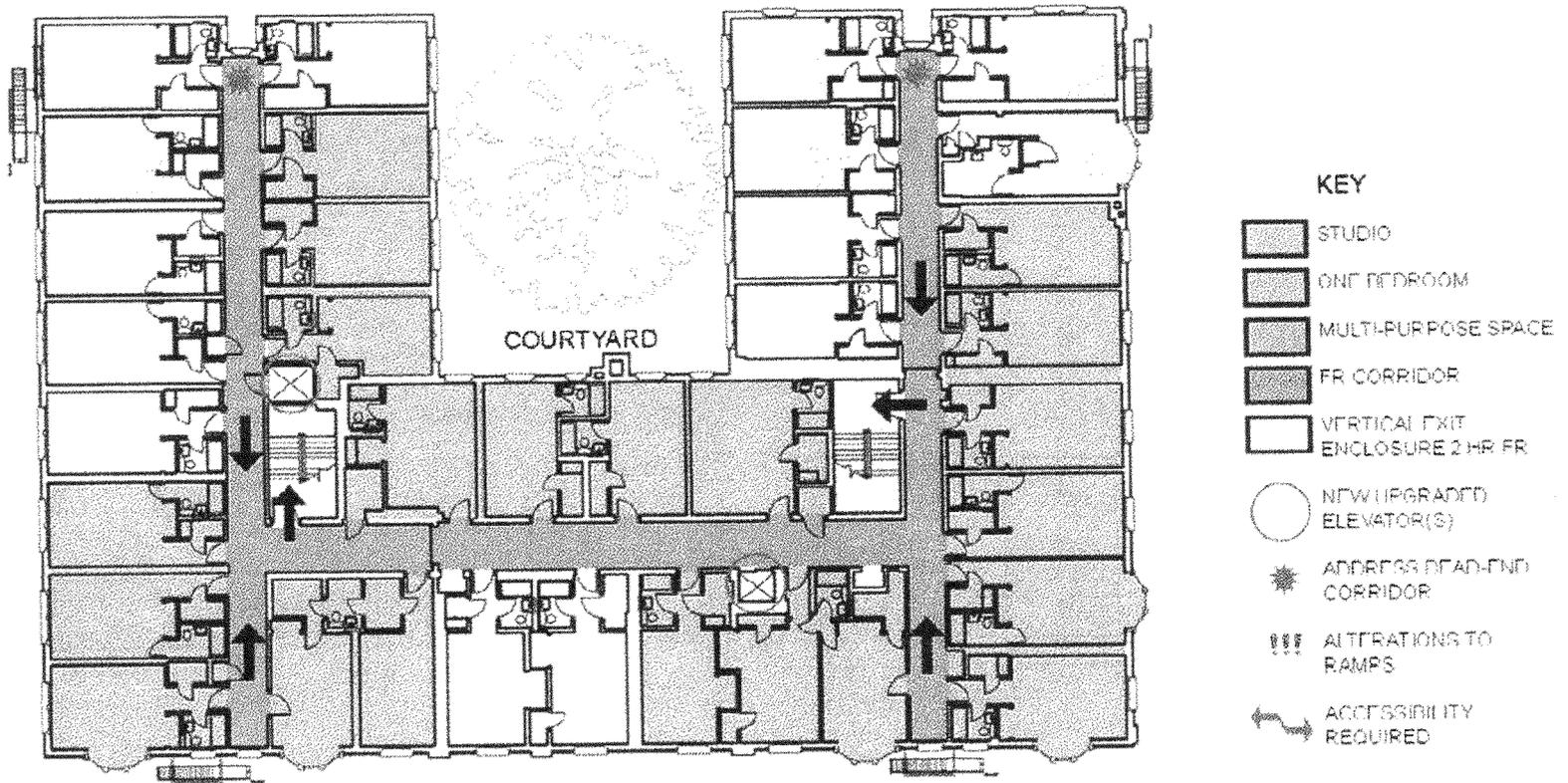
**BASEMENT FLOOR PLAN**

**EXHIBIT A**

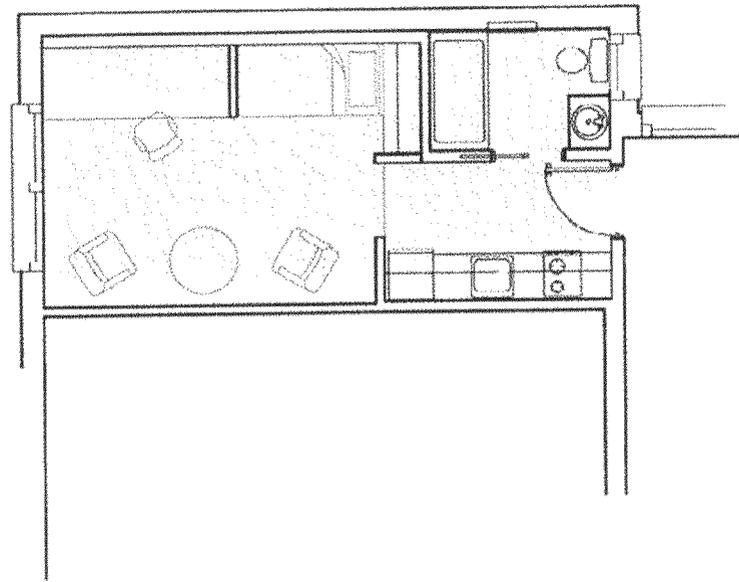


**FIRST FLOOR PLAN**

**EXHIBIT A**

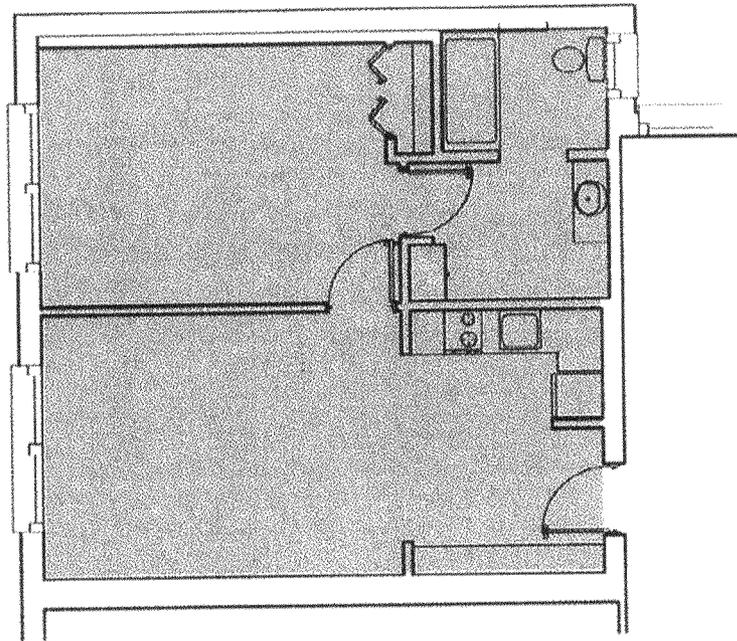


**TYPICAL UPPER STORY FLOOR PLAN 2ND, 3RD & 4TH FLOOR**



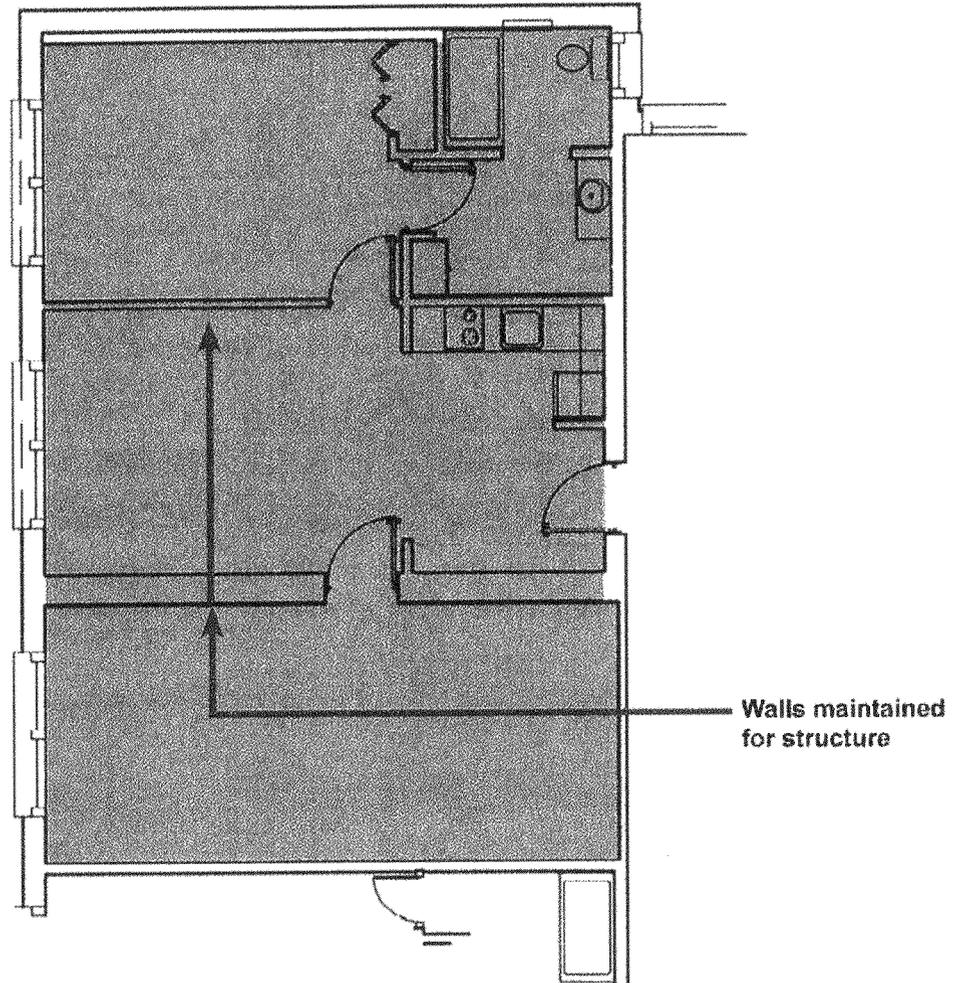
TYPICAL STUDIO-A

296 SF



**TYPICAL ONE BEDROOM-B**

593 SF



**LARGE ONE BEDROOM-C**

894 SF

■ Development Budget

# MARTHA WASHINGTON

## Sources & Uses 80 Unit Development August 2006

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### Sources

HTC	\$1,494,600
LIHTC Equity	\$2,718,424
Deferred Developer's Fees	\$300,000
Weatherization Grant	\$200,000
Trust Fund	\$100,000
TIF/PDC *	\$3,815,464
GIF/ BETC / Etc	\$75,000.00
	<hr/>
	\$8,703,488
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### Uses

Shell Acquisition	0
Rehab & Soft Costs	7,515,488
FF&E	115,000
Development Fees (current and deferred)	700,000
Reserves	373,000
	<hr/>
	\$8,703,488
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**MARTHA WASHINGTON**  
Preliminary Development Cost Estimate  
80 Unit Development  
August 2006

**Land / Building Shell** 0

**Construction / Rehabilitation**

Construction Contract *	5,877,819
HC Contingency (6%)	352,669
<b>Cosntruction / Rehab sub-total</b>	<b><u><u>\$6,230,488</u></u></b>

**Soft Costs**

A&E/Project Mgt.	525,000
Historic Consultant	40,000
Lender Construction Consult.	6,000
Environmental Reports	2,500
Market Study / Appraisal	11,000
Plans, Permits & Fees	75,000
Legal & Accounting	90,000
Cost Certification	8,000
Closing Costs / Title Insurance	20,000
Insurance	82,500
Real Estate Taxes	0
Other Taxes/Fees	2,500
Pre-Development Interest	9,000
Interest During Construction	150,000
Soft Cost Contingency	60,000
Bond Fees and Points and Post Closing Reserve	195,000
Miscellaneous	8,500
<b>Soft Costs sub-total</b>	<b><u><u>\$1,285,000</u></u></b>

**Furniture, Fixtures & Equipment**

Wireless Internet Equipment	15,000
Office / Dining / Kitchen Equipment / Common Area	100,000
<b>FF&amp;E sub-total</b>	<b><u><u>\$115,000</u></u></b>

**Developer's Fees**

WDC - Overhead & Profit	250,000
CBH	150,000
CBH (deferred)	300,000
<b>Developer's Fees sub-total</b>	<b><u><u>\$700,000</u></u></b>

**Project Reserves**

Lease Up Reserve	48,000
Operating Deficit Reserve	125,000
Funded Replacement Reserve	200,000
<b>Reserves sub-total</b>	<b><u><u>\$373,000</u></u></b>
<b>Grand Total</b>	<b><u><u>\$8,703,488</u></u></b>

**Footnotes:**

* Includes seismic, green program and hi-speed internet	
Bond Fees (Private Placement on LIHTC Provider Or Risk Share)	
Tax Credit Basis	\$8,035,488
HTC Net Equity	\$1,494,600
LIHTC (less HTC plus 30%)	\$8,304,913
LIHTC Equity	\$2,718,434

■ Operating Budget

<b>Budget Worksheet</b>		<b>Martha Washington</b>	
Income and Expense Projections		Name of Project	
DESCRIPTION OF ACCOUNT	Acct. No.	8/24/06 Proposed Martha Washington	
		80 units	per unit/mo
<b>Rental Income -- 5100</b>			
Unit Type/Number/Rent x 12			
Studio x 25 x \$329 x 12		98700	329
Studio x 25 x \$462 x 12 (rent assisted)		140400	468
1 BR x 28 x \$603 x 12		202608	603
1 BR x 2 x \$0 x 12 (Mgr Unit)		0	0
<b>Total Apartments (N=78 revenue)</b>	5120	441708	
<b>Tenant Assistance Payments</b>	5121		
<b>Total Rent Revenue Potential</b>		<b>441708</b>	
<b>Vacancies -- 5200</b>			
Apartments (95% occupancy)	5220	22085	
<b>Total Vacancies</b>			
<b>Net Rental Revenue</b>		<b>419623</b>	<b>0</b>
<b>Financial Revenue -- 5400</b>			
Interest-Project Operations	5410		
Interest-Residual Receipts	5430		
Interest-Reserve for Replacement	5440		
Income from Investments-Misc.	5490		
<b>Total Financial Revenue</b>		<b>0</b>	<b>0</b>
<b>Other Revenue -- 5900</b>			
Laundry	5910	9006	9
Tenant Charges (app fees, record check)	5920		
Forfeited Tenant Security Deposits	5940		
Misc Revenue (late fees, NSF checks)	5990		
<b>Total Other Revenue</b>			
<b>TOTAL REVENUE</b>		<b>428629</b>	
<b>Administrative Expenses - 6200/6300</b>			
Office Supplies	6311	1462	2
Partnership admin fee	6315	2000	2
Management Fees	6320	29374	31
Salaries- Service Coordinantor	6330	43680	46
Salaries- On Site Manager	6330	10296	11
Salaries- Program Monitor	6330	90418	94
Salaries- Occupancy Specialist	6330	13957	15
Manager Rent Free Unit	6331	0	0
Legal	6340	1224	1
Audit	6350	5700	6
Bookkeeping/Accounting	6351	3000	3
Telephone	6360	3600	4
Bad Debts- uncollected rents	6370	8392	9
Misc. Admin. (OHCS, LP asset mgmt fees)	6390	10700	11
<b>Total Admin. Expense</b>		<b>223802</b>	<b>233</b>

<b>Budget Worksheet</b>		<b>Martha Washington</b>	
Income and Expense Projections		Name of Project	
		8/24/06	
		Proposed Martha Washington	
DESCRIPTION OF ACCOUNT	Acct. No.	80 units	per unit/mo
<b>Utilities -- 6400</b>			
Fuel Oil	6420	0	0
Electricity	6450	18342	19
Water and Sewer	6451	19442	20
Gas	6452	18725	20
<b>Total Utility Expense</b>		<b>56509</b>	<b>59</b>
<b>Operations and Maintenance -- 6500</b>			
Janitor & Cleaning Supplies	6515	1200	1
Janitorial & Cleaning Contracts	6517	13436	14
Exterminating Contract	6519	3321	3
Garbage & Trash Removal	6525	5496	6
Security Contracts	6530	6330	7
Groundskeeping Supplies	6536	900	1
Groundskeeping Contracts	6537	2400	3
Repairs Material	6541	6129	6
Repairs Contracts	6542	16436	17
Elevator Maintenance Contract	6545	4000	4
Heating Repair & Maintenance	6546	1329	1
Decorating Supplies	6561	2204	2
Other Repairs	6570	0	0
Misc. Operating & Maintenance	6590	2000	2
<b>Total Op. and Maint. Exp.</b>		<b>65181</b>	<b>68</b>
<b>Taxes and Insurance -- 6700</b>			
Payroll Taxes (FICA)	6711	0	0
Misc. Taxes, licenses, permits, etc.	6719	1500	2
Hazard Insurance	6721	13938	15
Worker's Compensation	6722	0	0
Health Ins/Other Benefits	6723	0	0
<b>Total Taxes and Insurance</b>		<b>15438</b>	<b>16</b>
<b>Financial Expenses</b>			
Interest on Mortgage	6830	0	0
Interest on Notes	6840		
<b>Total Financial Expenses</b>		<b>0</b>	<b>0</b>
<b>Replacement Reserves</b>			
Additions to Insurance Escrow		24000	25
Withdrawal from Replacement Reserve Account			0
Withdrawal from Residual Receipt Account			0
Principal Payments, Mortgage		0	0
Principal Payments, PDC Equity Gap (depdnt on CF)			0
Operating Reserves			0
<b>TOTAL COST OF OPERATIONS</b>		<b>384930</b>	<b>401</b>
<b>LESS TOTAL REVENUE</b>		<b>428629</b>	
<b>Excess (Deficiency) Income Over Expenses</b>		<b>43699</b>	

**OPERATING BUDGET NARRATIVE**  
**Cascadia Behavioral Healthcare, Inc.**  
**The Martha Washington**

Account # / Description	Narrative
5120 - Rental Income	Gross rents based on 50-studio units and 28 revenue producing 1-BR units. 25 studios are targeted toward individuals at 17% of AMI or less, and are subsidized with Shelter plus Care or Project Based Section 8 to a Rent Reasonableness rent of \$495. 25 are rented at a 30% affordability rent of \$356. 28 1-BR units marketed at 50% affordability rent of \$636. 2 1-bedroom units will be designated for on-site management.
5220 - Vacancy	Anticipated at 5%.
5910- Laundry	Based on per unit per month average of similar projects managed by CBHC, reduced for vacancy.
6311 - Office Supplies	Estimate includes the cost to reorder bank checks, general office supplies, and courier expenses.
6315 - Partnership Admin Fee	Fee of \$25 per unit to the GP.
6320 - Management Fees	Computed at 7% of Net Rental Revenue.
6330 - Salaries Service Coordinator	Figure represents 1 FTE on-site service coordinator. Includes salary plus fringe (at 26%) and indirect costs. Service Coordinators will engage with tenants to determine their needs and serve as a source of ideas for meeting those needs. Will work closely with onsite management to ensure lease compliance and assist in conflict resolution. May also facilitate community groups, building activities, and education presentations on various topics of interest or benefit to the building tenants. Generally works on-site.
On-site Manger	Figure represents 1.0 FTE designated to the site. Staffing breakdown consists of 2 part time onsite managers at a .5 FTE (20 hours) per employee. Compensation includes 1 bedroom apartment and monthly stipend of \$380. Stipend is based on a wage of \$11.00 per hour paid out for 8 hours per week. (additional 12 hours are in exchange for unit) On site managers responsibilities include rent collection, marketing vacancies, touring potential tenants, generating work orders, and facilitating community meetings.
Program Monitor	Figure represents 3.0 FTE designated to the site. Staffing includes hourly wage of \$11.50 plus fringe benefits at 26%.

Program Monitors will interact informally with the residents to promote positive peer culture, and will assist in controlling access to the property, generally working on-site in the evenings and on weekends.

Occupancy Specialist	Figure represents .4 FTE designated to the building. Duties of the occupancy specialist include initial verification of eligibility, move ins, annual and interim recertification, waiting list management, and tenant compliance monitoring. Works from Cascadia's central offices. Includes hourly rate plus fringe at 26%.
6331 - Rent Free Unit	2 1-bedroom units. Not included in revenue.
6340 - Legal	Estimated at 1 potential FED process per month.
6350 - Auditing Expenses	Quoted fee of \$5700. Includes cost of annual audit and tax return prepared by 3 <sup>rd</sup> party accounting firm.
6351 - Bookkeeping/Accounting	Fee based on charge of \$250 per month. Includes production of monthly financials and annual audit papers, bank account reconciliation, etc.
6360 - Telephone	Based on 5 lines at \$60.00 per month per line for office, internet, elevator, and security/fire monitoring.
6370 - Bad Debts-uncollected	Based on 2% of net rental income per experience.
6390 - Misc. Admin	Quoted includes potential oversight fee of \$50 per unit to OHCS and \$50 per unit for Limited Partner, the annual license fee for property management software (\$30 per unit), and \$300 for occupancy training.
6450 - Electricity	Figures based on per unit cost of similar project managed by CBHC. Includes heat and hot water. (Unit power for lights and cooking paid by tenant)
6451 - Water and Sewer	
6452 - Gas	
6515 - Cleaning Supplies	\$100 per month for supplies needed to maintain the common areas of the building
6517 - Cleaning Contracts	Based on \$700.00 per month for common areas and 18 unit turn/over cleans @ \$150.00. \$2000 reserved for exterior window cleaning.
6519 - Exterminating	Figure based on per unit cost of similar project managed by CBHC.

6525 - Garbage and Trash	Figure based on per unit cost of similar project managed by CBHC.
6530 - Security Contracts	Figure based on per unit cost of similar project managed by CBHC. Includes annual testing of fire sprinkler system, fire extinguisher servicing, monthly monitoring, and potential repairs or replacements to system.
6536/6537 - Grounds Contracts Grounds Supplies	Estimated at \$275 per month collectively.
6541 - Repair Material	Figure based on per unit cost of similar project managed by CBHC.
6542 - Repair Contracts	Figure based on per unit cost of similar project managed by CBHC. Estimate includes apartment maintenance turnover and handyman repairs (apartments and common area). Additional consideration has been given to common area carpet and upholstery cleaning as well as routing drain lines. Current hourly maintenance cost is \$32.00 per hour + mileage.
6545 - Elevator Maintenance	Figure based on similar project with 5 stop elevator service.
6546 - Heating Repair	Figure based on per unit cost of similar project managed by CBHC.
6561 - Decorating Supplies	Figure based on per unit cost of similar project managed by CBHC.
6590 - Misc. Operating Maintenance	Based on \$25 per unit for potential misc. maintenance expenses.
6719 - Taxes/Permits/Licenses	Assumes no property taxes. Figure represents business license fees and elevator permits.
6720 - Hazard Insurance	Includes Property and General Liability coverage. Figure based on per unit cost of similar project managed by CBHC.
Replacement Reserves	Based on \$300 per unit per year.

■ **Staffing Plan**

Staffing for Martha Washington Building ~ Draft 2 ~ 8/28/2006

<u>Source of Funding</u>	<u>Position</u>	<u>Pay Range</u>	<u>FTE</u>	<u>Hourly Rate</u>	<u>Salary</u>	<u>Salary, Fully Loaded</u>
County GF	Res. Admin. III	10	0.50	19.25	20,020	32,340
CDBG	Psychiatrist		0.075	80.00	12,480	20,160
CDBG	RN		0.125	28.00	7,280	11,760
CDBG	ICM III	9	1.00	17.50	36,400	58,800
CDBG	ICM III	9	1.00	17.50	36,400	58,800
<b>CDBG Funded Staff Totals</b>			<b>2.13</b>			<b>129,360</b>
<u>Source of Funding</u>	<u>Position</u>	<u>Pay Range</u>	<u>FTE</u>	<u>Hourly Rate</u>	<u>Salary</u>	<u>Salary, Fully Loaded</u>
County GF	Res. Admin. III	10	0.50	19.25	20,020	32,340
CDBG	Psychiatrist		0.075	80.00	12,480	20,160
CDBG	RN		0.125	28.00	7,280	11,760
County GF	PCS Specialist	6	0.50	13.00	13,520	21,840
County GF	Skills Trainer	6	3.50	13.00	94,640	152,880
County GF	S.T. Vacation Coverage	6	0.40	13.00	10,920	17,640
<b>County GF Funded Staff Totals</b>			<b>5.10</b>			<b>256,620</b>
<u>Source of Funding</u>	<u>Position</u>	<u>Pay Range</u>	<u>FTE</u>	<u>Hourly Rate</u>	<u>Salary</u>	<u>Salary, Fully Loaded</u>
Verity	ICM III	9	1.00	17.50	36,400	58,800
<b>Verity Funded Staff Totals</b>			<b>1.00</b>			<b>58,800</b>

■ Co-developer Letter of Intent between Cascadia and WDC

# WINKLER DEVELOPMENT CORPORATION

CENTENNIAL BLOCK  
210 S.W. MORRISON STREET, SUITE 600  
PORTLAND, OREGON 97204-3150

PHONE: (503) 225-0701

FAX: (503) 273-8591

## LETTER OF INTENT THE MARTHA WASHINGTON

This is a letter of intent between Cascadia Behavioral Healthcare, Inc. (Cascadia) and Winkler Development Corporation or an affiliate as (Winkler) to re-develop the Martha Washington building. The project will be developed as follows:

1 Multifamily Housing Project. The property will be acquired by Cascadia and will be re-developed as approximately 80 units of low income housing and associated common areas, including a commercial kitchen (The Project).

2 Owner of the Project. The owner of the Project will be an Oregon Limited Partnership in which Cascadia or an organization formed by Cascadia will be the general partner and a tax credit investor will be the limited partner. Winkler will not have any ownership interest in the Project.

3 Developer of the Project. Winkler and Cascadia will co-develop the Project under the terms of a formal agreement which has yet to be drafted.

4 Duties of Each Co-Developer. Cascadia will be responsible for the following: obtaining the property including the completion of an application to Multnomah County; obtaining tax credits including the completion of an application for low income housing tax credits and the completion of an application for historic tax credits; obtaining funding from other governmental sources; negotiating with and obtaining an equity investor; providing operating budget projections; reviewing financial proformas; reviewing and approving plans and specifications; dealing with neighborhood groups, local organizations, and adjacent property owners; obtaining insurance during construction.

Winkler will be responsible for the following: developing and refining the development budget; completing financial proformas in support of the applications for property ownership, tax credits, limited partner requirements and other forms of financing; selecting and overseeing the architect and other design professionals for the Project; developing and overseeing the Project plans and specifications; coordinating the development team and consultants to provide the information necessary to complete and submit necessary applications and due diligence materials; obtaining all required permits to complete the Project; obtaining the construction loan; overseeing construction; providing accounting services during construction and through cost certification.

5 Co-Developer Compensation. The Developer Fee for the Project will be no higher than 15% of all costs before Developer Fee and required reserves. Cascadia and Winkler will share in the Developer Fee and any cost savings equally (50%/50%). Any deferred Developer Fee will

be applied solely to the portion of the Developer Fee due Cascadia. In addition to 50% of the Developer Fee, Winkler will receive any transferable FAR resulting from the Project. Winkler's cash compensation is expected to equal or exceed \$250,000.

6 Pre-Construction Development Costs. Winkler will loan the Project up to \$750,000 in pre-development expenses for such costs as architecture, engineering, historic preservation, appraisal, etc. Winkler will receive 6% interest for this loan. The monetary value of the efforts of Winkler and Cascadia related to applying to Multnomah County to be awarded the Martha Washington property are excluded from consideration as a pre-development cost. It is expected that the loan will be repaid from the first draw of the construction loan.

This letter reflects an agreement in principle only, and unless and until this transaction is evidenced by a formal agreement executed by the parties, no party shall have any legal obligation hereunder. This letter supersedes all prior correspondence relating to the Project. If the principles outlined herein are agreeable to Cascadia and Winkler the parties will proceed to complete a formal agreement.

AGREED AND ACCEPTED:

Cascadia Behavioral Healthcare

  
By: Neal Beroz, Vice President Housing Development

Date: 8/25/06

Winkler Development Corporation

  
By: James H. Winkler, President

Date: 8/24/06

■ **Letters of equity commitment:**

- **Heritage Consulting**
- **Enterprise Community Investment**
- **Bank of America**
- **Multnomah County**



August 21, 2006

James Winkler  
Winkler Development  
210 SW Morrison Street, Suite 600  
Portland, OR 97204

PROPERTY: Martha Washington Hotel (Campbell Hotel)  
1115 SW 11<sup>th</sup> Avenue, Portland, OR

Dear Jim:

The Martha Washington Hotel is located at 1115 SW 11<sup>th</sup> Avenue, west of downtown Portland. Currently used as the Multnomah County Restitution Center, the 4-story unreinforced masonry building was constructed in 1921 as a residential hotel, designed by Portland architect Herbert Gordon for E. Jean Campbell. The building is largely intact without major exterior modification and is listed in the Historic Resource Inventory for the City of Portland.

From our perspective, the building is eligible for listing in the National Register of Historic Places. The building meets the basic criteria of being at least 50 years old and maintaining essential integrity. We believe that the building would be eligible under Criteria A for Community Development under the Multiple Property Theme of Historic Resources in Downtown Portland, 1920-1940.

From our understanding of the proposed work, we also believe that the project would qualify for the 20% investment tax credit for historic preservation. This tax credit is available to projects that involve a certified historic rehabilitation of a certified historic structure. Typically, this means that the building is listed on the National Register of Historic Places and has been rehabilitated according to the Secretary of Interior's Standards for Rehabilitation.

Our opinion is based on 25 years of experience in the field of historic preservation and redevelopment. Heritage Consulting Group, which I started in 1982, is a national leader in securing historic preservation tax credits for the redevelopment of older and historic buildings. With projects from New York City to Los Angeles, Seattle to Miami, we have represented historic projects totaling more than \$1 billion.

Should you have questions or wish to discuss the project further, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Mawson", written over a horizontal line.

Robert L. Mawson  
Vice President



August 29, 2006

Neal Beroz  
Vice President Housing Services  
Cascadia Behavioral Healthcare  
2130 SW Fifth Avenue, Ste 210  
Portland, Oregon 97201

Dear Neal,

The purpose of this letter is to confirm Enterprise Community Investment, Inc. (Enterprise) interest in providing equity for the Martha Washington housing project in Portland, Oregon. We are very pleased to have an opportunity to partner with both Cascadia and Winkler Companies on this very uniquely structured housing project. A project of this type is a very important part of the Enterprise mission, as 53% of the units in our 2005 projects served populations at or below 30% AMI and typically at least 20% of our projects have 1/3 or more of the units serving special needs populations. So Enterprise is no stranger to this type of a project.

The project would also enjoy the benefit of working again with two very experienced and highly skilled developers, Cascadia and Winkler Companies. This would be our third project with Cascadia having worked with them on Midland Commons, which won a national award for special needs housing and West Gresham also 100% special needs. Enterprise is very impressed by Cascadia's ability to develop special needs housing, manage it well, and provide a full array of supportive services to keep the special tenant population stable and improving in their self sufficiency. This is a benefit to the tenants, the community, and the state because it is a more efficient use of service dollars to keep the tenants housed with services rather than having them on the streets or in hospital emergency rooms.

Enterprise also takes comfort in working with Winkler Companies who are very skilled in developing all types of affordable housing and other market rate housing. This would be our second project with Winkler, as we are currently in construction with Village at the Headwaters, a senior affordable housing project in southwest Portland. I think what makes Jim unique as a developer is that he takes the time to thoroughly research his target population and understand aspects of their housing needs that most developers overlook that level of detail. I know Jim is a strong supporter of the arts community in Portland and would make every effort to develop this project in a manner that would be very attractive and beneficial to the art community and therefore the Portland community.

Working with both these developers brings us full circle to showing how the mission of the developers closely parallels that of Enterprise. Successful community development relies on strong healthy projects developed and operated by strong and healthy developers which results in strong and healthy communities. That benefits us all.

### **Equity Contribution Schedule**

Based on the information you have provided us, and assuming a total eligible basis of \$8,035,488 to determine amounts of both LIHTC and Historic Tax Credits the project would support a staged equity investment of \$1,494,600 in historic tax credits and \$2,718,424 in LIHTC, depending on investor approval, the final financing structure and tax benefits generated by the project. The tax credit factor is approximately 93 cents on the dollar and is subject to available equity and approval of Enterprise's Investment Committee.

### **Enterprise's Mission & Value**

Enterprise's mission is not simply to syndicate equity investment in affordable housing, we are a full-fledged partner and advocate for affordable housing at the federal, state, local, and project level. Our goal is to provide decent, safe, and affordable housing to everyone. Though we partner with a wide variety of organizations, we are particularly well-suited to working with non-profit and mission driven developers and owners of housing who serve those with lowest incomes, those in need of the most supportive services, and those that are otherwise the most difficult to house.

Enterprise's value to non-profit developers can begin before project conception and should remain through the life of both the project and the organization. We finance early pre-development at no cost and land acquisitions at low cost. We provide training and education (at no cost) to owners of affordable housing, from one-on-one technical assistance to on-line presentations to year-15 LIHTC disposition/acquisition planning. We fund non-profit capacity whether these partners are growing their portfolio or struggling to maintain what they have. As the financial markets change and other syndicators are purchased, leave the market, or sell their portfolio, Enterprise will continue its mission of supporting affordable housing. Enterprise's true value is realized over both the life of our projects and that of our non-profit sponsors.

### **Year-15 Planning Consulting**

Enterprise works with all non-profit owners of affordable housing in their year-15 planning, regardless of whether the projects are Enterprise investments or not. The intention of this assistance is to help further our shared mission of affordable housing. Though we offer our help to all non-profits without discrimination, we are particularly well positioned to assist those with whom we share an investment. We help our partner control their losses, monitoring from the 1<sup>st</sup> year and actively managing beginning in the 7<sup>th</sup> year, so that the project arrives at year-15 with the greatest opportunity for a smooth and mutually beneficial transfer of ownership. This allows us to meet our fiduciary responsibility to the investors while serving our partner by way of inexpensively maintaining affordable housing and supporting our shared mission. Our current non-profit partners whose projects are reaching year-15 report great satisfaction, and sometimes relief, having chosen an investor with a common mission of affordable housing.

Enterprise is uniquely suited to serve the long-term needs of the projects and the long-term needs of the organizations that operate them. Our value is not limited to providing tax credit investor equity alone, rather it is a deeper relationship which can withstand unexpected changes in both the investment markets and the rental markets. The relationship can involve funds for predevelopment financing and/or organizational capacity building. The relationship is a lasting one that benefits from the shared mission of supporting the non-profit community's development capacity and the units they build. We are available in the event that you have any questions and we appreciate your consideration.

Enterprise is prepared to move forward to offer a firm commitment of equity within 90 days of notification of the tax credit award and approval of other funding sources. We look forward to working with you on this project as you move forward with your tax credit and financing commitment. Please let me know if you need any additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Margaret Jonsson".

Margaret Jonsson  
Development Officer



August 22, 2006

Neal Beroz  
Cascadia Behavioral Healthcare  
c/o James H. Winkler  
Winkler Development Corp.  
210 SW Morrison, Suite 600  
Portland, OR 97204

Bank of America  
Commercial Real Estate Banking  
OR1-129-07-41  
121 SW Morrison Street, 7th Floor  
Portland, OR 97204

Tel 503.279.3520  
Fax 503.279.3474

RE: Cascadia Behavioral Healthcare – RFP Build-to-Suit

Dear Mr. Beroz:

In connection with the RFP submittal by Winkler Development Corp. and Cascadia Behavioral Healthcare on the proposed build-to-suit housing development, this letter serves to confirm Bank of America's level of interest and willingness to entertain various financing options with Winkler Development Corp. and Cascadia Behavioral Healthcare for development of the referenced project. Bank of America has the capabilities to provide a full range of capital sources and solutions including tax-exempt bond financing, commercial real estate development financing and through Bank of America Community Development Bank.

Bank of America considers Winkler Development Corp. and its team a valued client with a positive banking relationship since 1984, by providing construction financing on several affordable housing and market rate projects, all completed ahead of schedule and within budget. Based on prior performance with Bank of America, we have confidence that they have the ability to successfully execute and deliver all aspects of this project. We look forward to expanding the banking relationship with Winkler Development Corp. and working together as a team on future development opportunities.

Please understand that the foregoing is intended as an expression of interest on the part of Bank of America and should in no way be construed as a commitment or proposal for financing on the proposed project. Our further due diligence would include, but not limited to, understanding of detailed costs and operating proforma's, market feasibility and proposed sponsorship.

If any further information is needed from Bank of America, please feel free to contact Ann Young at (503) 279-3464 or Karen Roche at (503) 279-2938.

Sincerely,

BANK OF AMERICA

Ann Young  
Senior Vice President  
Commercial Real Estate Bank

BANK OF AMERICA

Karen Roche  
Vice President  
Community Development Bank





Department of County Human Services  
**MULTNOMAH COUNTY OREGON**  
Division of Mental Health & Addiction Services

421 SW Sixth Avenue, Suite 500  
Portland, Oregon 97204  
**(503) 988-5464 Phone**  
(503) 988-3926 Fax  
(503) 988-3598 TDD

August 25, 2006

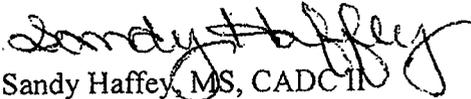
Jim Hlava  
Vice President, Clinical Services  
412 SW 12<sup>th</sup> Ave.  
Portland, Oregon 97205

Dear Jim:

Multnomah County Mental Health and Addiction Services Division (MHASD) are pleased to support the proposal by Cascadia Behavioral Healthcare to provide housing and support services for consumers with mental illness at the Martha Washington Building. It appears that Cascadia is exploring a number of funding sources to facilitate the realization of this proposal.

Multnomah County MHASD currently provides Cascadia with funding to facilitate the operation of the Bridgeview Mental Health Services Program. I am aware that Cascadia has recently received notice from Central City Concern that they will need to vacate the current building housing the Bridgeview by July 1, 2008. Given Cascadia's success in providing a wide range of housing and mental health services, MHASD is quite willing to consider the possibility of transferring some of the current Bridgeview funding to a Martha Washington housing proposal that would include the provision of support services for consumers with a mental illness.

Sincerely,

  
Sandy Haffey, MS, CADCI  
Manager, Adult Safety Net Services

CC: Karl Brimmer, Nancy Winters

■ **Letters of Support**

- **Central City Concern**
- **Harsch Investment Properties**
- **Volunteers of America**
- **Winkler Development Corporation**
- **Portland NW College of Art**



# CENTRAL CITY CONCERN

Providing Pathways to Self-Sufficiency

**BOARD OF DIRECTORS**

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- Linda Girard
- Mary Ann Ware, M.D.
- Steven D. Wasson
- Joe Wickstrom



**CENTRAL CITY CONCERN  
PROGRAMS**

Chemical Dependency  
& Health Services

- Community Engagement Program
- Hooper Detoxification Center
- Letty Owings Center
- Mentor Programs
- Old Town Clinic
- Parole Transition Program
- Portland Alternative Health Center

Housing for People with  
Low Incomes & Special  
Needs

- Transitional & Permanent
- Alcohol & Drug Free Community Housing for Individuals & Families in Recovery
- Mental Health Housing
- AIDS/HIV Housing

Business Enterprise

- Central City Janitorial
- Central City Maintenance
- Central City Painting
- Second Chance Furniture & Thrift Store

CCC Workforce /  
West Portland One Stop  
Employment Services

August 30, 2006

Leslie Ford  
President/CEO  
Cascadia Behavioral Healthcare  
PO Box 8459  
Portland, Oregon 97207

Dear Leslie:

Central City Concern is pleased to support Cascadia Behavioral Healthcare's proposal to Multnomah County for the Martha Washington Building. We understand that Cascadia is proposing operation of the building as permanent supportive housing for low income residents with special needs. There is a critical need for this type of housing in Multnomah County, and creating additional housing capacity for this population would benefit CCC's clients and the community as a whole. Cascadia's proposal for the Martha Washington would help the County and City meet the goals of the Ten Year Plan to End Homelessness and create a new housing resource to match local service resources for homeless and low income individuals.

CCC has many clients that we would be interested in referring to the Martha Washington housing, particularly clients of the Community Engagement Program (CEP). The CEP multi-disciplinary teams outreach, engage, and support homeless clients depending on their level of need. CEP provides ongoing case management, housing, primary health care, mental health services, alcohol and drug treatment, employment services, a benefits specialist, and other supportive services to homeless clients. Clients of CEP and other CCC programs may have rental subsidies through HUD Shelter Plus Care or other sources that they could use at the Martha Washington. If enough CCC clients reside in the Martha Washington, CCC may be interested in using some office space at the building to provide some onsite services. CCC would be interested in signing a Memorandum of Agreement with Cascadia to formalize this relationship.

CCC and Cascadia have a long established collaborative relationship as both of our agencies provide housing and services to similar and complementary populations. For many years, CCC and Cascadia have partnered to operate the Bridgeview mental health housing program, operated by Cascadia, in the Golden West Building owned by CCC. Both CCC and Cascadia receive significant County funding to operate these services. Using the Martha Washington as housing for the clients of these County-funded services would help meet the County's goals for service outcomes.

We are confident in Cascadia's ability to successfully operate the Martha Washington and we are excited about the opportunity for further collaboration with Cascadia through this much needed new housing resource. I strongly urge the County to consider Cascadia's proposal for the Martha Washington Building.

Sincerely,

Richard L. Harris  
Executive Director

Administrative Offices | 232 NW Sixth Avenue | Portland, Oregon 97209



September 1, 2006

Ms. Diane Linn, Chair  
Multnomah County Chair's Office  
501 SE Hawthorne Blvd., Suite 600  
Portland, OR 97214

Dear Chair Linn:

I am writing to you and members of the commission in support of the proposal by Cascadia Behavioral Healthcare and the Winkler Companies to redevelop the county-owned Martha Washington Building for permanent, affordable, supportive housing.

We have reviewed the proposal and discussed the planned program with the developers. The model they have developed, which includes meeting needs for very low-income persons with mental health needs, persons experiencing chronic homelessness and low income artists who would live together at the Martha Washington. The program of service coordination, intensive case management and employment and training opportunities on-site distinguish this from any other facility in the county.

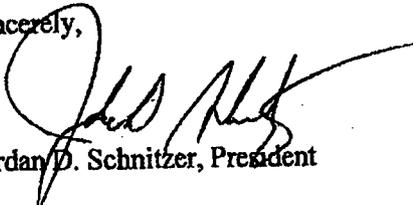
The proposal for such supportive housing is consistent with the Commission's criteria and resonates with the many public comments made in support for special needs housing in the area. This model has worked well in other cities. The Prince George in Manhattan in New York City, is such an example. In 1997, the Common Ground Community purchased an abandoned hotel and developed it with some municipal funding, to house homeless and single workers, more than half of whom had special needs. With strong case management, the Prince George continues to operate successfully and compatibly with the neighborhood.

Harsch Investment Properties has more than a passing interest in this neighborhood. Our corporate headquarters at Southwest 11<sup>th</sup> and Salmon Street is one block from the Martha Washington. Our company has other properties in this West End neighborhood. We like the diversity of the neighborhood and the development of the Eliot, Museum Place, the Mosaic and Bensen have been welcomed by the people in our neighborhood. There is a place for supportive housing – indeed, there is a continued need for the unique type proposed by Cascadia and Winkler.

Finally, the proposal fits well with so many of the pronounced public objectives for the city and county: elimination of homelessness, provision of care for very low income people, particularly those with mental health needs and successful mixed-population housing opportunities for people from all walks of life. Where better than the Cultural District to locate a facility for low-income artists.

I urge you, as Chair of the Commission, and your fellow commissioners, to support the transfer of this county-owned property to Cascadia Behavioral Healthcare and the Winkler Companies. Finding eighty living units in the Downtown to meet the needs of the population which they have targeted is an opportunity not likely to arise again.

Sincerely,



Jordan D. Schnitzer, President

cc: Members of the County Commission  
Maria Rojo de Steffey  
Serena Cruz  
Lisa Naito  
Lonnie Roberts

Mr. Jim Winkler  
Winkler Companies  
210 SW Morrison Street, Suite 600  
Portland, Oregon 97204

Mr. Neal Barrows  
Cascadia Behavioral Healthcare  
PO Box 8459  
Portland, Oregon 97207



**Volunteers of America®**  
Oregon

**Children & Family Services**

- Child Care**  
(503) 236-8492
- CourtCare**  
(503) 988-4334
- Family Relief Nursery**  
(503) 236-8492
- Home Free -  
Domestic Violence  
Intervention Services**  
(503) 771-5503
- Midnimo -  
Parent/Child Development**  
(503) 235-8655

**Rehabilitation Services**

- Alcohol & Drug Outreach**  
(503) 236-3033
- Community Detention  
Monitoring**  
(503) 988-3152
- Community Partners  
Reinvestment Project**  
(503) 595-3478
- Men's Residential  
Center**  
(503) 335-8611
- Parenting Program**  
(503) 236-3033
- Women's Residential  
Center**  
(503) 235-0131

**Senior Services**

- Lambert House East  
Adult Day Services**  
(503) 760-2075
- Marle Smith Center  
Adult Day Services**  
(503) 335-9980
- Velma Joy Burnie Center  
Adult Day Services**  
(503) 232-4117

**Business Enterprises**

- Food Services**  
(503) 235-0131
- Recycling**  
(503) 239-7944
- Thrift Store:  
Retail Store**  
(503) 328-0090
- Donations Pickup**  
(503) 774-0948
- Vehicle Donations**  
(503) 239-7944

Neal Beroz  
VP of Housing Development  
Cascadia Behavioral Healthcare  
PO Box 8459  
Portland, OR 97207

August 31, 2006

Dear Mr Beroz,

On behalf of Volunteers of America Oregon, I am happy to offer my enthusiastic support for this innovative and much needed approach to expand the stock of affordable housing in Portland. Volunteers of America Oregon has been a well established leader in providing successful substance abuse treatment for men and women involved in the criminal justice system since 1990. An essential part of our clients' success in living self-sufficient, crime and drug free lifestyles depends on their access to safe, stable, affordable housing.

Through three of our newest outpatient programs, Volunteers of America Oregon serves more than 300 men and women returning from prison or jail to Multnomah County each year. Participants in these programs are eligible for an impressive continuum of comprehensive addiction treatment, counseling, employment, and housing assistance. With enough of our participants placed in the Martha Washington building our staff and collaborative partners would be able to provide many of their services on site, including treatment and case management, AA support groups, paid rental assistance and ready-to-rent training, and employment counseling for job search, retention, and career advancement. Funding for these programs provides significant support services from many partners including: SE Works, Central City Concern, the YWCA, Women in Community Service, Better People, Irvington Covenant CDC, Metropolitan Family Service, and Cascadia Behavioral Health Care.

The Martha Washington building provides an ideal location for many of our clients employed in the downtown area and holds great potential for our programs to provide on-site services. We look forward to referring our clients to the Martha Washington Building and are excited to partner with Cascadia Behavioral Health Care in this farsighted effort to create more housing solutions in Portland.

Please feel free to...contact me for additional information: [Dgour@voaor.org](mailto:Dgour@voaor.org);  
503.595.3477 x1.

Sincerely,

Denise Gour  
Program Director  
Community Partners Reinvestment Project  
Volunteers of America Oregon

**Administration Office**

3910 S.E. Stark Street, Portland, Oregon 97214 • Telephone: (503) 235-8655 • Fax: (503) 235-3863 • Web: [voaor.org](http://voaor.org)

*Changing Lives...Promoting Self-Determination...Building Strong Communities*



JAMES H. WINKLER  
CENTENNIAL BLOCK  
210 S.W. MORRISON STREET, SUITE 600  
PORTLAND, OREGON 97204-3150  
PHONE: (503) 225-0701  
FAX: (503) 273-8591

August 21, 2006

Neil Beroz  
Vice President, Housing  
Cascadia Behavioral Healthcare  
P.O. Box 8459  
Portland, Oregon 97207

RE: Martha Washington / Letter of Support

Dear Neil:

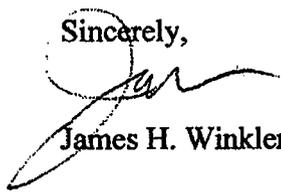
I am general partner of the 1200 Building, located between Jefferson and Main on S.W Twelfth. The 1200 Building is a Section 8 elderly project and home to 89 senior and disabled individuals. As your future neighbor, I support Cascadia Behavioral Healthcare's (CBH) innovative program of combining housing for 30 low-income artists together with 25 units of special needs housing and 25 units designed to serve the formerly chronically homeless.

We live in an urban area and have a collective responsibility to reach out to help those who are less fortunate. The prospect of having 50 units devoted to helping the formerly chronically homeless and mentally is not something many of our neighbors will welcome. One of the principal reasons I am supportive of CBH's plan to redevelop the Martha Washington is the commitment on the part of CBH to provide a high-level of case management to properly monitor and care for an admittedly difficult to manage population and to augment that case management with a work force training program. Based on experience with CBH and a personal relationship with some of its key staff members, I am confident CBH will provide exemplary case management and enable this innovative housing venture to be successful on multiple levels.

I agreed to join CBH to help redevelop the Martha Washington because I believe the combination of an innovative housing solution, case management and workforce training is a template for mixing populations and helping to solve daunting social problems.

If you have any questions or comments, please do not hesitate to advise.

Sincerely,



James H. Winkler

JHW/lms06-078



**PNCA**

August 30, 2006

To Whom It May Concern:

I am writing today in support of the Cascadia Behavioral Healthcare and Winkler Companies' proposal for use of the historic Martha Washington hotel as a site for permanent supportive low-income housing and artist community.

This innovative approach to renewal addresses two important housing needs in Portland's central core and cultural district, while simultaneously preserving a historic building and providing valuable work space for emerging artists. As president of Pacific Northwest College of Art, I am acutely aware of the lack of affordable housing in our artist community.

Many recent graduates, MFA students, and upper-division BFA students at PNCA would qualify for the 30 units earmarked in this project for low-income artists. PNCA prides itself on producing artists capable of integrating socially and creatively with all members of society. Artists, by nature, are creative individuals, sometimes viewed as eccentric or lying beyond mainstream culture. To this end, their tolerance of a variety of populations will create a positive environment for the building as a whole, helping to establish a model of normative behavior and a reputable example of the creative community in Portland.

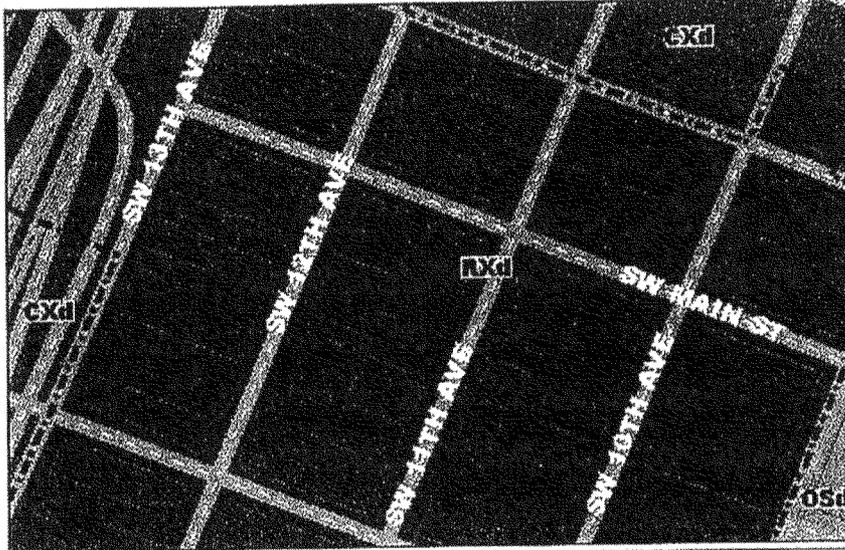
PNCA's mission is to prepare students for sustained creative achievement in the fine and design arts and throughout their lives. An education from PNCA strengthens a student's ability to interpret the conditions and events shaping the world and prepares them to engage that world and its cultures with understanding, enthusiasm, and integrity. With this in mind, I place full support in the Cascadia/Winkler Martha Washington Hotel proposal as a place where a partnership between diverse cultures and communities results in a true societal asset for our community as a whole.

Sincerely,

Thomas Manley  
President

■ Zoning Code

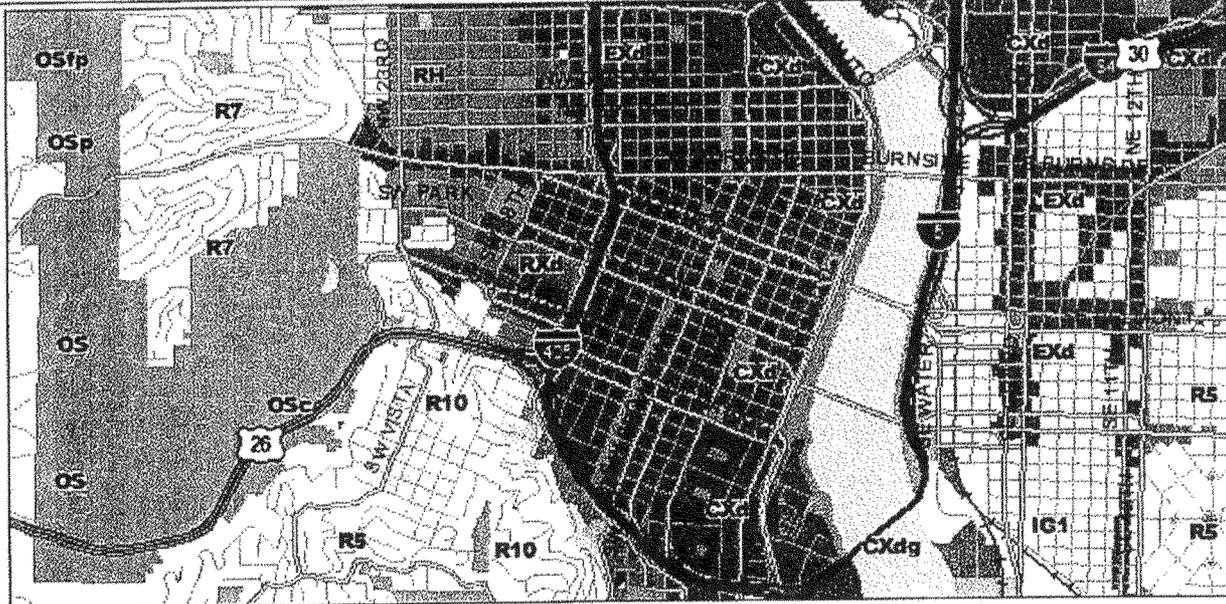
## Zoning



	Commercial
	Employment
	Industrial
	Open Space
	Residential (Single)
	Residential (Farming)
	Residential (Multi)
	Commercial/Residential

0 |-----| 300 FT

Zone	RX	Plan District	Central City
Description	Central Residential	NRMP District	
Overlay	d	Historical Resource Type	
Comp Plan	RX	Historic District	
Comp Plan Overlay		Conservation District	
Zoning Map	3128	Urban Renewal Area	South Park Blocks



0 |-----| 3000 FT

# Base Zones and Overlay Zones



## CITY OF PORTLAND, OREGON - BUREAU OF DEVELOPMENT SERVICES

1900 SW Fourth Avenue • Portland, Oregon 97201 • 503-823-7526 • www.portlandonline.com/bds



Base Zone Name	Map Symbol
Open Space	OS
<b>Single Dwelling Zones</b>	
Residential Farm and Forest	RF
Residential 20,000	R20
Residential 10,000	R10
Residential 7,000	R7
Residential 5,000	R5
Residential 2,500	R2.5
<b>Multi Dwelling Zones</b>	
Residential 3,000	R3
Residential 2,000	R2
Residential 1,000	R1
High Density Residential	RH
Central Residential	RX
Institutional Residential	IR
<b>Commercial Zones</b>	
Neighborhood Commercial 1	CN1
Neighborhood Commercial 2	CN2
Office Commercial 1	CO1
Office Commercial 2	CO2
Mixed Commercial/Residential	CM
Storefront Commercial	CS
General Commercial	CG
Central Commercial	CX
<b>Employment Zones</b>	
General Employment 1	EG1
General Employment 2	EG2
Central Employment	EX
<b>Industrial Zones</b>	
General Industrial 1	IG1
General Industrial 2	IG2
Heavy Industrial	IH

Overlay Zone Name	Map Symbol
Aircraft Landing	h
Airport Noise Impact	x
Alternative Design Density	a
Buffer	b
Design	d
Environmental Conservation	c
Environmental Protection	p
Future Urban	f
Historic Resource Protection	● or ▲
Light Rail Transit Station	t
Main Street Node	j
Main Street Corridor	m
Pleasant Valley Natural Resources	v
River Natural (Greenway)	n
River Recreational (Greenway)	r
River General (Greenway)	g
River Industrial (Greenway)	i
River Water Quality (Greenway)	q
Scenic Resource	s

Comprehensive Plan Map Designations that have more than One Corresponding Zone		
Comprehensive Plan Map Designation	Map Symbol	Consistent Zones
Neighbor Commercial	(NC)	CN1, CN2
Office Commercial	(OC)	CO1, CO2
Urban Commercial	(UC)	CM, CS
Mixed Employment	(ME)	EG1, EG2
Industrial Sanctuary	(IS)	IG1, IG2, IH

All Information is Subject to Change

lu\_zones 01/25/06

- (2) The dwelling units will be preserved for at least 60 years.

**33.510.119 Retail Sales And Service and Office Uses in Specified Historic Resources in the IG2 and IH Zones**

- A. Where these regulations apply.** The regulations of this subsection apply in the IG2 and IH Zones to historic resources that are listed on the National Register of Historic Places or are identified as contributing in the analysis done in support of a Historic District's creation.
- B. Allowed uses.** Up to 12,000 square feet on a site may be in Retail Sales And Service or Office use. The total amount of square footage includes floor area, exterior display, and storage area of all Retail Sales And Service and Office uses on the site. More than 12,000 square feet on a site in Retail Sales And Service uses is prohibited.
- C. Conditional uses.** More than 12,000 square feet on a site may be in Office uses if approved through a conditional use. The total amount of square footage includes floor area, exterior display, and storage area of Office uses on the site. If there are also Retail Sales And Service uses on the site, no more than 12,000 square feet may be in Retail Sales And Service use.

**Development Standards**

**33.510.200 Floor Area Ratios**

- A. Purpose.** The maximum floor area ratio (FAR) standards are intended to accomplish several purposes of the Central City Plan. These include coordinating private development with public investments in transportation systems and other infrastructure, limiting and stepping down building bulk to the Willamette River, residential neighborhoods, and historic districts. While consistent with these purposes, the floor area ratios are intended to be the largest in the Portland region.
- B. Floor area ratio standard.**
1. Generally. The maximum floor area ratios for all sites in the Central City plan district are shown on Map 510-2 at the end of this chapter. Floor area ratios greater than shown on Map 510-2 are prohibited unless allowed by Subsections C. through G., below, or by 33.510.210.
  2. Goose Hollow. The minimum floor area ratio for all sites in the Goose Hollow subdistricts is 1 to 1.
  3. Specified sites in the West End Subarea. In the area shown on Map 510-14, the following regulations apply:
    - a. Maximum. The maximum floor area ratio is 6 to 1. If at least 33 percent of floor area is in residential use, the maximum floor area ratio is 9 to 1.
    - b. Minimum. The minimum floor area ratio is 2 to 1.

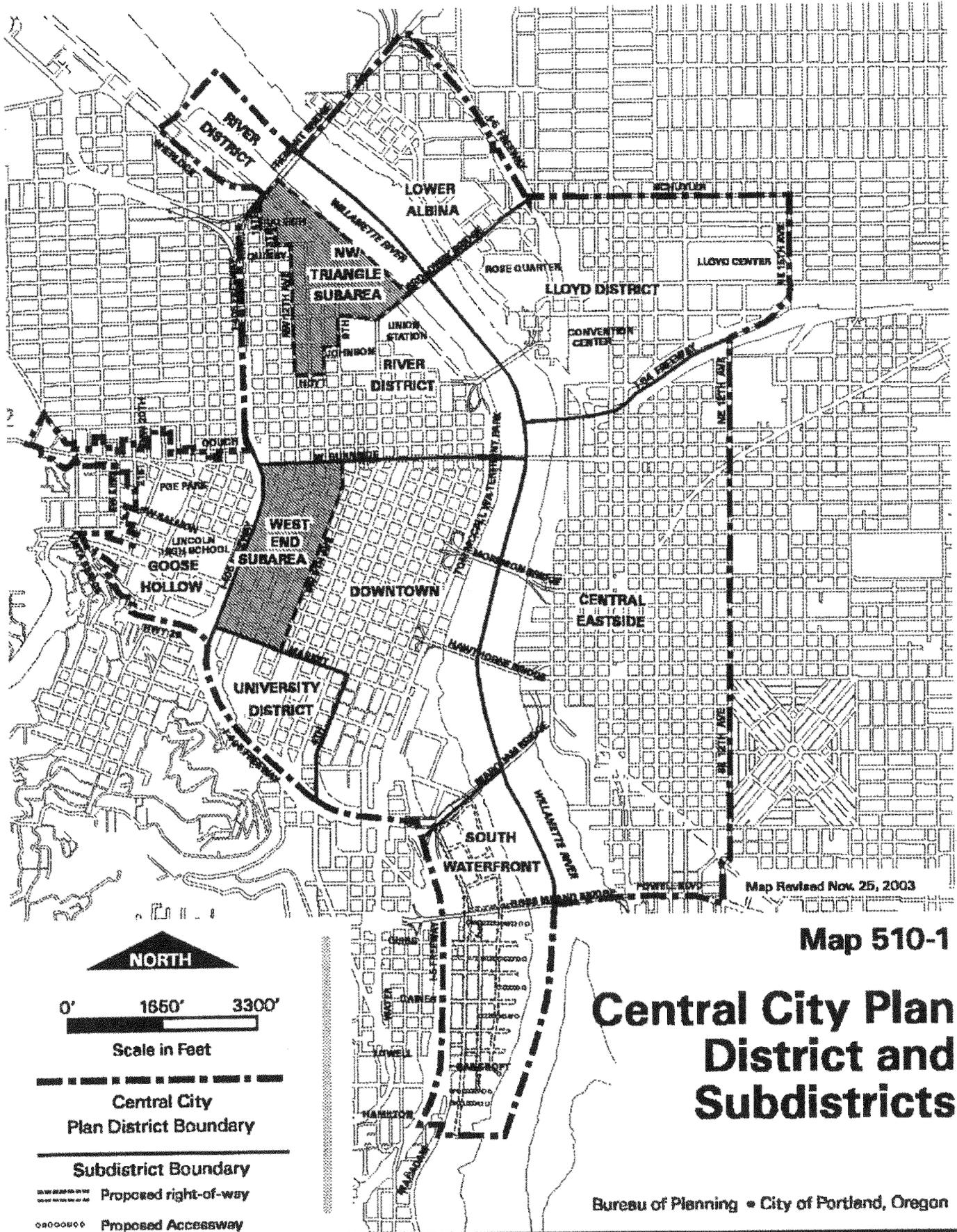
4. **South Waterfront Subdistrict.** In the South Waterfront Subdistrict, floor area used for automated parking is not counted towards maximum FAR for the site. The automated parking facility must rely on a mechanical system instead of a vehicle operator to transport vehicles to a storage space within the facility.

**C. Limit on increased floor area.**

1. Generally. Except as provided under C.2. and 3., below, increases in FAR, whether by transfers of floor area or bonus floor area options, of more than 3 to 1 are prohibited;
2. In the portion of the West End subarea that is not shown on Map 510-14, the following applies. There is no maximum to the amount of bonus floor area that may be earned. However, the total floor area on a site, including bonus floor area and transferred floor area, may not be more than 12 to 1. Adjustments are prohibited.
3. In the South Waterfront Subdistrict the following applies:
  - a. Generally. Except as allowed under Subparagraphs 3.b. and c., below, no more than 2:1 FAR may be earned on a site through the use of bonuses. There is no maximum to the amount of floor area that may be transferred to a site. However, the total floor area on a site, including bonus floor area and transferred floor area, may not be more than 9 to 1, except as allowed under C.3.c. below. Adjustments to the regulations of this paragraph are prohibited.
  - b. An FAR of more than 2 to 1 may be earned on a site through the use of bonuses if at least 1 to 1 FAR is earned on the site through the use of the open space bonus option, open space fund bonus option, or South Waterfront Willamette River Greenway bonus option. However, the total floor area on the site, including bonus floor area and transferred floor area, may not be more than 9 to 1.
  - c. The total floor area on a site, including bonus floor area and transferred floor area, may be more than 9 to 1 if all of the following are met:
    - (1) The floor area above the 9 to 1 ratio must be transferred from the South Waterfront Greenway Area; and
    - (2) The portion of the South Waterfront Greenway Area that floor area is being transferred from must have been dedicated to the City since September 1, 2002.

**D. Transfer of floor area within a project.** In the CX and EX zones, floor area, including bonus floor area, may be transferred between abutting lots within a site or sites being developed jointly. This also applies to lots within a site which would be abutting but for a right-of-way. Floor area transfers are subject to the following restrictions:

1. If the site is within the Downtown subdistrict as shown on Map 510-1, floor area may be transferred between abutting lots within a site or sites being developed jointly provided the lots are within the same block. Floor area transfers across rights-of-way are prohibited in the Downtown subdistrict.
2. Buildings on each site may not exceed the height limit established for that site by the regulations of this chapter;



Map Revised Nov. 25, 2003

### Map 510-1

# Central City Plan District and Subdistricts

Bureau of Planning • City of Portland, Oregon

**NORTH**

0'      1650'      3300'

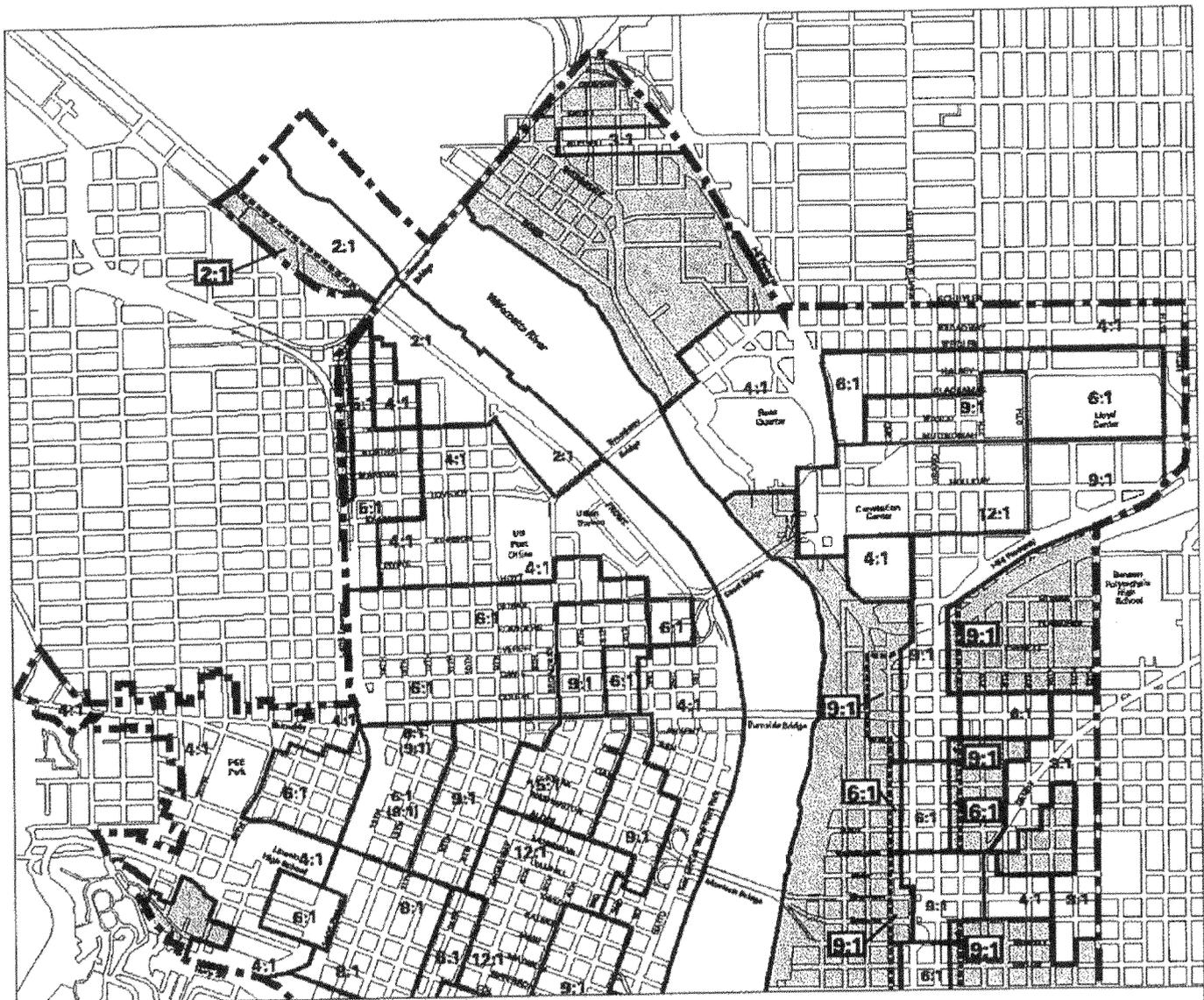
Scale in Feet

— — — — — Central City Plan District Boundary

— — — — — Subdistrict Boundary

— — — — — Proposed right-of-way

— — — — — Proposed Accessway



**LEGEND**

- X** = Gross sq. ft. of building
- Y** = Square ft. of site
- XY** Maximum FAR
- (X:Y)** Residential Maximum FAR (33.510.58.200.B)
- [X:Y]** Allowable FAR when rezoned to EX



Area where Floor Area Ratio (FAR) is determined by Base Zone



FAR area boundary



Boundary of allowable FAR when rezoned to EX

Map Revised July 1, 2005

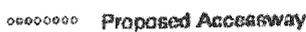


0'      1350'      2700'

Scale in Feet



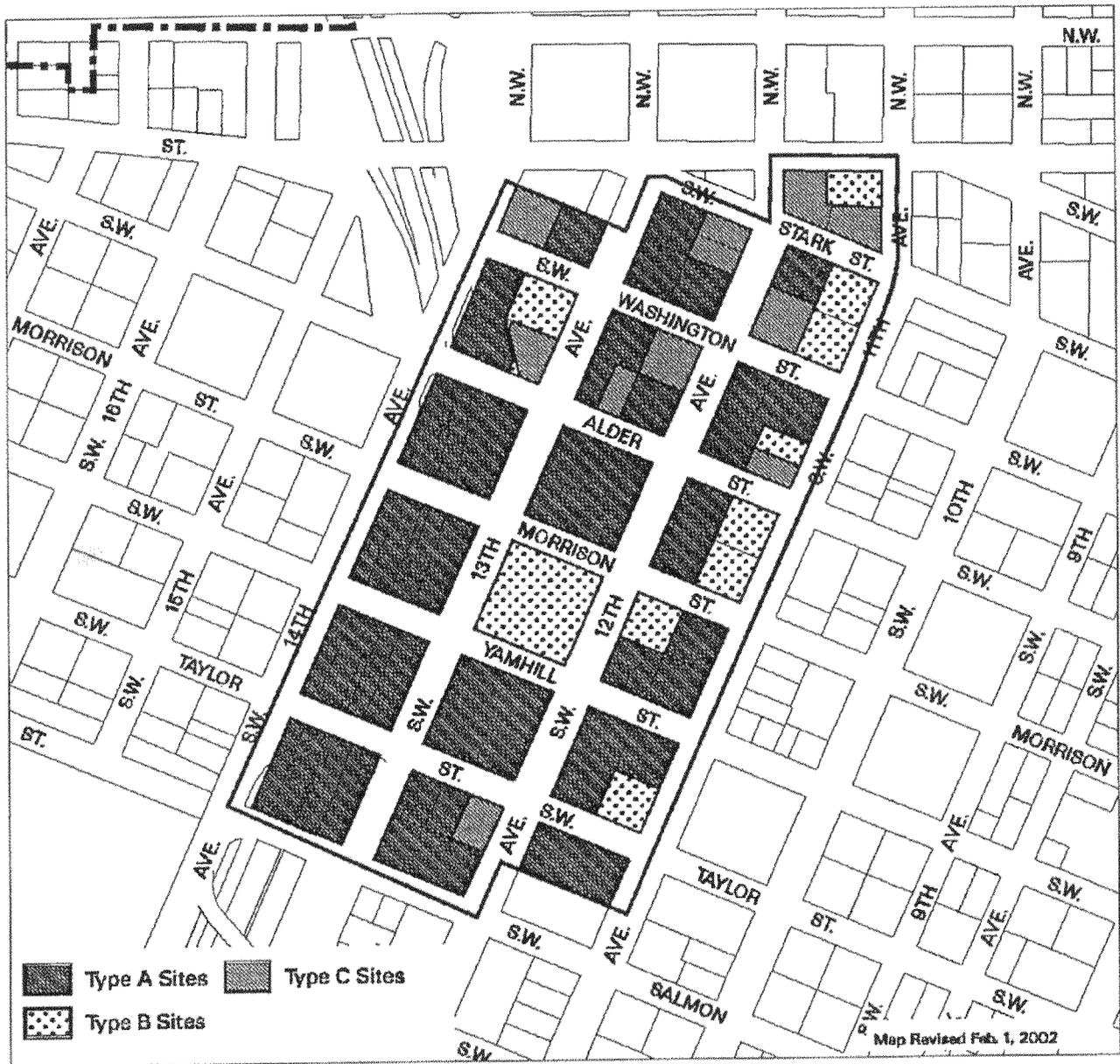
Central City  
Plan District Boundary



## Map 510-2

# Floor Area Ratios

Map 1 of 2



Map 510-14

## Areas Where Additional Uses May Be Allowed in the RX Zone

■ Copy of Oregonian article

## Neal Beroz

---

**From:** Candice Crossley [candice@cascadiabhc.org]  
**Sent:** Thursday, August 24, 2006 12:34 PM  
**To:** Neal Beroz  
**Subject:** FW: Portland Oregonian Document

No picture with this.

---

**From:** NewsBank -- service provider for Portland Oregonian Archives [mailto:newslibrary@newsbank.com]  
**Sent:** Thursday, August 24, 2006 12:06 PM  
**To:** candice@cascadiabhc.org  
**Subject:** Portland Oregonian Document

## Portland Oregonian

### Oregonian, The (Portland, OR)

July 7, 2006

#### **Through art, they master peace of mind**

Author: SCOTT LEARN; The Oregonian

Edition: Sunrise

Section: Local News

Page: D01

Estimated printed pages: 3

Article Text:

**SUMMARY:** Studio Cascadia Behavioral clients paint their way past society's labels about mental illness. James Harger pauses his paintbrush midstroke and smiles when asked what mental illness he has. "I've got the big one," he says. "Paranoid schizophrenic."

Harger, 44, is also a productive and inspired artist, as a 3-foot stack of finished canvases in Cascadia Behavioral Healthcare's studio suggests.

Today, Harger and other Cascadia clients will have a fundraiser at ecoPDX in North Portland to benefit the studio and kick off a three-week art show.

The second annual art show is part showcase, an opportunity for connections between people with mental illnesses who often feel on the margin of society and a public that can marginalize them.

It's also a chance for the studio to raise money by selling what are often powerful paintings. Cascadia wants the studio, wedged into a matchbox-sized room in Cascadia's Southeast Division Street clinic, to run on its own by next year.

The 5-year-old studio's position is almost always precarious given state budget cuts that squeeze Cascadia's funding. But it's jammed floor to ceiling with art, elementary to advanced.

For Harger and the other artists, the studio is a place to crack jokes, talk a little trash and focus wholeheartedly on a task. Harger visits from his Southeast Portland apartment three times a week, painting fast in abstract style.

He searches for an idea. "Children playing," a fellow artist suggests, and he's off, using acrylic paint and bold, thick lines to suggest sunlight and figures in motion. He has painted with the same half-inch brush for more than a year. "It's a challenge every time," he says. "I like to say my art speaks for me. It keeps my mind busy."

Cascadia is Oregon's largest health care provider for poor adults and children. Its use of art therapy mirrors national trends in treating mental illnesses, as well as grief, domestic violence and trauma.

Barbara Penn, Cascadia's art therapist, has run the studio for almost six years. Painting can help people with mental illnesses quiet unwanted voices in their heads, calm anxieties and diminish episodes of depression or

8/28/2006

mania, she says.

The artists often surprise themselves with the quality of their work, says Penn, an artist herself with recurrent depression. Many times their paintings sell pretty well, too, not bad for self-esteem. They start to get a different angle on themselves.

"There's a traditional idea of what people in the community think of a person with mental illness," Penn says. "This helps take away that stigma and changes it to, 'Here is this person who is an artist.' That can change the person's whole self-concept."

Laura Roholt, diagnosed with bipolar disorder (manic depression), found that to be true. She started with a simple watercolor painting, no drawing or outline behind it. Outside the studio, she was scared to make choices.

"I've grown up in the art studio, so to speak," says Roholt, 44, who now paints detailed scenes. "I still have to ask for help sometimes, but I make my own decisions now."

Society tends to brand mental illness as a constant state, advocates say, inescapable and dangerous. In fact, it's usually episodic, with people typically able to function well in-between. Medication can help control the episodes. So can diet, friends and family, exercise --and creative outlets.

Tom Trepper, 55, learned to draw as a kid by copying MAD magazine's pen-and-ink drawings. Trepper, diagnosed with depression, renders precise paintings of Spanish churches and other buildings. He sometimes works for months on a painting, a focus that helps keep his mind from wandering off track.

"When you first start feeling things, the depression just comes right back like a freight train," Trepper says. "You gotta keep yourself moving."

Penn's dream is to open an independent community art studio for people with mental illnesses, perhaps patterned after a successful studio in San Francisco. She worked for free for seven months in 2003, when state budget cuts threatened to close Cascadia's studio. Her devotion wins raves from the studio's artists.

"She's an angel with a V-8 engine," Trepper says.

The artists will help guide visitors at the fundraiser, with tickets and donations supporting the studio. Proceeds from the sale of artworks will be split between the studio and the artists.

Scott Learn: 503-294-7657;

scottlearn@news.oregonian.com

ILLUSTRATION: Color Photo by The Oregonian / JORDAN CURET

ILLUSTRATION: Sidebar text -- ART SHOW

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Record Number: MERLIN\_8233560

■ **Cascadia Audit**

**CASCADIA BEHAVIORAL HEALTHCARE, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Years Ended June 30, 2005 and 2004**



CASCADIA BEHAVIORAL HEALTHCARE, INC.  
 FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2005 and 2004

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CASCADIA BEHAVIORAL HEALTHCARE, INC.  
FINANCIAL STATEMENTS  
For the Years Ended June 30, 2005 and 2004

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CASCADIA BEHAVIORAL HEALTHCARE, INC.  
GOVERNING BOARD AND MANAGEMENT

---

**Board of Directors**

---

Doug Babb  
Byron Backlar  
Matt Cohen  
Dick Cowan  
Steve Daniels

Dorothy Elmore  
Phill Guay  
Todd Hubbell  
Gregg Lowe  
Wayne Miya

Norm Monroe  
Miriam Robinson  
John Stephenson  
Vikki Vandiver  
Chris Verbiest

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**Management**

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Leslie Ford, MSW, LCSW  
President and Chief Executive Officer

Neal Beroz, MS  
Vice President, Housing Development

John Bischof, M.D.  
Medical Director

Jim Hlava, MSW, LCSW  
Vice President, Clinical Services

Debra Humphrey-Keever, CPA  
Vice President, Fiscal Services and Chief  
Financial Officer

Paul D. Potter, MSW, MAC  
Vice President, Clinical Services

Glnny Robinson, MSW, LCSW  
Vice President, Clinical Services

Judy Watson, M. Ed.  
Vice President, Operations

Administrative Offices  
Cascadia Behavioral Healthcare, Inc.  
P.O. Box 8459  
2130 S.W. Fifth Avenue, Suite 210  
Portland, OR 97201

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### CHIEF EXECUTIVE OFFICER'S MESSAGE

After three years of fast paced change, a series of rapid contractions followed by equally rapid growth, fiscal year 2004-05 was supposed to be the year we consolidated our gains, fine tuned our infrastructure and positioned ourselves for future growth. We intended to focus on completing our salary equity project and finish the integration of our entire human resources systems post merger. This was the year that we would begin the transition to an electronic medical records system, and integrate the clinical records with our billing processes. As we surveyed our staff resources, we realized it was time to dedicate time and resources towards leadership development and to thoughtfully build depth in our management structures. All of these goals were met. We completed the salary equity project, bought Essentia (the electronic medical record package), and started a formal supervisor and leadership training program. We began to build depth in our Development and our Cultural Relations departments and added support to our clinical operations. In all these activities, we are looking for ways to integrate functions and to communicate results.

While it was and is clearly important to focus effort on the underpinnings of the organization, we also have found that opportunities for the development of new services have been plentiful. The organization as a whole grew at a 15 percent annual rate. This year Project Respond expanded its mobile outreach capacity to Washington County. In Marion County, we were awarded the contract to build the first of its kind residential treatment beds for those with gambling addictions. We continued our push to move the philosophy of our outpatient mental health services more fully into a recovery model. And, of course, we continued our commitment to bringing new affordable housing to our community. By the end of this fiscal year, our housing development team added 100 units of new housing including Midland Commons, Prescott Terrace, West Gresham Apartments, and Barbara Roberts House.

It has become clear to us all that evolving our infrastructure is a continuous improvement process and one that will occur side by side with our ongoing clinical program growth. This kind of integration will enable us to always be prepared for the next set of opportunities.

Leslie Ford  
President and Chief Executive Officer



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## REPORT OF MANAGEMENT

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the consolidated financial position of Cascadia Behavioral Healthcare, Inc. and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of the financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The consolidated financial statements have been examined by the organization's independent accountants, Jones & Roth, P.C., whose report appears on pages 4-5. Their examinations were made in accordance with auditing standards generally accepted in the United States of America. The Board of Directors meets periodically with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the organization's financial statements. The Board of Directors also reviews the scope and results of the organization's audit, and current and emerging accounting and financial requirements and practices affecting the organization.

Debra Humphrey-Keever, CPA  
Vice-President, Fiscal Services

**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Cascadia Behavioral Healthcare, Inc.  
Portland, Oregon

We have audited the accompanying consolidated statements of financial position of Cascadia Behavioral Healthcare, Inc. as of June 30, 2005 and 2004, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Cascadia Behavioral Healthcare, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cascadia Behavioral Healthcare, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2005, on our consideration of Cascadia Behavioral Healthcare, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Jones & Roth, P.C.  
[www.jrcpa.com](http://www.jrcpa.com)

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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Cascadia Behavioral Healthcare, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2005

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2005 and 2004

	<u>2005</u>	<u>(Restated) 2004</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents:		
Cash held for others	\$ 727,077	\$ 900,933
Available for operations	<u>2,213,211</u>	<u>1,840,506</u>
Total cash and cash equivalents	2,940,288	2,741,439
Accounts receivable, net of allowance	752,862	957,900
Grants receivable	2,711,393	2,318,039
Pledges receivable	28,653	30,059
Receivable from affiliated organizations	181,756	607,913
Prepaid expenses and deposits	64,740	78,632
Developer fee receivable	125,000	-
Short-term investments	483,658	-
Other current assets	<u>23,847</u>	<u>13,540</u>
Total current assets	<u>7,312,197</u>	<u>6,747,522</u>
<b>Non-current assets</b>		
Restricted cash	409,885	372,642
Notes receivable	2,595,640	1,798,097
Land, buildings, and equipment, net of accumulated depreciation	9,391,376	7,699,965
Investment in joint venture	<u>492,814</u>	<u>492,814</u>
Total non-current assets	<u>12,889,715</u>	<u>10,363,518</u>
<b>Total assets</b>	<u>\$ 20,201,912</u>	<u>\$ 17,111,040</u>

	<u>2005</u>	<u>(Restated) 2004</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 161,429	\$ 163,071
Current accounts payable and accrued expenses	537,713	948,272
Accrued payroll and related expenses	3,035,123	3,345,273
Funds held on behalf of others	501,993	522,634
Deferred revenue	<u>633,477</u>	<u>375,557</u>
Total current liabilities	4,869,735	5,354,807
<b>Non-current liabilities</b>		
Long-term debt, net of current portion	<u>6,101,750</u>	<u>5,899,170</u>
Total liabilities	<u>10,971,485</u>	<u>11,253,977</u>
<b>Net assets</b>		
Unrestricted:		
Net investment in fixed assets	2,611,223	1,637,724
Available for operations	<u>4,181,411</u>	<u>3,943,473</u>
Total unrestricted	6,792,634	5,581,197
Temporarily restricted	<u>2,437,793</u>	<u>275,866</u>
Total net assets	<u>9,230,427</u>	<u>5,857,063</u>
<b>Total liabilities and net assets</b>	<u>\$ 20,201,912</u>	<u>\$ 17,111,040</u>

The accompanying notes are an integral part  
of the consolidated financial statements.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating revenues, gains, and other support</b>			
Multnomah County service contracts	\$ 8,188,758	\$ 1,710,577	\$ 9,899,335
Marion County service contracts	1,303,127	659,417	1,962,544
Other county and local government service contracts	1,534,812	-	1,534,812
State of Oregon service fees	5,824,906	950,265	6,775,171
Title XIX and XVIII service fees	17,034,453	-	17,034,453
Third-party reimbursements and client fees	983,747	-	983,747
Other contracts	327,298	-	327,298
Program service fees	1,335,312	2,445,026	3,780,338
Grants and contributions	1,814,526	-	1,814,526
Interest	29,079	-	29,079
In-kind contributions	64,246	-	64,246
Other	1,456,147	-	1,456,147
	<u>39,896,411</u>	<u>5,765,285</u>	<u>45,661,696</u>
Total revenues and gains			
Net assets released from restrictions	<u>3,603,358</u>	<u>(3,603,358)</u>	<u>-</u>
	<u>43,499,769</u>	<u>2,161,927</u>	<u>45,661,696</u>
Total revenues, gains, and other support			
<b>Expenses</b>			
Program services	37,155,577	-	37,155,577
Management and general	4,946,840	-	4,946,840
Fundraising	185,915	-	185,915
	<u>42,288,332</u>	<u>-</u>	<u>42,288,332</u>
Total expenses			
Change in net assets	1,211,437	2,161,927	3,373,364
Net assets at beginning of year, as restated	<u>5,581,197</u>	<u>275,866</u>	<u>5,857,063</u>
Net assets at end of year	<u>\$ 6,792,634</u>	<u>\$ 2,437,793</u>	<u>\$ 9,230,427</u>

The accompanying notes are an integral part  
of the consolidated financial statements.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating revenues, gains, and other support</b>			
Multnomah County service contracts	\$ 8,058,464	\$ 875,267	\$ 8,933,731
Marion County service contracts	1,730,807	-	1,730,807
Other county and local government service contracts	1,229,871	193,891	1,423,762
State of Oregon service fees	5,213,347	944,545	6,157,892
Title XIX and XVIII service fees	14,434,151	-	14,434,151
Third-party reimbursements and client fees	1,149,065	-	1,149,065
Other contracts	312,942	-	312,942
Program service fees	1,994,860	-	1,994,860
Grants and contributions	1,476,268	214,811	1,691,079
Interest	20,997	-	20,997
In-kind contributions	16,244	-	16,244
Other	<u>742,302</u>	<u>-</u>	<u>742,302</u>
 Total revenues and gains	 36,379,318	 2,228,514	 38,607,832
Net assets released from restrictions	<u>2,295,442</u>	<u>(2,295,442)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>38,674,760</u>	 <u>(66,928)</u>	 <u>38,607,832</u>
 <b>Expenses</b>			
Program services	32,468,259	-	32,468,259
Management and general	<u>4,485,869</u>	<u>-</u>	<u>4,485,869</u>
 Total expenses	 <u>36,954,128</u>	 <u>-</u>	 <u>36,954,128</u>
 <b>Non-operating additions</b>			
Mental Health Partners (Note 1)	<u>525,327</u>	<u>104,500</u>	<u>629,827</u>
 <b>Change in net assets</b>	 2,245,959	 37,572	 2,283,531
Net assets at beginning of year, as previously reported	<u>2,565,235</u>	<u>958,297</u>	<u>3,523,532</u>
Net assets at end of year, as previously reported	4,811,194	995,869	5,807,063
Prior period adjustment	<u>770,003</u>	<u>(720,003)</u>	<u>50,000</u>
Net assets at end of year, as restated	<u>\$ 5,581,197</u>	<u>\$ 275,866</u>	<u>\$ 5,857,063</u>

The accompanying notes are an integral part  
of the consolidated financial statements.

**CASCADIA BEHAVIORAL HEALTHCARE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2005

	Program Services					Support Services				Grand Total
	Mental Health Services	Integrated Services	Residential Services	Property Management and Development	SMYRC Services	Total	Fundraising Activities	Management and General	Total	
Payroll and related costs	\$ 16,419,430	\$ 4,146,251	\$ 6,746,829	\$ 542,940	\$ 153,607	\$ 28,009,057	\$ 140,322	\$ 3,351,577	\$ 3,491,899	\$ 31,500,956
Professional fees - program	1,395,421	18,160	8,775	-	-	1,422,356	-	-	-	1,422,356
Professional fees - other	49,722	13,432	2,397	12,381	2,980	80,912	1,600	398,576	400,176	481,088
Residential services	-	-	-	-	-	-	-	-	-	-
On-call services	-	-	-	-	-	-	-	-	-	-
Interpreter services	45,146	4,658	959	-	-	50,763	-	-	-	50,763
Subcontract costs	136,000	-	-	-	-	136,000	-	-	-	136,000
Office supplies	390,291	19,832	31,137	7,706	4,586	453,552	-	148,747	148,747	602,299
Program supplies	400,621	78,172	185,533	-	11,775	676,101	-	690	690	676,791
Medical supplies and equipment	26,291	81,920	200,884	-	-	309,095	-	-	-	309,095
Repairs and maintenance	412,169	11,554	82,270	564,536	2,448	1,072,977	-	41,754	41,754	1,114,731
Equipment leases	107,141	13,176	29,017	80	-	149,414	6,050	164,777	170,827	320,241
Food and related expenses	139,085	78,802	443,402	-	1,504	662,793	-	-	-	662,793
Printing and postage	65,127	2,408	481	3,112	2,024	73,152	14,343	76,149	90,492	163,644
Telephone and utilities	466,459	65,375	102,611	332,391	926	967,762	484	115,290	115,774	1,083,536
Rent	1,172,874	30,720	2,400	448,037	-	1,654,031	-	233,301	233,301	1,887,332
Insurance	299,070	7,475	10,801	42,834	-	360,180	-	44,517	44,517	404,697
Dues and subscriptions	19,513	5,314	245	790	213	26,075	200	5,803	6,003	32,078
Training	43,572	6,369	6,994	287	4,245	61,467	364	76,336	76,700	138,167
Travel	162,688	37,478	36,413	8,726	2,753	248,058	2,078	41,440	43,518	291,576
Support organization fees	568	430	332	29	-	1,359	-	12,607	12,607	13,966
Interest	15	63,866	371	168,569	-	232,821	-	731	731	233,552
Other	18,672	873	20,166	8,153	137	48,001	20,474	35,103	55,577	103,578
<b>Total expenses before depreciation</b>	<b>21,769,875</b>	<b>4,686,265</b>	<b>7,912,017</b>	<b>2,140,571</b>	<b>187,198</b>	<b>36,695,926</b>	<b>185,915</b>	<b>4,747,398</b>	<b>4,933,313</b>	<b>41,629,239</b>
Depreciation	59,480	75,805	11,201	313,165	-	459,651	-	199,442	199,442	659,093
<b>Total expenses</b>	<b>\$ 21,829,355</b>	<b>\$ 4,762,070</b>	<b>\$ 7,923,218</b>	<b>\$ 2,453,736</b>	<b>\$ 187,198</b>	<b>\$ 37,155,577</b>	<b>\$ 185,915</b>	<b>\$ 4,946,840</b>	<b>\$ 5,132,755</b>	<b>\$ 42,288,332</b>

The accompanying notes are an integral part  
of the consolidated financial statements.

**CASCADIA BEHAVIORAL HEALTHCARE, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2004

	Program Services							Management and General	Total
	Mental Health Services	Integrated Services	Residential Services	Property Management and Development	Vanguard Youth Services	Other Programs	Total		
Payroll and related costs	\$ 13,708,587	\$ 4,144,612	\$ 6,243,035	\$ 560,809	\$ 224,824	\$ -	\$ 24,881,867	\$ 2,695,451	\$ 27,577,318
Professional fees - program	803,539	72,623	68,006	11,101	1,394	184	956,847	-	956,847
Professional fees - other	19,723	22,494	48,429	1,387	245	-	92,279	245,757	338,035
Residential services	-	-	-	-	-	-	-	-	-
On-call services	-	-	-	-	-	168,407	168,407	-	168,407
Interpreter services	-	-	-	-	-	-	-	-	-
Subcontract costs	26,736	6,673	578	-	-	-	33,987	-	33,987
Office supplies	186,539	37,756	12,343	7,231	1,456	-	245,325	126,489	371,814
Program supplies	230,527	107,740	119,952	-	12,936	-	471,155	-	471,155
Medical supplies and equipment	17,694	73,324	20,530	-	-	-	111,548	-	111,548
Repairs and maintenance	300,507	91,936	62,629	328,659	4,458	-	788,190	37,874	826,063
Equipment leases	95,208	61,426	33,454	-	3,754	-	193,843	193,821	387,663
Food and related expenses	160,155	81,865	408,085	-	208	-	650,313	-	650,313
Printing and postage	55,866	22,125	398	113	3,189	-	81,691	84,827	166,518
Telephone and utilities	369,593	160,892	87,948	372,634	10,469	-	1,001,536	97,658	1,099,194
Rent	1,000,126	214,078	4,890	282,827	20,868	-	1,522,789	220,888	1,743,677
Insurance	34,397	13,449	25,546	31,762	147	-	105,300	227,195	332,495
Dues and subscriptions	15,474	3,358	462	650	-	-	19,944	3,422	23,366
Training	27,245	7,559	1,279	352	109	-	36,543	64,704	101,247
Travel	151,392	28,866	27,176	11,161	4,698	-	223,294	22,221	245,515
Support organization fees	1,361	43	-	-	-	-	1,404	12,156	13,560
Interest	5,084	78,527	6,346	174,312	-	-	264,268	93,667	357,935
Other	4,569	4,044	6,099	7,430	594	137,059	159,795	131,996	291,791
Total expenses before depreciation	17,214,323	5,233,389	7,177,185	1,790,428	289,348	305,650	32,010,323	4,258,125	36,268,447
Depreciation	42,709	102,746	9,786	302,695	-	-	457,936	227,745	685,681
Total expenses	\$ 17,257,032	\$ 5,336,135	\$ 7,186,971	\$ 2,093,124	\$ 289,348	\$ 305,650	\$ 32,468,259	\$ 4,485,869	\$ 36,954,128

The accompanying notes are an integral part  
of the consolidated financial statements.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>(Restated) 2004</u>
<b>Cash flows from operating activities</b>		
Cash received from clients, grants, contributions, and others	\$ 41,628,921	\$ 36,122,698
Cash received from tenants and other service recipients	4,107,636	2,307,802
Interest received	29,079	20,997
Cash paid to employees and suppliers	(41,865,224)	(36,530,486)
Interest paid	<u>(233,553)</u>	<u>(357,935)</u>
 Net cash provided by operating activities	 <u>3,666,859</u>	 <u>1,563,076</u>
<b>Cash flows from investing activities</b>		
Purchase of land, buildings and equipment	(2,350,504)	(133,898)
Loans to others	(797,543)	(1,052,690)
Purchase of short-term investments	(483,658)	-
Changes in restricted cash reserves	<u>(37,243)</u>	<u>(248,555)</u>
 Net cash used by investing activities	 <u>(3,668,948)</u>	 <u>(1,435,143)</u>
<b>Cash flows from financing activities</b>		
Payments on long-term debt	(173,104)	(342,011)
Proceeds from long-term debt	374,042	2,047,991
Payments made on capital lease obligations	<u>-</u>	<u>(446,512)</u>
 Net cash provided by financing activities	 <u>200,938</u>	 <u>1,259,468</u>
 <b>Net Increase in cash and cash equivalents</b>	 <u>198,849</u>	 <u>1,387,401</u>
 Cash and cash equivalents, at beginning of year	 <u>2,741,439</u>	 <u>1,354,038</u>
 Cash and cash equivalents, at end of year	 <u>\$ 2,940,288</u>	 <u>\$ 2,741,439</u>
 <b>Supplementary disclosures</b>		
Notes issued for the acquisition of property	<u>\$ -</u>	<u>\$ 1,488,062</u>
 In-kind contribution of building and land	 <u>\$ -</u>	 <u>\$ 1,232,366</u>

The accompanying notes are an integral part  
of the consolidated financial statements.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies and Organizational Structure**

**Organization and Program Services**

Cascadia Behavioral Healthcare, Inc. (Cascadia) is incorporated in the state of Oregon as a not-for-profit organization to provide services for charitable and educational purposes. Its mission is to provide a comprehensive, integrated system of behavioral health care and management that demonstrates quality service, innovative approaches, effective outcomes, consumer satisfaction, and cost containment in Multnomah, Washington, and Marion Counties in Oregon.

During the years ended June 30, 2005 and 2004, Cascadia incurred program service expenses in the following major categories:

**Mental Health Services**

Cascadia provides services for adults with severe mental illness. Services consist of a comprehensive array of support specifically designed to maintain clients in their communities. Cascadia also provides behavioral health care to children, families, young adults, and older adults in psychiatric distress who need evaluation, crisis intervention, medication, and/or outpatient counseling.

**Integrated Services**

These programs place an emphasis on combining mental health and addiction treatment services for individuals with co-occurring disorders. Cascadia offers a broad range of outpatient and residential services at multiple locations for individuals in need of treatment for substance-related disorders. Cascadia's gambling addiction program offers specialized services for individuals and families experiencing problems relating to gambling.

**Residential Services**

Cascadia's Residential Services work with over 300 individuals across 19 sites. Staff support at the sites vary from 8 hours per day at the Semi-Independent Living sites to 24-hour care at the licensed programs. Services provided include custodial and clinical staff, meals, skills training, medication management, case management and psychiatric services. The programs specialize in working with homeless individuals, State Hospital clients, and/or forensic clients.

**Property Management and Development**

Cascadia's staff develop affordable residential properties for persons with special needs. Cascadia's developers arrange financing, perform feasibility analysis, engage design professionals, and manage construction. Cascadia asset management staff manage over 770 units of housing in 50 different locations throughout the Portland metropolitan area. Cascadia offers multiple residential options which include staffed residential care facilities, shared housing, and traditional apartment communities. Cascadia prides itself on its ability to manage all properties such that the character and livability of the neighborhoods in which the properties are located are preserved and enhanced.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies and Organization, continued**

**Sexual Minority Youth Resource Center**

Sexual Minority Youth Resource Center (SMYRC) creates safety and support for sexual minority youth through community building, education, advocacy, and youth empowerment. Programs include the SMYRC, Roots & Branches Case Management, Bridge 13 Youth Speakers' Bureau, the Washington County Pride program, and a smoking cessation program.

**Management Services**

Cascadia provides management support services to smaller nonprofit organizations in the mental health community.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Principles of Consolidation**

The accompanying financial statements include the accounts of Cascadia and its two wholly-owned for-profit subsidiaries, Network Ventures, Inc. and MHC2 Enterprises. All significant inter-company investments, accounts, and transactions have been eliminated.

The accompanying financial statements also include the accounts of Cascadia's wholly-owned not-for-profit subsidiary, Cascadia Housing, Inc. All significant inter-company investments, accounts and transactions have been eliminated.

***Merger with Mental Health Partners***

On September 30, 2003, Cascadia completed a merger (Merger) with Mental Health Partners by accepting the contribution and transfer of 100 percent of Mental Health Partner's net assets.

The Merger was accounted for as a contribution in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* and, accordingly, the fair value of the contribution has been allocated among the net assets acquired on the basis of the estimated fair value of the assets acquired and the liabilities assumed. There are no contingencies or other matters that could affect the allocation of the value ascribed to the contribution. The results of operations of Mental Health Partners are included in the accompanying financial statements as of July 1, 2003.

There were no material adjustments required to conform to the accounting policies of the two organizations. Certain amounts of Mental Health Partners have been reclassified to conform to the reporting practices of Cascadia.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies and Organization, continued**

**Basis of Presentation**

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Cascadia and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of Cascadia and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions**

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**Contributions of Long-lived Assets**

Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets for acquisition of land, buildings, or equipment, or to rehabilitate existing properties, with specific donor-imposed restrictions concerning the use of such long-lived assets, are reported as revenues of the temporarily restricted net asset class. The restrictions are released as the stipulated time period has elapsed or when the legal limitations related to the use of the asset are no longer in force.

**Capital Assets and Depreciation**

Land, buildings, and equipment are carried at cost, and at market value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 15 to 40 years for buildings, 5 to 10 years for leasehold improvements, and 3 to 5 years for furniture and equipment.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies and Organization, continued**

**Revenue Recognition**

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned.

**Cash and Cash Equivalents**

Management considers financial instruments with maturities of less than 12 months to be cash and cash equivalents.

**Limitations on Certain Unrestricted Net Assets**

A certain portion of unrestricted net assets are limited by contract to use within the program from which they were generated. In these cases, surplus funds are not refundable or payable to the contractor, but are generally limited to providing an extension or continuation of specific program services.

**Income Taxes**

Cascadia, and the subsidiary Cascadia Housing, Inc., are exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and are publicly supported organizations as defined in Sections 170(b)(1)(a)(vi) and 509(a)(1). Cascadia's two wholly-owned subsidiaries, Network Ventures, Inc. and MHC2 Enterprises, are taxable corporations and, therefore, a provision for income taxes is generally provided in the consolidated statement of activities. Income taxes are determined on the liability method in accordance with Statements of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. No income taxes were due at June 30, 2005 or 2004.

**Reclassification of Certain Balances**

Certain reclassifications have been made in the prior year's financial statements to be comparative with the current year's presentation.

2. **Short-term Investments**

Short-term investments consisted of the following at June 30:

	2005	2004
Bonds, Sterling Savings Bank, accruing interest at 3.29%, maturing in April 2006, interest paid and reinvested annually.	\$ 483,658	\$ -

**CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**3. Accounts Receivable**

At June 30, the following accounts receivable were outstanding:

	<u>2005</u>	<u>2004</u>
State of Oregon (Title XIX and XVIII)	\$ 869,737	\$ 1,402,608
Third-party reimbursements	115,917	9,470
Client fees	220,934	321,634
Other	176	239,929
	<u>1,206,864</u>	<u>1,973,641</u>
Less allowance for doubtful accounts	<u>(453,902)</u>	<u>(1,015,741)</u>
Total accounts receivable, net of allowance	<u>\$ 752,862</u>	<u>\$ 957,900</u>

Cascadia uses the allowance method to account for uncollectible accounts receivable. Management estimates losses on accounts receivable based on prior bad debt experience and a review of existing receivables. Accounts receivable were pledged as collateral for the bank line of credit as of June 30, 2004.

**4. Receivable from Affiliated Organizations**

Amounts due from affiliated organizations at June 30, are summarized as follows:

	<u>2005</u>	<u>2004</u>
Unity, Inc.	\$ -	\$ 214,596
EcuNet Housing, Inc.	5,385	3,248
Ceres Behavioral HealthCare Systems, LLC	49,911	305,743
Southeast Network Housing Services, Inc.	3,775	3,101
Southeast Network Housing Services II, Inc.	5,092	4,697
Powell Boulevard Apartments, Inc.	5,038	1,645
Coburn Woods, Inc.	2,883	749
Mt. Hood Special Housing, Inc.	15,741	14,543
Alpine East, Inc.	5,745	7,362
North/Northeast Alternative Mental Health Housing, Inc.	5,723	1,657
Clinton Ridge Limited Partnership	5,102	1,354
Mid-County Limited Partnership	23,945	7,260
Westside Housing, Inc.	31,165	32,650
Housing West, Inc.	15,102	7,338
Three West Housing, Inc.	5,594	1,970
Other	1,555	-
	<u>\$ 181,756</u>	<u>\$ 607,913</u>

A summary of transactions with related parties during fiscal year ended June 30, 2005 and 2004, is disclosed at Note 23.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**5. Network Ventures, Inc.**

Network Ventures, Inc. was one of two wholly-owned, for-profit corporations established to hold and manage Cascadia's investment in a for-profit joint-venture, Northwest Providers Alliance (see Note 8). Condensed financial information for this subsidiary as of and for the years ended June 30, 2005 and 2004, excluding intercompany eliminations, is as follows:

	2005	2004
Assets:		
Cash	\$ 13,627	\$ 595
Accounts receivable	275	239,929
Investment in joint venture	30,968	30,968
Total assets	\$ 44,870	\$ 271,492
Liabilities and equity:		
Due to Cascadia Behavioral Healthcare, Inc.	\$ -	\$ 206,395
Accounts payable	2,472	21,282
Retained earnings	42,398	43,815
Total liabilities and equity	\$ 44,870	\$ 271,492
Profit (loss)	\$ (1,417)	\$ 6,056

Subsequent to year-end, Network Ventures, Inc. merged with MHC2 Enterprises, Inc. (see Note 6). The new for-profit corporation is Cascadia Ventures, Inc.

**6. MHC2 Enterprises, Inc.**

MHC2 Enterprises, Inc. was the second wholly-owned, for-profit corporation established to hold and manage Cascadia's investment in a for-profit joint-venture, Northwest Providers Alliance (see Note 8). Condensed financial information for this subsidiary as of and for the years ended June 30, 2005 and 2004, excluding intercompany eliminations, is as follows:

	2005	2004
Assets:		
Cash	\$ 22,124	\$ 23,816
Investment in joint venture	30,968	30,968
Total assets	\$ 53,092	\$ 54,784
Liabilities and equity:		
Due to Cascadia Behavioral Healthcare, Inc.	\$ -	\$ 1,200
Accounts payable	4,917	-
Retained earnings	48,175	53,584
Total liabilities and equity	\$ 53,092	\$ 54,784
Loss	\$ (5,409)	\$ (2,865)

Subsequent to year-end, MHC2 Enterprises, Inc. merged with Network Ventures, Inc. (see Note 5). The new for-profit corporation is Cascadia Ventures, Inc.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**7. Cascadia Housing, Inc.**

Cascadia Housing, Inc. is a wholly-owned, not-for-profit corporation established to hold and manage Cascadia's investment in low income housing projects. Condensed financial information for this subsidiary as of and for the years ended June 30, 2005 and 2004, excluding intercompany eliminations, is as follows:

Assets:	2005	2004
Cash	\$ 2,096	\$ -
Notes receivable	2,595,640	1,798,097
Investment in joint venture	430,878	430,878
Other current assets	148,847	13,540
<b>Total assets</b>	<b>\$ 3,177,461</b>	<b>\$ 2,242,515</b>
<b>Liabilities and net assets:</b>		
Due to Cascadia Behavioral Healthcare, Inc.	\$ 2,096	\$ -
Long-term debt	2,213,640	1,457,244
Net assets	961,725	785,271
<b>Total liabilities and net assets</b>	<b>\$ 3,177,461</b>	<b>\$ 2,242,515</b>
 Increase in net assets	 \$ 176,454	 \$ 140,715

**8. Investment In Joint Venture**

In 1994, through its subsidiary Network Ventures, Inc., Cascadia acquired a two-third share in a for-profit joint venture, Ceres Behavioral HealthCare System (Ceres I). Investment in this jointly-owned partnership is accounted for using the equity method of accounting.

On March 1, 1997, Network Ventures and MHC2 Enterprises sold its interest in Ceres I to Ceres Behavioral HealthCare Systems, LLC (Ceres II), for cash and a two-third interest in the Northwest Providers Alliance (a for-profit partnership), which in turn owns 5.0 percent of Ceres II. Investment in this jointly-owned partnership is accounted for on the equity basis. Cascadia's investment in joint venture totaled \$61,936 at June 30, 2005 and 2004. Cascadia's equity in the joint venture did not change during the years ended June 30, 2005 and 2004.

Cascadia provides behavioral health care services to Ceres II. Cascadia recorded \$1,062,429 and \$1,034,520 in sub-capitation revenue from Ceres II during the years ended June 30, 2005 and 2004, respectively. Ceres II owed Cascadia \$49,911 and \$305,743 at June 30, 2005 and 2004, respectively. Also see Note 4.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Land, Buildings, and Equipment

A summary of land, buildings, and equipment at June 30, 2005, is as follows:

	2005	2004
Land	\$ 1,102,677	\$ 997,677
Buildings and related improvements	9,664,731	7,656,957
Furniture and equipment	1,454,235	1,423,097
Computers	782,014	782,014
Leasehold improvements	1,471,778	1,434,841
Vehicles	409,401	288,593
Software	138,674	106,546
	15,023,510	12,689,725
Less accumulated depreciation	5,632,134	4,989,760
Total land, buildings, and equipment, net of accumulated depreciation	\$ 9,391,376	\$ 7,699,965

Depreciation expense was \$659,093 and \$685,681 at June 30, 2005 and 2004, respectively.

Included in the above table are land, buildings, furniture, and equipment representing the Dual Diagnosis Housing Project/Clinton Street Apartments, Killingsworth Street Apartments, Nadine's Place, Rita Mae, 23<sup>rd</sup> Street Apartments, Glisan Street Apartments, Andrea Place Apartments, Faulkner Place Apartments, and Emerson Corner Apartments. These projects are funded by several restricted grants. According to applicable grant stipulations, if these properties are used for any purpose other than to house low- and very low-income individuals with chronic mental illness and coexisting substance abuse problems, or if the properties are sold or transferred, Cascadia will be contingently liable for the repayment of all grant proceeds received up to an amount not exceeding \$1,124,297.

For these same properties, Cascadia has also entered into equity gap financing agreements with the Portland Development Commission (PDC), whereby if the Dual Diagnosis Housing Project/Clinton Street Apartments, the Killingsworth Street Apartments, 23<sup>rd</sup> Street Apartments, Glisan Street Apartments, Andrea Place Apartments, Faulkner Place Apartments, and Emerson Corner Apartments demonstrate program revenue in excess of a 1.15 debt service coverage ratio in any single year of its operation, the excess must be shared equally between Cascadia and PDC. As of June 30, 2005 and 2004, respectively, Cascadia has complied with all asset restrictions referred to above, and also has the intention and ability to continue to comply with those restrictions. Accordingly, no liability has been recorded at June 30, 2005 and 2004.

Impairment losses on long-lived assets, such as equipment and furnishings, are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses are then measured by comparing the fair value of assets to their carrying amounts. There were no losses related to asset impairment at June 30, 2005 and 2004.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**10. Line of Credit**

At June 30, 2004, Cascadia maintained a bank line of credit for up to \$1,000,000 secured by a first priority interest in accounts receivable, bearing interest at prime plus 1.5%, and payable upon demand. At June 30, 2004, no amount was outstanding under this arrangement. This line of credit expired during the year ended June 30, 2005.

Subsequent to June 30, 2005, Cascadia secured a bank line of credit for up to \$750,000 secured by an interest in all Chattel Paper, Accounts and General Intangibles, bearing interest at prime plus 0.5%, and payable upon demand.

**11. Long-term Debt**

Cascadia's land and buildings include costs financed through various borrowings. The following obligations were outstanding at June 30:

	2005	(Restated) 2004
State of Oregon Housing and Community Services Department, 5.22%, due in monthly payments of \$2,598 through December 2024, secured by land, building, and the assignment of rents.	\$ 380,896	\$ 391,872
State of Oregon Housing and Community Services Department, 3.69%, due in monthly payments of \$1,287 through February 2027, secured by land and building.	230,188	237,004
City of Portland, 3.00%, due in monthly payments of \$1,024 through March 2024, secured by land and building.	227,508	232,995
U.S. National Bank of Oregon, 3.06% and 5.64%, as of June 30, 2005 and 2004, respectively, due in monthly payments of \$1,100 through August 2011, secured by land and building.	63,280	75,288
Washington Mutual Bank, 6.50%, due in monthly payments of \$727 through December 2028, secured by land and building.	104,784	106,630
City of Portland, 3.00%, due in monthly payments of \$707 through September 2013, secured by land and building.	62,192	68,736
City of Portland, 3.00%, due in monthly payments of \$201 through April 2026 and thereafter in annual payments of \$17,861 through April 2031, secured by land and building.	80,117	80,117
City of Portland, 5.62% and 7.25%, as of June 30, 2005 and 2004, respectively, due in monthly payments of \$451 through April 2007, secured by land and building.	9,148	13,886
State of Oregon Housing and Community Services Department, 7.40%, due in monthly payments of \$1,352 through July 2026, secured by land and building.	172,908	176,198

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	2005	(Restated) 2004
City of Portland, 3.00%, due in monthly payments of \$281 through April 2030, secured by land and building.	35,830	36,805
City of Portland, 3.00%, due in monthly payments of \$283 through April 2030, secured by land and building.	59,336	60,953
West Coast Bank, prime plus 3.25% (presently 9.05%), due in monthly payments of \$2,935 through July 2014, secured by land and building.	200,602	215,318
Silver Falls Bank, 8.00%, due in monthly payments of \$5,607 through April 2012, secured by land and building.	617,049	637,034
Siuslaw Valley Bank, 6.95%, due in monthly payments of \$2,667 through October 2027, secured by land and building.	362,558	369,118
Bank of the West, 7.50%, due in monthly payments of \$1,902 through September 2032, secured by land and building.	264,143	267,255
City of Portland, 3.00%, due in monthly payments of \$911 through January 2033, secured by land and building.	205,207	209,900
City of Portland, 3.00%, due in monthly payments of \$901 through October 2019, secured by land and building.	125,923	132,906
City of Portland, 3.00%, due in monthly payments of \$270 through December 2015, secured by land and building.	29,291	31,632
City of Portland, 3.00%, due in monthly payments of \$531 through November 2015, secured by land and building.	60,090	64,615
City of Portland, 3.00%, due in monthly payments of \$788 through July 2017, secured by land and building.	99,518	105,928
Siuslaw Valley Bank, 7.38%, due in monthly payments of \$2,813 through October 2025, secured by land & building.	355,803	363,036
Siuslaw Valley Bank, 2.22%, due in monthly payments of \$2,588 through May 2024, secured by land and building.	479,366	499,537
Key Bank, 6.37%, due in monthly payments of \$314 through February 2007, secured by vehicle. Final payment made in the year ended June 30, 2005.	-	8,682
Chrysler Financing, 14.00%, due in monthly payments of \$442 through November 2004, secured by vehicle. Final payment made in the year ended June 30, 2005.	-	2,100

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Long-term Debt, continued

	2005	(Restated) 2004
Key Equipment, 9.79%, due in monthly payments of \$1,445 through January 2005, secured by equipment. Final payment made in the year ended June 30, 2005.	-	8,672
City of Portland, 3.00%, due in monthly payments of \$723 through November 2025, and \$3,856 thereafter. Due November 2028, secured by land and building.	203,776	206,399
Bank of the West (line of credit for construction), interest currently accruing at a variable rate of 1.00% in excess of prime, secured by land and building (this became a note payable subsequent to June 30, 2005).	137,000	2,381
City of Portland, repayment subject to available cash surplus, interest accruing at 3% per annum, secured by land and building, maturing in June, 2045.	1,133,666	911,953
City of Portland, repayment subject to available cash surplus, interest accruing at 3% per annum, secured by land and building, maturing in June, 2045.	563,000	545,291
Total long-term debt	6,263,179	6,062,241
Less current portion	(161,429)	(163,071)
Total non-current portion	<b>\$ 6,101,750</b>	<b>\$ 5,899,170</b>

Aggregate maturities of note principal for the five years subsequent to June 30, 2005, are as follows:

Year Ending June 30,	Amount
2006	\$ 161,429
2007	168,628
2008	173,171
2009	182,395
2010	192,231
Thereafter	5,385,325
	<b>\$ 6,263,179</b>

12. Prior Period Adjustment to Net Assets

An equity gap financing agreement was incorrectly recorded as a note payable during the fiscal year ending June 30, 2004. The effect of this error increased net assets by \$50,000 at June 30, 2004.

During the year ended June 30, 2005, an error was discovered in previously reported temporarily restricted net assets. As a result, temporarily restricted net assets as of June 30, 2004 was overstated by \$770,003 and unrestricted net assets was understated by \$770,003. The effect of this error had no effect on total net assets.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**13. Restrictions and Limitations on Net Asset Balances**

Temporarily restricted net assets at June 30, 2005 and 2004, totaled \$2,437,793 and \$275,866, respectively, and consisted of funds received and expended in the construction of various housing projects. The use of the various properties is restricted over the life of the programs or the expected life of the asset.

**14. Net Assets Released From Restrictions**

Cascadia received \$5,765,285 and \$2,228,514 in temporarily restricted contributions, and incurred \$3,603,358 and \$2,295,442 in expenses in satisfaction of the restricted purposes specified by donors, or by the occurrence of other events specified by donors during the years ended June 30, 2005 and 2004, respectively.

**15. Operating Lease Commitments**

Certain of Cascadia's program facilities, administrative offices, and equipment are leased under operating leases. The leases expire in periods ranging from 1 month to 7 years, and some provide for renewal options ranging from 2 to 10 years. Leases which expire are generally renewed or replaced with similar leases.

At June 30, 2005, Cascadia's aggregate annual lease commitments, excluding operating costs, under noncancelable leases with terms of 1 year or more are payable as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 1,520,415
2007	1,169,992
2008	1,088,798
2009	1,036,929
2010	832,779
Thereafter	<u>1,543,085</u>
	<u>\$ 7,191,998</u>

Rent expense was approximately \$1,887,332 and \$1,743,677 for the years ended June 30, 2005 and 2004, respectively.

**16. Contingencies**

Amounts received or receivable under Cascadia's contracts with Multnomah County, Marion County and Washington County are subject to audit and adjustment by the County and by the Mental Health Division of the state of Oregon. Any expenditures or claims disallowed as a result of such audits would become a liability of Cascadia's general operating funds. In the opinion of Cascadia's management, any adjustments that might result from such audits would not be material to Cascadia's overall financial statements.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**17. Financial Instruments with Concentrations of Credit Risk**

Financial instruments that potentially subject Cascadia to concentrations of credit risk consist primarily of cash and accounts receivable. To limit credit risk, Cascadia places its cash and other short-term investments with high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 per institution. At June 30, 2005 and 2004, respectively, \$3,970,883 and \$2,813,550 was in excess of federally insured limits. Concentrations of credit risk with respect to contract receivables are limited through credit approvals, credit limits, and various monitoring procedures. The majority of Cascadia's receivables are with the state of Oregon and other governmental institutions, and are considered to be low in risk.

**18. In-Kind Contributions**

Consistent with the requirements of SFAS No. 116, Cascadia reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. During the year ended June 30, 2005 and 2004, no contributed services were recorded.

In addition, Cascadia regularly receives contributed services from a large number of volunteers who assist in program activities, fund-raising, and other efforts through their participation in a range of events and by working with members of Cascadia staff in a variety of capacities. Consistent with SFAS No. 116, the value of such services, which Cascadia considers not practicable to estimate, have not been recognized in the accompanying financial statements.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of Cascadia's activities. During the years ended June 30, 2005 and 2004, respectively, \$64,246 and \$16,244 in contributed materials or equipment were recorded.

**19. Functional Expenses**

The costs of providing the various programs and activities of Cascadia have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classification are presented in the consolidated statement of functional expenses.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**20. Retirement Plans**

Cascadia provides substantially all full-time and certain part-time employees with a tax-sheltered annuity plan as described under Section 403(b) of the Internal Revenue Code. Cascadia's annual contribution (which is discretionary) under the plan is equal to 3.0 percent of the annual compensation of each eligible employee. In addition, Cascadia will match 100 percent of employee contributions up to a maximum of an additional 1.5 percent of total annual compensation. Only employees who have completed at least one year of employment at Cascadia and provided at least 1000 hours of services are eligible to participate in the employer-matching aspects of the plan. Employees select from among several investment options. Cascadia contributions to the plan vest after five years of service to Cascadia. Cascadia contributions to the plan were \$89,673 and \$26,844 for the years ended June 30, 2005 and 2004, respectively.

**21. Unemployment Insurance**

Since April 1, 2000, Cascadia has managed its own unemployment trust funds. Total claims submitted by the state of Oregon to Cascadia during the years ended June 30, 2005 and 2004, respectively, totaled approximately \$198,230 and \$729,488. At June 30, 2005 and 2004, respectively, Cascadia owed \$49,457 and \$98,928 in unemployment claims.

**22. Significant Sources of Revenue**

The majority of Cascadia's revenues are earned under contracts with the Department of Community and Family Services of Multnomah County, Oregon and the state of Oregon to provide mental health program services (representing approximately 20 percent of total consolidated revenues for the years ended June 30, 2005 and 2004, respectively). As a part of these contracts, revenues are also received through services provided under the federally funded and state managed Title XIX of the Social Security Act Medicaid program, and the Title XVIII Medicare program. Additional funding for Cascadia's programs is received through third-party reimbursements, program service fees, and grants and contributions.

**23. Related Party Transactions**

Cascadia is related to several entities through common ownership and board memberships. The following significant transactions occurred between Cascadia and these related parties during the years ended June 30, 2005 and 2004:

**Notes Receivable**

Related party notes receivable consisted of the following at June 30:

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Related Party Transactions, continued

Notes Receivable, continued

	2005	2004
Note receivable, West Gresham Limited Partnership, payable with interest at 0.00% to 3.00% to the extent of available cash flow, due at various dates through 2035, secured by real estate.	\$ 656,974	\$ 98,853
Notes, receivable, Mid-Co Limited Partnership, payable with interest at 0.00% to 3.00% to the extent of available cash flow, due at various dates through 2035, secured by real estate.	1,300,666	1,078,953
Notes receivable, Clinton Ridge Limited Partnership, payable with interest at 0.00% to 3.00% to the extent of available cash flow, due at various dates through 2035, secured by real estate.	638,000	620,291
Total notes receivable	\$ 2,595,640	\$ 1,798,097

Total interest income was \$10,307 and \$12,466 for the years ended June 30, 2005 and 2004, respectively. Total accrued interest on the notes receivable was \$23,847 and \$13,540 at June 30, 2005 and 2004, respectively.

**Other Transactions**

**Housing and Urban Development Projects**

*Southeast Network Housing Services, Inc. and Southeast Network Housing Services II, Inc.* (not-for-profit corporations) own two HUD residential care facilities for mentally handicapped individuals that are managed by Cascadia. Cascadia billed a combined total of \$23,512 and \$26,545 in property management fees, accounting service fees and occupancy services fees during the years ended June 30, 2005 and 2004, respectively. Together, Southeast Network Housing Services and Southeast Network Housing Services II owed Cascadia \$8,867 and \$7,798 at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*EcuNet Housing, Inc.* (a not-for-profit corporation) was formed to build and manage the Hopewell Apartments, a residential care facility for mentally handicapped individuals who are HIV positive. The Project is sponsored jointly by Cascadia and Ecumenical Ministries of Oregon. The project is managed by Cascadia. Cascadia billed \$9,781 and \$10,682 in property management fees, accounting service fees and occupancy services fees during the years ended June 30, 2005 and 2004, respectively. EcuNet Housing, Inc. owed Cascadia \$5,385 and \$3,248 at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Powell Boulevard Apartments, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Powell Boulevard Apartments, Inc. \$15,767 and \$14,300 for property management fees, accounting services fees and occupancy services. Cascadia has a receivable of \$5,038 and \$1,645 due from Powell Boulevard Apartments, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**23. Related Party Transactions, continued**

**Housing and Urban Development Projects, continued**

*Coburn Woods, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Coburn Woods, Inc. \$7,041 and \$8,712 for property management fees and accounting services fees and occupancy services. Cascadia has a receivable of \$2,883 and \$749 due from Coburn Woods, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Mt. Hood Special Housing, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Mt. Hood Special Housing, Inc. \$9,926 and \$12,305 for property management fees, accounting services fees and occupancy services fees. Cascadia has a receivable of \$15,741 and \$14,543 due from Mt. Hood Special Housing, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*North/Northeast Alternative Mental Health Housing, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed North/Northeast Housing Alternative, Inc. \$14,278 and \$22,013 for management and accounting fees. Cascadia has a receivable of \$5,723 and \$1,657 due from North/Northeast Housing Alternative, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Westside Housing, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Westside Housing, Inc. \$15,602 and \$15,507 for maintenance supplies. Cascadia has a receivable of \$31,165 and \$32,650 due from Westside Housing, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Three West Housing, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Three West Housing \$15,576 and \$16,358 for maintenance supplies. Cascadia has a receivable of \$5,594 and \$1,970 due from Three West Housing at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Housing West, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Housing West \$17,703 and \$17,492 for management and accounting fees. Cascadia has a receivable of \$15,102 and \$7,338 due from Housing West at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Alpine East, Inc.* (a not-for-profit corporation) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Alpine East, Inc. \$10,688 and \$10,674 for management fees, accounting services fees and occupancy services fees. Cascadia has a receivable of \$5,745 and \$7,362 due from Alpine East, Inc. at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

**Cascadia Housing and Low Income Housing Tax Credit Projects**

*Clinton Ridge Limited Partnership* (a limited partnership) - During the years ended June 30, 2005 and 2004, respectively, Cascadia billed Clinton Ridge Limited Partnership \$17,934 and \$16,108 for management and accounting fees. Cascadia has a receivable of \$5,102 and \$1,354 due from Clinton Ridge Limited Partnership at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

*Mid-County Limited Partnership* (a limited partnership) - Cascadia has a receivable of \$23,945 and \$7,260 due from Mid-County Limited Partnership at June 30, 2005 and 2004, respectively, as disclosed in Note 4.

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**23. Related Party Transactions, continued**

**Other Related Party Transactions**

*Ceres Behavioral HealthCare Systems, LLC* (a for-profit limited liability corporation) owed Cascadia \$49,911 and \$305,743 at June 30, 2005 and 2004, respectively. See Notes 4,5,6,7, and 8.

*Metropolitan Family Service, Inc.* (a not-for-profit corporation) - Cascadia has a receivable of \$325 and \$265 from Metropolitan Family Service, Inc. at June 30, 2005 and 2004, respectively.

*Trillium Family Services, Inc.* (a not-for-profit corporation) - Cascadia billed Trillium Family Services, Inc. \$18,245 and \$800 for miscellaneous services during the years ended June 30, 2005 and 2004, respectively. Cascadia had \$16,051 and \$3,614 due from Trillium Family Services, Inc. at June 30, 2005 and 2004, respectively.

*Unity, Inc.* (a not-for-profit corporation) - Cascadia had a receivable of \$214,596 due from Unity, Inc. at June 30, 2004, as disclosed in Note 4.

*Tualatin Valley Centers* (a not-for-profit corporation) - Cascadia has a receivable of \$170 due from Tualatin Valley Centers at June 30, 2005 and 2004.

**24. Statement of Cash Flows Reconciliation**

The following presents a reconciliation of the change in net assets (as reported on the consolidated statement of activities) to net cash provided by operating activities (as reported on the consolidated statement of cash flows):

	2005	2004
Change in net assets	\$ 3,373,364	\$ 2,283,531
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	659,093	685,681
Loss on disposal of fixed assets	-	281,847
Equity in earnings of joint venture	-	21
In-kind contribution of buildings	-	(1,232,366)
Net changes in:		
Accounts receivable	205,038	71,856
Grants receivable	(393,354)	(646,966)
Pledges receivable	1,406	5,031
Receivable from affiliated organizations	426,157	413,744
Prepaid expenses and deposits	13,892	(14,996)
Developer fee receivable	(125,000)	-
Change in other current assets	(10,307)	-
Accounts payable and accrued expenses	(410,559)	(100,096)
Accrued payroll and related expenses	(310,150)	(384,227)
Funds held on behalf of others	(20,641)	(15,624)
Deferred revenue	257,920	215,840
Total adjustments	293,495	(720,455)
Net cash provided by operating activities	\$ 3,666,859	\$ 1,563,076

**CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**25. Restricted Cash**

Restricted cash is comprised of security and escrow deposits as well as replacement reserve funds maintained in separate accounts to comply with various regulatory agreements and donor restrictions.

**26. Merger with ASAP Treatment Services, Inc.**

On July 1, 2005, Cascadia completed a merger with ASAP Treatment Services, Inc. by accepting the contribution and transfer of 100 percent of ASAP Treatment Services, Inc.'s net assets. ASAP Treatment Services, Inc. is a non-profit mental health agency that provides outpatient drug and alcohol counseling and treatment services to the Portland area community as well as managing the drug and alcohol treatment programs at two correctional institutions for the state of Oregon.

The following is a condensed balance sheet of ASAP Treatment Services, Inc. as of July 1, 2005, the date of the merger:

<b>Assets purchased:</b>	
Cash and liquid assets	\$ 199,383
Receivables and other assets	<u>103,734</u>
<b>Total assets</b>	<b>303,117</b>
<b>Payables and other liabilities</b>	<u>229,889</u>
<b>The net assets contributed and transferred in the merger with ASAP Treatment Services, Inc.</b>	<b><u>\$ 73,228</u></b>

**27. Merger with Mental Health Partners, Inc.**

On July 1, 2003, Cascadia completed a merger with Mental Health Partners, Inc. by accepting the contribution and transfer of 100 percent of Mental Health Partners, Inc.'s net assets. Mental Health Partners, Inc. is a non-profit mental health agency that provides inpatient care services primarily for the severely and persistently mentally ill populations of Multnomah, Clackamas and Washington Counties, Oregon.

The following represents a condensed balance sheet of Mental Health Partners, Inc. as of July 1, 2003, the date of the merger:

Cash and liquid assets	\$ 71,402
Receivables and other assets	679,282
Capital assets	<u>1,230,592</u>
<b>Total assets</b>	<b><u>1,981,276</u></b>
<b>Payables and other liabilities</b>	694,755
Long-term debt	<u>656,694</u>
<b>Total liabilities</b>	<b><u>1,351,449</u></b>
<b>The net assets contributed and transferred in the merger with Mental Health Partners, Inc.</b>	<b><u>\$ 629,827</u></b>

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**28. Subsequent Events**

Subsequent to year-end, Cascadia purchased an electronic billing software and related hardware components at a cost of \$739,087. The purchase was financed through a capital lease held by IBM Corporation at an interest rate of 9.20%, payable in 36 monthly payments of \$19,666, with a maturity date of August 1, 2008.

FEDERAL AWARDS SECTION

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2005

	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>		
Block Grants for Prevention and Treatment of Substance Abuse:		
Passed through Marion County, Oregon	93.959	\$ 659,417
Passed through Multnomah County, Oregon	93.959	96,371
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959	755,788
Projects for Assistance in Transition from Homelessness (PATH)	93.150	234,563
Block Grants for Community Mental Health Services	93.958	214,222
Temporary Assistance for Needy Families	93.558	36,655
Low Income Home Energy Assistance	93.568	76,452
Community Service Block Grant	93.569	80,873
Social Services Block Grant	93.667	17,129
	84.010	14,425
Total U.S. Department of Health and Human Services		1,430,107
<b>U.S. Department of Housing and Urban Development</b>		
Community Development Block Grants	14.218	1,366,398
Views	14.232	20,000
Royal Palm - Supportive Housing Program	14.235	1,075,649
Home Investment Partnership Program	14.239	76,529
Bridgeway - A&D Detox		35,100
Total U.S. Department of Housing and Urban Development		2,573,676
<b>U.S. Department of Education</b>		
Child and Adult Care Food Program	10.558	111,788
Commodity Supplement Food Program	10.565	7,135
Total U.S. Department of Education		118,923
<b>U.S. Department of Labor</b>		
Employment Programs for People with Disabilities	17.720	63,494
Total U.S. Department of Labor		63,494
Total federal awards		\$ 4,186,200

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes all federal grant and contract activity of Cascadia Behavioral Healthcare, Inc. and is presented on the accrual basis of accounting in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Accordingly, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. Catalog of Federal Domestic Assistance (CFDA)**

CFDA numbers reported in the accompanying schedule of expenditures of federal awards are based on the January 2005 Catalog of Federal Domestic Assistance.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Cascadia Behavioral Healthcare, Inc.  
Portland, Oregon

We have audited the consolidated financial statements of Cascadia Behavioral Healthcare, Inc. (a non-profit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cascadia Behavioral Healthcare, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cascadia Behavioral Healthcare, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2005



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Cascadia Behavioral Healthcare, Inc.  
Portland, Oregon

**Compliance**

We have audited the compliance of Cascadia Behavioral Healthcare, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Cascadia Behavioral Healthcare, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cascadia Behavioral Healthcare, Inc.'s management. Our responsibility is to express an opinion on Cascadia Behavioral Healthcare, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cascadia Behavioral Healthcare, Inc.'s compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cascadia Behavioral Healthcare, Inc.'s compliance with those requirements.

In our opinion, Cascadia Behavioral Healthcare, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

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## Internal Control Over Compliance

The management of Cascadia Behavioral Healthcare, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cascadia Behavioral Healthcare, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2005

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section 1 – Summary of Auditor's Reports**

**Financial Statements**

1. Type of auditor's report issued – unqualified
2. Reportable conditions in internal control identified in the audit of the financial statements – none
3. Material weaknesses in internal control identified in the audit of the financial statements – none
4. Noncompliance that is material to the financial statements noted – none

**Federal Awards**

5. Reportable conditions in internal control over major programs identified in the audit of the financial statements – none
6. Material weaknesses in internal control over major programs identified in the audit of the financial statements – none
7. The type of auditors' report issued on compliance for major programs – unqualified
8. Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 – none

**Identification of Major Programs**

- U.S. Department of Health and Human Services
    - i. Prevention and Treatment of Substance Abuse (CFDA No. 93.959)
    - ii. Projects for Assistance in Transition from Homelessness (CFDA No. 93.150)
  - U.S. Department of Housing and Urban Development
    - i. Community Development – Entitlement (CFDA No. 14.218)
    - ii. Supportive Housing Program (CFDA No. 14.235)
9. Dollar threshold used to distinguish between Type A and Type B programs - \$300,000
  10. Is the auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133? – yes

**Section 2 – Financial Statement Findings**

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – none

**Section 3 – Federal Award Findings and Questioned Costs**

12. Findings and questioned costs relating to federal awards – none

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings reported in the prior period.

**STATE COMPLIANCE SECTION**



**INDEPENDENT AUDITOR'S REPORT ON  
SUPPLEMENTARY INFORMATION**

The Board of Directors  
Cascadia Behavioral Healthcare, Inc.  
Portland, Oregon

Our report on our audit of the consolidated financial statements of Cascadia Behavioral Healthcare, Inc., for the years ended June 30, 2005 and 2004, appears on pages 4-5. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2005

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
For the Year Ended June 30, 2005

	<u>LaFayette Apartments</u>	<u>Clinton Street Apartments</u>
<b>Operating revenues, gains, and other support</b>		
Rental income	\$ 143,306	\$ 60,156
Laundry and vending revenue	1,555	362
Interest earned on reserves	<u>440</u>	<u>373</u>
 Total operating revenues, gains, and other support	 <u>145,301</u>	 <u>60,891</u>
<b>Expenses</b>		
Electricity	5,955	4,680
Equipment and furnishings	678	-
Exterminating	987	973
Garbage and trash removal	2,050	1,320
Grounds contracts	2,100	2,102
Janitorial contracts and supplies	508	2,425
Insurance	2,586	1,274
Legal fees	-	-
Miscellaneous	382	1,389
Natural gas	-	-
Property management fee	7,200	4,752
Rent	-	-
Repairs and maintenance	16,711	27,194
Security	300	300
Taxes, licenses, and permits	-	25
Telephones and pagers	-	-
Water and sewer	15,611	3,796
Interest expense	27,111	11,046
Depreciation and amortization	<u>39,475</u>	<u>30,657</u>
 Total expenses	 <u>121,654</u>	 <u>91,933</u>
 Excess (deficiency) of revenues over expenses	 <u>\$ 23,647</u>	 <u>\$ (31,042)</u>

<u>Killingsworth Group Homes</u>	<u>Andrea Place Apartments</u>	<u>Garlington Plaza Apartments</u>	<u>Faulkner Apartments</u>	<u>Total</u>
\$ 19,203	\$ 98,100	\$ 101,820	\$ 118,584	\$ 541,169
-	-	490	-	2,407
-	231	294	424	1,762
<u>19,203</u>	<u>98,331</u>	<u>102,604</u>	<u>119,008</u>	<u>545,338</u>
1,457	6,063	5,544	7,614	31,313
-	-	-	3,395	4,073
200	-	-	861	3,021
321	2,585	2,170	2,915	11,361
1,862	3,487	2,132	200	11,883
-	441	3,722	-	7,096
63	2,046	2,269	2,331	10,569
-	-	-	-	-
-	-	-	(173)	1,598
1,054	2,079	1,588	6,356	11,077
4,605	8,100	5,000	9,792	39,449
3,844	-	-	-	3,844
1,490	18,433	12,050	16,376	92,254
-	792	1,252	525	3,169
-	-	125	105	255
-	-	-	-	-
-	5,823	5,450	8,785	39,465
-	28,536	10,885	32,688	110,266
-	9,215	11,715	25,509	116,571
<u>14,896</u>	<u>87,600</u>	<u>63,902</u>	<u>117,279</u>	<u>497,264</u>
\$ 4,307	\$ 10,731	\$ 38,702	\$ 1,729	\$ 48,074

CASCADIA BEHAVIORAL HEALTHCARE, INC.  
SCHEDULE OF REVENUES AND EXPENSES  
For the Year Ended June 30, 2004

	<u>LaFayette Apartments</u>	<u>Clinton Street Apartments</u>
<b>Operating revenues, gains, and other support</b>		
Rental income	\$ 107,369	\$ 51,272
Laundry and vending revenue	1,733	446
Interest earned on reserves	<u>470</u>	<u>350</u>
Total operating revenues, gains, and other support	<u>109,572</u>	<u>52,068</u>
<b>Expenses</b>		
Electricity	6,335	4,210
Exterminating	984	645
Garbage and trash removal	1,980	1,176
Grounds contract	2,823	2,107
Insurance	2,442	1,207
Legal fees	174	87
Natural gas	-	-
Property management fee	7,549	4,646
Repairs and maintenance	12,599	13,853
Security	300	300
Taxes, licenses, and permits	165	-
Telephones and pagers	-	-
Water and sewer	15,434	3,746
Interest expense	27,825	11,292
Depreciation and amortization	<u>39,475</u>	<u>30,657</u>
Total expenses	<u>118,085</u>	<u>73,926</u>
Excess (deficiency) of revenues over expenses	<u>\$ (8,513)</u>	<u>\$ (21,858)</u>

<u>Killingsworth Group Homes</u>	<u>Andrea Place Apartments</u>	<u>Garlington Plaza Apartments</u>	<u>Faulkner Apartments</u>	<u>Total</u>
\$ 48,000	\$ 98,100	\$ 101,822	\$ 118,579	\$ 525,142
-	69	610	-	2,858
<u>183</u>	<u>258</u>	<u>271</u>	<u>682</u>	<u>2,214</u>
<u>48,183</u>	<u>98,427</u>	<u>102,703</u>	<u>119,261</u>	<u>530,214</u>
4,948	8,858	6,486	8,670	39,507
456	250	150	837	3,322
1,312	2,413	2,100	3,113	12,094
-	2,408	1,987	153	9,478
2,069	1,918	959	3,194	11,789
-	33	408	28	730
-	1,883	1,562	6,488	9,933
4,336	8,100	5,000	19,584	49,215
3,447	14,442	7,479	18,575	70,395
-	2,403	1,263	1,346	5,612
76	25	150	-	416
166	-	-	-	166
2,324	5,377	5,417	3,331	35,629
13,163	29,142	11,328	33,270	126,020
<u>15,954</u>	<u>9,215</u>	<u>11,715</u>	<u>26,719</u>	<u>133,735</u>
<u>48,251</u>	<u>86,467</u>	<u>56,004</u>	<u>125,308</u>	<u>508,041</u>
\$ <u>(68)</u>	\$ <u>11,960</u>	\$ <u>46,699</u>	\$ <u>(6,047)</u>	\$ <u>22,173</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Cascadia Behavioral Healthcare, Inc.  
Portland, Oregon

We have audited the consolidated financial statements of Cascadia Behavioral Healthcare, Inc. (a non-profit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cascadia Behavioral Healthcare, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control over financial reporting.

In connection therewith, we have also made a study of those internal accounting control and administrative control procedures comprehended in the Audit Compliance Questionnaire, which is set forth in Appendix 2 of the *Oregon Housing and Community Services Division Audit Guide for Elderly/Disabled Housing Program*. Our study included tests of compliance with such procedures.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cascadia Behavioral Healthcare, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Jones & Roth, P.C.  
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5635 NE Elam Young Parkway  
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FAX (503) 648-2692

We also considered those compliance matters comprehended in the Audit Compliance Questionnaire, which is set forth in Appendix 2 of the *Oregon Housing and Community Services Division Audit Guide for Elderly/Disabled Housing Program*.

The results of our tests indicated that, with respect to the items tested, the Organization complied, in all material respects, with the provisions referred to in the preceding 2 paragraphs. With respect to the items not tested, nothing came to our attention that caused us to believe that the Organization had not complied, in all material respects, with those provisions.

We understand that, 1) the objectives of the control procedures referred to in the sixth paragraph of this report are to provide assurance concerning compliance with the Oregon Housing and Community Services Department's related requirements, 2) such procedures are considered by the Housing and Community Services Department to be adequate for its purposes in accordance with the Department's and related regulations and, 3) procedures that do not accomplish such objectives indicate some inadequacy for such purposes. Based on this understanding and our study, we believe that the Organization's procedures would be adequate for such purposes.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2005

September 5, 2006

**HAND DELIVERED**



**SOCKEYE  
DEVELOPMENT LLC**

520 SW Sixth Avenue, Suite 400  
Portland, Oregon 97204

Phone 503.242.0084  
FAX 503.299.6769  
www.sockeyedev.com

Ms. Elisa Gorham  
Multnomah County  
Facilities and Property Management Division  
401 N. Dixon Street  
Portland, OR 97227

RE: Request for Proposals: Martha Washington Disposition

Dear Ms. Gorham:

Sockeye Development, LLC, on behalf of the to-be-formed West Park Community Development, LLC, (WPCD) is pleased to submit the enclosed proposal for purchase and redevelopment of the Martha Washington Building at 1115 SW 11<sup>th</sup> Avenue in Portland.

WPCD will consist of several property owners and developers in the West End District who have a strong, long-term vested interest in the health and vitality of Portland's West End District. The anticipated participants in the WPCD include Carroll Investments, LLC (developers of the Eliot Condominiums), Sockeye Development, LLC (master developers of the two-block Museum Blocks project which includes 5 projects, and developer/owner of Museum Place and the Madison Place Office Condominium Project), and E&F, LLC (Mark Fraser), the developer for the Jefferson Apartments replacement project located adjacent to the Martha Washington Building.

WPCD represents a unique approach for development of the Martha Washington as all of principals in the company have a long-term stake in the neighborhood and are keenly interested in a seeing that the Martha Washington Building is redeveloped in a manner that supports existing and future investments in the neighborhood.

WPCD proposes to acquire the building to redevelop the property for a unique combination of affordable housing and community services. Our plan proposes:

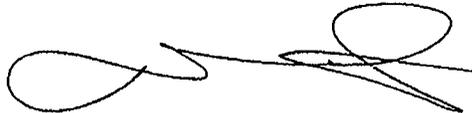
- A total of 99 self-contained residential units, including:
  - 15 units targeted to previously homeless individuals by offering rents at 17% of Median Family Income (MFI)
  - 54 units at 30% of MFI
  - 30 units at 40% of MFI
- Service linkages will be made with NW Pilot Project and Friendly House, Inc. to place previously homeless seniors in the project, and to provide services to stabilize these residents.
- This proposal outlines plans to co-locate the following service providers in the project:
  - Offices for Multnomah County Aging and Disability Services
  - Loaves and Fishes will occupy the basement level of the building, and offer a variety of services to both residents in the building and the larger community in general.
  - The downtown offices for Elders in Action would also be located in the building.

WPCD believes that the proposal fully responds to the County's objectives for disposition of the Martha Washington Building and is wholly consistent with the County's *10-Year Plan to Eliminate Homelessness in Portland*.

We look forward to the opportunity to discuss this proposal in further detail with you and other County officials as the RFP process proceeds. Should you have any questions in the meantime, please do not hesitate to call.

Sincerely,

**SOCKEYE DEVELOPMENT, LLC**



Douglas L. Oblatz, Manager

DLO/pkb

enclosures (10)

**PROPOSAL TO ACQUIRE AND REDEVELOP**  
**THE MARTHA WASHINGTON BUILDING**  
1115 SW 11<sup>th</sup> Avenue  
Portland, Oregon

Submitted by:



***SOCKEYE DEVELOPMENT, LLC***  
**On behalf of West Park Community Development, LLC**  
Attention: Douglas L. Oblatz or D. Carter MacNichol  
520 SW Sixth Avenue, Suite 400  
Portland, Oregon 97204  
503-242-0084  
*doug@sojpdx.com*

September 5, 2006

**1. As realistically as possible, proposals should maximize proceeds to the County from the disposition of the property:**

This proposal will pay the County \$3,100,000 for the building improvements. Some proceeds will be used to reduce the long term debt. The County will retain ownership of the land and retain rights to approve of and control any future uses of the building. The land will be leased from the County for a nominal rate.

The financing of the transaction utilizes low interest tax exempt conduit bonds issued by the State. To minimize costs of credit enhancement, discussions have taken place with a lending institution (US Bank) for a private placement bond purchase. A minimum of \$5,000,000 of bond issuance is required.

The deep affordability levels of the rental housing in the project (rents affordable to those earning between 17-40% of MFI) do not support much if any debt service. However, these deeply affordable rents can be offered because adequate cash flow is generated from the rents paid by the service providers and County ADS offices. The lease rates proposed for these providers are well below market rents for the area, and are adequate to debt service about half of the bond debt.

(One benefit of this proposal is in providing a stable, lower rent facility for service providers (Loaves and Fishes, Elders in Action and ADS) to remain in the West End and together provide services and outreach to the low income senior community located there.)

Because the leases to the service providers and County offices are below market, the difference between market rates and the actual lease rates can be capitalized and pre-paid at closing with part of the \$3.1MM of proceeds received for the building. At closing the County would lease the lower two levels of the building at market rate, prepay a portion of the lease from building proceeds, and sublease its interest to the non-profit service providers. Going forward, the non-profit service providers and ADS offices would pay below market rents to the County, which would pass through the rents to the project to service the remaining debt.

Long term leases with Loaves and Fishes and Elders in Action would assure continued lease payments for the next 10 to 15 years. The building operator would be responsible for servicing the debt and leasing up the remaining service provider space on the first floor. (Alternatively, this space could be rented to low income residents).

Depending on the efforts to raise additional equity through grant writing, and given the assumptions of the pro-forma, after the prepayment of the leases, the County would net approximately \$500,000 in proceeds for the transaction.

Additionally, the County will remain in control of the property by holding a long term lease on the land. The entity which will own the building, West Park Community Development, LLC, will enter into a long term lease of the land under the building from the County. The lease rate will be nominal. The terms of the land lease will allow the County to retain control of the property to assure that any future use of the building beyond the current proposed use

will meet public policy objectives. This structure allows for disposition of the building to West Park Community Development for the use proposed, but will allow the County the rights to approve of any future uses for the building.

**2. Proposals must address the need for affordable housing units in the Central City, and specifically for the elderly, special needs and other low-income residents of the West End sub-market.**

This proposal will produce 15 units affordable to residents at 17% of Median Family Income (MFI); 54 units affordable to residents at 30% MFI; and 30 units affordable to residents at 40% MFI.

Number of Residential Units Produced	Affordability of Rents
15*	17% MFI (previously homeless residents)
54	30% MFI
30	40% MFI
Total : 99	

Housing studies by the City of Portland Bureau of Housing and Community Development, Portland Development Commission and State of Oregon all cite the unmet need for affordable housing. Within the City of Portland, there is a huge unmet need for households earning below 30% MFI. The *10-Year Plan to End Homelessness in Portland* cites the need for extensive development of new housing units for previously homeless households to be added within the City.

According to studies by the Portland Development Commission, the West End Submarket (encompassing most of the South Park Blocks Urban Renewal Area), serves a variety of low income housing needs across a broad spectrum of income and serve needs. The strong recent real estate market has created redevelopment pressures in the West End which has resulted in conversion or demolition of affordable rental housing and reduced the number of affordable rental units available to the most vulnerable citizens – low income seniors and disabled persons living on fixed incomes with little or no means to relocate elsewhere. Such losses are particularly painful to older residents who are at risk of losing not only their housing, but their friends, neighbors and community in their later years.

The most recent example is the Rose Friends Apartments, owned by the First Unitarian Church, and scheduled to be torn down and replaced with high income condominiums. Low Income seniors living in the Rose Friends Apartments will have the opportunity to relocate in the Martha Washington Senior Housing, and remain close to their service providers, friends and community in the West End.

Countless studies have shown that the attendant services are a mandatory to create vibrant, effective and stable living for low income seniors and disabled residents. By its design as the Central City's core housing area, the West End houses the largest concentration of low income seniors and disabled households in the entire County. This vulnerable population relies on the services provided by Loaves and Fishes, County ADS offices, Elders in Action, NW Pilot Project, and many other non-profit service providers, to survive. The provision of these services in close proximity to public transportation is critical to their effective delivery.

The Martha Washington is located next to the Street Car and in close proximity to Light Rail service and the Portland (Transit) Mall, making it an ideal location for a Senior Housing and Community Center.

**3. Proposals must address how the project will meet the need for housing for the chronically homeless and contribute to the goals of the 10 Year Plan to End Homelessness in Portland and Multnomah County.**

The project will offer 15 units to previously homeless individuals by offering rents at 17% MFI.

Service linkages will be made with NW Pilot Project and Friendly House to place previously homeless seniors in the project, and to provide services to stabilize these residents.

The *10-Year Plan to Eliminate Homelessness in Portland* cites the need to provide stable and permanent housing for previously homeless individuals by bypassing the step of transitional housing. NW Pilot Project has identified a long waiting list of currently homeless seniors who are awaiting placement into permanent housing. NW Pilot Project will case manage these future residents by preparing them for the responsibilities of renting, helping them access and remain in their rental housing, and providing linkages to needed advocacy, affordable health care, health insurance, rental subsidies, transportation and other resources, while assuring they are receiving all eligible pensions, social security and any other resources due to them.

Note that the location of the County Aging and Disabled Services offices in the Martha Washington will directly result in the production of more units for the chronically homeless, as the rent paid by ADS can allow additional borrowing which will essentially subsidize additional extremely low income units.

- 4. Proposals must address the services, if any, to be provided to the proposed residents of the project. Proposals should include services which enhance the living experience and opportunities for vulnerable, low income residents.**

Loaves and Fishes will occupy the basement level of the building, and offer a variety of services to both residents in the building and the larger community in general. Daily drop-in meal service will be offered to residents, providing an alternative to individual meal preparation or expensive eating out. Meals will be prepared in the rehabbed kitchen area, and served in the spacious dining room. Access to the dining room will be enhanced through accessible elevator service to the basement from all floors in the building. The kitchen facility and connecting ramp onto SW Main Street allows Loaves and Fishes to base their Downtown Meals on Wheels program from the facility as well, expanding their efficiency and service level to lower income downtown residents.

In addition to their meals offerings, Loaves and Fishes has proposed increasing the service offering to low income seniors in the area through conversion of the basement into a Senior Activities Community Center serving seniors in the downtown neighborhood who do not have access to privately funded, more expensive senior living facilities.

A senior education center, an art center, computer learning, and senior day programs would be offered. The Portland Parks and Recreation department is looking for space to conduct similar senior program outreach downtown, and expressed interest in participating in the programming for the basement space.

The downtown offices for Elders in Action would be located on one half of the first floor. A strong advocate for seniors, Elders in Action would provide ombudsman services, service linkages, and other support services for senior and elderly residents of the building. Elders in Action programs includes ombudsman services for the elderly, in which trained volunteers assist older adults and persons with disabilities to solve problems related to housing, healthcare, elder abuse and crime. Education on issues germane to seniors such as managing health care issues in later life, diabetes education and outreach, and nutrition counseling, would be offered.

An example of the services offered to residences would be the Healthy Changes for Living with Diabetes program, an on-going, weekly information and support program where people 55+ can make changes for their own healthful living. This program links is offered in partnership with Providence Center on Aging, Oregon Research Institute, and the Aging & Disability Services of Multnomah County.

Elders in Acton has expressed interest in locating at the Martha Washington in order to better serve their clientele. Currently paying a higher rent in a County Building on the bus mall, they are looking for a location which the organization can be better positioned to reach and connect with their elderly constituency.

The other half of the first floor would be occupied by the Multnomah County Aging and Disability Services offices. Co-locating ADS with Loaves and Fishes and Elders in Action provides a core nexus between the primary senior service providers to the Downtown Market, a key residential building serving low income seniors, and the Senior Activities Community Center in the basement. While resident issues related to housing and residency issues concerning living in the Martha Washington would be handled by Elders in Action and property management staff, the proximity of the ADS offices would allow convenient and direct delivery of ADS services to residents.

**5. Proposals must address how the Proposer will maximize the use of funds other than competitive public funds to finance rehabilitation of the building, recognizing the demands on such funds for other affordable preservation and development projects.**

The funding for this proposal relies minimally on competitive public resources. The financing structure utilizes State Bonding Capacity to issue tax exempt private activity bonds and access lower interest rates for borrowing. The State has indicated that they are supportive of this model, as extensive private activity bonding capacity is currently going unused in the state.

Utilization of Private Activity Bonds qualifies the project for the use of non-competitive low income housing tax credits, known as 4% credits. Unlike the competitive 9% credits, the 4% credits are limited only by the private activity bonding capacity and do not require a competitive application.

Funding also includes an application for Historic Tax Credits, which are also non-competitive. Consultation with the historic consultant confirms that the building could qualify as an historic structure with the appropriate submission of documentation. The building's age, architectural design, character and historic nature all contribute to the building's eligibility for listing with the National Historic Register and qualification for federal historic tax credits.

The project also relies on tax increment funding from PDC. There is no formal competitive process for accessing these funds; rather, worthy projects are evaluated by the Development Commission and funding is considered based on the available budget, and the progress of other budgeted projects in the Urban Renewal Area. We believe the compelling nature of this project, the addition of new very low income units to the downtown inventory, and the slow progress of other projects proposed, will result in favorable PDC funding.

**6. Proposals must include a rehabilitation program that addresses the following:**

- a. The redevelopment of the building compliant with building code regulations, including seismic and fire/life safety, if required;**
- b. Accessibility throughout the common area appropriate to the populations served**
- c. Sustainable plan to provide on-going maintenance and operating expenses to achieve long-term affordability**
- d. The redevelopment of the building in a manner which respects its historic and architectural characteristics**
- e. Kitchen facilities (both in individual units and shared) appropriate to the proposed residents.**

Our proposal will redevelop the building compliant with applicable building code, seismic, fire/life safety and egress codes. All of the above will be required before any permitting of the construction drawings or certificates of occupancy will be issued by the City. The following summarized the proposed approach to redevelopment of the building:

- A. We believe the building is currently borderline compliant with fire/life safety codes as is. Our design would remove the fire escapes and create egress stairways in the northwest and southwest corners of the building (one in each wing), appropriate to egress necessary for an elderly/disabled population.
- B. Seismic treatment would be accomplished through reinforcement of existing structural beams, containment of the exterior brick façade, and additional treatment of the parapet (if needed) during roof replacement. This treatment would be compliant with the new City of Portland building code guidelines, which consider the current and proposed use and occupancy to determine seismic treatment requirements.
- C. Accessibility for disabled would be accomplished in several ways. All common-area improvements would be compliant with Americans with Disabilities Act design and accessibility requirements. A number of units would be designed for full accessibility and use by wheel-chair bound residents, requiring additional treatment such as 5 foot diameter design access in the bathrooms and accessible kitchen/countertop heights and appliances.
- D. Additionally, two elevators with dual doors for easy wheel chair entry and exits would be installed. These elevators would serve the basement, entry mezzanine and the upper floors, and would be installed in the existing exit stairways .
- E. Front-loading washers would be in place in the laundry rooms on each floor.
- F. The ramp from the sidewalk to the porch on the east side of the building would be expanded to allow wider access for wheelchair and scooter bound residents and users.
- G. Because of the age of the building, the replacement reserve budget will be in direct proportion to the initial rehabilitation scope that can be accomplished within the

redevelopment budget. The more rehabilitation and upgrading of building systems that can be accomplished in the initial construction work, the lower the longer-term maintenance and repair needs will be.

- H. On-going maintenance and operations would be adequately budgeted as part of the financing of the building. Adequate replacement reserves would be funded from rental and lease receipts. A minimum of \$200/unit/year for the residential units, and 5% of the office lease per year is anticipated to be set aside for future unit component, capital repairs and building replacement needs.
- I. The historic and architectural characters of the building are intertwined. In particular, the building façade, entry lobby and dining room have historically significant features. In order to qualify for the historic tax credits, the building will be placed on the National Register of Historic Places and any improvements/rehabilitation will have to be approved by the State Historic Preservation Office and the National Park Service, both of which will require that the historic features are preserved before approval is given to proceed.
- J. Studio kitchens will be in place in each residential units, including a sink, refrigerator, and microwave or electric burners. (We lean towards microwaves because of safety concerns, though burners provide more cooking independence to residents.) Inclusion of the unit kitchens is a requirement of the bond financing for the project.
- K. The large kitchen in the basement, in conjunction with the large dining area, is ideally suited to on-site meal provision by Loaves and Fishes. Much of the kitchen equipment would be upgraded, and the ramp from the kitchen to SW Main would be reconfigured to allow for easy conveyance of the Meals and Wheels service trays from the kitchen to the delivery vehicles.

**7. Proposals must demonstrate financial feasibility to sustain a successful long-term project. Letters of interest from proposed funding sources will be evaluated in analyzing project financial feasibility.**

- A. **Long Term Proforma:** The development pro-forma is included in the Appendix. The sources of funding include Low Income Housing Tax Credits, Historic Tax Credits, a Federal Home Loan Bank Grant, Tax Exempt private activity bonds from the state, and an Urban Renewal Loan from PDC.

As discussed above, this layered financing model utilizes mostly non-competitive funding sources, and provides adequate funding to accomplish the rehabilitation.

The pro-forma anticipates a pre-payment of the leases by the County for that portion of the service provider space which is offered at below market rates. Because of the need to continue the provision of these essential services to the highly residential West End neighborhood, a below market rent is offered to Elders in Action, Loaves and Fishes, and other service providers. The lower lease rate to service providers will help to stabilize

the operations and outreach of these organizations, providing a needed continuity of key services to seniors and disabled people in this neighborhood.

**MOVING THE COUNTY OFFICES TO A LESS ACCESSIBLE LOCATION AWAY FROM THE MAIN RESIDENTIAL NEIGHBORHOOD OF DOWNTOWN WILL MAKE IT MORE DIFFICULT FOR LOW INCOME AND DISABLED PEOPLE IN THE WEST END TO ACCESS THESE SERVICES.**

**IN ADDITION TO PROVIDING IMMEDIATE ACCESS TO THEIR SERVICES, THE INCLUSION OF THE COUNTY AGING AND DISABLED SERVICES OFFICES PAYING RENT TO THE PROJECT CREATES MORE, LOWER RENT UNITS AND ACHIEVES A GREATER PROPORTION OF UNITS FOR PREVIOUSLY HOMELESS PEOPLE.**

Additionally, the financial structure of the project anticipates purchasing the building from the County, but leaving the ownership of the land under the building in County ownership through a land lease. By doing so, the County will maintain the ultimate control of the use of the building, but without any financial obligations or guarantees for the financing of the building rehabilitation or operations. Should the project proposed by this response ultimately not be successful, control of the building would revert to the County through the land lease, and other public purposes for the site could be considered.

- B. Evidence of Equity:** The low rents qualify the project for federal, non-competitive 4% Low Income Housing Tax Credits. Because the office portion of the building provides services directly to the residents, that portion of the building is qualified as "basis" in the tax credit calculation. Equity derived from sale of the Low Income Housing Tax Credits is estimated to be \$1,355,000.

The building will be placed on the National Historic Register, yielding eligibility for federal Historic Tax Credits. Portions of the building leased to non-tax paying entities are not eligible for the credits. Accounting for the non-eligibility of the service provider components, we estimate equity from sale of the Historic Tax Credits to be \$732,000.

A grant from the Federal Home Loan Bank affordable housing fund will be pursued. The project is an excellent candidate for this grant because of the extremely affordable rents and provision of housing to previously homeless residents.

- C. Evidence of Financing Commitments.** The proposed bond structured has been discussed in detail with U.S. Bank's Community lending Department and they have indicated their support and willingness to underwrite this project. Additional details concerning U.S. Bank's interest are available upon request.
- D. Developer Fee.** A \$784,550 developer fee is proposed is taken to help maximize the eligible basis and ultimate equity received from the low income housing and historic tax credits. The fee is 6.1% of the total development costs, minus the developer fee, and falls well under the PDC underwriting standards for a project of this complexity. \$340,936 of

this amount is deferred and taken conditional on cash flow generated by the project over the next 12 years. This income can be used by WPCD to supplement operational costs of the project, if needed.

- E. Proposer Financial Strength/Resources.** WPCD consists of three well qualified developers with extensive, recent successful development experience in the West End Neighborhood of Downtown Portland. Collectively, the principals of WPCD have access to the capital and financing resources necessary to complete the project. Moreover, Sockeye Development, LCC, the lead firm, has extensive experience in the development of complicated mixed-use and mixed-income projects, including Museum Place, Hollywood Library/Bookmark Apartments, Belmont Dairy and The St. Francis Apartments.

**8. Proposals must provide evidence of readiness to proceed.**

- A. Evidence of land use suitability.** The zoning for the site is Rxd, defined as follows. (The 'd' refers to the Central Plan District overlay design review )

**RX (Central Residential) zone**

*The RX zone is a high density multi-dwelling zone which allows the highest density of dwelling units of the residential zones. Density is not regulated by a maximum number of units per acre. Rather, the maximum size of buildings and intensity of use are regulated by floor area ratio (FAR) limits and other site development standards. Generally the density will be 100 or more units per acre. Allowed housing developments are characterized by a very high percentage of building coverage. The major types of new housing development will be medium and high rise apartments and condominiums, often with allowed retail, institutional, or other service oriented uses. Generally, RX zones will be located near the center of the city where transit is readily available and where commercial and employment opportunities are nearby. RX zones will usually be applied in combination with the Central City plan district.*

This zoning allows the uses proposed in this RFP response.

Both Loaves and Fishes and Elders in Action have authorized their inclusion in the RFP response, and have indicated their interest in locating services and programs in the building should this RFP be successful.

- B. Acceptable transaction terms.** The development team is prepared to proceed immediately with a down payment on the purchase of \$100,000. The remaining \$3.0 million to close the acquisition would be produced at the closing of the bond sale.
- C. Timely closing.** Closing of the acquisition would occur with the issuance of conduit bonds by the State of Oregon, execution of purchase agreements for the bonds and tax credits by the equity provider, and the completion of underwriting of the Urban Renewal Loan by PDC. It is anticipated that closing would occur in late spring 2007.

## 9. Neighborhood Compatibility

### A. Neighborhood/Community Compatibility.

The repositioning of the uses at the YWCA is causing senior and disabled service providers to seek space elsewhere, possibly dispersing to other decentralized locations. The opportunity to provide a senior community center serving the neighborhood would fulfill a community vision started by the Museum Place project almost 10 years ago but not yet accomplished. Where do the seniors without means in this high density city neighborhood go to enjoy the community of their later years in the West End?

The displacement of seniors and disabled in the West End, and the financial condition that many fixed income seniors find themselves in at the later years of their lives, do not afford them the opportunities for culture, community or interaction offered by more expensive alternatives such as market rate congregate care facilities (think Calaroga Terrace), or social institutions (think Towne Club). The Martha Washington Community Center and Senior Housing is the solution!!

The mixed use of the Martha Washington as both affordable housing to seniors and disabled, and community center, befits the location of the building in the West End. The proximity of the building can create linkages to the Cultural resources of the west end, opening the possibility of painting, art, history and other cultural classes and seminars which could be held in the Senior Center.

**B. Neighborhood and Community Contact.** Key property owners and developers in the immediate vicinity of the Martha Washington Building are included on the development team for the project. In addition, key agencies involved in affordable and senior housing have been contacted and involved in the preparation of this proposal. These agencies include:

- Northwest Pilot Project
- Loaves & Fishes
- Friendly House, Inc.
- Elders in Action

## 10. Developer Capacity

### A. Proposer Staff Capability/B. Qualifications of the Development Team.

#### *Owner: West Park Community Development, LLC (WPCD).*

---

WPCD is a to-be-formed limited liability company that will serve as the owner of the project and the legal entity that will contract with Multnomah County for development of the Project. WPCD consists of several property owners and developers in the West End District who have a strong, long-term vested interest in the health and vitality of Portland's West End District.

The anticipated participants in the WPCD include Carroll Investments, LLC (developers of the Eliot Condominiums), Sockeye Development, LLC (master developers of the two block Museum Blocks project which includes 5 projects, and developer/owner of Museum Place and the Madison Place Office Condominium Project), and E&F, LLC (Mark Fraser), the developer for the Jefferson Apartments replacement project located adjacent to the Martha Washington Building.

#### *Developer: Sockeye Development, LLC.*

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Sockeye Development, LLC (Sockeye) is setting the standard for urban, mixed-use development in Portland, Oregon. The Managers of Sockeye have developed a number of challenging, award-winning projects that have been realized through design excellence, innovative finance packaging, persistent teamwork and resourceful problem solving. Sockeye and affiliated entities are responsible for several highly innovative development projects in the Portland area, including The Hollywood Library/Bookmark Apartments, Museum Place Lofts & Townhouses, St. Francis Apartments and the Belmont Dairy.

Sockeye is an Oregon Limited Liability Corporation that pursues private development opportunities and also serves as a turn-key developer for other organizations and institutions. It was formed as a development entity by several Principals of Shiels Oblatz Johnsen, Inc. Sockeye typically forms a single-purpose legal entity to develop each project, and contracts with Shiels Oblatz Johnsen, Inc. for project management services.

#### *Project Manager: Shiels Oblatz Johnsen, LLC.*

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Shiels Oblatz Johnsen, Inc. is a Portland- and Seattle-based firm that specializes in the management of complex urban planning and development projects for public and private clients. With over 20 years of successful planning and development experience, SOJ has established a reputation as problem solvers for projects that are complex, controversial or involve numerous, often competing interests. The firm has been involved in many of the most high-profile projects in the Portland and Seattle areas, including housing, mixed-use commercial, transportation and civic developments. SOJ serves many roles and fulfills various responsibilities depending on the scope of work needed by each client. The firm

conducts feasibility analyses, structures and secures project financing, procures entitlements, plans and implements public investment strategies, garners political support, manages the project design and administers the construction process.

In addition, SOJ has worked effectively with neighborhood groups to ensure that proposed projects are consistent with the goals and expectations of the communities in which they will be located. SOJ has long realized that it is only by forging these relationships that complex projects can be completed in an efficient and appropriate manner. SOJ provides the leadership required to manage the collaborative efforts between all parties involved and affected by the development projects, and ensures that the professional experience is enhanced with good spirit.

SOJ encourages the highest quality performance from each team member in order to produce the best project for our clients. The firm is committed to a partnering process and strives to empower all project participants in a collaborative team atmosphere. SOJ strives to ensure that all participants will complete the process with professional satisfaction and a quality project. This approach has led to repeat business and positive recommendations from past clients.

The firm consistently delivers successful projects on time and on budget, and has the flexibility and staffing to take on new projects or expanded responsibilities on short notice should the need arise. The firm has the experience and resources needed to ensure efficient and effective management through all project phases, with proven expertise in a variety of areas, including:

- Managing real estate negotiations
- Issuing RFPs and RFQs
- Building strong development teams
- Establishing and implementing sustainable building program, including management of LEED building certification
- Managing consultant work
- Establishing and implementing real estate marketing strategies
- Building project budgets
- Conducting feasibility analyses
- Developing project schedules and building programs
- Coordinating bidding process
- Negotiating agreements
- Structuring and securing project financing
- Managing the construction process

Furthermore, SOJ is firmly committed to supporting diversity in the workplace and reaching out to Minority-Owned, Women-Owned and Emerging Small Businesses (M/W/ESB). SOJ is certified by the City of Portland as an Equal Opportunity Employer, and forty-five percent (45%) of our employees are women. In all projects SOJ works closely with clients and team members to set high goals for the utilization of M/W/ESB

firms. The firm helps implement an aggressive strategy for outreach, recruitment, training and employment.

***Organizational Structure:***

The Sockeye/SOJ team is specifically designed to allow for responsiveness and commitment to clients. The managers of Sockeye and project management staff from SOJ are supported by a highly qualified technical and administrative staff. They have the capacity to commit staff and necessary resources to long-term projects. They are also flexible enough to respond quickly to the short-term project needs of clients. Management of complex planning and development projects is both their passion and their business.

The following individuals will be available to work on this project:

***Douglas L. Oblatz, Manager of Sockeye and Principal of SOJ:*** Mr. Oblatz earned a degree in Economics and Political Science from The Colorado College in 1977 and a Doctor of Laws from The Colorado College in 2003. After several years in the public sector, he joined Mr. Shiels to form the firm of Shiels & Oblatz in 1983, and together they launched into the management of the Banfield Light Rail project, Portland's first MAX line. Since then he has managed the development of numerous civic, commercial and mixed-use projects, including over 600 units of housing. Most recently, Mr. Oblatz has been a pioneer in the development of unique, mixed-use projects, including the Belmont Dairy, St. Francis Apartments, Museum Place Lofts and the Hollywood Library/Bookmark Apartments.

***D. Carter MacNichol, Manager of Sockeye and Principal of SOJ:*** Mr. MacNichol holds a degree in Education from Lewis & Clark College and a Masters Degree in Management from Willamette University. From 1981 to 1985, Mr. MacNichol worked as a Business Development Manager at the Portland Development Commission. Between 1985 and 1993, Mr. MacNichol served as Director of Real Estate Management and Development for the Port of Portland. Mr. MacNichol joined Shiels Oblatz Johnsen in 1993 and became a principal in 1996. Partnering with Mr. Oblatz, he has been plowing new ground with the development of several unique in-fill projects, including the Belmont Dairy, Belmont Dairy Rowhouses, Museum Place and the Hollywood Library/Bookmark Apartments.

***Charles R. Bahlman, AIA, PE, Project Manager:*** Mr. Bahlman is both a licensed Architect and a registered Professional Engineer and, until 1989, practiced in both fields in Denver, Boulder and Portland. In addition, he was a licensed general contractor in Denver and the owner of an architecture firm and general contracting company there. Since 1989, Charlie has concentrated his professional efforts on consulting Project Management and joined SOJ in 1994. He has completed numerous successful projects including office, residential and civic buildings, retail, churches and projects for schools and non-profit organizations.

**Steve Cruzen, Project Manager:** Mr. Cruzen earned a Bachelor of Architecture degree from The University of Oregon in 1977 and became a Registered Architect in the State of Oregon in 1986. He has over 25 years of architecture and project management experience. Since joining SOJ in 1999, Steve has managed the design and construction of the Children's Museum, the Corporate Headquarters for Columbia Sportswear Company, and Museum Place Lofts & Townhouses.

**Francesca Gambetti, Development Manager:** Ms. Gambetti received her Bachelor of Arts degree from Yale University and a Master of City Planning from U.C. Berkeley. Since joining SOJ in 1998, she has been involved in a variety of public and private projects including housing, transportation, and mixed-use development. Ms. Gambetti's primary responsibilities include managing conceptual design work, conducting feasibility analyses, assembling financing packages, obtaining public approvals and organizing neighborhood outreach. She was involved in structuring and obtaining highly complex financing packages for a number of mixed-use projects, including Museum Place Lofts & Townhouses, The St. Francis Apartments and The Bookmark Apartments.

**General Contractor: Walsh Construction Company**

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Walsh Construction Company (WCC) will serve as the general contractor for the project. WCC is a medium-sized general contracting company that specializes in the construction of multi-family housing and commercial buildings. Founded in 1961, the company has experienced steady growth through excellent client relations and management skills. WCC's quiet but firm presence in the Pacific Northwest reflects the company philosophy of quality over quantity. The firm's reputation with both public and private owners — for openness, honesty and competence — is a benchmark they strive to protect and maintain.

WCC builds a variety of structures for developers targeting all sectors of the market ranging from low-cost, HUD-subsidized projects to high-end retirement facilities, medical office buildings, commercial office and retail space. These range from wood frame to steel and concrete structures. WCC's extensive experience enables the firm to provide an unusual depth of cost and construction-detail knowledge. Their emphasis on quality and craftsmanship delivered in a timely manner is central to the focus of their business goals.

WCC has extensive experience in constructing housing, institutional and mixed-use facilities. Over the last ten years, the firm has built in excess of 3,000,000 SF of housing to accommodate over 4,000 people. Through this experience, WCC has gained an intimate knowledge of the specialized requirements involved in these projects and has dedicated much time and effort to assist clients in the details of development. The firm's residential/mixed-use construction experience includes *Belmont Dairy*, *Belmont Dairy Rowhouses*, *The Village at Lovejoy Fountain* and *Fifth Avenue Court Apartments*, all of which were completed for Sockeye Development or its affiliates and under the direction of Shiels Oblatz Johnsen, Inc. Other affordable housing experience includes:

- **Ritzdorf Court.** The Ritzdorf Court, completed in 2000, is a single residential occupancy housing project in East Portland. This 46,325 SF wood frame structure has 90-units of housing surrounding an elaborate interior elevated courtyard for tenants. This five-story structure is built over 14,000 SF of conventional reinforced concrete slab of which 7,860 SF is a parking garage and 7,900 SF is retail and common space. The project was built for REACH Community Development, Inc. and includes 86 studios and four one-bedroom apartments.
- **The Yards at Union Station.** This \$27 million project consists of 321 units of mixed-income housing, three buildings with rooftop gardens, a pedestrian bridge, public plaza and a 208-car parking garage. The project provides much-needed low income/affordable housing in an area targeted by local urban planners and helps meet city density goals.
- **Hamilton West.** This 9-story project built for the Housing Authority of Portland includes 152-units of affordable housing over ground floor retail. A prime feature of the Hamilton West Apartments is the eco-roof topping the structure - the first of its kind in Portland. The eco-roof lasts longer and reduces storm water runoff into the City's sewer system. Despite all the new technology developments, this project was completed ahead of schedule and under budget.
- **Orenco Station West.** Located in the rapidly growing city of Hillsboro near Portland, Oregon, Orenco Station is a mixed-use housing project with 22 studio apartments above major retail tenants at ground level. A common area built centrally on top of the first floor provides a pleasant view for tenants. It features a ceramic "carpet" and container landscaping and includes barbecue facilities inviting residents to gather out of doors. In 68,000 SF of wood frame, concrete and steel, the first floor houses the New Seasons Grocery and Kitchen Kaboodle stores, attracting customers and tenants looking for convenient living.
- **Pearl Court Apartments.** The 4-story, Pearl Court Apartment project is a wood-frame structure providing 199 units of affordable housing. The building includes a 1-story penthouse and a 6,719 SF covered parking structure. The extensive mahogany millwork in the lobby, rental office and library provides a feeling of luxury not usually found in affordable housing. A landscaped courtyard is at the center and heart of the complex, adding green space for families to enjoy. The project was completed in 1997 for the Housing Authority of Portland.
- **Albina Corner.** The mixed-use Albina Corner project provides three stories (28,955 SF) of low- to moderate-income housing over 1-story (13,000 SF) of post-tensioned concrete retail space. This wood-frame structure offers 44 units of 1-bedroom and 2-bedroom apartments. A day care center is housed within the retail portion of the structure. Completed in 1996, this project was constructed for the Albina Corner Limited Partnership and was designed by Andrews Architect.
- **City Life Housing.** This showcase of infill housing, developed in the Brooklyn neighborhood of Portland, has ten courtyard homes, 18 owner-occupied residences, with 21,000 SF, 2- and 3-story, wood-frame affordable housing, including six row houses and one duplex. This project was completed for REACH Community Development in 1995.

The following people will be assigned to this project:

- ***Robert Walsh, Principal-in-Charge.*** Bob Walsh will be responsible for overall project corporate support and will be actively involved early in the process and during contract negotiations. He is well versed in all aspects of day-to-day construction, as well as general management. Bob joined Walsh Construction Co. in 1970 and has held successive positions from head laborer to superintendent to project manager. As president of WCC, Bob is responsible for planning and marketing, overseeing new construction, commercial tenant improvement work, building conversions, rehabilitation and affordable housing. His extensive work assisting non-profit organizations with raising funds and in-kind contributions has been of benefit to the clients and communities WCC serves.
- ***Don Geddes, Project Manager.*** Don joined WCC in 1980 and has worked as a superintendent and project manager. As a project manager, Don's duties include estimating, value engineering, contract negotiations with owners and subcontractors, job cost and schedule monitoring, safety and affirmative action compliance and other project management duties. As Senior Project manager, he will be very involved initially as the scope of work is defined, pre-construction services get underway and pricing begins. He will negotiate any contracts between the entities involved and will be the single source of contact for issues that might arise during construction.

***Architect: Ankrom Moisan Associated Architects***

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Information on Ankrom Moisan Associated Architects and lead principal Steven C. Poland follows this page.

# ANKROM MOISAN ASSOCIATED ARCHITECTS



## Design with Purpose

For more than 22 years Ankrom Moisan has put its creative talents in service to a purpose: honoring our client's goals and enhancing people's lives. That is our focus on each of the wide variety of projects we design, including urban housing, senior living, multi-family housing, hospitality, commercial, churches, community facilities, and healthcare. Our clients know that the more than 200 professionals on our staff are dedicated to helping them articulate and achieve their vision. We put our ears to work, not our egos. We listen, we collaborate and we create projects that contribute to our community and the built environment.

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503.245.7100

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**Steven C. Poland, AIA**  
**Principal**

Steve Poland has over 34 years of architectural experience covering a wide variety of building types for private and public clients, including Education, Industrial, Government & Corporate Offices, Museum/Interpretive, Food Service, Libraries, High-rise Housing, Banks, Community Centers. With these projects, Steve has typically been responsible for all phases, including planning and programming, design, technical documentation, cost management and construction phase administration. He has significant experience working with multi-department corporate and institutional clients, and has developed skill in arriving at consensus solutions. Steve will lead all the planning and documentation, insuring adherence to program, schedule, budget, and codes. He will also apply his experience to develop appropriate technical details, and to integrate valuable input from the contractor and public agency officials.

**EDUCATION:**

University of Oregon, Bachelor of Architecture, 1972

**REGISTRATION:**

Registered State of Oregon Architect, 1976

**PROFESSIONAL PROJECTS:**

**Mary's Woods–West Field Development, Lake Oswego, OR.** Project Manager for detailed Master Plan / Design Review process for this 14 acre site on the Mary's Woods campus. Includes refinement of the preliminary (ODPS) master plan, schematic design and design development of 83 unit CCRC facilities, and 60,400sf Office/Commercial facilities in a pedestrian oriented village, designed to respect and enhance the existing character of the campus.

**Children's Farm Home, Corvallis, OR.** Project Manager for existing facilities assessment, program analysis and projection, conceptual facility improvements/additions planning and campus master plan, for 200 acre site, 75 client children's residential psychiatric treatment program. Technical assistance to the implementation design team led by Lori Kellow.

**Sequent Learning Center, Washington County, OR.** Project Manager & Project Architect for innovative new 35,000 sf corporate childcare and primary school facility. Project completed through Programming, Concept Alternatives, Schematic Design and Design Development.

**Sequent Rogue Office Building, Washington County OR.** 115,000 sf new corporate office facility. Steve provided planning code, building code, and fire code analysis, public agency liaison, critical alternative methods justifications (appeals), and records of ongoing plan review process to the reviewing agency.

**The Oregon Zoo Entry & Oregon Exhibit, Portland, OR.** Conditional Use Master plan for entire zoo facility long term projection and initial construction projects. These included a new entrance with plaza and visitors services including: retail, restaurant facilities, offices, auditorium, education facilities, new train station, and a new "Oregon" exhibits. Assisted the owner in developing a flexible mechanism to address parking impact management to the satisfaction of city transportation planning agencies, and the concerned surrounding neighborhoods and uses.

**Portland Public Schools, Portland, OR.** Project Manager for assessment of 17 schools including seismic, Fire & Life Safety, and ADA upgrades for each facility. For each school we produced an analysis of the buildings rated construction, allowable area, exitway protection deficits, door hardware function and condition, alarm and detection systems. We provided a detailed survey of clearances and accessibility of existing main floor restroom facilities. For each deficit, an upgrade was proposed, and budget estimate provided. We coordinated full seismic survey and collaborated with structural engineers to develop practical seismic upgrade strategies. Due to restricted project budgets, we worked with the district to develop a prioritization system that allowed the District to select which buildings should be improved, and which improvements in each building provided the most benefit to building users. During the implementation phase we worked closely with the permitting agencies to maintain their understanding that these were voluntary selective upgrades, in order to prevent scope/budget creep due to plan review comments.

**Portland Public Schools, Portland, OR.** Implementation of seismic, Fire & Life Safety, ADA improvements on constricted summer break construction schedule, for 11 school sites, average construction cost approximately \$300,000 per site.

- Atkinson Elementary
- Clark Elementary
- Rigler Elementary
- Bridlemile Elementary
- Rieke Elementary & Rieke Gym
- Sitton Elementary

**Steven C. Poland, AIA**

**Page 2**

**Eliot tower, Portland, OR.** Principal in charge and Project Manager for new construction 18 story Condominium Residential & Retail building. Managed collaborative process, developing the building plans and details out of shell design scheme by ZGF partnership. An innovative floor to ceiling glass curtainwall system required development of special extruded aluminum spandrel panel system and whole building energy modeling. Cost driven tight floor to floor height achieved through extensive coordination of HVAC systems with engineer, contractor and acoustic consultant.

**Elizabeth Lofts, Portland, OR.** Project Manager for new construction of 16 story Condominium Residential & Retail building. Implemented new technology and project procedures for highest quality building envelope integrity.

**Gregory Lofts, Portland, OR.** New Pearl District 12 story Residential / Office / Retail building. Project manager from concept design and Design Review application through construction. The 340,000 sq. ft. building contains 145 residential condominium units; 28,000 sf of Offices; 18,000 sf of Retail space, and enclosed parking for 209 cars. Provided all liaison with public officials, including collaborative development of innovative decorative brick parking garage screen. Completion May 2001.

**McKenzie Lofts, Portland, OR.** Design Review Code Compliance and Construction Administration for a new 6 story condominium and retail project in the inner northwest pearl District neighborhood. The 130,000 sf building will house 65 one and two bedroom lofts, 8 retail spaces and internal parking. \$10,637,416 total construction contract. Completed 1998.

With previous firms:

**Portland Community College Projects:**

Cascade Campus Master Plan, Portland, OR. Project Management, Programming Analysis, Planning, Public Agency Liaison for comprehensive Campus Master Plan. Workshops with administration, faculty, students, and community. Traffic Mitigation planning and negotiation.

**Cascade Campus Library / Classroom Building, Portland, OR.** 60,000 gsf project including new library and multi-media facilities, new classrooms and faculty offices, dining area expansion, conversion of old library to classrooms and offices, expansion/remodel of kitchen/serving facilities.

**Rock Creek Campus Master Plan, Washington County, OR.** Project Management, Programming Analysis, Planning, Public Agency Liaison for Long Range Campus Development Master Plan and Washington County Special Use Approval process. Expansion of Urban Growth Boundary to include the campus. Planning workshops to project needs of major expansion of Library, Laboratory, Student Services, and Food Service facilities.

**Clark College New Learning Resources Center, Student Services Remodel, Vancouver, WA.** Student Service facilities master plan, New 50,000 sf Cannell Library/Computer center, Video Production Center, Developmental Ed., Admissions-Counseling, Lounge and Meeting Room additions to Student Center.

Steven C. Poland, AIA

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**Catlin Gable School, Portland, OR.** Planning and Project Management for new 19,500 sf Middle School Building; Gymnasium renovation and addition of new locker/shower rooms, office and storage space, class and apparatus rooms; and six other Addition/Remodel/Planning projects.

**Oregon Episcopal School, Portland, OR.** Planning and Project Management for major renovation of Upper School and design of new 22,000 sf Middle School, 1995. Conditional Use process and design for conversion of former tennis club to school Sports and Recreation Center.

**Waverly Children's Home, Portland, OR.** Major renovation & additions totaling approx. 80,000 sf. New Dormitory, New Exterior Play Shelter, Conversion of old dorms to school classrooms, major remodel of counseling, gymnasium, new outdoor basketball court shelter, food service facilities, conditional use process. (Waverly since purchased by Trillium Family Services, see Children's Farm Home)

# **APPENDICES**

## **APPENDIX A – FINANCIAL DATA**

**MARTHA WASHINGTON BUILDING  
PRELIMINARY BUILDING PROGRAM**

Housing studio units with bath and kitchens	99
	300 SF
	30% MFI Rent
	356.7 Rent per unit
	Utilities (paid by operator)
	356.70 Rent after utilities

Square Footage for Lease

South Bay 1st Floor Clinic + Offices for Lease	4770	Basement Leasable SF
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County Activities:

Aging/Disabled Services North Bay, 1st Floor	4493
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Loaves and Fishes:

Dining Room	2343
Kitchen	1241
Rec Room	928
Kitchen Storage	874
	<u>7886</u>

South Bay Community and Activity Space	3007
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Total County Square Footage	15,386
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Total Square Footage Leased	<u>20,156</u>
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**MARTHA WASHINGTON BUILDING  
PRELIMINARY DEVELOPMENT BUDGET**

		LIHTC Basis	Historic Basis
Acquisition Basis of Building (no land)		\$3,100,000	
Contingency	8.23%	380,000	\$380,000
Hard costs	sf \$ 85	\$5,000,000	\$5,000,000
Soft costs + interest (no dev fee)	25%	1,250,000	1,250,000
Ineligible soft costs	40%	(500,000)	
Sub-total		9,230,000	6,630,000
Developer Fee allowed by IRS	9%	784,550	784,550
% of hard, soft and acquisition			
In-eligible Developer Fee	40%	(313,820)	
<b>Total Development Cost Basis</b>		<b>\$9,700,730</b>	<b>\$7,414,550</b>
Housing Eligible Basis (basement/office out of basis)	65%	\$6,305,475	
Minus Eligible Developer Fee		(470,730)	
Minus acquisition price		(3,100,000)	
Basis eligible for Difficult to Develop Boost		\$3,205,475	
Hard to develop census	1.3	4,167,117	
Add back non-boosted Basis			
Eligible Developer Fee		470,730	
Acquisition Price related to Housing	65%	2,015,000	
<b>Total Eligible Basis</b>		<b>\$6,652,847</b>	
4% credit	3.46%	\$144,182	
LIHTC syndication	94%		
Historic Eligible Basis	65%		\$4,309,500
Historic Credit	20%		861,900
Historic Syndication	85%		
<b>Total Equity from Tax Credits</b>		<b>\$1,355,313</b>	<b>\$732,615</b>

**MARTHA WASHINGTON BUILDING  
PRELIMINARY SOURCES & USES**

Sources:		Uses :	
LIHTC Syndication	\$ 1,355,313	Acquisition	\$ 3,000,000
HTC Syndication	\$ 732,615	Pre-leasing Payment from County	2,502,712
FHLB Grant	\$ 400,000	Net to County	\$ 5,502,712
Bond Issuance	\$ 175,726		
Refunded Bond	\$ 2,502,712	Hard Costs	\$ 5,380,000
Long Term Bond Debt	\$ 2,678,438	Soft Costs	\$ 1,250,000
PDC Funding	\$ 7,409,959	Developer Fee	\$ 443,614
<b>Total</b>	<b>\$ 12,576,326</b>	<b>Total</b>	<b>\$ 12,576,326</b>

<b>50% tax exempt bond Test</b>	
Bond Issuance	\$ 175,726
Bond + other sources	\$ 12,576,326
% financed by T/E Bond	1%

**MARTHA WASHINGTON BUILDING  
PRELIMINARY OPERATING PROFORMA**

Housing Units				99	
Rent per Unit	15	MFI 17%	\$	202.13	SF 264 (after utilities)
	55	30%	\$	356.70	264 (after utilities)
	30	40%	\$	475.60	350 (after utilities)

3% MFI escalation to 2007

Gross Annual Housing Rents		\$	456,312
Vacancy	5%	\$	(22,816)
Laundry Income	\$10	\$	11,880
Net Residential Revenue		\$	<u>445,376</u>

Commercial Income	SF	Lease NNN		
Elders in Action	2200	\$ 12.00	\$	26,400 NNN Rent/yr
Future Tenant	1040	\$ 14.00	\$	14,560
Aging/Disabled Services North Bay, 1st Floor	4300	\$ 14.00	\$	60,200
Loaves and Fishes: Kitchen, rest rooms, activity space			\$	<u>75,000</u>
Gross Commercial Income			\$	176,160
Vacancy	10%		\$	(17,616)
Net Commercial Revenue			\$	<u>158,544</u>
Total Net Revenue			\$	603,920
Housing Operating Cost per Unit (estimated) (utilities paid by operator; tax exemption in place)	3900		\$	386,100
<b>NET INCOME</b>			\$	<u><b>217,820</b></u>

Debt Available based on net income	1.15 dcr 30 yrs 5.75% int		
Debt Service	\$ 2,678,438 Loan Balance	\$	<u>189,409</u>
Annual Cash Flow		\$	28,411
Cash flow over 12 years (IRS)	12		340,936

**MARTHA WASHINGTON BUILDING  
BOND REFUNDING PROPOSAL**

Bond Refunding - Approximation (Could be increased with Full Service leases vs NNN)

County master lease, refunding difference between market and actual rents to reduce tax exempt bond

	<i>SF Leased with Load 8%</i>	<i>NNN Proforma Lease Rate</i>	<i>Market Lease Rate</i>	<i>Difference between market and Proforma</i>	<i>Payment Difference per year</i>
Loaves and Fishes	10,754	\$7.53	\$20.00	\$12.47	\$134,073
County ADS Office	4,644	\$14.00	\$20.00	\$6.00	\$27,864
Elders in Action	2,376	\$12.00	\$20.00	\$8.00	\$19,008
Other Service Provider	1,123	\$14.00	\$20.00	\$6.00	\$6,739
County Land Lease Pre-Pay					<u>\$14,000</u>
					\$201,685

Interest 7.00%  
 period years 30  
 Present Value/Refunding Amt. \$2,502,712.01

<b>MARTHA WASHINGTON BUILDING</b> <b>LOAVES &amp; FISHES LEASE PROPOSAL</b>
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**Schedule of Space**

SPACE	Sq. Ft.	
Kitchen	1,233	
Dining Room	2,348	
Offices near Kitchen	280	
Storage 1	332	
* Restrooms	1,000	
** Storage 2	600	
Exercise	858	
Senior Activities/Day Room	2,471	
Sub-Total	9,122	
5% Load Factor (hallways, corridors, utility areas, egress)	456	
1895 Lobby Pro-rate by Floor	379	1/5
<b>TOTAL SF LEASED</b>	<b>9,957</b>	
 <b>ESTIMATED L&amp;F BUDGET</b>		
Rent Paid Triple Net per Year	\$ 75,000	7.53
Common Area Charges	10,140	
Utilities paid by Loaves and Fishes (est)	\$33,000	
	<b>\$ 118,140</b>	

**Notes:**

- Measurements are approximate and subject to adjustment as plans are finalized
- \* To be decreased from 1/30 rendering
- \*\* To be increased from 1/30 rendering

**MARTHA WASHINGTON BUILDING**  
**LOAVES & FISHES LEASE - PROPOSED LEASE CHARGES**

Estimated Common Area Maintenance Charges ( In addition to triple net lease)

Loaves and Fishes Lease	9957 Interior Space + Load
Building Total	62500 SF
Loaves and Fishes Floors	1
Building Floors	5

Cost Item	Yearly Building Expense	Allocation Method	Allocation
Property Taxes		Abated/Exempted	\$ -
Building Insurance (estimated) (Kitchen use?)	25000 Building Total	By Floor	\$ 5,000
Exterior Envelope Maintenance	5000 Building Total	By Floor	\$ 1,000
Garden Area Maintenance	1200 Total	By Floor	\$ 240
Interior Common Area Janitorial (1)		Performed by L & F	\$ -
Garbage - Kitchen and Activity Center (2)		Separate Billing	
Heat/Ventilation Maintenance	\$1,500 per year	L & F Separate System	\$ 1,500
Electricity (3)		Separate Meter	
Water (3)		Separate Meter	
Gas (3)		Separate Meter	
Elevator Maintenance	12000 Building Total	By Floor	\$ 2,400
Kitchen Equipment Maintenance		Performed by L & F	

Total	\$ 10,140
Per SF	\$ 1.02

NOTES:

- (1) Charge eliminated if L&F performs their own janitorial service
  - (2) Loaves and Fishes would contract for own garbage service related to kitchen activities
  - (3) Separate water, gas and electric meter will be in place for Loaves and Fishes Space
- Charges subject to refinement and change as project progresses

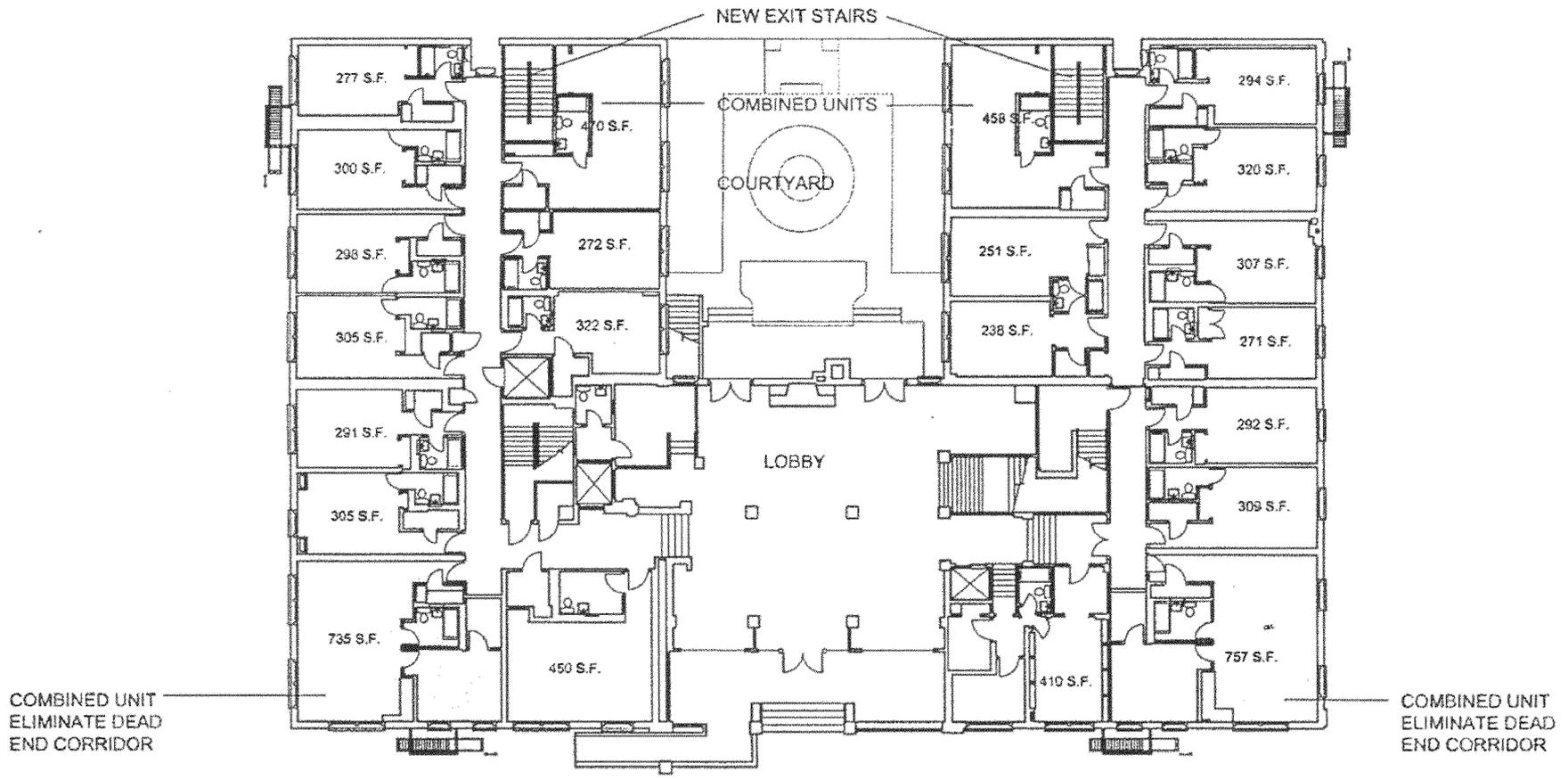
**MARTHA WASHINGTON BUILDING**  
**LOAVES & FISHES LEASE - PROPOSED TENANT IMPROVEMENTS**

The following tenant improvements are included as part of the rehabilitation program for the building, and are included in the lease rate:

- 1 Fire and Life Safety improvements to code
- 2 Seismic treatment to code
- 3 Hazardous Materials abatement and removal
- 4 Installation and ducting for a new, separate HVAC system serving the Loaves and Fishes space
- 5 Buildout and finishes to the restrooms adjoining the dining room space
- 6 Two new accessible elevators installed serving the dining room and the activities area
- 7 Ramp and height clearance improvements to the Main Street side entrance to allow meal cart deliveries
- 8 Refinements to the dining room finishes per architectural and user specifications
- 9 Removal of demising wall and structural treatment to create open senior activities space - SW basement area
- 10 Expanded front exterior ramp (as approved by City)
- 11 New Flooring and rubber base installed
- 12 New Paint through-out
- 13 Lighting installed per architectural specification
- 14 Allowance for commercial kitchen improvements per further understanding of requirements (minimum: \$50,000)
- 15 New wall framing and finishing - activity center rooms, kitchen offices; expanded central hallway
- 16 Window restoration as required
- 17 New Doors and hardware as required
- 18 Installation of separate electric, gas and water meter service

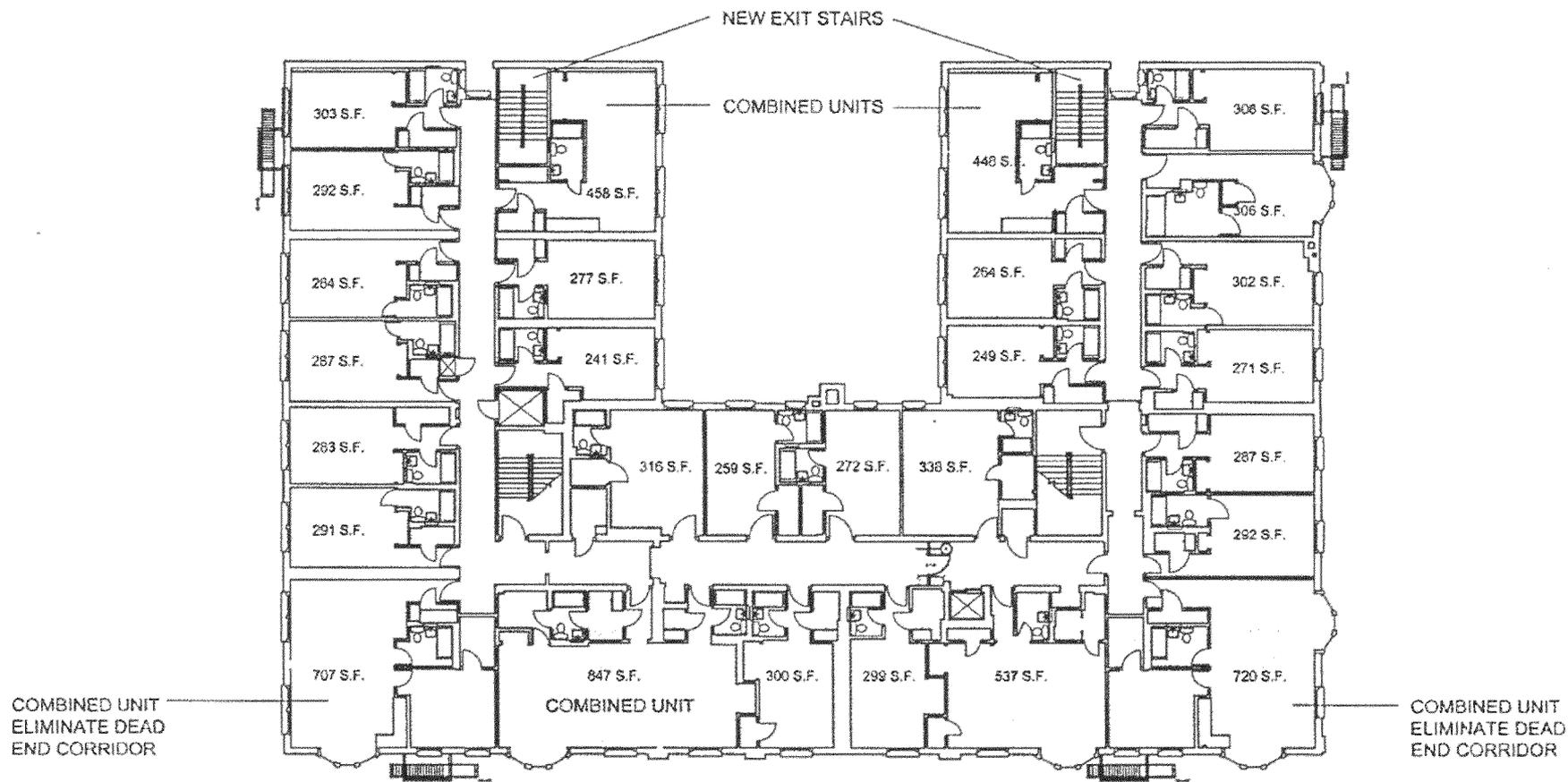
Note: The building rehabilitation program includes a new roof assembly, sheet metal and rain drains, and external wall surface cleaning and repairs.

## **APPENDIX B – CONCEPT PLANS**



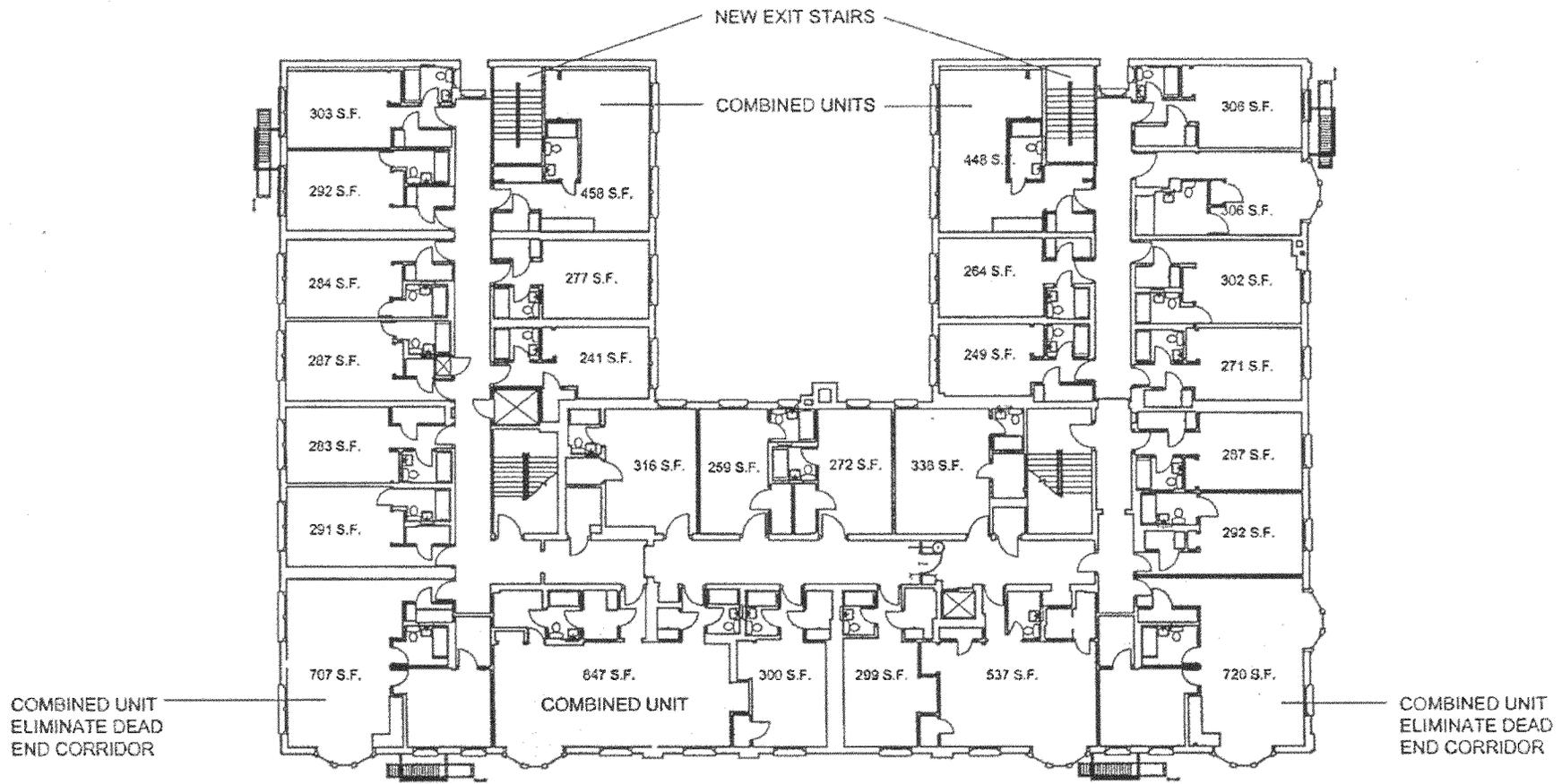
FIRST FLOOR PLAN

# MARTHA WASHINGTON BUILDING



SECOND FLOOR PLAN

# MARTHA WASHINGTON BUILDING



THIRD FLOOR PLAN

# MARTHA WASHINGTON BUILDING

**MARTHA WASHINGTON BUILDING  
PROJECT SCHEDULE ESTIMATE**

JAN 30 2006	Conceptual Drawings and Cost Estimate #1 Completed
FEB 15 2006	Submitted to County Request for Input
APRIL 26 2006	PDC Budget Input - 2007-2008 fiscal year - South Park Blocks
MAY 1 2006	Preliminary discussions with Construction Lenders and Bond Purchaser
MAY 18 2006	RFP to County Commission for review
JUNE 1 2006	RFP to the street; Letter of Intent of Lease Space signed with Loaves and Fishes
JULY 15 2006	RFP Responses Due
SEPT 1 2006	RFP Awarded; site control received
SEPT 1 2006	Part 1 Historic Significance Report begun; Consultant letter supporting listing and tax credits
SEPT 1 2006	Schematic Architectural Plans Begun
OCT 1 2006	Negotiations with Construction Lender, Tax Credit Investors
OCT 1 2006	Lease Signed with Loaves and Fishes
OCT 15 2006	Schematic Architectural Plans Completed; Permitting Process Begins
NOV 1 2007	PDC Commitment Letter Issued for Loan; Lease signed with Loaves and Fishes
NOV 15 2006	Cost Estimate #2 from Contractor; Part 1 Approval from State Historic Preservation Office
DEC 15 2006	Design Development Plans Completed
JAN 15 2006	Financing Closed with lenders; tax credit agreements completed; Cost Estimate #3 Completed
JAN 30 2007	Demolition Permit Issued
FEB 15 2007	Construction Drawings Completed; Final Permits Issued; Construction Begins
NOV 1 2007	Construction Completed
NOV 15 2007	Move-in

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. \_\_\_\_\_

Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon

**The Multnomah County Board of Commissioners Finds:**

- a. By Resolution 05-201, dated December 8, 2005, the Multnomah County Board of Commissioners declared the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon ("Property") as surplus.
- b. By Resolution 06-036, dated March 30, 2006, the Multnomah County Board of Commissioners authorized Facilities and Property Management Division ("Facilities") to develop a Request for Proposals, ("RFP") for the Property. The Resolution detailed specific elements to be addressed in the RFP, including affordable housing, chronic homelessness, supportive services, and development standards.
- c. The RFP was issued June 19, 2006. It was widely publicized through commercial real estate services, County e-mail, display signs, County Surplus Property website, and direct distribution. In addition, property inspection tours were conducted July 10 and July 20, 2006.
- d. On August 17, 2006, a letter was issued by the Facilities Director that extended the deadline for responses until September 5, 2006. In addition, the letter clarified the outline for responses and distributed the evaluation form by which responses would be scored.
- e. Two proposals were received by the September 5, 2006 deadline:
  - i. A proposal from Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation ("Cascadia/Winkler").
  - ii. A proposal from Sockeye Development, LLC.
- f. An Evaluation Committee ("Committee") was convened to consider the proposals. The Committee members scored the proposals, independently and reached a consensus scoring for each proposal as indicated on the attached evaluation forms.
- g. It is the recommendation of the Committee that the Board commence negotiations with Cascadia/Winkler for transfer of the Martha Washington

Building pursuant to a Disposition and Development Agreement that incorporates the terms of the Cascadia/Winkler proposal.

**The Multnomah County Board of Commissioners Resolves:**

1. The Board accepts the recommendation of the Committee.
2. Facilities is authorized to commence negotiation of a Disposition and Development Agreement with Cascadia/Winkler incorporating the terms of the proposal submitted by Cascadia/Winkler. After negotiations are complete, Facilities is directed to submit the final agreement to the Board for final approval.

ADOPTED this 26th day of October, 2006.

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

---

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
John S. Thomas, Deputy County Attorney

**Martha Washington RFP Evaluation Form**  
**Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation**

1-	<b>Proceeds to County</b>	<ul style="list-style-type: none"> <li>▪ \$0 = 0 pts.</li> <li>▪ 100% of appraisal = 10 pts.</li> <li>▪ % of appraisal = % of pts. (See notes for an example)</li> </ul>	<b>0</b>  10 Pts. Max.
2-	<b>Affordable Housing Production</b>	<ul style="list-style-type: none"> <li>▪ High score = 20 pts.</li> <li>▪ % of High score = % of pts.</li> <li>▪ Score = Total Units/Weighted Ave. MFI Served (See Notes for example)</li> </ul>	<b>15</b>  20 Pts. Max.
3-	<b>Address Needs of Homeless</b>	<ul style="list-style-type: none"> <li>▪ High score = 20 pts.</li> <li>▪ % of High score = % of pts.</li> <li>▪ Score = Number of units serving 17% of MFI or less (See Notes for example)</li> </ul>	<b>20</b>  20 Pts. Max.
4-	<b>Complementary Services</b>	<ul style="list-style-type: none"> <li>▪ Services appropriate to population</li> <li>▪ Level of service</li> <li>▪ Certainty/sustainability of services</li> </ul>	<b>8</b>  10 Pts. Max.
5-	<b>Non-Competitive Funding</b>	<ul style="list-style-type: none"> <li>▪ % of non-competitive funding = % of points (See Notes for example)</li> </ul>	<b>2</b>  5 Pts. Max.
6-	<b>Building Rehabilitation</b>	<ul style="list-style-type: none"> <li>▪ Compliant with Building Codes</li> <li>▪ Provides accessibility</li> <li>▪ Long term plan for building maintenance</li> <li>▪ Respects historic/architectural character</li> <li>▪ Kitchen capacity approp. for population</li> </ul>	<b>5</b>  5 Pts. Max.
7-	<b>Financial Feasibility</b>	<ul style="list-style-type: none"> <li>▪ Realistic long-term pro forma</li> <li>▪ Evidence of equity</li> <li>▪ Evidence of financing commitments</li> <li>▪ Developer Fee</li> <li>▪ Evidence of financial strength and resources of the proposer</li> </ul>	<b>13.25</b>  15 Pts. Max.
8-	<b>Readiness to Proceed</b>	<ul style="list-style-type: none"> <li>▪ Evidence of land use suitability</li> <li>▪ Acceptable transaction terms</li> <li>▪ Timely closing</li> </ul>	<b>12</b>  15 Pts. Max.
9-	<b>Neighborhood Compatibility</b>	<ul style="list-style-type: none"> <li>▪ Neighborhood/community compatibility</li> <li>▪ Neighborhood/community contact</li> </ul>	<b>8</b>  10 Pts. Max.
10-	<b>Developer Capacity</b>	<ul style="list-style-type: none"> <li>▪ Proposer Staff Capability</li> <li>▪ Qualifications of Development Team (Architect, contractor &amp; other professionals)</li> </ul>	<b>9</b>  10 Pts. Max.
<b>TOTAL: 76.88%</b>			<b>92.25</b> 120 Pts. Max.

**Martha Washington RFP Evaluation Form**  
**Sockeye Development, LLC**

1-	<b>Proceeds to County</b>	<ul style="list-style-type: none"> <li>▪ \$0 = 0 pts.</li> <li>▪ 100% of appraisal = 10 pts.</li> <li>▪ % of appraisal = % of pts. (See notes for an example)</li> </ul>	<b>1</b>  10 Pts. Max.
2-	<b>Affordable Housing Production</b>	<ul style="list-style-type: none"> <li>▪ High score = 20 pts.</li> <li>▪ % of High score = % of pts.</li> <li>▪ Score = Total Units/Weighted Ave. MFI Served (See Notes for example)</li> </ul>	<b>20</b>  20 Pts. Max.
3-	<b>Address Needs of Homeless</b>	<ul style="list-style-type: none"> <li>▪ High score = 20 pts.</li> <li>▪ % of High score = % of pts.</li> <li>▪ Score = Number of units serving 17% of MFI or less (See Notes for example)</li> </ul>	<b>12</b>  20 Pts. Max.
4-	<b>Complementary Services</b>	<ul style="list-style-type: none"> <li>▪ Services appropriate to population</li> <li>▪ Level of service</li> <li>▪ Certainty/sustainability of services</li> </ul>	<b>3</b>  10 Pts. Max.
5-	<b>Non-Competitive Funding</b>	<ul style="list-style-type: none"> <li>▪ % of non-competitive funding = % of points (See Notes for example)</li> </ul>	<b>2</b>  5 Pts. Max.
6-	<b>Building Rehabilitation</b>	<ul style="list-style-type: none"> <li>▪ Compliant with Building Codes</li> <li>▪ Provides accessibility</li> <li>▪ Long term plan for building maintenance</li> <li>▪ Respects historic/architectural character</li> <li>▪ Kitchen capacity approp. for population</li> </ul>	<b>5</b>  5 Pts. Max.
7-	<b>Financial Feasibility</b>	<ul style="list-style-type: none"> <li>▪ Realistic long-term pro forma</li> <li>▪ Evidence of equity</li> <li>▪ Evidence of financing commitments</li> <li>▪ Developer Fee</li> <li>▪ Evidence of financial strength and resources of the proposer</li> </ul>	<b>3</b>  15 Pts. Max.
8-	<b>Readiness to Proceed</b>	<ul style="list-style-type: none"> <li>▪ Evidence of land use suitability</li> <li>▪ Acceptable transaction terms</li> <li>▪ Timely closing</li> </ul>	<b>8</b>  15 Pts. Max.
9-	<b>Neighborhood Compatibility</b>	<ul style="list-style-type: none"> <li>▪ Neighborhood/community compatibility</li> <li>▪ Neighborhood/community contact</li> </ul>	<b>5</b>  10 Pts. Max.
10-	<b>Developer Capacity</b>	<ul style="list-style-type: none"> <li>▪ Proposer Staff Capability</li> <li>▪ Qualifications of Development Team (Architect, contractor &amp; other professionals)</li> </ul>	<b>7</b>  10 Pts. Max.
<b>TOTAL: 55.00%</b>			<b>66</b> 120 Pts. Max.

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 06-181**

Authorizing Negotiations with Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation for a Disposition and Development Agreement for the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon

**The Multnomah County Board of Commissioners Finds:**

- a. By Resolution 05-201, dated December 8, 2005, the Multnomah County Board of Commissioners declared the Martha Washington Building, 1115 SW 11th Avenue, Portland, Oregon ("Property") as surplus.
- b. By Resolution 06-036, dated March 30, 2006, the Multnomah County Board of Commissioners authorized Facilities and Property Management Division ("Facilities") to develop a Request for Proposals, ("RFP") for the Property. The Resolution detailed specific elements to be addressed in the RFP, including affordable housing, chronic homelessness, supportive services, and development standards.
- c. The RFP was issued June 19, 2006. It was widely publicized through commercial real estate services, County e-mail, display signs, County Surplus Property website, and direct distribution. In addition, property inspection tours were conducted July 10 and July 20, 2006.
- d. On August 17, 2006, a letter was issued by the Facilities Director that extended the deadline for responses until September 5, 2006. In addition, the letter clarified the outline for responses and distributed the evaluation form by which responses would be scored.
- e. Two proposals were received by the September 5, 2006 deadline:
  - i. A proposal from Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation ("Cascadia/Winkler").
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- f. An Evaluation Committee ("Committee") was convened to consider the proposals. The Committee members scored the proposals independently and reached a consensus scoring for each proposal as indicated on the attached evaluation forms.
- g. It is the recommendation of the Committee that the Board commence negotiations with Cascadia/Winkler for transfer of the Martha Washington

Building pursuant to a Disposition and Development Agreement that incorporates the terms of the Cascadia/Winkler proposal.

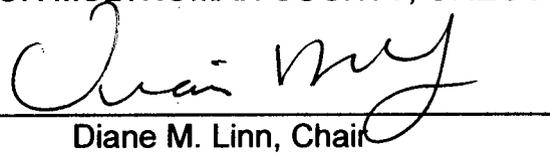
**The Multnomah County Board of Commissioners Resolves:**

1. The Board accepts the recommendation of the Committee.
2. Facilities is authorized to commence negotiation of a Disposition and Development Agreement with Cascadia/Winkler incorporating the terms of the proposal submitted by Cascadia/Winkler. After negotiations are complete, Facilities is directed to submit the final agreement to the Board for final approval.

ADOPTED this 26th day of October, 2006.



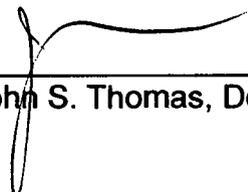
BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

  
Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By

  
John S. Thomas, Deputy County Attorney

**Martha Washington RFP Evaluation Form**  
**Cascadia Behavioral Healthcare, Inc. and Winkler Development Corporation**

1-	<b>Proceeds to County</b>	<ul style="list-style-type: none"> <li>▪ \$0 = 0 pts.</li> <li>▪ 100% of appraisal = 10 pts.</li> <li>▪ % of appraisal = % of pts. (See notes for an example)</li> </ul>	<b>0</b>  10 Pts. Max.
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5-	<b>Non-Competitive Funding</b>	<ul style="list-style-type: none"> <li>▪ % of non-competitive funding = % of points (See Notes for example)</li> </ul>	<b>2</b>  5 Pts. Max.
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**Martha Washington RFP Evaluation Form**  
**Sockeye Development, LLC**

1-	<b>Proceeds to County</b>	<ul style="list-style-type: none"> <li>▪ \$0 = 0 pts.</li> <li>▪ 100% of appraisal = 10 pts.</li> <li>▪ % of appraisal = % of pts. (See notes for an example)</li> </ul>	<b>1</b>  10 Pts. Max.
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8-	<b>Readiness to Proceed</b>	<ul style="list-style-type: none"> <li>▪ Evidence of land use suitability</li> <li>▪ Acceptable transaction terms</li> <li>▪ Timely closing</li> </ul>	<b>8</b>  15 Pts. Max.
9-	<b>Neighborhood Compatibility</b>	<ul style="list-style-type: none"> <li>▪ Neighborhood/community compatibility</li> <li>▪ Neighborhood/community contact</li> </ul>	<b>5</b>  10 Pts. Max.
10-	<b>Developer Capacity</b>	<ul style="list-style-type: none"> <li>▪ Proposer Staff Capability</li> <li>▪ Qualifications of Development Team (Architect, contractor &amp; other professionals)</li> </ul>	<b>7</b>  10 Pts. Max.
<b>TOTAL: 55.00%</b>			<b>66</b> 120 Pts. Max.



# MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS  
AGENDA # R-3 DATE 10-26-06  
DEBORAH L. BOGSTAD, BOARD CLERK

**Board Clerk Use Only**

Meeting Date: 10/26/06  
Agenda Item #: R-3  
Est. Start Time: 9:40 AM  
Date Submitted: 10/06/06

**PROJECT REALLOCATION: FPM 07-03**

**Agenda Title: Reallocation of Facilities Capital Project Funds FPM 07-03, Multnomah County  
Yeon Building Alarms Upgrade Project**

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

<b>Date Requested:</b>	<u>October 26, 2006</u>	<b>Time Requested:</b>	<u>5 mins</u>
<b>Department:</b>	<u>County Management</u>	<b>Division:</b>	<u>Facilities &amp; Property Mgmt.</u>
<b>Contact(s):</b>	<u>John Lindenthal, Patrick Jones</u>		
<b>Phone:</b>	<u>503 988 4213</u>	<b>Ext.</b>	<u>84213</u>
		<b>I/O Address:</b>	<u>274</u>
<b>Presenter(s):</b>	<u>John Lindenthal, Patrick Jones</u>		

**General Information**

- What action are you requesting from the Board?**  
Requested action is to approve an increase in the project authorization by \$31,000 for this project (CP08.06.25). Budget authorized in FY07 is \$95,000. Revised project authorization will be \$126,000 with this action.
- Please provide sufficient background information for the Board and the public to understand this issue.**  
The Board included the following Budget Note in the FY05 Adopted Budget. No reallocation of funds from capital or maintenance projects shall occur without review and approval from the Chief Financial Officer. Projects that will exceed their budgeted appropriation in excess of five percent up to \$25,000 will need to be approved by the Chief Financial Officer; over \$25,000 will need to be brought back to the Board for approval. Facilities shall report to the Board on a semi-annual basis the progress of capital projects and the financial status of capital and maintenance projects." This filing is in response to that requirement and complies with the new County Administrative Procedure, Fin-15, created to implement this process.

The Yeon Alarms Upgrade Project requires additional funding of \$31,000 due to the following circumstances required to complete the project.

- 1) Additional devices required by the Fire Marshal
- 2) Inability to reuse any of the existing devices

**3. Explain the fiscal impact (current year and ongoing).**

Fiscal year FY07: No overall fiscal impact. Transfer \$31,000 budget expenditure authority from the following projects: CP08.07.29 Walnut Park File Room AC (\$25,000); CP08.07.21 Justice Center Hot/Cold Water Dist (\$6,000)

For the Walnut Park File Room AC project airflow was able to be diverted from other parts of the building to eliminate the need for this project.

For the Justice Center Hot/Cold Water Distribution project funding will be reviewed and reallocated in the 5-year CIP plan.

**4. Explain any legal and/or policy issues involved.**

None.

**5. Explain any citizen and/or other government participation that has or will take place.**

None

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## ATTACHMENT A

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### **Budget Modification**

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**If the request is a Budget Modification, please answer all of the following in detail:**

- What revenue is being changed and why?  
N/A
- What budgets are increased/decreased?  
No budget change except at project level.
- What do the changes accomplish?  
N/A
- Do any personnel actions result from this budget modification? Explain.  
No.
- How will the county indirect, central finance and human resources and departmental overhead costs be covered?  
N/A
- Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?  
N/A
- If a grant, what period does the grant cover?  
N/A
- If a grant, when the grant expires, what are funding plans?  
N/A

*NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.*

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## ATTACHMENT B

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PROJECT REALLOCATION: FPM 07-03

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### Required Signatures

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Facilities &  
Property  
Management  
Director:



Date: 10/06/06

---

Chief Financial  
Officer:



Date: 10/06/06

---

Budget Director:



Date: 10/09/06

---

Project Reallocation Bud Mod: FPM07-03

**EXPENDITURES & REVENUES**

FPM07-03

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Line No.	Fund Center	Fund Code	Accounting Unit		WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
			Internal Order	Cost Center							
1											
2	72-50	2507			CP08.06.25	60530	95,000	126,000	31,000		Yeon Shops Fire Alarm Upgrade
3	72-50	2507			CP08.07.29	60530	25,000	0	(25,000)		Walnut park File Room AC
4	72-50	2507			CP08.07.21	60530	10,000	4,000	(6,000)		Justice Center Hot/Cold Water Distribution
5	72-50	2507									
6											
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**MULTNOMAH COUNTY  
AGENDA PLACEMENT REQUEST**

**Board Clerk Use Only**

**Meeting Date:** 10/26/06  
**Agenda Item #:** R-4  
**Est. Start Time:** 9:43 AM  
**Date Submitted:** 10/09/06

**BUDGET MODIFICATION:** -

**Expenditure Contract 4600006391 with Dunthorpe-Riverdale Service District  
 Agenda and City of Portland, Sewage Transportation, Treatment, Maintenance and  
 Title: Engineering Service Agreement**

*Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.*

**Date Requested:** November 2, 2006      **Time Requested:** 10 minutes  
**Department:** Dept. of Community Services      **Division:** LUT  
**Contact(s):** Tom Hansell  
**Phone:** 503 988 5050      **Ext.** 29833      **I/O Address:** 425  
**Presenter(s):** Tom Hansell

**General Information**

**1. What action are you requesting from the Board?**

The Department of Community Services recommends approval of the Dunthorpe-Riverdale Services District and sewage transportation, treatment, maintenance and engineering services agreement with the City of Portland.

**2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action effects and how it impacts the results.**

Since its inception in the mid 1960's, the Dunthorpe-Riverdale Service District has secured operational agreements with the City of Portland for various sewage services. The first agreement executed between the two parties provided the District with sewage treatment services at the City of Portland's Tryon Creek Treatment Plant. In 1985 the County amended the original agreement to include maintenance and engineering services for the District sewage collection system. At that time the County outsourced the total responsibility for these services to the City of Portland. This agreement re-establishes the obligations of each party to ensure the District continues to provide high quality services to the ratepayers.

**3. Explain the fiscal impact (current year and ongoing).**

Funds necessary to fulfill this agreement are appropriated annually in the District's adopted budget.

**4. Explain any legal and/or policy issues involved.**

This IGA is a revision to the County's previous agreement (originally established in 1985) concerning the maintenance and engineering of district sanitary sewer system. This agreement also documents the payment terms for services during the interim period between the expiration of the previous agreement (February 1995) and the approval of this agreement by both parties.

**5. Explain any citizen and/or other government participation that has or will take place.**

Negotiations of this agreement were discussed with staff from County Transportation and the City Bureau of Environmental Services. This Agreement will move to the Portland City Council for review upon approval.

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**Required Signatures**

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**Department/  
Agency Director:**



**Date:** 10/09/06

**Budget Analyst:**

**Date:**

**Department HR:**

**Date:**

**Countywide HR:**

**Date:**

## MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Contract #: 4600006391

Pre-approved Contract Boilerplate (with County Attorney signature)  Attached  Not Attached

Amendment #: \_\_\_\_\_

CLASS I Based on Informal / Intermediate Procurement	CLASS II Based on Formal Procurement	CLASS III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Personal Services Contract	<input checked="" type="checkbox"/> Expenditure Contract
PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement
<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> <b>INTER-DEPARTMENTAL AGREEMENT (IDA)</b>

Department: <u>Community Services</u>	Division/ Program: <u>Land Use and Trans Program</u>	Date: <u>10/16/06</u>
Originator: <u>Tom Hansell</u>	Phone: <u>(503) 988-5050 x29833</u>	Bldg/Room: <u>425/2<sup>nd</sup></u>
Contact: <u>Cathy Kramer</u>	Phone: <u>(503) 988-5050 x22589</u>	Bldg/Room: <u>455/Annex</u>

**Description of Contract:** Sewage Transportation, Treatment, Maintenance, and Engineering Services Agreement between the City of Portland and the Dunthorpe-Riverdale Service District. This is a Perpetual Agreement as described in Section XII. TERM OF AGREEMENT. The Total Amount of the Agreement is an estimate based on Section VI. CHARGES FOR SERVICES PERFORMED, anticipating six (6) three (3)-year terms.<sup>1</sup>

RENEWAL:  PREVIOUS CONTRACT #(S) \_\_\_\_\_ EEO CERTIFICATION EXPIRES \_\_\_\_\_

PROCUREMENT, EXEMPTION OR CITATION # \_\_\_\_\_ ISSUE DATE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ END DATE: \_\_\_\_\_

CONTRACTOR IS:  MBE  WBE  ESB  QRF State Cert# \_\_\_\_\_ or  Self Cert  Non-Profit  N/A (Check all boxes that apply)

Contractor	City of Portland-Bureau of Environmental Services	Remittance address (If different)	
Address	1120 SW Fifth Ave., Room 1000	Payment Schedule / Terms:	
City/State	Portland OR	<input type="checkbox"/> Lump Sum \$ _____	<input type="checkbox"/> Due on Receipt
ZIP Code	97204	<input type="checkbox"/> Monthly \$ _____	<input type="checkbox"/> Net 30
Phone	(503) 823-7141 (Duane Peterson)	<input checked="" type="checkbox"/> Other \$ invoice	<input type="checkbox"/> Other
Employer ID# or SS#	N/A	<input type="checkbox"/> Price Agreement (PA) or Requirements Funding Info:	
Contract Effective Date	07/01/2006	Term Date	6/30/2024
Amendment Effect Date		New Term Date	
Original Contract Amount	\$ _____	Original PA/Requirements Amount	\$ _____
Total Amt of Previous Amendments	\$ _____	Total Amt of Previous Amendments	\$ _____
Amount of Amendment	\$ _____	Amount of Amendment	\$ _____
Total Amount of Agreement	\$ 13,500,000.00 <sup>1</sup>	Total PA/Requirements Amount	\$ _____

**REQUIRED SIGNATURES:**

Department Manager <u>Robert Maestre</u>	DATE <u>10-17-06</u>
County Attorney _____	DATE _____
CPCA Manager _____	DATE _____
County Chair _____	DATE _____
Sheriff _____	DATE _____
Contract Administration _____	DATE _____

COMMENTS: THCK3248 CAF (Cost Center: 909050)



# IGA Contract

### Vendor Address

PORTLAND CITY OF ENVIRONMENTAL SVCS  
106/10TH FLOOR

### Information

**Contract Number** 4600006391  
**Date** 10/17/2006  
**Vendor No.** 12048  
**Contact/Phone** BCS Transport'n / X26798  
**Validity Period:** 07/01/2006 - 06/30/2024  
**Minority Indicator:** Not Identified

**Estimated Target Value:** 13,500,000.00 USD

Item	Material/Description	Target Qty	UM	Unit Price
0001	<p>Dunthorpe-Riverdale Svc Dist IGA w/COP</p> <p>Plant: F030 Community Service            Requirements Tracking Number: 99  <i>Intergovernmental Engineering Services Maintenance Agreement between the Dunthorpe-Riverdale Service District and the City of Portland Bureau of Environmental Services for Sewage Transportation, Treatment, Maintenance, and Engineering Services Agreement between the City of Portland and the Dunthorpe-Riverdale Service District. This is a Perpetual Agreement-See Page 9, XII. Terms of Agreement The cost is an estimate based on Section VI, Page 5-6, of the Agreement and anticipates six (6) three (3)-year terms. (This agreement will service as a continuation of the previous Maintenance Agreement with COP executed in 1995.)</i>            Effective Dates: 07/01/06 - 06/30/2024            DCS Contact: Tom Hansell x29833</p>	13,500,000.000	Dollars	\$ 1.0000

# **DUNTHORPE-RIVERDALE SERVICE DISTRICT AND CITY OF PORTLAND SEWAGE TRANSPORTATION, TREATMENT, MAINTENANCE AND ENGINEERING SERVICE AGREEMENT**

This agreement is entered into pursuant to ORS 190.010, 451.560, and 454.165, between the City of Portland, a municipal corporation, hereinafter called "City"; and the Dunthorpe-Riverdale Service District, a Service District providing sewerage services, hereinafter called "District", for the purposes set forth herein below.

## **I. PURPOSE AND INTENT**

The purpose of this agreement is to provide sanitary sewage collection and treatment services to the District by the City, as shown in Exhibit A. These services include operation and maintenance services, engineering functions necessary to repair, replace and expand the collection system, and regulatory management services necessary to protect the system and the environment. This agreement also documents the terms under which payment for services were made during the interim period between the expiration of the previous agreement (February 17, 1995) and the approval of this agreement by both parties.

## **II. CITY RESPONSIBILITIES**

### **A. Operation and Maintenance Services**

1. The City will be responsible for the operation and maintenance of the District's public sanitary sewers within the boundaries of the District, in accordance with City standards and regulatory agency requirements. The services for operation and maintenance will consist of the following:
  - a. Operation and maintenance of existing and future public sewers and pump stations, including routine inspection and engineering review and analysis.
  - b. Maintenance of public sewers will be limited to existing and future public sewers in right-of-way or within adequate easements when the sewer is located on private property. If the easement is insufficient for proper maintenance, as reasonably determined by the City after consultation with the District, the District will be responsible for providing an additional permanent easement, or a temporary construction easement. The parties shall use their best efforts to resolve any disputes under this section with the goal of maintaining a fully functioning sewer system under a cost effective strategy mindful of both parties' budgets and other limitations.
  - c. Maintenance of house branches will be limited to that portion of the branch in the right-of-way between the main sewer and the existing or future curb, or the "Tee", "Wye", tap and riser when the main sewer is located in an easement. Branches will not be maintained if the City finds there is evidence that the branch was not constructed legally.

- d. The City will provide a reasonable and timely response for maintenance and operational services equal to the service provided within the City. Operation and maintenance will be performed during normal work hours, with emergency response available at all other hours.
  - e. "Wye", "Tee", branch, and tap installations shall be performed only after the City has issued a Tap Permit. The City's "Rules for Sewer Connection" will be applied to all such installations as to how and who (City or contractor) should perform installation.
2. Public pump stations serving the District shall include the following City-owned pump stations [including the District's percentage share of each pump station's capacity]:
    - a. Riverview Pump Station (9825 SW Riverside Dr./State Highway 43), District Share = 60.9% of capacity;
    - b. Elk Rock Pump Station (11875 SW Riverwood Rd.), District Share = 78.3% of capacity;
    - c. Tryon Creek Pump Station (195 SW Foothills Rd.), District Share = 67.0% of capacity.

The District's share of pump station capacity shall be calculated based on actual or anticipated flows per station drainage basin using a mutually agreed upon methodology as described in Exhibit B. Every five (5) years, or sooner depending on development changes and annexations, the District may request that the City repeat these calculations to take into account any changes that may have occurred.

3. Public pump stations shall also include any District-owned pump stations. As of the date of this agreement, the only District-owned pump station covered under terms of this agreement is the Beebe Creek Pump Station (11370 SW Riverwood Rd., District Share = 100.0% of capacity.)
4. The City shall provide operation and maintenance of the privately owned Powers Court pump station, at 11620 SW Terwilliger Blvd, under the terms of the agreement between the District and the property owners, as recorded in book 1469, pages 1209 to 1213. The City will perform this work as the District's contractor and does not assume the District's role or obligations under any agreements to which the District is a party. The City shall provide these services until the District notifies the City that the agreement with property owners has been terminated. The District shall be responsible for all costs incurred by the City in performing operation and maintenance of the Powers Court pump station, up to the date of termination. The City will include a separate itemization of costs incurred at any private pump station, including Powers Court, on any invoices from the City to the District, to facilitate the District's subsequent reimbursement from the properties served by the private pump station.
5. If any other pump stations are added to this agreement, the District and the City must identify them and there must be consent by both parties to add them to this agreement.

Mutual consent must be indicated by means of a letter signed by both a member of the City Council and the District Board Chair.

## B. Engineering Services

1. The City will be responsible for providing all management, labor, and materials required in the design and construction engineering for the expansion and upgrade of the collection system within the District in accordance with the City's design and construction standards. The services shall include, but are not limited to, the following:
  - a. Provide engineering planning, and sewer and pump station design; including preparation of plans and specifications, surveying, estimating costs, and attending public and commission hearings on all Local Improvement District sanitary sewer projects, and on sanitary sewer permit projects, on request by the District.
  - b. Review plans and specifications on sanitary sewer permit projects prepared by other parties. The City will not provide design and construction surveying for these permit projects.
  - c. Provide contract administration, construction inspection, and material testing for all public sewers and pump stations constructed within the District.
  - d. Upon a District request for engineering services, the City will provide the District with an estimated schedule and cost estimate for providing these services. The schedule will indicate the commencement of design and the time required for the final engineering plans and specifications.
2. The City will be responsible to provide operational engineering services as requested by the District, including:
  - a. Review all residential structure building permit applications, which are within fifty feet of the access to pump station, sewer pipeline, or manhole.
  - b. Review all industrial, commercial, and large multiple-family residential structure (over 10 living units) building permit applications for system capacity of sanitary and industrial discharges and pretreatment requirements.
  - c. Provide miscellaneous operational engineering services as requested by the District.
  - d. Provide field inspection of the construction of house branches in the public right-of-way or easement and the inspection of taps installed by private contractor.
  - e. Provide infiltration and inflow inspection and reporting as needed.

### III. DISTRICT RESPONSIBILITIES

A. The District will be responsible for business affairs and administrative activities of the District, which are necessary for their continued operation. In order to provide such operational service, the District shall:

1. Provide for the expansion of the collection system through either the permit process or Local Improvement District process, which includes securing the necessary financing, easements, assessment and collection of costs from the benefited property owners for the project.
2. Review final construction plans prepared by the City, the District's review will not include engineering design related to the sewer system.
3. Issue all connection permits for sewer connections and main line extension of the collection system for service to properties within the District or make arrangements with the City or other governmental entity to provide this service. Construction will not proceed until the City has been notified of the work and a tap permit has been issued so arrangements can be made for inspection of the installation.
4. The District shall establish rates and collect fees sufficient to meet its obligations under this agreement.
5. Enter into a pretreatment program agreement with the City to protect the environment and the system consistent with the City's obligations under its NPDES permit pretreatment requirements. The District shall notify the City prior to issuing any permits allowing the connection of any industrial or commercial discharges.
6. Provide funding of the District's share for replacement, upgrade or repair when necessary of collection and pumping facilities used by the district when the facility fails to provide the function needed, as reasonably determined by the City after consultation with the District. The District's share for pump station facilities costs is described in Section II.A.2 of this agreement. The District's share of collection facilities shall be its proportionate use of the collection facility based on planned use at full build-out of the properties to be served.
7. Maintain adequate and correct records of the equivalent residential units served within the District and any future connections and/or annexations thereto, and shall furnish the City a report of the number of units served within 30 days after each calendar quarter.

### IV. INFILTRATION AND INFLOW

A. The District shall prohibit direct connection of roof drains, footing drains and all other stormwater and groundwater connections to sewage collection systems within the District boundaries.

B. The City and the District shall reduce future excessive infiltration and inflow (I/I) by adoption and enforcement of vigorous inspection and sewer construction standards.

## V. CONNECTIONS

A. The District shall have no limit on the number of connections allowed to its system, subject to prior approval by the City in advance of any significant increase of 10% or more in equivalent dwelling units (EDU's) as to present and future capacity of the Willamette Interceptor and the Tryon Creek Wastewater Treatment Plant. The District originally purchased 600 EDU's of capacity when the District was formed in 1965, based on the existing properties within the District boundaries at that time. In addition, the District has purchased 10 additional EDUs (as of 12/30/99), which have paid separate capacity charges. The District may purchase additional EDUs as needed at the then current City connection charge per EDU.

B. To avoid duplication of construction, either the District or the City may allow the other to make direct connections or to connect public collector sewers to its sewer systems for the transportation of sewage to the Tryon Creek Wastewater Treatment Plant, subject to prior approval of system owner as to present and future capacity of specific sewer system. The City shall inspect all connections as provided in Section II.A.1.e above. Connections will be allowed under the following conditions:

1. The jurisdiction wherein the property is located may require a sewer connection permit, and shall collect all connection charges, assessments and/or line and branch charges ("in-lieu-of-assessment charges"), according to its laws and regulations, as if the sewer system were under its full jurisdiction.
2. When connection is to be made directly to a sewer main or branch line of the other jurisdiction, the jurisdiction owning the sewer line also may require the other jurisdiction to pay connection charge and/or line and branch charges, whichever are applicable and according to its laws and regulations. This is in order to reimburse the jurisdiction for the appropriate share of the cost of providing the sewer line.

## VI. CHARGES FOR SERVICES PERFORMED

### A. Operation and Maintenance.

1. Operation and maintenance of public sewers and pump stations within the District service area will be billed based on the City's schedule of rates and charges, applied as follows:
  - a. The District shall pay for sanitary services provided to residential properties at seventy-five percent (75%) of the City's then current residential monthly sanitary sewage volume rate. This discount is to reflect the costs of any services within the volume rate not provided to the District, or billed separately, such as, but not limited to, source control, environmental monitoring, facility design and construction management, pump station capital improvements, and sewer extension capital

projects. The monthly charge per EDU will be multiplied by the number of EDU's connected within the District, times the average winter water use per month for properties within the District. The average winter water use per month shall be calculated by the City using data for properties within the District served by the Palatine Hill Water District and the City of Portland Water Bureau, or, if that data is not available, derived by multiplying the City's city-wide single-family residential average winter water use times 1.5. The average monthly winter water use shall be set at 10 ccf per EDU for the first term of this contract based on the most recent calculation of 10.12 ccf per month. The average monthly winter water use calculation shall be updated with each renewal term of the agreement and provided to the District for review.

- b. The District shall pay for sanitary services provided to commercial and industrial customers, if any, at the then current commercial sanitary sewage volume rate times seventy-five percent (75%) for each hundred cubic foot (ccf) unit of metered flow or actual water use.
2. Costs of operation and maintenance of private pump stations, either inside or outside the District boundaries, where the District is obligated to provide this service by agreement or contract shall be billed by the City to the District. The City shall be entitled to recover all direct and indirect costs, using the City's standard methods for calculating direct and indirect costs. As of the date of this agreement, the only private pump station operating under terms of this agreement is the Powers Court (11620 SW Terwilliger Blvd.) pump station, located outside the District's boundaries.
3. Costs of installation of "Wyes", "Tees", branches and taps shall be billed as part of the tap permit to the developer or contractor by the City according to the then current fee schedule for installation of "Wyes", "Tees", branches and taps, if installation by the City is required under Section II.A.1.e.

#### B. Project Engineering Services

The costs of capital repair and replacement of public sewers and pump stations within the District will be billed by the City to the District with the intent of recovering all direct and indirect costs, using the City's standard accounting practices for calculating direct and indirect costs on capital projects. Direct and indirect costs shall be allocated to those capital projects billed to the District, in whole or in part, on the same basis as those costs are billed to Portland's Bureau of Environmental Services (BES) capital projects. All repair and replacement activities relating to sewer lines, house branches, and pump stations (prorated by District's share of flow, as stated in Section II.A.2) which meet the definition contained in Section XVI shall be considered capital repair and replacement activity and shall be billed separately.

#### C. Fines, Penalties and Unforeseen Expenses

District shall be responsible for all fines, penalties and other unforeseen costs arising from its facilities, including liability for contamination, except to the extent the City has assumed liability pursuant to section IX of this Agreement.

## D. Budget Estimates

The City will provide the District, by February 1st of each year, the following estimates of charges to be billed to the District for purposes of preparation of the following fiscal year budgeting:

1. The City's sanitary sewage volume rates for residential and commercial/industrial accounts, if applicable.
2. The District's share of capital repair and replacement costs on public sewers and pump stations, prorated by the District's share as defined above.
3. Any projects contained within the City's five-year capital improvement plan which the District may be required to share in the cost.

The District agrees that these figures will be the City's best estimates available at that time, are subject to change as the City completes its fiscal year budget and rate study later in the spring, and that all billings during the fiscal year will be based on actual rates in effect and actual costs incurred, both direct and indirect.

## VII. BILLING AND PAYMENT OF CHARGES

### A. Quarterly Billing

The City's services provided under this agreement will be billed quarterly, including itemized billings for capital projects, with the exception of the following:

1. Permit projects with all engineering services provided by the City and projects with design and surveying provided by other parties will be billed on or after the first of the month following completion of the project and submittal of the certificate of completion to the District.
2. Design engineering costs for permit projects which construction has not commenced within ninety (90) days after City notification that a permit may be issued, will be billed immediately thereafter. The remaining field engineering services will be billed on or after the first of the month following completion of the project and submittal of the certificate of completion to the District.
3. Local Improvement District projects will be billed quarterly through the course of the project.
4. Design engineering costs for Local Improvement District projects that have terminated in accordance with ORS 451.010 through 990, will be billed thirty (30) days thereafter. The District will be responsible to notify the City, within fifteen (15) days after project termination, that the project has been discontinued.

## B. Payments

Payments to the City under this agreement shall be due and payable within 30 days of the date billed. Payments shall be considered delinquent if not paid within 60 days of the date billed. Delinquent payments shall be subject to interest charges calculated from the date due to the date payment is received at the rate of one percent per month.

## VIII. GENERAL COVENANTS

A. The District and the City hereby covenant and agree as follows:

1. That the District and the City will maintain complete books and records relating to the operation of its sewerage facilities, and the operating funds in accordance with generally accepted accounting principles, and will cause such books to be made available for inspection on request.
2. That the District will deposit promptly all gross revenues into the appropriate District funds.
3. That the District and the City will perform contractual obligations in a sound, efficient and economic manner, and will not provide, nor enter into any agreements to provide free service or services, except in case of an emergency.

## IX. INDEMNITY

During the term of this agreement, the District and the City shall hold harmless the other, its officers and employees and shall indemnify the other, its officers and employees, for any claims or damages to property or injury to persons which may be occasioned, in whole or in part, by any activities by the indemnifying party in the repair, construction, reconstruction, operation and maintenance of sanitary sewage facilities within the District boundaries. Such indemnification and defense shall include any claims arising in connection with or in relation to responsibility to maintain the Power Court pump station. As to tort claims, the obligation to indemnify under this paragraph shall be subject to, and within the limits of, the Oregon Tort Claims Act, ORS 30.260 - 30.300.

## X. SEVERABILITY

In the event any of the provisions of this agreement shall be held to be impossible, invalid, or unenforceable, the remaining provisions shall be valid and binding upon the parties hereto. One or more waivers by either party of any provision, condition, or covenant shall not be construed by the other party as a waiver of subsequent breach of the same by the other party.

This agreement was drafted as a joint effort of the City and the District. It, therefore, shall not be construed against any party preparing it, but shall be construed as if both Parties had prepared it.

## XI. CONSULTATION BETWEEN AGENCIES

The City agrees to consult with the District on any changes in treatment, operation, maintenance, and engineering procedures that would lead to a substantial change in the charges to the District, and to participate in any meetings requested by the District to discuss such changes. However, the City retains the obligation to operate and maintain such facilities as if they were a part of the City's total sewerage system, and in conformance with the NPDES permits issued for the system. Upon 30 days notice in writing by either party, the parties agree to meet to discuss the problems of concern arising out of and related to this agreement.

If the City classifies a project as a capital project and that project consists of unrelated repairs with individual costs less than the defined capital repair and replacement parameter (as amended) per repair, the City and the District shall consult as described in this section to determine whether the project should be classified as a capital expense. If the City and the District cannot reach agreement regarding the appropriate classification, the dispute shall be resolved through arbitration pursuant to Multnomah County Circuit Court rules.

## XII. TERM OF AGREEMENT

The term of this agreement shall be from February 18, 1995 to three years after the date of execution. This agreement shall be automatically renewed for additional three-year terms indefinitely. Either party may terminate this agreement at any time with six months notice. In the event the Agreement is terminated, the District recognizes that it has sole responsibility for providing sewer services within its boundaries.

## XIII. SUCCESSORS AND ASSIGNS

This Agreement, and the rights and obligations hereunder, may not be transferred or assigned to any other entity whatsoever, nor may any other entity succeed to any such rights and obligations.

## XIV. INCORPORATION OTHER THAN PORTLAND

A. If a new city forms within the boundaries of the District, or an existing city other than Portland annexes territory within the boundaries of the District:

1. The City shall have no further obligation to perform treatment, operation, maintenance and engineering services under this Agreement to any property lying within the boundaries of any such city, unless such property remains within the District. This Agreement shall, however, continue between the City and the District with respect to any remaining unincorporated portions of the District.

2. Properties annexed or newly incorporated shall not be relieved of their proportionate share of charges incurred for treatment, operation, maintenance and engineering services performed pursuant to this Agreement. However, the District shall remain primarily liable to the City for such charges incurred prior to such annexation or incorporation, whether or not it can successfully recover them from such annexing or newly incorporated properties.
3. The City shall adjust its charges to the District to reflect any decreased costs to Portland resulting from a reduction of the City's obligations to perform treatment, operation, maintenance and engineering services by annexation.

## XV. DEFAULT

### A. Determination of Default

1. The following events shall constitute default by the District:
  - a. Failure to pay contract payments within 90 days of when due; or
  - b. Failure to perform any other obligation of the District imposed by this agreement, but only if:
    - i. The failure continues for a period of more than ninety (90) days after demand has been made on the District to remedy the failure; and
    - ii. The District fails to take reasonable steps to remedy the failure within that ninety day period; or
  - c. Imposition of a receivership upon, or liquidation of, the district; or
  - d. Written admission by the District that the District is unable to perform its obligations imposed by this contract.
2. The following events shall constitute default by the City:
  - a. Failure to perform any obligation of the City imposed by this agreement, but only if:
    - i. The failure continues for a period of more than ninety (90) days after demand has been made on the City to remedy the failure; and
    - ii. The City fails to take reasonable steps to remedy the failure within that ninety day period; or
    - iii. The City fails to undertake emergency action in a reasonable manner.
  - b. Written admission by the City that the City is unable to perform its obligations imposed by this contract.

## B. Remedies upon Default

1. The City and District may exercise any remedy available at law or in equity.
2. Upon default by the City, the District has the right to withhold payment for services received under this agreement and collect damages to the extent permitted by law.
3. Upon default by the District, the City shall have no further obligation to accept flow from properties with the District or to continue providing operation, maintenance and/or engineering services hereunder. The City may collect damages to the extent permitted by law. District recognizes that the City is prohibited from providing free or discounted services.

## XVI. DEFINITIONS

A. **CAPITAL REPAIR AND REPLACEMENT:** A capital improvement which increases the original usefulness or extends the useful life of existing assets, costs \$10,000 or more, and has a life expectancy of 10 years or more. The cost and life expectancy parameters within this definition may automatically be updated over time as per the City's capital asset classification guidelines, with the consent of both the District and the City.

B. **COLLECTION SYSTEM:** A sanitary sewer system, with lines of any size, consisting of house branches and main sewers, including any associated public and private pump stations and their pressure lines, which is designed and intended to carry sanitary sewage from private property to the City's Willamette Interceptor.

C. **CONNECTION CHARGE:** See Systems Development Charge below.

D. **DIRECT COSTS:** The actual expenditures incurred in providing the services obligated under this agreement shall include personnel, materials, equipment, and contracted labor and services, as reasonably necessary.

E. **EQUIVALENT DWELLING UNIT (EDU):** The monthly wastewater discharge of a single family dwelling, including associated infiltration, which has been established to be 1000 cubic feet. For purposes of determining allowable number of connections under terms of this agreement EDU equivalents shall be as follows:

<u>Occupancy</u>	<u>Number per EDU</u>		<u>EDU's per Number</u>
Single Family Home	1	Each	1
Multiple Family Dwellings	1.25	Units	0.8
Motels and Transient Hotels	2	Rental Spaces	0.5
High Schools, Colleges and Universities	20	Students	0.05
Elementary Schools	40	Students	0.025
Full Service Restaurants	6	Seating Spaces	0.167
Hospitals and Institutions	2	Beds	0.5

Coin Operated Laundromats	1.25 Washers	0.8
Offices	2250 Net Square Feet	0.444 per 1000
Commercial and Industrial Buildings (Without Industrial Wastes)	9 Employees	0.049
All Other Structures	1000 Cubic Feet per Month	1

F. **GROSS REVENUES:** All operating levies, and fees and charges resulting from provision of sewer services, the beginning fund balance for each fiscal year, and any interest earnings on the Gross Revenues.

G. **HOUSE BRANCH:** A sewer which provides sanitary sewer service to a structure and extends from the property line to the main sewer in the street. If the main sewer is on private property in an easement, house branches shall be taken as the "Wyes", "Tees", taps and risers off the main sewer.

H. **INDIRECT COSTS:** Allocation of expenditures that are not associated with any one function of the City or the Bureau of Environmental Services (BES), but which provide support to those functions in providing direct services. For the purpose of capital repair and replacement projects, indirect costs shall include: the allocation of BES administration, BES capital improvement program administration, City General Fund overhead, and BES leave taken.

I. **INFILTRATION AND INFLOW (I/I):** The total quantity of water entering the sewer system from the ground and from stormwater discharges to the sewer. Infiltration is water from the ground entering through various means such as defective pipes, pipe joints, sewer service connections, or manhole walls. Inflow is stormwater or other clean water discharged to the sewer system from roof drains and leaders, cellar, yard, and area drains; foundation drains; cooling devices; springs and swampy areas; and storm or surface water entering through manhole covers, catch basins, and cross connections from storm sewers.

J. **MAIN SEWER:** A public sewer in the street or easement, if located on private property, which is designed and intended to carry sanitary sewage from the house branch to the Willamette Interceptor.

K. **OPERATIONS AND MAINTENANCE:** Work encompassing the physical management of a collection system including, but not limited to, inspection, cleaning and minor repairs necessary to keep the system performing adequately, but excludes administration, collections, and business matters of the District.

L. **PERMIT PROJECT:** A project where by permit the owner or developer is constructing sewer facilities, such as main lines and pump stations, that will be publicly owned by the district at the end of the project.

M. **PERMITS:**

1). **Tap Permit:** A permit issued by the City authorizing the connection of a service branch to the main line by Contractor or City forces.

2). Right-of-Way (ROW) Permit: A permit issued by Multnomah or Clackamas County authorizing work within the County road ROW.

3). Plumbing Permit: A permit issued by Clackamas County or the City on behalf of Multnomah County for the construction of piping systems on private property.

4) Connection Permit: A permit issued by the District collecting the SDCs and District administrative expenses authorizing sewer service to a property.

N. PRIVATE PUMP STATION: A private lift or pump station, and associated pressure line, which the City or the District is responsible for operation and maintenance by contract or agreement.

O. PUBLIC PUMP STATION: A lift or pump station, and associated pressure line, which the City or the District owns and has the responsibility to operate and maintain.

P. PUBLIC SEWER: A public sewer is a sewer of any size which the City or the District owns and has the responsibility to operate and maintain. Public sewer consist of sanitary main sewers, that portion of the house branch between the main sewer and the existing or future curb, and wyes, tees, taps and risers on main sewers located in the street or property in an easement.

Q. RESIDENTIAL: Any single family home or multifamily dwelling. Where the usage of a building is mixed, the primary use shall determine whether it is residential or otherwise.

R. SYSTEMS DEVELOPMENT CHARGE (SDC): An amount of money charged upon connection to the public sanitary sewer system to "reimburse" existing ratepayers for an equitable share of the costs of major facilities that serve the entire community and that were built with excess capacity to accommodate future growth. Generally referred to within the City as a "connection charge" or, more specifically, the Major Facilities Equalization Charge (MFEC).

S. WINTER WATER USE: The average monthly amount of water used per EDU during the winter months of November through April. It is assumed that during this period that little or no irrigation is performed and most residential water used is going through the sanitary sewer. Winter water use data will be obtained from the Palatine Hill Water District, the predominant water supplier within the District, and from the Portland Water Bureau for those properties served by it. Total water use (in hundred cubic feet units) for all properties during the stated winter months above will be divided by the total number of EDUs and further divided by the number of months to determine the average monthly winter water use per EDU.

IN WITNESS WHEREOF, the City of Portland, acting by and through its Auditor and Commissioner of Public Affairs, pursuant to Ordinance No. \_\_\_\_\_ and the Dunthorpe-Riverdale Service District, acting by and through its Presiding Officer of the Board of Multnomah County Commissioners, pursuant to Ordinance No. \_\_\_\_\_ of the Board of Multnomah County Commissioners acting as the Board of the Service District, have caused this Agreement to be executed.

Approved as to form:

**CITY OF PORTLAND**

\_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
Commissioner of Public Affairs

By: \_\_\_\_\_  
Auditor

**DUNTHORPE-RIVERDALE SERVICE DISTRICT**

\_\_\_\_\_  
County Attorney

By: \_\_\_\_\_  
Presiding Officer

**Exhibit A – Dunthorpe-Riverdale Service District Map (See attached map)**

**Exhibit B - Calculation of Shared Pump Station Capacity Methodology**

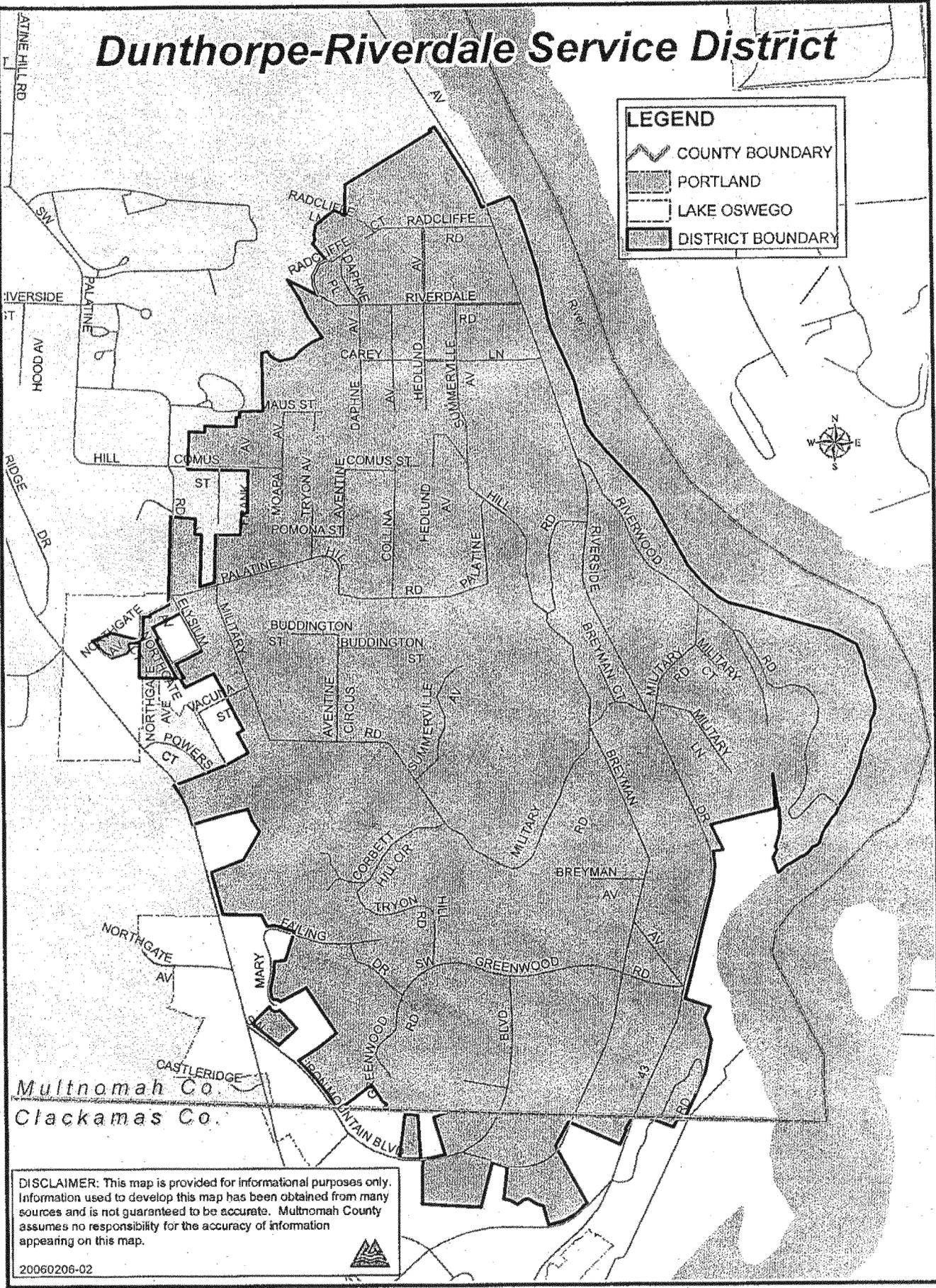
The District's share of shared pump station (PS) capacities will be the calculated sanitary flow at full build-out, based on the zoning type and the City's sanitary design flows per zoning type. Where no design flow exists for any particular zoning type, the parties shall mutually agree upon an appropriate flow figure. The calculation is achieved using the geographic information system (GIS) of the City's Bureau of Environmental Services, which includes tax lot information from both Multnomah and Clackamas Counties. From the GIS data, create a database of tax lots within tributary drainage basins of each of the pump stations listed in Section II.2, including any pump stations subsequently added to the system. Each tax lot record shall include the area, the current zoning type classification, the county tax code (to differentiate lots that are within the District), and a determination as to which pump station basin the lot would ultimately flow. The sum of the projected flows for those tax lots within a pump station basin will be separated by those tax lots within the District and non-District. The District's share shall be the percentage of the total flows projected. For the first calculation completed (4/04), the results were as follows:

	<u>Gallons per Day (gpd)</u>		
	<u>Non-District</u>	<u>District</u>	<u>Totals</u>
Riverview PS (all direct)	49,588	77,187	126,776
percentage share:	39.1%	60.9%	100.0%
 Elk Rock PS			
-- Direct	14,015	152,347	166,361
-- from Riverside PS	49,588	77,187	126,776
Totals	63,603	229,534	293,137
percentage share:	21.7%	78.3%	100.0%
 Tryon Creek PS			
-- Direct	91,802	86,646	178,448
-- from Elk Rock PS	63,603	229,534	293,137
Totals	155,405	316,180	471,585
percentage share:	33.0%	67.0%	100.0%

# Dunthorpe-Riverdale Service District

**LEGEND**

-  COUNTY BOUNDARY
-  PORTLAND
-  LAKE OSWEGO
-  DISTRICT BOUNDARY



Multnomah Co.  
Clackamas Co.

DISCLAIMER: This map is provided for informational purposes only. Information used to develop this map has been obtained from many sources and is not guaranteed to be accurate. Multnomah County assumes no responsibility for the accuracy of information appearing on this map.



**BOGSTAD Deborah L**

---

**From:** HANSELL Tom J  
**Sent:** Tuesday, October 24, 2006 11:55 AM  
**To:** RYAN Matthew O; BOGSTAD Deborah L  
**Cc:** KINOSHITA Carol  
**Subject:** RE: BCC 10/26 Item R4 Dunthorpe IGA

Two other notes to mention:

Portland has also asked the signature line for read "Commissioner in Charge" not Commissioner of Public Affairs.

Deb also mentioned the signature page reading "In Witness Whereof,".... wording "Multnomah County Commissioners, pursuant to Ordinance No. \_\_\_\_\_" is not a valid statement. Ideas for rewrite or ignore?

Tom

-----Original Message-----

**From:** RYAN Matthew O  
**Sent:** Tuesday, October 24, 2006 10:33 AM  
**To:** BOGSTAD Deborah L  
**Cc:** HANSELL Tom J; KINOSHITA Carol  
**Subject:** BCC 10/26 Item R4 Dunthorpe IGA

Deb,

Thanks for getting this ready. The attached Section V of the proposed IGA for 10/26 BCC meeting needs to be slightly revised to increase the number of "EDU"s referenced there. Tom advises we will know the exact number by Thursday AM. Note as well the date reference was changed. Thanks again.

Matthew O. Ryan  
Assistant County Attorney  
Multnomah County, Oregon  
Tel: 503-988-3138; Fax: 503-988-3377  
[matthew.o.ryan@co.multnomah.or.us](mailto:matthew.o.ryan@co.multnomah.or.us)

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**BOGSTAD Deborah L**

---

**From:** RYAN Matthew O  
**Sent:** Tuesday, October 24, 2006 11:52 AM  
**To:** HANSELL Tom J; BOGSTAD Deborah L  
**Cc:** KINOSHITA Carol  
**Subject:** RE: BCC 10/26 Item R4 Dunthorpe IGA

Thanks Tom.

Matthew O. Ryan  
 Assistant County Attorney  
 Multnomah County, Oregon  
 Tel: 503-988-3138; Fax: 503-988-3377  
[matthew.o.ryan@co.multnomah.or.us](mailto:matthew.o.ryan@co.multnomah.or.us)

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-----Original Message-----

**From:** HANSELL Tom J  
**Sent:** Tuesday, October 24, 2006 11:49 AM  
**To:** RYAN Matthew O; BOGSTAD Deborah L  
**Cc:** KINOSHITA Carol  
**Subject:** RE: BCC 10/26 Item R4 Dunthorpe IGA

In speaking with Portland we are in agreement on the number **14** for the additional EDU's purchased.

-----Original Message-----

**From:** RYAN Matthew O  
**Sent:** Tuesday, October 24, 2006 10:33 AM  
**To:** BOGSTAD Deborah L  
**Cc:** HANSELL Tom J; KINOSHITA Carol  
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**BOGSTAD Deborah L**

**From:** BOGSTAD Deborah L  
**Sent:** Tuesday, October 24, 2006 10:47 AM  
**To:** SMITH Andy J; LASHUA Matthew; CARROLL Mary P; NAITO Terri W; WEST Kristen; Diane Linn; Lisa Naito; Lonnie Roberts; Maria ROJO DE STEFFEY; Serena Cruz  
**Cc:** HANSELL Tom J; RYAN Matthew O; KINOSHITA Carol; SWENSON Meagan  
**Subject:** FW: BCC 10/26 Item R4 Dunthorpe IGA

Commissioners, per attached the email, staff needs you to move, second and approve an amendment to the number of additional equivalent dwelling units (EDUs) and the purchase date in Section V. Connections on page 5 of agenda item R-4 this Thursday, the Dunthorpe-Riverdale Service District and City of Portland, Sewage Transportation, Treatment, Maintenance and Engineering Service Agreement. The section would then read as follows:

**V. CONNECTIONS**

A. The District shall have no limit on the number of connections allowed to its system, subject to prior approval by the City in advance of any significant increase of 10% or more in equivalent dwelling units (EDUs) as to present and future capacity of the Willamette Interceptor and the Tryon Creek Wastewater Treatment Plant. The District originally purchased 600 EDUs of capacity when the District was formed in 1965, based on the existing properties within the District boundaries at that time. In addition, the District has purchased \_\_\_ additional EDUs (as of **9/30/06**) which have paid separate capacity charges. The District may purchase additional EDUs as needed at the then current City connection charge per EDU.

**Deb Bogstad, Board Clerk**  
**Multnomah County Commissioners**  
**501 SE Hawthorne Boulevard, Suite 600**  
**Portland, Oregon 97214-3587**  
**(503) 988-3277 phone**  
**(503) 988-3013 fax**  
**[deborah.l.bogstad@co.multnomah.or.us](mailto:deborah.l.bogstad@co.multnomah.or.us)**  
**<http://www.co.multnomah.or.us/cc/index.shtml>**

-----Original Message-----

**From:** RYAN Matthew O  
**Sent:** Tuesday, October 24, 2006 10:33 AM  
**To:** BOGSTAD Deborah L  
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Matthew O. Ryan  
 Assistant County Attorney

10/24/2006

Multnomah County, Oregon

Tel: 503-988-3138; Fax: 503-988-3377

[matthew.o.ryan@co.multnomah.or.us](mailto:matthew.o.ryan@co.multnomah.or.us)

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Matthew O. Ryan  
Assistant County Attorney  
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Tel: 503-988-3138; Fax: 503-988-3377  
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## V. CONNECTIONS

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# MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Pre-approved Contract Boilerplate (with County Attorney signature)  Attached  Not Attached

Contract #: 4600006391  
Amendment #: \_\_\_\_\_

CLASS I Based on Informal / Intermediate Procurement	CLASS II Based on Formal Procurement	CLASS III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Personal Services Contract	<input checked="" type="checkbox"/> Expenditure Contract
PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement
<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> <b>INTER-DEPARTMENTAL AGREEMENT (IDA)</b>

Department: Community Services Division/ Program: Land Use and Trans Program Date: 10/16/06  
 Originator: Tom Hansell Phone: (503) 988-5050 x29833 Bldg/Room: 425/2<sup>nd</sup>  
 Contact: Cathy Kramer Phone: (503) 988-5050 x22589 Bldg/Room: 455/Annex

**Description of Contract:** Sewage Transportation, Treatment, Maintenance, and Engineering Services Agreement between the City of Portland and the Dunthorpe-Riverdale Service District. This is a Perpetual Agreement as described in Section XII. TERM OF AGREEMENT. The Total Amount of the Agreement is an estimate based on Section VI. CHARGES FOR SERVICES PERFORMED, anticipating six (6) three (3)-year terms.<sup>1</sup>

RENEWAL:  PREVIOUS CONTRACT #(S) \_\_\_\_\_ EEO CERTIFICATION EXPIRES \_\_\_\_\_

PROCUREMENT, EXEMPTION OR CITATION # \_\_\_\_\_ ISSUE DATE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ END DATE: \_\_\_\_\_

CONTRACTOR IS:  MBE  WBE  ESB  QRF State Cert# \_\_\_\_\_ or  Self Cert  Non-Profit  N/A (Check all boxes that apply)

Contractor		City of Portland-Bureau of Environmental Services		Remittance address (if different)		_____	
Address		1120 SW Fifth Ave., Room 1000		Payment Schedule / Terms:		_____	
City/State		Portland OR		<input type="checkbox"/> Lump Sum \$ _____		<input type="checkbox"/> Due on Receipt	
ZIP Code		97204		<input type="checkbox"/> Monthly \$ _____		<input type="checkbox"/> Net 30	
Phone		(503) 823-7141 (Duane Peterson)		<input checked="" type="checkbox"/> Other \$ invoice		<input type="checkbox"/> Other	
Employer ID# or SS#		N/A		<input type="checkbox"/> Price Agreement (PA) or Requirements Funding Info:		_____	
Contract Effective Date		07/01/2006		Term Date		6/30/2024	
Amendment Effect Date		_____		New Term Date		_____	
Original Contract Amount		\$ _____		Original PA/Requirements Amount		\$ _____	
Total Amt of Previous Amendments		\$ _____		Total Amt of Previous Amendments		\$ _____	
Amount of Amendment		\$ _____		Amount of Amendment		\$ _____	
Total Amount of Agreement		\$ 13,500,000.00 <sup>1</sup>		Total PA/Requirements Amount		\$ _____	

**REQUIRED SIGNATURES:**

Department Manager *Robert Maestre* DATE 10-17-06  
 County Attorney *Matthew P. Ryan* DATE 10/25/06  
 CPCA Manager \_\_\_\_\_ DATE \_\_\_\_\_  
 County Chair *Jim May* DATE 10/26/06  
 Sheriff \_\_\_\_\_ DATE \_\_\_\_\_  
 Contract Administration \_\_\_\_\_ DATE \_\_\_\_\_

COMMENTS: THCK3248.CAF (Cost Center: 909050) APPROVED: MULTNOMAH COUNTY BOARD OF COMMISSIONERS  
 AGENDA # R-4 DATE 10/26/06  
 DEBORAH L. BOGSTAD, BOARD CLERK



# IGA Contract

### Vendor Address

PORTLAND CITY OF ENVIRONMENTAL SVCS  
106/10TH FLOOR

### Information

**Contract Number** 4600006391  
**Date** 10/17/2006  
**Vendor No.** 12048  
**Contact/Phone** BCS Transport'n / X26798  
**Validity Period:** 07/01/2006 - 06/30/2024  
**Minority Indicator:** Not Identified

**Estimated Target Value:** 13,500,000.00 USD

Item	Material/Description	Target Qty	UM	Unit Price
0001	<p>Dunthorpe-Riverdale Svc Dist IGA w/COP</p> <p>Plant: F030 Community Service Requirements Tracking Number: 99 <i>Intergovernmental Engineering Services Maintenance Agreement between the Dunthorpe-Riverdale Service District and the City of Portland Bureau of Environmental Services for Sewage Transportation, Treatment, Maintenance, and Engineering Services Agreement between the City of Portland and the Dunthorpe-Riverdale Service District. This is a Perpetual Agreement-See Page 9, XII. Terms of Agreement. The cost is an estimate based on Section VI, Page 5-6, of the Agreement and anticipates six (6) three (3)-year terms. (This agreement will service as a continuation of the previous Maintenance Agreement with COP executed in 1995.)</i> Effective Dates: 07/01/06 - 06/30/2024 DCS Contact: Tom Hansell x29833</p>	13,500,000.000	Dollars	\$ 1.0000

# **DUNTHORPE-RIVERDALE SERVICE DISTRICT AND CITY OF PORTLAND SEWAGE TRANSPORTATION, TREATMENT, MAINTENANCE AND ENGINEERING SERVICE AGREEMENT**

This agreement is entered into pursuant to ORS 190.010, 451.560, and 454.165, between the City of Portland, a municipal corporation, hereinafter called "City", and the Dunthorpe-Riverdale Service District, a Service District providing sewerage services, hereinafter called "District", for the purposes set forth herein below.

## **I. PURPOSE AND INTENT**

The purpose of this agreement is to provide sanitary sewage collection and treatment services to the District by the City, as shown in Exhibit A. These services include operation and maintenance services, engineering functions necessary to repair, replace and expand the collection system, and regulatory management services necessary to protect the system and the environment. This agreement also documents the terms under which payment for services were made during the interim period between the expiration of the previous agreement (February 17, 1995) and the approval of this agreement by both parties.

## **II. CITY RESPONSIBILITIES**

### **A. Operation and Maintenance Services**

1. The City will be responsible for the operation and maintenance of the District's public sanitary sewers within the boundaries of the District, in accordance with City standards and regulatory agency requirements. The services for operation and maintenance will consist of the following:
  - a. Operation and maintenance of existing and future public sewers and pump stations, including routine inspection and engineering review and analysis.
  - b. Maintenance of public sewers will be limited to existing and future public sewers in right-of-way or within adequate easements when the sewer is located on private property. If the easement is insufficient for proper maintenance, as reasonably determined by the City after consultation with the District, the District will be responsible for providing an additional permanent easement, or a temporary construction easement. The parties shall use their best efforts to resolve any disputes under this section with the goal of maintaining a fully functioning sewer system under a cost effective strategy mindful of both parties' budgets and other limitations.
  - c. Maintenance of house branches will be limited to that portion of the branch in the right-of-way between the main sewer and the existing or future curb, or the "Tee", "Wye", tap and riser when the main sewer is located in an easement. Branches will not be maintained if the City finds there is evidence that the branch was not constructed legally.

- d. The City will provide a reasonable and timely response for maintenance and operational services equal to the service provided within the City. Operation and maintenance will be performed during normal work hours, with emergency response available at all other hours.
  - e. "Wye", "Tee", branch, and tap installations shall be performed only after the City has issued a Tap Permit. The City's "Rules for Sewer Connection" will be applied to all such installations as to how and who (City or contractor) should perform installation.
2. Public pump stations serving the District shall include the following City-owned pump stations [including the District's percentage share of each pump station's capacity]:
    - a. Riverview Pump Station (9825 SW Riverside Dr./State Highway 43), District Share = 60.9% of capacity;
    - b. Elk Rock Pump Station (11875 SW Riverwood Rd.), District Share = 78.3% of capacity;
    - c. Tryon Creek Pump Station (195 SW Foothills Rd.), District Share = 67.0% of capacity.

The District's share of pump station capacity shall be calculated based on actual or anticipated flows per station drainage basin using a mutually agreed upon methodology as described in Exhibit B. Every five (5) years, or sooner depending on development changes and annexations, the District may request that the City repeat these calculations to take into account any changes that may have occurred.

3. Public pump stations shall also include any District-owned pump stations. As of the date of this agreement, the only District-owned pump station covered under terms of this agreement is the Beebe Creek Pump Station (11370 SW Riverwood Rd., District Share = 100.0% of capacity.)
4. The City shall provide operation and maintenance of the privately owned Powers Court pump station, at 11620 SW Terwilliger Blvd, under the terms of the agreement between the District and the property owners, as recorded in book 1469, pages 1209 to 1213. The City will perform this work as the District's contractor and does not assume the District's role or obligations under any agreements to which the District is a party. The City shall provide these services until the District notifies the City that the agreement with property owners has been terminated. The District shall be responsible for all costs incurred by the City in performing operation and maintenance of the Powers Court pump station, up to the date of termination. The City will include a separate itemization of costs incurred at any private pump station, including Powers Court, on any invoices from the City to the District, to facilitate the District's subsequent reimbursement from the properties served by the private pump station.
5. If any other pump stations are added to this agreement, the District and the City must identify them and there must be consent by both parties to add them to this agreement.

Mutual consent must be indicated by means of a letter signed by both a member of the City Council and the District Board Chair.

## B. Engineering Services

1. The City will be responsible for providing all management, labor, and materials required in the design and construction engineering for the expansion and upgrade of the collection system within the District in accordance with the City's design and construction standards. The services shall include, but are not limited to, the following:
  - a. Provide engineering planning, and sewer and pump station design; including preparation of plans and specifications, surveying, estimating costs, and attending public and commission hearings on all Local Improvement District sanitary sewer projects, and on sanitary sewer permit projects, on request by the District.
  - b. Review plans and specifications on sanitary sewer permit projects prepared by other parties. The City will not provide design and construction surveying for these permit projects.
  - c. Provide contract administration, construction inspection, and material testing for all public sewers and pump stations constructed within the District.
  - d. Upon a District request for engineering services, the City will provide the District with an estimated schedule and cost estimate for providing these services. The schedule will indicate the commencement of design and the time required for the final engineering plans and specifications.
2. The City will be responsible to provide operational engineering services as requested by the District, including:
  - a. Review all residential structure building permit applications, which are within fifty feet of the access to pump station, sewer pipeline, or manhole.
  - b. Review all industrial, commercial, and large multiple-family residential structure (over 10 living units) building permit applications for system capacity of sanitary and industrial discharges and pretreatment requirements.
  - c. Provide miscellaneous operational engineering services as requested by the District.
  - d. Provide field inspection of the construction of house branches in the public right-of-way or easement and the inspection of taps installed by private contractor.
  - e. Provide infiltration and inflow inspection and reporting as needed.

### III. DISTRICT RESPONSIBILITIES

A. The District will be responsible for business affairs and administrative activities of the District, which are necessary for their continued operation. In order to provide such operational service, the District shall:

1. Provide for the expansion of the collection system through either the permit process or Local Improvement District process, which includes securing the necessary financing, easements, assessment and collection of costs from the benefited property owners for the project.
2. Review final construction plans prepared by the City, the District's review will not include engineering design related to the sewer system.
3. Issue all connection permits for sewer connections and main line extension of the collection system for service to properties within the District or make arrangements with the City or other governmental entity to provide this service. Construction will not proceed until the City has been notified of the work and a tap permit has been issued so arrangements can be made for inspection of the installation.
4. The District shall establish rates and collect fees sufficient to meet its obligations under this agreement.
5. Enter into a pretreatment program agreement with the City to protect the environment and the system consistent with the City's obligations under its NPDES permit pretreatment requirements. The District shall notify the City prior to issuing any permits allowing the connection of any industrial or commercial discharges.
6. Provide funding of the District's share for replacement, upgrade or repair when necessary of collection and pumping facilities used by the district when the facility fails to provide the function needed, as reasonably determined by the City after consultation with the District. The District's share for pump station facilities costs is described in Section II.A.2 of this agreement. The District's share of collection facilities shall be its proportionate use of the collection facility based on planned use at full build-out of the properties to be served.
7. Maintain adequate and correct records of the equivalent residential units served within the District and any future connections and/or annexations thereto, and shall furnish the City a report of the number of units served within 30 days after each calendar quarter.

### IV. INFILTRATION AND INFLOW

A. The District shall prohibit direct connection of roof drains, footing drains and all other stormwater and groundwater connections to sewage collection systems within the District boundaries.

B. The City and the District shall reduce future excessive infiltration and inflow (I/I) by adoption and enforcement of vigorous inspection and sewer construction standards.

## V. CONNECTIONS

A. The District shall have no limit on the number of connections allowed to its system, subject to prior approval by the City in advance of any significant increase of 10% or more in equivalent dwelling units (EDUs) as to present and future capacity of the Willamette Interceptor and the Tryon Creek Wastewater Treatment Plant. The District originally purchased 600 EDUs of capacity when the District was formed in 1965, based on the existing properties within the District boundaries at that time. In addition, the District has purchased 14 additional EDUs (as of 9/30/06), which have paid separate capacity charges. The District may purchase additional EDUs as needed at the then current City connection charge per EDU.

B. To avoid duplication of construction, either the District or the City may allow the other to make direct connections or to connect public collector sewers to its sewer systems for the transportation of sewage to the Tryon Creek Wastewater Treatment Plant, subject to prior approval of system owner as to present and future capacity of specific sewer system. The City shall inspect all connections as provided in Section II.A.1.e above. Connections will be allowed under the following conditions:

1. The jurisdiction wherein the property is located may require a sewer connection permit, and shall collect all connection charges, assessments and/or line and branch charges ("in-lieu-of-assessment charges"), according to its laws and regulations, as if the sewer system were under its full jurisdiction.
2. When connection is to be made directly to a sewer main or branch line of the other jurisdiction, the jurisdiction owning the sewer line also may require the other jurisdiction to pay connection charge and/or line and branch charges, whichever are applicable and according to its laws and regulations. This is in order to reimburse the jurisdiction for the appropriate share of the cost of providing the sewer line.

## VI. CHARGES FOR SERVICES PERFORMED

### A. Operation and Maintenance.

1. Operation and maintenance of public sewers and pump stations within the District service area will be billed based on the City's schedule of rates and charges, applied as follows:
  - a. The District shall pay for sanitary services provided to residential properties at seventy-five percent (75%) of the City's then current residential monthly sanitary sewage volume rate. This discount is to reflect the costs of any services within the volume rate not provided to the District, or billed separately, such as, but not limited to, source control, environmental monitoring, facility design and construction management, pump station capital improvements, and sewer extension capital

projects. The monthly charge per EDU will be multiplied by the number of EDU's connected within the District, times the average winter water use per month for properties within the District. The average winter water use per month shall be calculated by the City using data for properties within the District served by the Palatine Hill Water District and the City of Portland Water Bureau, or, if that data is not available, derived by multiplying the City's city-wide single-family residential average winter water use times 1.5. The average monthly winter water use shall be set at 10 ccf per EDU for the first term of this contract based on the most recent calculation of 10.12 ccf per month. The average monthly winter water use calculation shall be updated with each renewal term of the agreement and provided to the District for review.

- b. The District shall pay for sanitary services provided to commercial and industrial customers, if any, at the then current commercial sanitary sewage volume rate times seventy-five percent (75%) for each hundred cubic foot (ccf) unit of metered flow or actual water use.
2. Costs of operation and maintenance of private pump stations, either inside or outside the District boundaries, where the District is obligated to provide this service by agreement or contract shall be billed by the City to the District. The City shall be entitled to recover all direct and indirect costs, using the City's standard methods for calculating direct and indirect costs. As of the date of this agreement, the only private pump station operating under terms of this agreement is the Powers Court (11620 SW Terwilliger Blvd.) pump station, located outside the District's boundaries.
3. Costs of installation of "Wyes", "Tees", branches and taps shall be billed as part of the tap permit to the developer or contractor by the City according to the then current fee schedule for installation of "Wyes", "Tees", branches and taps, if installation by the City is required under Section II.A.1.e.

#### B. Project Engineering Services

The costs of capital repair and replacement of public sewers and pump stations within the District will be billed by the City to the District with the intent of recovering all direct and indirect costs, using the City's standard accounting practices for calculating direct and indirect costs on capital projects. Direct and indirect costs shall be allocated to those capital projects billed to the District, in whole or in part, on the same basis as those costs are billed to Portland's Bureau of Environmental Services (BES) capital projects. All repair and replacement activities relating to sewer lines, house branches, and pump stations (prorated by District's share of flow, as stated in Section II.A.2) which meet the definition contained in Section XVI shall be considered capital repair and replacement activity and shall be billed separately.

#### C. Fines, Penalties and Unforeseen Expenses

District shall be responsible for all fines, penalties and other unforeseen costs arising from its facilities, including liability for contamination, except to the extent the City has assumed liability pursuant to section IX of this Agreement.

## D. Budget Estimates

The City will provide the District, by February 1st of each year, the following estimates of charges to be billed to the District for purposes of preparation of the following fiscal year budgeting:

1. The City's sanitary sewage volume rates for residential and commercial/industrial accounts, if applicable.
2. The District's share of capital repair and replacement costs on public sewers and pump stations, prorated by the District's share as defined above.
3. Any projects contained within the City's five-year capital improvement plan which the District may be required to share in the cost.

The District agrees that these figures will be the City's best estimates available at that time, are subject to change as the City completes its fiscal year budget and rate study later in the spring, and that all billings during the fiscal year will be based on actual rates in effect and actual costs incurred, both direct and indirect.

## VII. BILLING AND PAYMENT OF CHARGES

### A. Quarterly Billing

The City's services provided under this agreement will be billed quarterly, including itemized billings for capital projects, with the exception of the following:

1. Permit projects with all engineering services provided by the City and projects with design and surveying provided by other parties will be billed on or after the first of the month following completion of the project and submittal of the certificate of completion to the District.
2. Design engineering costs for permit projects which construction has not commenced within ninety (90) days after City notification that a permit may be issued, will be billed immediately thereafter. The remaining field engineering services will be billed on or after the first of the month following completion of the project and submittal of the certificate of completion to the District.
3. Local Improvement District projects will be billed quarterly through the course of the project.
4. Design engineering costs for Local Improvement District projects that have terminated in accordance with ORS 451.010 through 990, will be billed thirty (30) days thereafter. The District will be responsible to notify the City, within fifteen (15) days after project termination, that the project has been discontinued.

## B. Payments

Payments to the City under this agreement shall be due and payable within 30 days of the date billed. Payments shall be considered delinquent if not paid within 60 days of the date billed. Delinquent payments shall be subject to interest charges calculated from the date due to the date payment is received at the rate of one percent per month.

## VIII. GENERAL COVENANTS

A. The District and the City hereby covenant and agree as follows:

1. That the District and the City will maintain complete books and records relating to the operation of its sewerage facilities, and the operating funds in accordance with generally accepted accounting principles, and will cause such books to be made available for inspection on request.
2. That the District will deposit promptly all gross revenues into the appropriate District funds.
3. That the District and the City will perform contractual obligations in a sound, efficient and economic manner, and will not provide, nor enter into any agreements to provide free service or services, except in case of an emergency.

## IX. INDEMNITY

During the term of this agreement, the District and the City shall hold harmless the other, its officers and employees and shall indemnify the other, its officers and employees, for any claims or damages to property or injury to persons which may be occasioned, in whole or in part, by any activities by the indemnifying party in the repair, construction, reconstruction, operation and maintenance of sanitary sewage facilities within the District boundaries. Such indemnification and defense shall include any claims arising in connection with or in relation to responsibility to maintain the Power Court pump station. As to tort claims, the obligation to indemnify under this paragraph shall be subject to, and within the limits of, the Oregon Tort Claims Act, ORS 30.260 - 30.300.

## X. SEVERABILITY

In the event any of the provisions of this agreement shall be held to be impossible, invalid, or unenforceable, the remaining provisions shall be valid and binding upon the parties hereto. One or more waivers by either party of any provision, condition, or covenant shall not be construed by the other party as a waiver of subsequent breach of the same by the other party.

This agreement was drafted as a joint effort of the City and the District. It, therefore, shall not be construed against any party preparing it, but shall be construed as if both Parties had prepared it.

## XI. CONSULTATION BETWEEN AGENCIES

The City agrees to consult with the District on any changes in treatment, operation, maintenance, and engineering procedures that would lead to a substantial change in the charges to the District, and to participate in any meetings requested by the District to discuss such changes. However, the City retains the obligation to operate and maintain such facilities as if they were a part of the City's total sewerage system, and in conformance with the NPDES permits issued for the system. Upon 30 days notice in writing by either party, the parties agree to meet to discuss the problems of concern arising out of and related to this agreement.

If the City classifies a project as a capital project and that project consists of unrelated repairs with individual costs less than the defined capital repair and replacement parameter (as amended) per repair, the City and the District shall consult as described in this section to determine whether the project should be classified as a capital expense. If the City and the District cannot reach agreement regarding the appropriate classification, the dispute shall be resolved through arbitration pursuant to Multnomah County Circuit Court rules.

## XII. TERM OF AGREEMENT

The term of this agreement shall be from February 18, 1995 to three years after the date of execution. This agreement shall be automatically renewed for additional three-year terms indefinitely. Either party may terminate this agreement at any time with six months notice. In the event the Agreement is terminated, the District recognizes that it has sole responsibility for providing sewer services within its boundaries.

## XIII. SUCCESSORS AND ASSIGNS

This Agreement, and the rights and obligations hereunder, may not be transferred or assigned to any other entity whatsoever, nor may any other entity succeed to any such rights and obligations.

## XIV. INCORPORATION OTHER THAN PORTLAND

A. If a new city forms within the boundaries of the District, or an existing city other than Portland annexes territory within the boundaries of the District:

1. The City shall have no further obligation to perform treatment, operation, maintenance and engineering services under this Agreement to any property lying within the boundaries of any such city, unless such property remains within the District. This Agreement shall, however, continue between the City and the District with respect to any remaining unincorporated portions of the District.

2. Properties annexed or newly incorporated shall not be relieved of their proportionate share of charges incurred for treatment, operation, maintenance and engineering services performed pursuant to this Agreement. However, the District shall remain primarily liable to the City for such charges incurred prior to such annexation or incorporation, whether or not it can successfully recover them from such annexing or newly incorporated properties.
3. The City shall adjust its charges to the District to reflect any decreased costs to Portland resulting from a reduction of the City's obligations to perform treatment, operation, maintenance and engineering services by annexation.

## XV. DEFAULT

### A. Determination of Default

1. The following events shall constitute default by the District:
  - a. Failure to pay contract payments within 90 days of when due; or
  - b. Failure to perform any other obligation of the District imposed by this agreement, but only if:
    - i. The failure continues for a period of more than ninety (90) days after demand has been made on the District to remedy the failure; and
    - ii. The District fails to take reasonable steps to remedy the failure within that ninety day period; or
  - c. Imposition of a receivership upon, or liquidation of, the district; or
  - d. Written admission by the District that the District is unable to perform its obligations imposed by this contract.
2. The following events shall constitute default by the City:
  - a. Failure to perform any obligation of the City imposed by this agreement, but only if:
    - i. The failure continues for a period of more than ninety (90) days after demand has been made on the City to remedy the failure; and
    - ii. The City fails to take reasonable steps to remedy the failure within that ninety day period; or
    - iii. The City fails to undertake emergency action in a reasonable manner.
  - b. Written admission by the City that the City is unable to perform its obligations imposed by this contract.

**B. Remedies upon Default**

1. The City and District may exercise any remedy available at law or in equity.
2. Upon default by the City, the District has the right to withhold payment for services received under this agreement and collect damages to the extent permitted by law.
3. Upon default by the District, the City shall have no further obligation to accept flow from properties with the District or to continue providing operation, maintenance and/or engineering services hereunder. The City may collect damages to the extent permitted by law. District recognizes that the City is prohibited from providing free or discounted services.

**XVI. DEFINITIONS**

**A. CAPITAL REPAIR AND REPLACEMENT:** A capital improvement which increases the original usefulness or extends the useful life of existing assets, costs \$10,000 or more, and has a life expectancy of 10 years or more. The cost and life expectancy parameters within this definition may automatically be updated over time as per the City's capital asset classification guidelines, with the consent of both the District and the City.

**B. COLLECTION SYSTEM:** A sanitary sewer system, with lines of any size, consisting of house branches and main sewers, including any associated public and private pump stations and their pressure lines, which is designed and intended to carry sanitary sewage from private property to the City's Willamette Interceptor.

**C. CONNECTION CHARGE:** See Systems Development Charge below.

**D. DIRECT COSTS:** The actual expenditures incurred in providing the services obligated under this agreement shall include personnel, materials, equipment, and contracted labor and services, as reasonably necessary.

**E. EQUIVALENT DWELLING UNIT (EDU):** The monthly wastewater discharge of a single family dwelling, including associated infiltration, which has been established to be 1000 cubic feet. For purposes of determining allowable number of connections under terms of this agreement EDU equivalents shall be as follows:

<u>Occupancy</u>	<u>Number per EDU</u>		<u>EDU's per Number</u>
Single Family Home	1	Each	1
Multiple Family Dwellings	1.25	Units	0.8
Motels and Transient Hotels	2	Rental Spaces	0.5
High Schools, Colleges and Universities	20	Students	0.05
Elementary Schools	40	Students	0.025
Full Service Restaurants	6	Seating Spaces	0.167
Hospitals and Institutions	2	Beds	0.5

Coin Operated Laundromats	1.25	Washers	0.8
Offices	2250	Net Square Feet	0.444 per 1000
Commercial and Industrial Buildings (Without Industrial Wastes)	9	Employees	0.049
All Other Structures	1000	Cubic Feet per Month	1

F. **GROSS REVENUES:** All operating levies, and fees and charges resulting from provision of sewer services, the beginning fund balance for each fiscal year, and any interest earnings on the Gross Revenues.

G. **HOUSE BRANCH:** A sewer which provides sanitary sewer service to a structure and extends from the property line to the main sewer in the street. If the main sewer is on private property in an easement, house branches shall be taken as the "Wyes", "Tees", taps and risers off the main sewer.

H. **INDIRECT COSTS:** Allocation of expenditures that are not associated with any one function of the City or the Bureau of Environmental Services (BES), but which provide support to those functions in providing direct services. For the purpose of capital repair and replacement projects, indirect costs shall include: the allocation of BES administration, BES capital improvement program administration, City General Fund overhead, and BES leave taken.

I. **INFILTRATION AND INFLOW (I/I):** The total quantity of water entering the sewer system from the ground and from stormwater discharges to the sewer. Infiltration is water from the ground entering through various means such as defective pipes, pipe joints, sewer service connections, or manhole walls. Inflow is stormwater or other clean water discharged to the sewer system from roof drains and leaders, cellar, yard, and area drains; foundation drains; cooling devices; springs and swampy areas; and storm or surface water entering through manhole covers, catch basins, and cross connections from storm sewers.

J. **MAIN SEWER:** A public sewer in the street or easement, if located on private property, which is designed and intended to carry sanitary sewage from the house branch to the Willamette Interceptor.

K. **OPERATIONS AND MAINTENANCE:** Work encompassing the physical management of a collection system including, but not limited to, inspection, cleaning and minor repairs necessary to keep the system performing adequately, but excludes administration, collections, and business matters of the District.

L. **PERMIT PROJECT:** A project where by permit the owner or developer is constructing sewer facilities, such as main lines and pump stations, that will be publicly owned by the district at the end of the project.

M. **PERMITS:**

1). **Tap Permit:** A permit issued by the City authorizing the connection of a service branch to the main line by Contractor or City forces.

- 2). Right-of-Way (ROW) Permit: A permit issued by Multnomah or Clackamas County authorizing work within the County road ROW.
- 3). Plumbing Permit: A permit issued by Clackamas County or the City on behalf of Multnomah County for the construction of piping systems on private property.
- 4) Connection Permit: A permit issued by the District collecting the SDCs and District administrative expenses authorizing sewer service to a property.

N. PRIVATE PUMP STATION: A private lift or pump station, and associated pressure line, which the City or the District is responsible for operation and maintenance by contract or agreement.

O. PUBLIC PUMP STATION: A lift or pump station, and associated pressure line, which the City or the District owns and has the responsibility to operate and maintain.

P. PUBLIC SEWER: A public sewer is a sewer of any size which the City or the District owns and has the responsibility to operate and maintain. Public sewer consist of sanitary main sewers, that portion of the house branch between the main sewer and the existing or future curb, and wyes, tees, taps and risers on main sewers located in the street or property in an easement.

Q. RESIDENTIAL: Any single family home or multifamily dwelling. Where the usage of a building is mixed, the primary use shall determine whether it is residential or otherwise.

R. SYSTEMS DEVELOPMENT CHARGE (SDC): An amount of money charged upon connection to the public sanitary sewer system to "reimburse" existing ratepayers for an equitable share of the costs of major facilities that serve the entire community and that were built with excess capacity to accommodate future growth. Generally referred to within the City as a "connection charge" or, more specifically, the Major Facilities Equalization Charge (MFEC).

S. WINTER WATER USE: The average monthly amount of water used per EDU during the winter months of November through April. It is assumed that during this period that little or no irrigation is performed and most residential water used is going through the sanitary sewer. Winter water use data will be obtained from the Palatine Hill Water District, the predominant water supplier within the District, and from the Portland Water Bureau for those properties served by it. Total water use (in hundred cubic feet units) for all properties during the stated winter months above will be divided by the total number of EDUs and further divided by the number of months to determine the average monthly winter water use per EDU.

IN WITNESS WHEREOF, the City of Portland, acting by and through its Auditor and Commissioner of Public Affairs, pursuant to Ordinance No. \_\_\_\_\_ and the Dunthorpe-Riverdale Service District, acting by and through its Presiding Officer of the Board of Multnomah County Commissioners, pursuant to Ordinance No. \_\_\_\_\_ of the Board of Multnomah County Commissioners acting as the Board of the Service District, have caused this Agreement to be executed.

Approved/Reviewed as to form:

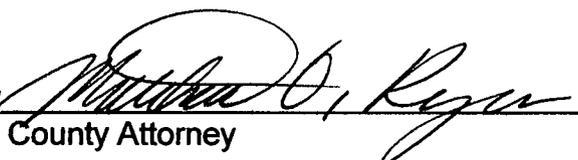
**CITY OF PORTLAND**

By \_\_\_\_\_  
City Attorney

By \_\_\_\_\_  
Commissioner-in-Charge

By \_\_\_\_\_  
Auditor

**DUNTHORPE-RIVERDALE SERVICE DISTRICT**

By   
County Attorney

By   
Presiding Officer

**Exhibit A – Dunthorpe-Riverdale Service District Map (See attached map)**

**Exhibit B - Calculation of Shared Pump Station Capacity Methodology**

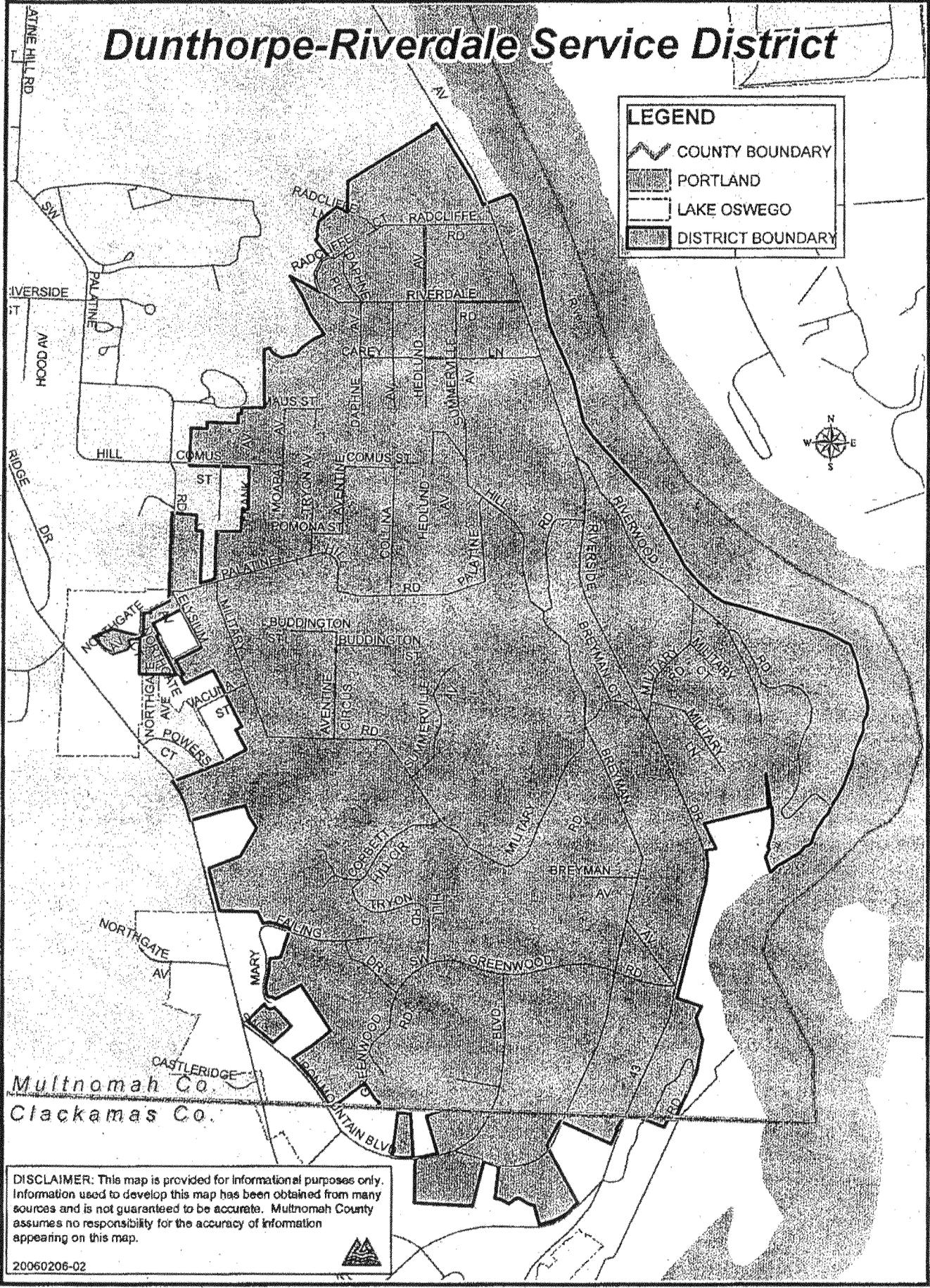
The District's share of shared pump station (PS) capacities will be the calculated sanitary flow at full build-out, based on the zoning type and the City's sanitary design flows per zoning type. Where no design flow exists for any particular zoning type, the parties shall mutually agree upon an appropriate flow figure. The calculation is achieved using the geographic information system (GIS) of the City's Bureau of Environmental Services, which includes tax lot information from both Multnomah and Clackamas Counties. From the GIS data, create a database of tax lots within tributary drainage basins of each of the pump stations listed in Section II.2, including any pump stations subsequently added to the system. Each tax lot record shall include the area, the current zoning type classification, the county tax code (to differentiate lots that are within the District), and a determination as to which pump station basin the lot would ultimately flow. The sum of the projected flows for those tax lots within a pump station basin will be separated by those tax lots within the District and non-District. The District's share shall be the percentage of the total flows projected. For the first calculation completed (4/04), the results were as follows:

	<u>Gallons per Day (gpd)</u>		
	<u>Non-District</u>	<u>District</u>	<u>Totals</u>
Riverview PS (all direct)	49,588	77,187	126,776
percentage share:	39.1%	60.9%	100.0%
Elk Rock PS			
-- Direct	14,015	152,347	166,361
-- from Riverside PS	49,588	77,187	126,776
Totals	63,603	229,534	293,137
percentage share:	21.7%	78.3%	100.0%
Tryon Creek PS			
-- Direct	91,802	86,646	178,448
-- from Elk Rock PS	63,603	229,534	293,137
Totals	155,405	316,180	471,585
percentage share:	33.0%	67.0%	100.0%

# Dunthorpe-Riverdale Service District

**LEGEND**

-  COUNTY BOUNDARY
-  PORTLAND
-  LAKE OSWEGO
-  DISTRICT BOUNDARY



Multnomah Co.  
Clackamas Co.

DISCLAIMER: This map is provided for informational purposes only. Information used to develop this map has been obtained from many sources and is not guaranteed to be accurate. Multnomah County assumes no responsibility for the accuracy of information appearing on this map.

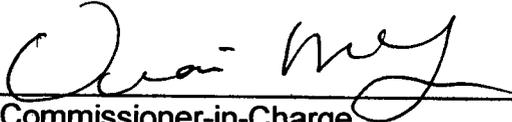


IN WITNESS WHEREOF, the City of Portland, acting by and through its Auditor and Commissioner of Public Affairs, pursuant to Ordinance No. \_\_\_\_\_ and the Dunthorpe-Riverdale Service District, acting by and through its Presiding Officer of the Board of Multnomah County Commissioners, pursuant to Ordinance No. \_\_\_\_\_ of the Board of Multnomah County Commissioners acting as the Board of the Service District, have caused this Agreement to be executed.

Approved/Reviewed as to form:

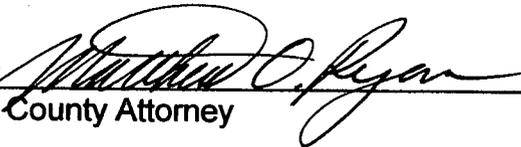
**CITY OF PORTLAND**

By \_\_\_\_\_  
City Attorney

By   
Commissioner-in-Charge

By \_\_\_\_\_  
Auditor

**DUNTHORPE-RIVERDALE SERVICE DISTRICT**

By   
County Attorney

By \_\_\_\_\_  
Presiding Officer