

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 05-148

Adopting a Facilities Strategic Plan for Multnomah County

The Multnomah County Board of Commissioners Finds:

- a. The County continues to face programmatic reductions and expansions over time. This puts differing requirements on the County's facility portfolio to house the programs and serve the public.
- b. The facility portfolio has not always been flexible enough to respond to changes in the needs of County programs.
- c. The County's current facility portfolio contains a multitude of buildings, including many that are too small, poorly laid out, need significant capital maintenance, and are ineffective for programs and customers.
- d. The County should size its facility portfolio to those buildings it can afford to keep in proper condition for its programs.
- e. The County will benefit from migrating its real estate portfolio toward well-suited, affordable, and sustainable facilities.
- f. Adherence to building and space standards and following best practices for facility operations will further County goals.
- g. The Facilities Strategic Plan for Multnomah County addresses the above issues and provides a blueprint for the next 10-15 years.

The Multnomah County Board of Commissioners Resolves:

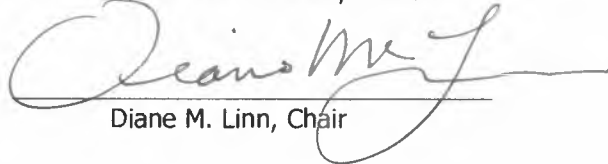
1. The makeup of the County's portfolio should be changed to be more responsive to its changing needs over time.
2. The attached Facilities Strategic Plan for Multnomah County dated August, 2005 is adopted as the framework for a logical and orderly realignment of the County facilities portfolio.

ADOPTED this 18th day of August, 2005.



AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Diane M. Linn, Chair

By 
John S. Thomas, Deputy County Attorney

Multnomah County Facilities...



2005 Strategic Plan



Multnomah County
Facilities & Property Management Division

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EXECUTIVE SUMMARY

The goal of a strategic real estate plan is to align an organization's real estate assets with the organization's goals and mission. Real estate should support and enhance the objectives of the organization. This Strategic Facilities Plan attempts to accomplish this by evaluating the County's current real estate portfolio and the County's real estate needs, then setting in place new goals and strategies that when implemented will provide the County well-sited, quality buildings at a lower overall cost.

The County has approximately 88 primary buildings and 54 secondary buildings. These have for the most part been sited at the direction of a particular program without taking into account the affect on the County as a whole. This has led to a difficult to manage and maintain portfolio of buildings that have not been able to adapt well to the changing funding constraints and service delivery models of the County.

Following is a comparison of what the County's real estate portfolio looks like now and what we think it could look like in the year 2015 assuming a constant employee headcount, today's dollars and full implementation of this plan. While formulating this comparison required us to make extraordinary assumptions, it provides a vivid picture of where we believe the County's real estate portfolio must go.

Where We are Now

Current Portfolio Statistics (2005)

Square Footage =	3,150,000
Non-seismic	
Deferred Maintenance =	\$46,800,000
Seismic Def. Maint. =	\$85,800,000
% of Tier I Facilities =	57%
Annual Portfolio Cost =	\$39,000,000
Cost per Employee =	\$8,700 per year

Where We are Going

Future Portfolio Statistics (2015)

Square Footage =	2,600,000
Non-seismic	
Deferred Maintenance =	\$0.00
Seismic Def. Maint. =	TBD
% of Tier I Facilities =	100%
Annual Portfolio Cost =	\$35,000,000
Cost per Employee =	\$7,800 per year

The basic tenant of this plan is to reduce the overall cost of the portfolio while at the same time getting rid of the deferred maintenance backlog and moving to a portfolio of facilities that are all well-sited, affordable and high performance. The portfolio is then to be maintained in top quality condition moving forward. This will be accomplished by the establishment of three new goals and seven new strategies needed to implement those goals.



The goals established by this plan are:

- Goal 1:** Migrate the County's real estate portfolio to include only well-sited, high-performance, affordable, and sustainable facilities by 2015.
- Goal 2:** Fully fund the operating costs of owned Tier I facilities including compliance and preventative maintenance. In addition, the County will stay completely current on its non-seismic capital maintenance program.
- Goal 3:** Ensure that FPM is utilizing the best practices for buildings and operations.

In order to reach these goals, the County is adopting the following new strategies:

- Strategy 1:** Dispose of all Tier III facilities by 2010.
- Strategy 2:** Migrate all facilities to be retained to Tier I by 2015 (an exception is the courthouse which is to be Tier I by 2020).
- Strategy 3:** Consolidate the County's real estate portfolio into fewer buildings and minimize the number of special purpose spaces. Instead focus on larger flexible facilities that require little or no renovations to be utilized by a different County occupant.
- Strategy 4:** Assign sufficient funding to all retained owned facilities in order to maintain their Tier I status for the life of the facility, using one time sources to address portfolio transition, deferred maintenance and seismic issues.
- Strategy 5:** Match facilities leasing, financing and ownership to the length and stability of the funding stream. Weigh the advantages and disadvantages of leasing and owning without a stated preference for either.
- Strategy 6:** Update and enforce the County's Building and Space Standards no later than December 31, 2005. This effort will include comparing all Tier I facilities to performance benchmarks that will be included with the standards.
- Strategy 7:** Initiate and Implement best operating practices regarding lease administration, transaction management and project management.

The need for full implementation of this plan is clear – the County has the opportunity have better facilities at a lower cost by acting in new ways. The



benefit to the public will be better sited facilities that are more user friendly at a lower cost. The benefit to County employees will be high quality working environments in well-located facilities. The benefit to the County will be a portfolio of facilities that efficiently and cost effectively supports delivery of County services.



INTRODUCTION

The goal of a strategic real estate plan is to align an organization's real estate assets with the organization's goals and mission. Real estate should support and enhance the objectives of the organization. Multnomah County is currently employing a budget process which prioritizes county functions. Over the past 5 years the county has cut \$70 million from spending and, with the loss of the iTax (temporary income tax) in 2006, another \$32 million in cuts are coming next year.

Across the County, all programs are being examined for efficiency, effectiveness, their usefulness to core functions of the County and their value versus competing choices. Facilities are an inherent need for virtually all programs and therefore cannot be eliminated from County expenditures. It is imperative that the facilities of the County support County goals for quality, service, cost, safety and accessibility. The County's real estate portfolio must be realigned to reflect the changing fiscal environment. Simply cutting expenses without realigning the real estate portfolio to match the County's current and future needs is not an option.

This long range planning document supports the budget prioritization process already underway at the County. Real estate is a long term asset requiring long term financial commitments that greatly influence annual operating costs, level of service and employee satisfaction. This document will focus on how the County can realign the leased and owned assets in its real estate portfolio to maximize the value they provide to the County. While there will be many immediate successes, this process is expected to take at least ten years to be fully realized.

Multnomah County Goals

From the 2006 Priority Based Budgeting documents, the citizens of Multnomah County expect the following from the County:

Provide **Safety Net Services** such as behavioral and physical health, affordable housing, and economic independence;

Elevate the **Public Safety** system to prevent crimes and respond to a crime once committed as well as support social conditions to decrease crime;

Encourage **Thriving Communities** by supporting factors that support jobs and increase wages;

Support policies that will allow all children in Multnomah County to succeed in **School**;

Promote **Vibrant Communities** by ensuring clean, healthy environments with a vibrant sense of community;

Ensure government **Accountability** at every level.



FPM Mission and Vision Statements

The Facilities and Property Management Division has created Mission and Vision statements to help guide activities in support of the County's goals:

FPM Mission

The Facilities and Property Management Division proactively and aggressively plans, maintains, operates, and manages all County owned and leased properties in a safe, accessible, and effective manner.

FPM Vision

Provide a facility portfolio of well-sited, high-performance, and affordable buildings that provide access and support for County programs and services to employees, customers, and the public.

The FPM vision and mission statements support all of the goals outlined in the 2006 Priority Based Budgeting by providing space for the programs the County delivers. As such, FPM is accountable for ensuring that the County has the right space at the right time at an affordable cost to support these programs. The goal of this document is to outline a strategy for FPM to fulfill our mission and achieve our vision.



OVERVIEW

This Strategic Facilities Plan envisions a different real estate portfolio by 2015 than the County has today. It will be comprised exclusively of well-sited, affordable and high performance buildings. High performance buildings are those that maximize operational savings; improve comfort, health and safety of occupants and visitors; and limit detrimental effects on the environment. The real estate portfolio will also be flexible enough to adjust to changing needs and provide opportunities for continuous improvement in program and portfolio performance.

This plan focuses on both improving the overall quality of the County's real estate portfolio and achieving this at a lower overall cost to the County. It is important to make the point that we are improving quality while reducing facility costs because simply focusing on the least expensive facilities would not support the mission of the County to provide services to its citizens. This plan provides an opportunity to create the optimum portfolio by 2015: cost effective for the taxpayers, functional and healthy for County employees and accessible for the public.

In this Plan we will discuss the current state of the County's real estate portfolio, how we got to where we are, where we need to be and how to get there.

Following is a comparison of what the County's real estate portfolio looks like now and what we think it could look like in the year 2015 assuming a constant employee headcount, today's dollars and full implementation of this plan. While formulating this comparison required us to make extraordinary assumptions, it provides a vivid picture of where we believe the County's real estate portfolio must go.

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As you can see from the chart above this plan calls for a modest 17.5% or 550,000 square foot reduction in overall square footage and a 13% or \$5 million annual reduction in total facility cost. The bulk of the benefit in transitioning the portfolio to high performance buildings comes from freeing the County from its



backlog of deferred maintenance, improvement in the ability of the remaining facilities to meet the needs of the County and the operational savings associated with having half the number of buildings.

The reduction in operational costs for the departments and programs utilizing the remaining facilities is not ours to estimate; however, we believe it to be significant. As an example, in the County's recent move from the Commonwealth Building to the Lincoln Building, receptionists on every floor were replaced by one reception area for the whole building resulting in well over \$100,000 in annual savings for the Department of County Human Services. We expect these types of efficiency improvements will be repeated throughout the portfolio however these are not reflected in our facility cost savings estimates.

Approximately 67% or 1.8 million square feet of the County's real estate portfolio is already concentrated in 11 large facilities that are 80,000 square feet or larger. These facilities will be evaluated to ensure they are properly supporting the County's needs, they will be improved if necessary and in most instances will be retained. This means that the bulk of the changes in the portfolio will be focused on the 77 other primary sites that average approximately 14,000 square feet each as well as the approximately 50 secondary sites.

How we get to a future of high performance buildings is the meat of this plan. We have created three new goals for the portfolio and seven strategies to assist in the implementation of those goals. Discussion of these strategies begins after the following background section which puts our current situation into context.



BACKGROUND

How Multnomah County's Facilities Changed Over Time

Increases in the County facility portfolio historically lag behind the growth of County population and mandated programs. The County had three periods of heavy facility construction activity during economically stable times that followed such population growths. After each period of heavy construction activity, the County returned to several decades with very little activity in its facilities portfolio.

Between 1910 and 1920, the County developed an unusually large number of County buildings. Furthermore, the population growth prompted construction of many schools and the Portland Police Building. This facility investment responded to a decade of very high growth in the County population and provided space that the County has used for over 80 years. Some buildings are still in use as originally intended (e.g. Courthouse) and others are not (e.g. Edgefield Poor Farm).

In the 1950's, a smaller burst of facility construction activity responded to another growth in the County population. Most buildings constructed during that period are still in use, but are among the most underperforming in the facility portfolio. For example, conditions got so bad at the Donald E. Long Home in the mid-90's that a court order required that it be replaced.

In the 1990's, another period of significant population growth fueled new demands for County programs and services. Several other factors, coupled with this population growth, combined to increase the demand for new facilities and major renovations of existing facilities. These efforts were funded with borrowing and three successful general obligation bond votes.



Elections Building
Owned Tier I
41,249 Square Feet
Built in 1925



Hansen Building
Owned Tier III
31,866 Square Feet
Built in 1956



The factors contributing to the growth in the County's portfolio were:

1. The State reassigned certain programs to be housed and/or operated by the County;
2. The increase in the number and size of County programs and services outgrew the existing space in old facilities;
3. Many of the 50 to 90 year old buildings became functionally obsolete or deteriorated to the point of requiring major renovation or replacement; and
4. Geological discoveries triggered changes in the Building Code that increased the required response to seismic hazards.

County Departments and elected officials had their hands full during the period of very strong growth in the 1990's. Buildings were added to meet individual needs. With such strong growth, the immediate recession which followed took everyone by surprise, just as it did for corporate America. It became clear to FPM that a new strategy was needed to address the changed funding environment created by the economic downturn.

Ninety years ago, the County had a generally consolidated portfolio relying heavily on three large new buildings: the Courthouse (General Government and Public Safety), the County Hospital (now part of OHSU) and Edgefield Manor and Farm (the Human Services Department of its day). Since that time, a century of community-based, non-institutional solutions have been pursued. While a community-based approach to service delivery has many advantages, it is more costly from a facilities standpoint. One of the major efforts of this plan is to seek a new balance between community-based service delivery and the facility benefits of larger multi-functional County facilities.



Multnomah Building
Owned Tier I
201,197 Square Feet
Built in 1985



Inverness Jail
Owned Tier II
233,342 Square Feet
Built in 1989



Multnomah County's Current Real Estate Portfolio

In May of 2004, FPM completed a comprehensive evaluation of the entire real estate portfolio. This was a critical step toward creating this strategic facilities plan. The County is now able to readily access in consolidated format critical information relating to its real estate assets including such things as how it is being used, by whom, operational costs and capital requirements.

What became clear when all of the critical building, program and employee information was compiled in one location is that the County's real estate portfolio is full of opportunity if it can be appropriately realigned to match the current and future needs of the County and its citizens. Capitalizing on this opportunity will create better working conditions for County employees at a lower cost. We see the changes we are suggesting in this plan not as a condemnation of previous facilities decisions, but as a new direction reflecting the current and probable future environment.

For the past few years, the County has reported having more than 120 buildings including both significant and insignificant buildings. It became increasingly clear during the development of the Disposition Strategy and this plan that the focus of FPM and the County in general must be on the 88 "Primary" buildings defined as those facilities around which decisions are made. There is a current total of 54 "Secondary" buildings which consists mostly of small buildings which are ancillary to a primary building (Blanchard and Hansen sheds), school clinics or minor road shop buildings. Appendices C and D are our list of primary and secondary buildings. The key difference is that decisions are made about primary buildings and secondary buildings follow along. Primary buildings, half of which are owned, average only 33,500 square feet per building in size. This is a small average building size when compared with national averages for similar sized government entities. The average secondary building size is less than 2,000 sq ft (excluding Multnomah Building Parking Garage). Having a greater number of small buildings increases maintenance costs since every building has separate building systems – HVAC,



North Portland Library
Owned Tier I
8,828 Square Feet
Built in 1914

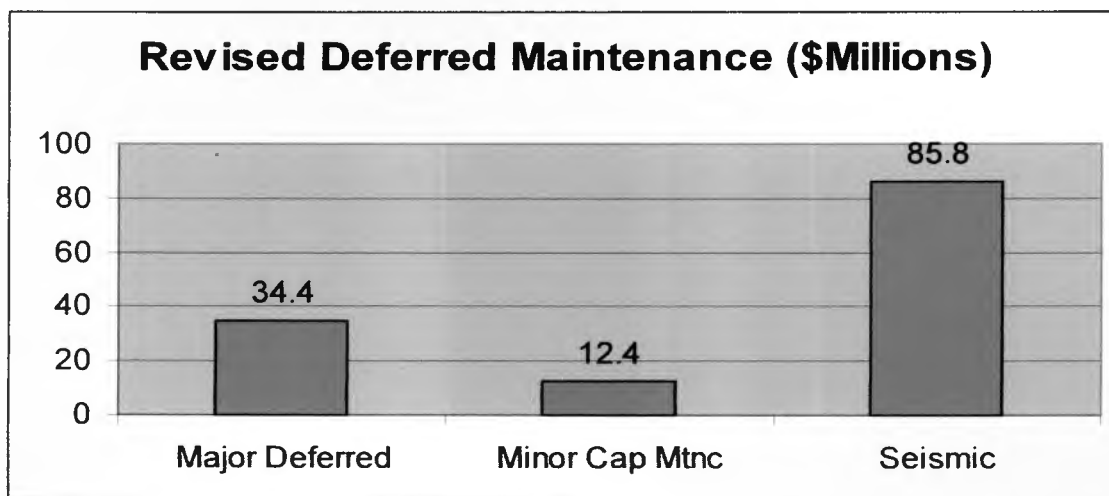


Multnomah County Courthouse
Owned Tier II
258,498 Square Feet
Built in 1912



roofs, etc. It also increases operational costs for such things as energy, transportation, phone systems and additional staff. Each building, just by being in the portfolio, causes work and attention. As an illustration of the number of small buildings we have, 65 percent of our primary buildings – 50 out of 88 - provide just 14 percent of our usable space.

Beyond the problems associated with an inefficient portfolio comprised of many small and, often, poorly configured buildings are the difficulties created by chronic under funding. The County currently has an over \$132 million deferred capital maintenance liability including seismic liability and minor capital maintenance items (sidewalks and carpets for example). Deferred maintenance has become so significant that later in the plan we propose treating deferred maintenance on a case by case basis and not with AP or CIP fees. Extraordinary increases in rates would be required to fix this backlog and we do not see that as a feasible approach. Making the problem even more difficult we cannot simply borrow our way out with a bond measure since state law prohibits the issuance of general obligation bonds for maintenance that could be “reasonably anticipated” – a product of ballot Measure 50 in 1997. The chart below shows the update of the deferred capital maintenance database segmenting deferred maintenance into three parts: Major Deferred, Minor Capital and Seismic. It should be noted that Morrison, Peninsula, Medical Examiners, MCCF and Hooper have been removed due to imminent sales or demolition.



Nearly \$20 million of the revised deferred maintenance of \$34.4 million is from the Courthouse and Justice Center (please see Strategy 2 for chart).

As we will address later in this document there is also no funding for facilities replacement or major renovation at the end of their useful life and, until the recent development of the Consolidation and Disposition Strategy, no funding for consolidation or improved space utilization was available.



Lack of adequate facilities funding for the County real estate portfolio in its current form has left the County with more than one-half of its facilities in poor condition. This places these buildings at risk of operational failures which could force their closure and the interruption of the services housed within them. Many facilities are poorly utilized and inefficiently organized which often means they are both expensive and only marginally support the programs they house. Many facilities are also unattractive and uninviting to the public.

This should not lead to the conclusion that all of the County's sites are in poor condition. Many are in excellent condition and do a good job of supporting the programs they house. All of the library facilities are relatively new or have been overhauled recently. This was accomplished through voter approved bonds. General use buildings like Multnomah County East and the John B Yeon Annex are in excellent condition.

In order to best utilize scarce funds for the existing portfolio, FPM created a tiered system for owned buildings. This tiered system prioritizes facilities into those designated to be maintained and kept vs. those to be disposed of or that require other solutions. Prior to the existence of this tier system the County's best performing buildings essentially had to wait until they had deteriorated before significant capital needs were addressed. The tier system instead allocates resources where they are most appropriate. The tier system works as follows:

Tier I – Retain and Maintain:

This tier includes owned buildings that are scheduled for long-term use by the County and are new or are in very good condition. These facilities should require only minor maintenance and will be maintained in very good condition using only Asset Preservation (AP) funds to finance work not covered by Building Base funds. The County intends to maintain these buildings and sites in very good condition.

Tier II – Retain and Improve:

These owned facilities are scheduled for long term use by the County, though they are in only fair-to-good condition. The facilities may have significant repair and maintenance needs that require Capital Improvement Program (CIP)

Definitions

Base Building Fund: Facilities charges tenants a flat "Base" fee according to the type of space (e.g., \$5/sf/yr for office) to cover the costs of ongoing building operations and routine maintenance.

Asset Preservation Funds (AP): AP is used to fund capital maintenance projects in Tier 1 buildings. For 2006, tenants in these buildings are assessed an annual fee of \$1.95/sf to create a reserve to fully fund long term capital needs.

Capital Improvement Program Funds (CIP): CIP charges are assessed at an annual fixed rate of \$1.65/sf against tenants of Tiers 2 and 3 buildings. The revenues from these assessments are not sufficient to keep up with capital maintenance, much less reduce deferred maintenance.



funds to finance work that is not covered by Building Base funds. The County intends to upgrade these buildings and sites to a Tier I classification as funds allow. Funding is currently inadequate to support Tier II buildings.

Tier III – Maintain Functionality: The County assigns owned buildings to this tier while a determination is made about their long-term strategic role. Until then, significant capital improvement funds will not be invested. Maintenance work will address fire/life safety issues and building operations only. The County intends only to keep these properties operating safely until they are disposed of or reassigned. In almost every instance, these buildings are beyond rehabilitation without extraordinary effort and capital expense.

Current Portfolio Examples

Tier I Owned Example – The Multnomah County Central Library is an example of a Tier I facility. This 137,000 square foot building was originally built in 1912 as a library and continues to be used for its original purpose. It was significantly remodeled in 1995. This building serves a core function for the County and it is anticipated that library services will continue to be a core County function as long as the County is in existence. Therefore, it is critical that buildings such as this be maintained in their Tier I status. In the long term it should be less expensive to maintain a Tier I building than it is to allow it to build up substantial deferred capital maintenance and then have to do a major rehabilitation.

Tier II Owned Example – The Justice Center located at 1120 SW 3rd Avenue in downtown Portland is an example of a Tier II building. The County has a condominium interest in this facility along with the City of Portland. The building totals approximately 440,000 square feet with the County occupying approximately 270,000. The Sheriff utilizes the majority of the County controlled space. The building was built in 1981 in order to meet the Sheriff's needs at that time. The building still functions

Tier I Example



**Central Library
801 SW 10th Avenue, Portland**

Tier II Example



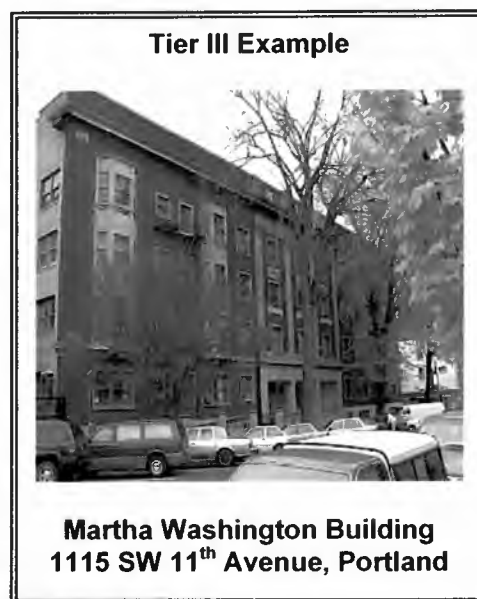
**Justice Center
1120 SW 3rd Avenue, Portland**



relatively well, but is Tier II because it is in need of a general rehabilitation after 24 years of wear and has substantial seismic risks relative to more stringent recent building codes. The estimated five year deferred maintenance costs could be as much as \$35 million (including seismic) or \$80 per square foot. While this is significant, it is substantially less than the cost to develop a new location. Since one of the County's core functions is public safety and this building meets the Sheriff's needs, it is a classic Tier II. The building needs to be "migrated" to Tier I status as soon as possible and then maintained at that quality level. Later in the document we discuss how each non-Tier I building that is to be retained will be studied and a plan of action will be put in place to make the improvements necessary to bring the building up to Tier I status. This is what is meant by Tier migration.

There are several benefits to migrating Tier II buildings to Tier I immediately. Tier I buildings are safer and healthier for both County employees and the public. The County may be able to save money by implementing energy efficiency programs and more effectively utilizing the space. The County will likely save money in the long term by making needed repairs now rather than allowing the building to fall further into disrepair and likely incur costly one time emergency repair expenses.

Tier III Owned Example – The Martha Washington Building located at 115 SW 11th Avenue in downtown Portland is an example of a Tier III building. It is occupied by the Department of Community Justice and the Sheriff. The building does not do a good job of supporting their needs and future funding for the programs located there are in question. The level of deferred maintenance five years from now is estimated to be \$5.5 million, creating a low estimated market value. This particular building is debt free. This is an example of a single use building in poor condition with high operating costs and deferred maintenance requirements exceeding its market value. As the future viability of the resident programs is resolved, the future of this building can likewise be determined. The most likely future of buildings similar to Martha Washington is to dispose of them. The benefit will be fewer buildings to maintain and the ability to avoid deferred maintenance expenditures and high operating costs.



Lease Examples – Leases are not currently part of the Tier system; however, they will be rated using a similar system in the future and definitions are included in Appendix B. Following are examples of a poorly performing leased asset and a high performance leased asset, the Commonwealth and the Lincoln buildings



respectively. The County recently ended its lease in the Commonwealth and moved those functions along with others into the Lincoln.

Commonwealth and Lincoln Building: The County had been in the Commonwealth Building in downtown Portland for over 10 years. It is a Class C building in poor condition where complaints from County employees about building problems were common. Initially the County had approximately 40,000 square feet in the building, but expanded to 110,372 square feet over time. The acquisition of this lease and the growth that followed preceded the space standards that the County now uses for new facilities. Consequently, except for a few portions of the space, little effort was put in to maximizing the efficiency of the space. At a full service equivalent rental rate of approximately \$16.68/SF/year fully allocated (includes FPM overhead and County indirect) it has been considered cost effective space for its occupants. Utilizing this measure it is relatively cost effective, but that is not necessarily the best measure. With 440 County employees at this location the space utilization is at a rate of approximately 250 square feet per employee.

The Lincoln Building is a newly leased modest downtown Class B building in excellent condition, compliant with ADA and well suited for the needs of the users. The fully allocated rental rate is \$16.75/SF/year on approximately 99,000 square feet. With 535 employees at the building, the square feet per employee is 185. At a \$16.75 per square foot rate it would appear at first glance that the Lincoln Building is no less expensive than the Commonwealth Building; however, using the more appropriate measure of cost per employee per year the true cost of each building becomes clear.

Analysis

Historical benchmarks used by the County have, in some cases, led to the wrong conclusion. The County often focuses on the rates for real estate. Rates in this case mean dollars per square foot per year. While this is a commonly used measure for commercial real estate, it is misleading without additional information.

The most important measure for the County when it comes to administrative office space should be the annual real estate cost per employee located in a particular facility and how effectively a space is being utilized as measured by the number of square feet required for each employee.

Keep in mind that we are only discussing administrative office space in this short analysis. Special use facilities such as jails, libraries and health facilities require other measures.

Following are five example locations with their associated annual cost per square foot, square foot per employee and annual cost per employee. A couple of these have some non-office functions at the site, but are still instructive.

	<u>\$/SF</u>	<u>SF/Emp</u>	<u>\$/Emp</u>
Library Admin	\$8.46	324	\$2,735
Lincoln Building	\$16.75	183	\$3,058
Portland 15 th Floor	\$20.18	332	\$6,693
Multnomah Building	\$21.39	444	\$9,502
Yeon Annex	\$27.12	368	\$9,992



It costs approximately \$3,050 per year to provide office space for each employee located in the Lincoln Building. The Commonwealth cost was approximately \$4,184 per year. The Lincoln Building is an example of a new acquisition housing multiple user groups while strictly conforming to the County's space standards throughout the entire space. Commonwealth is an example of a lease that the County sited at the request of a specific program and then grew over time without the benefit of space standards.

Consolidation and Disposition Strategy

The May 2004 documentation of the entire real estate portfolio combined with ongoing County-wide budget cuts led FPM in concert with departmental representatives to create the Consolidation and Disposition Strategy. This effort sets out to achieve the following goals:

1. Reduce the portfolio square footage by 10% or 320,000 square feet
2. Reduce the number of primary sites by 25% or 25 sites in total (revised)
3. Cut on-going Operating Expenses by \$2.5 million per year
4. Reduce the deferred Capital Backlog by \$10 million

This document and the process that it launched is a move toward addressing the funding shortfall, not with across-the-board reductions in service, but instead by identifying specific properties for consolidation and disposition. On November 18, 2004, the Multnomah County Board of Commissioners adopted the Consolidation and Disposition Strategy and it is anticipated that it will take approximately three years to achieve all of the desired results. This is a solid step toward rationalizing and realigning the County's real estate portfolio and it meshes perfectly with the goals of this strategic plan. The Consolidation and Disposition Strategy effectively addresses the most clear-cut opportunities to improve the portfolio and its results will be realized in the short-term.

Transition to the Strategic Plan

This strategic plan continues the work of the Disposition Strategy and details how the County can make the hard choices that it will take over the next five to ten years to create a real estate portfolio that supports the County's ever changing needs. These two efforts are complimentary and will blend together as the short-term goals of the Consolidation and Disposition Strategy are realized and the long-term goals of this plan get implemented.

This strategic plan will not take away from other essential programs. It will help the County avoid costs through the disposition of the worst buildings in the County's portfolio and the acquisition of cost effective high performance buildings if necessary. The portfolio will be viewed as a single unit rather than as 140 separate buildings. This move to a more cost effective, high performance portfolio will be accomplished without competing for currently identified resources. It will accomplish this by harnessing cashflow, building sale proceeds



and using other mechanisms described later in this document. A major roadblock to making a systematic change to the County's portfolio in the past has been lack of funding; therefore, this plan anticipates that a limited funding environment will continue and identifies new or under-utilized resources.

Service Delivery Model

The County's acquisition of property and its service delivery approach has tended to be focused on the needs of individual departments rather than considered from a County-wide perspective. This has led to a widely dispersed portfolio of mostly single use facilities that do not flex well as needs change. In some cases, different departments serving similar clients have located within blocks of each other without coordinating their facilities needs.

Properties should be acquired or disposed of based on how the County wants to provide service. There is a continuum of service delivery choices. At one end, the small neighborhood outlets with limited service choices at relatively high cost with maximum location convenience for a small group of customers (such as a AM/PM convenience store), through a series of zonal service locations (the Albertsons or Thriftway model), and at the other end a few large sites that serve an entire region (Outlet Mall model).

The larger the site, the more efficient it is from a facilities cost perspective. Larger sites also create operating efficiencies. Examples are lower administration costs, centralized areas such as reception can lower employee costs and less travel expense between facilities. Larger sites can also be more effective for customers, providing "one stop shopping" and fewer sites to travel to for service delivery. Currently, the Library provides service delivery close to the convenience store model when compared with most of the rest of the County departments which utilize a combination of the convenience store model and the zonal service model.

The trade off between the higher expense of managing a significant number of small neighborhood sites and the lower expense of shared facilities is less apparent in times of growth. With the constrained budgets the County is now facing, the added cost of this model compared with shared facilities becomes more apparent.

Geographic Location and Demographics

Zoning and convenience issues dictate where some programs and services should be located. As an example, the policy-making center of Multnomah County should be located in or near downtown Portland. Also, downtown Portland houses courts, judges, district attorneys and most of the trial lawyers. Moving one of these would require the other parties to move as well.

Clients of the County live throughout the County but are not evenly distributed throughout the population. To the extent possible, facilities should be sited to



reflect the location and needs of the client population, both today and expected in the future. This would lead to siting on or near public transportation and consolidating services to afford our customers better service.

Core Program and Service Delivery Needs

For the FY06 budget year, the County went through a strategic exercise to determine what its core values and goals are. Programs were ranked as to importance to the County's mission. Facility decisions should be made that will match long term facility commitments with long term service delivery needs and program funding for the highest ranked programs. Conversely, shorter term facility commitments should be used for programs that are temporary or which do not have long term funding sources.

Partnering with Other Public/Private Agencies

Effective planning for future needs - both for space and effectiveness - may entail needing either more space early or late in the life of a facility. Prudence and cost savings would lead one to partner with other agencies that have space needs that compliment ours. Certain non-profit program partners (such as Pacific University Optometry or Loaves and Fishes) are complimentary to County programs and benefit both the County and its clients by collocation.

Additionally, program needs (such as detention, courts, local police) may benefit from being combined to provide all parties with a more effective working environment.



NEW GOALS AND STRATEGIES

The intent of this strategic facilities plan is to address the entire range of complex long-term issues required to align the County's real estate portfolio with its needs. In the process, this alignment will create a portfolio of efficient, flexible, user and client friendly facilities at a lower cost of occupancy than is currently being achieved. This plan envisions a very different real estate portfolio by 2015 comprised exclusively of well-sited, affordable and high performance buildings. High performance buildings are those that maximize operational savings; improve comfort, health and safety of occupants and visitors; and limit detrimental effects on the environment.

In order to meet the County facilities needs now and in to the future, the following specific new goals are proposed:

- Goal 1:** Migrate the County's real estate portfolio to include only well-sited, high-performance, affordable, and sustainable facilities by 2015.
- Goal 2:** Fully fund the operating costs of owned Tier I facilities including compliance and preventative maintenance. In addition, the County will stay completely current on its non-seismic capital maintenance program.
- Goal 3:** Ensure that FPM is utilizing the best practices for buildings and operations.



In order to reach these goals, the County is adopting the following new strategies:

- Strategy 1:** Dispose of all Tier III facilities by 2010.
- Strategy 2:** Migrate all facilities to be retained to Tier I by 2015 (an exception is the courthouse which is to be Tier I by 2020).
- Strategy 3:** Consolidate the County's real estate portfolio into fewer buildings and minimize the number of special purpose spaces. Instead focus on larger flexible facilities that require little or no renovations to be utilized by a different County occupant.
- Strategy 4:** Assign sufficient funding to all retained owned facilities in order to maintain their Tier I status for the life of the facility, using one time sources to address portfolio transition, deferred maintenance and seismic issues.
- Strategy 5:** Match facilities leasing, financing and ownership to the length and stability of the funding stream. Weigh the advantages and disadvantages of leasing and owning without a stated preference for either.
- Strategy 6:** Update and enforce the County's Building and Space Standards no later than December 31, 2005. This effort will include comparing all Tier I facilities to performance benchmarks that will be included with the standards.
- Strategy 7:** Initiate and Implement best operating practices regarding lease administration, transaction management and project management

While the Consolidation and Disposition Strategy is providing solutions that will be achieved in the next three years, this Strategic Facilities Plan will address the next five years and beyond. The length of time is important. An organization's investment in real estate – be it owned or leased – is a long-term commitment. Many of the County's facilities have long-term leases or debt service that, in the near-term, commits the County to their use. It will take time, commitment and persistence to implement this plan; however, the results will be worth the effort: better facilities, more productive employees and better service to the public at a lower cost.



Goal 1: Migrate the County's real estate portfolio to include only well-sited, high-performance, affordable, and sustainable facilities by 2015.

Continuing facility practices that accommodate single purpose buildings that are inefficient to staff, costly to maintain, confusing to find, and resistant to change of tenants cannot be the model for the future of the County portfolio.

The County's portfolio should include a core set of buildings that are flexible to use, easy to find, accessible to employees and clients, and efficiently designed. A good example of the principles described in Goal 1 would be the East County Justice Complex currently being planned. The building will fulfill a commitment to increase court space in Gresham, include space for companion County agencies, provide ease of access for community and workers, potentially include partners from other agencies and will be designed utilizing the County updated Building Standards.

This goal provides definition for where the County is going with its entire real estate portfolio by the year 2015. While reducing facility costs is an important component of what we are trying to accomplish it is only part of the solution. If saving money was the only goal, the County could simply squeeze as many people as possible into its least expensive buildings. Clearly, this would not support the mission of the County by severely compromising service delivery.

This goal commits the County to a future portfolio free of under-performing assets. In order to do this, we will need to think and act in new ways regarding our facilities. We will need to address location and functionality issues that go well beyond what Tier a facility is assigned to.

A facility may be Tier I from a building maintenance standpoint, but may not do a good job of supporting the needs of the County. These buildings will be reviewed along with the rest of the portfolio. An example is the John B. Yeon Annex, a 21,630 square foot building located at the County's maintenance facility in Gresham and housing portions of the Transportation Department. This is one of the County's best buildings from the standpoints of being in excellent condition, being energy efficient and using sustainable building techniques. Unfortunately it is in a very poor location, it is underutilized, and it is one of the County's most expensive buildings at \$27.12 per square foot per year. Purely for comparison purposes, the employees in this building could be located in the Brewery Blocks or the Fox Tower, the two most expensive downtown Class A buildings, for slightly less cost and the location would be superior. Even though this building is primarily general office space it is effectively a single purpose facility because of its location. The location is acceptable for Transportation, but is poor for just about any other department. Normally, we would look to backfill available space



in our highest quality buildings with similar uses, but with Yeon Annex this is nearly impossible because of its location. Using the goals and strategies outlined in this plan, this building would not have been built. Instead, the general office functions of the Transportation Department would be located with other office space users in a well-located, high-performance building capable of supporting the needs of a variety of departments and programs.

With this plan, we will attempt to address all underperforming facilities no matter how difficult it may appear to make a change. This will require flexibility and the willingness to implement all the strategies outlined in this plan in order to migrate the County's real estate portfolio to include only well-sited, high-performance, affordable, and sustainable facilities by 2015.



Goal 2: Fully fund the operating costs of owned Tier I facilities including compliance and preventative maintenance. In addition, the County will stay completely current on its non-seismic capital maintenance program

As the County realigns its portfolio of facilities, costs should decrease. In order to keep its portfolio in Tier 1 condition, the buildings must be maintained to provide quality space for employees and clientele and to protect the County's investment in the building. On the operations side, implementing the strategic plan should allow increased compliance with building codes and preventative maintenance for the buildings remaining at an overall cost to the County in line with current expenditures. Further, with buildings being kept current on capital maintenance, routine operating costs should be kept at an appropriately low level.

In order to keep rates as low as possible, the following cost categories have been excluded from future life-cycle capital funding.

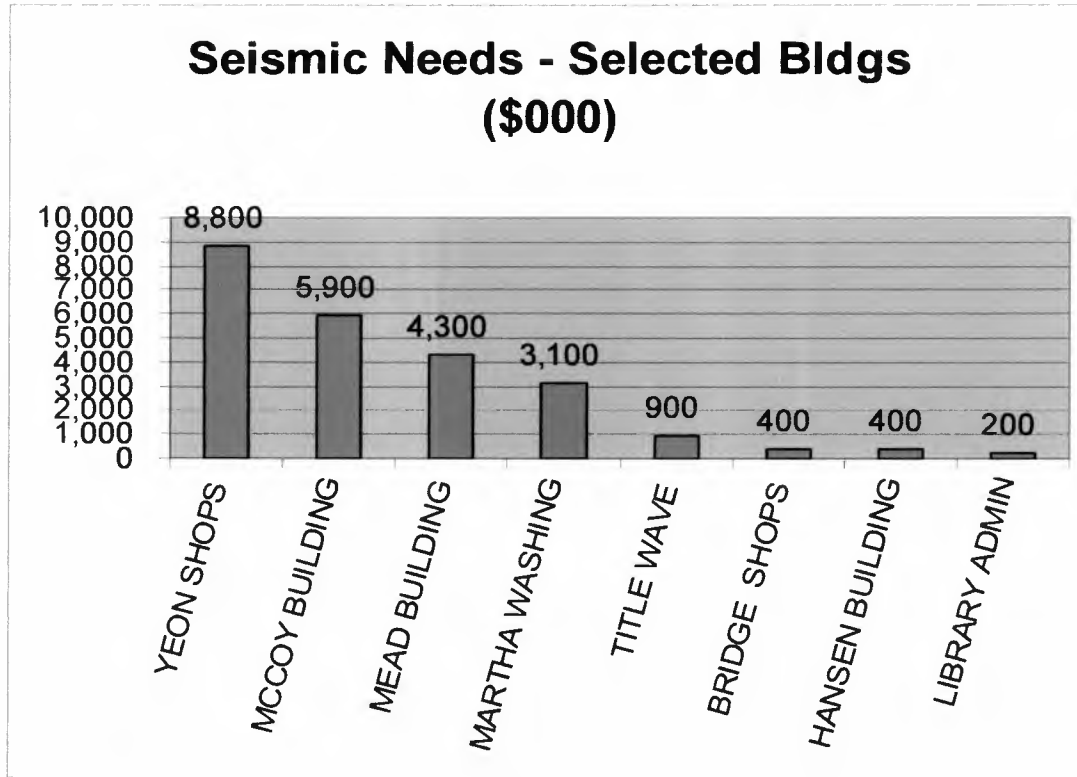
- Seismic costs: These costs are building liabilities, but would not be programmed for capital expenditure unless major renovation and a potential different use of the building was contemplated. As part of the disposition and consolidation review, FPM will also look to dispose of buildings with high seismic requirements that are not core to the County's mission. Buildings that have seismic requirements that are to be maintained in the portfolio will be addressed on a project by project basis.
- Smaller capital needs: These costs (such as doors, sidewalks, carpet, lighting fixtures) are more often replaced as needed rather than by life cycle. A square foot cost of \$.54/year (2005 dollars) of the AP/CIP assessment can be used to cover most of these smaller capital needs as well as specialized initiatives (ADA and security for example).

Seismic costs have been separated from the building capital maintenance costs because:

- They are not legally required unless major upgrades are performed;
- They typically do not impact the on-going operation or efficiency of the space;
- They are best performed in conjunction with other large capital projects such as a roof replacement or major tenant improvement; and
- They typically require major disruption or vacation of the space to be upgraded.



The chart below shows the cost of seismic upgrades for some of the County's buildings. The Courthouse (over \$45m) and Justice Center (over \$15m) are not shown for scale purposes.



Goal 3: Ensure that FPM is utilizing best practices for buildings and operations

Even though real estate is not one of the principle missions of the County, we are and will continue to be a large property holder of both owned and leased facilities. To insure that operating and construction activities are done in the most efficient and effective manner, FPM and the County must continually improve its policies and procedures within institutional confines and test them against best practices for buildings and facility operations. Measurement of County facility performance against industry standards will alert FPM and the Board of successes and opportunities for improvement. Adherence to best practices should provide bottom-line benefits and provide the confidence that FPM is doing the best job possible with the resources available.



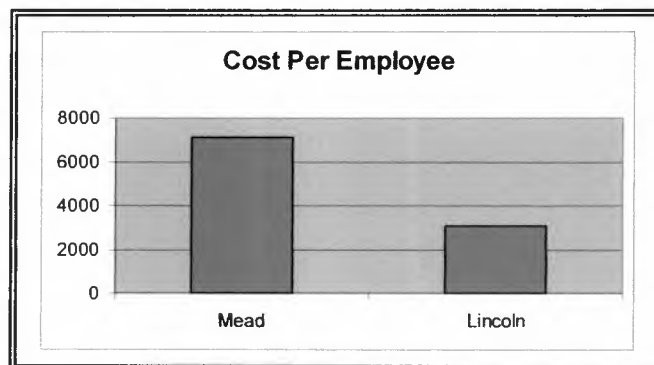
In an effort to implement the above goals, the following strategies are adopted:

Strategy 1: Dispose of All Tier III Facilities by 2010

It is clear that the Tier III facilities do not appropriately meet the needs of the County. The problem with not having all facilities in Tier I status is multifaceted:

1. Buildings not properly maintained can build up a significant deferred maintenance backlog that becomes difficult or impossible to rectify
2. The building can become unsafe
3. Buildings become obsolete if not consistently maintained
4. When older, obsolete buildings continue to be used in the "as-is" configuration they tend to be inefficient
5. Operating expenses tend to be higher than Tier I buildings due to the lack of energy efficiency, operating efficiency and need for emergency maintenance rather than preventative (scheduled) maintenance
6. The market value depreciates and exit strategies are limited

An example of a Tier III building is the Mead located at 421 SW 5th Avenue in downtown Portland. This 76,343 square foot building that houses probation and other services costs the County \$15.80 per square foot per year or \$1,206,453 per year. It is in very poor condition with a five year deferred maintenance backlog estimated at \$6.5 million, debt at \$5 million and a market value less than \$4 million. The building is not up to current seismic standards and has had such problems (since corrected) as chunks of concrete falling off the building. One might expect that the County is saving money by avoiding improvements to this building, but the opposite is true. The annual cost to provide workspace for each of the 169 employees in this building is \$7,150. This can be compared with the Lincoln Building which is a Class B+ leased facility two blocks away that would be Tier I if it were owned. The annual cost per employee at the Lincoln Building is \$3,050. If the employees in the Mead Building were in efficient, quality space at a comfortable density of 250 square feet per person (Lincoln Building is 185 SF/Person) they should be able to fit in approximately 43,000 square feet. With their current \$1.2 million facilities budget for this site, Probation could afford \$28.50 per square foot per year - more expensive than highest price



Class A buildings in downtown Portland. The need to dispose of all Tier III facilities is urgent and will result in both a less expensive portfolio and better space for occupants and clients.

It is important to note that one of the key functions for the Mead Building is probation and there are challenges relating to siting this type of use. Consequently, the County did what appeared to make sense at the time this building was acquired – that is limit the upfront acquisition costs by attempting to use the building in “as is” condition for the most part.



Strategy 2: Migrate All Facilities to be retained to Tier I by 2015

All owned facilities are to be Tier I by the year 2015 (an exception is the Courthouse which is to be Tier I by 2020). The target of 2015 is aggressive but attainable. Determining what core functions will be performed is evolving and will be a particular focus of the difficult FY07 budget. Achieving the strategic goals in a focused orderly fashion so that the County is both clear on what facility model it wants and what buildings to retain and upgrade will take time to settle comfortably. Creating and implementing a plan to upgrade buildings will likely take the ten years running up to 2015.

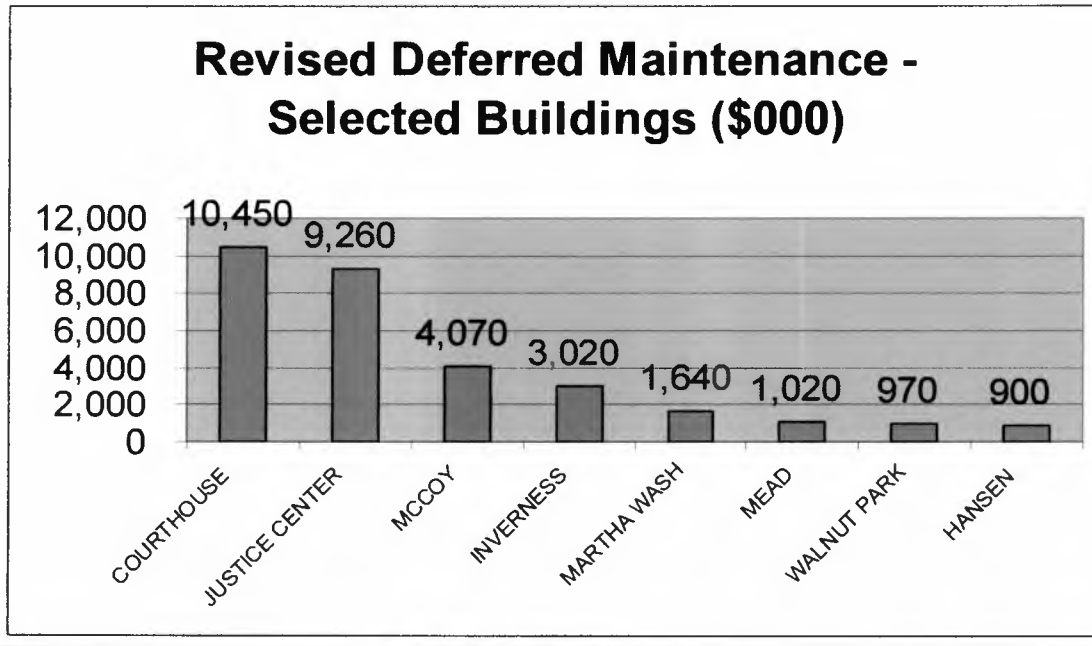
The need to have all buildings in Tier I status is clear: safety, lower operational cost, more energy efficient, more occupant and client friendly and in most cases less expensive from a total cost of occupancy per employee standpoint.

An example we have already discussed of a Tier II building that needs to be migrated is the Justice Center. It is clear that this building is going to be needed by the County for the foreseeable future and due to its importance to the County, it should be migrated to Tier 1 and maintained at that level along with the other corrections facilities (Inverness, Juvenile Justice, and Wapato). Strategy 5 discusses tier composition and funding issues.

In the case of the Courthouse, migration to Tier I status will take a different course than just addressing deferred maintenance. It is clear that a long term solution to the County's court needs will require development of a new facility for those purposes. The long-term use of the existing courthouse will be decided as a part of that effort.

Deferred maintenance is a major issue for County properties and remains at over \$34 million not included seismic requirements and minor capital maintenance. On the following page is a revised schedule of deferred maintenance for selected buildings excluding seismic and smaller systems.





Note that the Courthouse and Justice Center represent almost \$20 million of the total leaving approximately \$15 million for other primary buildings.



Strategy 3: Consolidate the County’s real estate portfolio into fewer buildings and minimize the number of special purpose spaces. Instead focus on larger flexible facilities that require little or no renovations to be utilized by a different County occupant.

In order to have superior facilities at a lower cost, the County should reduce its facility portfolio by systematically and expeditiously replacing scattered, smaller, older and non-Tier I facilities with consolidated sites strategically located to best support the programs and the public. To consolidate facilities, the County will establish sites in a “hub” environment. Each hub will have a building or group of buildings from which more than one Department/Office may deliver services to the surrounding populations. Hubs may include special purpose or countywide functions not specific to the service district. Recently remodeled libraries may be excluded from consolidation in the near term. It is important that past prejudices and practices about who cannot be located with who are revised since proper design of hub sites should be able to mitigate concerns about client interaction. This said, we should look to past consolidation successes and failures for guidance on future projects.

In most cases there will be relatively little change in a program’s delivery model with hub consolidations. Current sites were for the most part selected based on the needs of individual programs and the opportunities of the moment. This has led to many small sites that are located within a mile or two of each other providing different services to the same or similar clients. By consolidating functions that are already relatively close together service delivery will likely be improved.

FPM will collaborate with the Board, Executive Committee and each Department/Office to identify potential hub sites which will provide a positive community impact and be located near customer populations, community resources and mass transit. A hub may consist of one large building or several closely located sites. In some cases, it may be more appropriate to identify several buildings within a service district to create a “regional cluster” in lieu of a specific hub. The County should consider mixed-use sites with partners that provide complementary services. In all cases they should support the needs of the County as a whole and the programs that will be housed there.



In addition to facility related cost and quality benefits, hubs will also provide significant programmatic cost reductions in areas such as security, centralized reception, technology deployment and travel expenses.

FPM will study the feasibility of creating the following hubs:

Downtown Cluster: The goal will be to create a cluster consisting of no more than three or four closely located buildings: the historic Courthouse (renovated to accommodate a number of office uses), a new Courthouse and the Justice Center. The Mead, McCoy, Lincoln, YWCA Downtown Center and Martha Washington buildings could all potentially be eliminated. The Multnomah and Blanchard buildings (excluding the service/production operation of FPM) are other buildings that might be considered for consolidation as part of the Downtown Cluster.

Mid-County Hub: The goal of this hub will be to create a single, well located, highly efficient facility which could potentially include the consolidation of the following buildings at a minimum: South Powellhurst, Mid-County District Office, Tabor Square, East Portland Community Center, Mid-County Health, Central Probation, Gresham Probation, Kelly and Wikman. The Hansen site is a potential redevelopment opportunity for this effort.

East County Cluster: This will be a cluster comprised of Multnomah County East and the East County Justice Center. Planning for the East County Justice Center is well under way and would not require significant modification to meet this goal.

North/Northeast Hub: This study should include all facilities currently located in close-in Northeast and North Portland. One potential idea is to redevelop the Walnut Park site. This is a 74,000 square foot former department store in Tier 3 condition that is being used mostly for health and human services functions. Despite its Tier 3 rating the facility is well located to support North and Northeast Portland communities. The site is prime for redevelopment since it sits on a large lot and the Portland Development Commission controls adjacent parcels. A new North/Northeast hub could be created in cooperation with PDC and could be consistent with redevelopment plans in the area. Opportunities for consolidation include Walnut Park, La Clinica, North Probation, N Portland Health, King Facility, Library Administration, Blanchard and the Titlewave bookstore

These feasibility studies are a critical component of the migration of all County facilities to Tier I status. FPM will work with affected departments and programs to address their specific needs relating to each proposed hub location. This study effort will commence immediately and be completed for all sites no later than December 31, 2006.

There are many instances, such as jails, libraries and clinics where the special purpose use is not similar in any way to other County space needs. However,



there are other areas with significant overlap. Approximately 42% of the County space needs are for general office space. Thorough implementation of the County's office space standards will mean that as one program shrinks, another County program can backfill without the need for the expenditure of construction funds. The County will seek to create similar opportunities in the remainder of the portfolio to create standards that minimize the need for special purpose spaces.

There are areas that are now considered single purpose where in the future we might find opportunity. One example is with libraries. From a facilities standpoint these are large open space facilities and there is really no reason why they cannot be co-located with other compatible county users. If a library was part of a hub and it needed to grow, it is possible that they could expand in to underutilized office space. If the library was to no longer be needed, it could easily be converted to office space. Another significant benefit of co-locating a library with other County services is accessibility and convenience for customers. Someone who has to use the County's health services is going to also be more likely to use the library if it is conveniently located next door.

We need to keep in mind that the County's need for space to support its programs will continue in perpetuity. As we all know, a lot will change over the decades to come. By minimizing the number of special purpose facilities we can increase the flexibility required to address unforeseeable changes to the County's future mission.

It should be noted that some functions of the County are tied to specific sources of funding such as a library bond. Consequently, that money is dedicated to that particular use. With proper accounting we do not see this as an impediment to creating flexible facilities in the future.



Strategy 4: Assign sufficient funding to all retained owned facilities to maintain their Tier I status for the life of the facility, using one time sources to address portfolio transition, deferred maintenance and seismic issues.

Tier I Rates

The standard we are setting is that Tier 1 buildings are those the County wants to keep and for which it keeps current on capital maintenance. We do not believe the County actually saves money by deferring maintenance of its facilities. Deferred maintenance has created layers of problems that lead to inefficient use of space, higher operating costs, greater risk and depreciation in the value of the assets. There are numerous instances where the debt and deferred maintenance on a facility far exceeds its market value. As we migrate all facilities in the portfolio to Tier I, it is critical that the County remain committed to keeping them in that status.

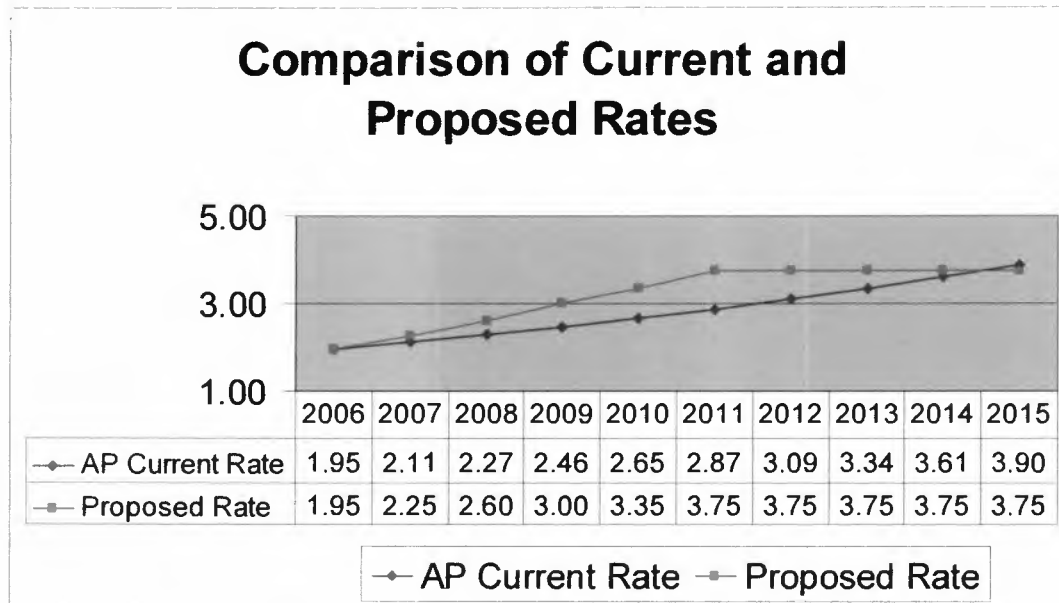
A fresh analysis has been performed of the capital maintenance database which eliminates smaller projects that can be performed as part of annual maintenance or are reoccurring but sporadic (wiring, carpet, paint, and lighting as examples). Instead an amount equal to approximately \$.54 per square foot is included in the standard capital maintenance charges to represent such costs and FPM will manage those dollars to meet the prioritized building capital needs in those categories. The analysis also segregated seismic needs as a separate building liability but not one that is projected as a life-cycle building capital need. A representative list of buildings expected to be kept (listed on the next page) has been reviewed for their cost to complete current capital maintenance in 2005 dollars over the next 10 years (2006-2015) consistent with Goal 2 and Strategies 1 and 2. As discussed elsewhere, seismic needs and deferred maintenance will be addressed on a case by case basis.

Based on this analysis, FPM has determined that an average rate of \$3.20 per square foot per year is required over the next 10 years (before annual escalations for construction cost increases) for the capital maintenance of all owned buildings that are to be retained. FPM is proposing that all buildings that the County intends to retain be charged the Asset Preservation (AP) level rates regardless of tier classification. This will help ensure that non-Tier I buildings that are to be retained do not have growing deferred maintenance issues and will avoid "rate shock" in the future when these buildings are migrated to Tier I status.

Currently the rate for capital maintenance charged to users of Tier I buildings is \$1.95 per square foot per year and this is being increased 8% annually. This level of increase is not sufficient to generate the funding needed over the next



decade for current and anticipated Tier I buildings. The current AP rate increase plan, even with no capital cost inflation, falls over \$6.5 million short of covering current capital maintenance needs over the 10 year period. Below is a comparison of the current AP rate structure and the new rate structure FPM is proposing for all buildings to be retained. The rate will climb approximately 15% per year from the current \$1.95 to \$3.75 by 2011 at which time the rate would stay level through 2015. This will allow the County to move to a sustainable level of funding for the capital needs for all retained buildings while avoiding rate shock for current users.



These rates are stated in 2005 dollars and would be adjusted for changes in construction costs over time (currently estimated at 4% per year by Budget office).

Tier II Rates

There are a number of changes proposed in how rates are determined and used. Most important is that rates for Tier II will be increased to provide the capital necessary to keep all of those buildings current on capital maintenance. The proposal is to increase the capital maintenance rate to be the same as Tier I building rates.

Tier III Rates

Tier III building rates would be decoupled from Tier II and would be calculated separately. Capital maintenance charges for Tier III buildings would be used to principally perform emergency, fire, life, safety and compliance projects. The 5-year plan submitted for the FY06 budget included an increase of \$.15 for CIP charges. The Strategic Plan includes that increase (approximately \$60,000) to



account for some of the cost inflation of the last few years. The following chart summarizes the changes.

		Current	2007 5-Year Plan	2007 Strategic Plan
Tier I		\$1.95	\$2.10	\$2.25
	Maintenance Current - 1 Year	yes	yes	yes
	Maintenance Current - 10 Years	no	no	yes
Tier II		\$1.65	\$1.80	\$2.25
	Maintenance Current - 1 Year	no	no	yes
	Maintenance Current - 10 Years	no	no	yes
Tier III		\$1.65	\$1.80	\$1.80
	Maintenance Current - 1 Year	no	no	no
	Maintenance Current - 10 Years	no	no	no

Notes:

"maintenance current" in Tiers II and III indicates that the deferred maintenance will not grow but does not address existing deferred items

Rate Assumptions and Implications

For the purposes of determining the rates proposed FPM analyzed the following list of buildings. This is not a complete list since the future of many buildings is in question; however, these are representative of the County's overall portfolio.

JUSTICE CENTER	RD SHOPS #1 SKYLINE	BELMONT LIBRARY
JUVENILE JUSTICE	MID COUNTY HEALTH	CAPITAL HILL LIBRARY
INVERNESS	RD #5 SPRINGDALE	GREGORY HEIGHTS LIB
LIBRARY ADMIN	MULTNOMAH CO EAST	GRESHAM LIBRARY
INVERNESS LAUNDRY	GCC- MDT	HOLGATE LIBRARY
INVERNESS STORAGE	BRIDGE MAINTENANCE	MIDLAND LIBRARY
ANIMAL CONTROL	GCC SERVICES	N PORTLAND LIBRARY
N PORTLAND CLINIC	GCC RES.	ROCKWOOD LIBRARY
ELECTIONS	YEON ANNEX	ST. JOHN'S LIBRARY
SE HEALTH CLINIC	MULTNOMAH BUILDING	TITLE WAVE BOOKS
YEON SHOPS	CENTRAL LIBRARY	WOODSTOCK LIBRARY

Consistent with the strategy outlined above, FPM proposes that the Board authorize \$2.25 and \$2.60 as the FY2007 and FY2008 AP rates. A list of buildings that are likely to be retained by the County, and therefore charged the



AP rate, will be prepared by December 31, 2005. FPM will redo the analysis of capital requirements once the hub studies are completed and the portfolio of buildings to be kept is known with more certainty.

It should be noted that the graduated rate proposed for the 10 year time horizon does not cover expected capital needs through the 30 year period shown in the capital data base. The portfolio is expected to change over time and capital needs forecasting becomes more difficult beyond a 10 year period. FPM will review the portfolio, capital costs, and the rates required to ensure adequate capital maintenance at least every five years and will make modifications as needed.

The proposed rates represent an increase in total cost for capital maintenance even when the disposition of several buildings is factored in. While this comes at a rough time for use of County funds, it should not be surprising given that the County has been falling farther behind on capital maintenance for buildings it now looks like it will keep. It is essential that the County live up to the full cost of ownership.

On a portfolio-wide basis fully funding capital requirements will mean that even while the size and cost of the portfolio as a whole is reduced we will be making more substantial investments in the facilities that remain. On a building by building basis this may create some anomalies where individual County departments or programs will see higher rates for existing space even as the County reduces its facility cost exposure portfolio-wide. These individual building rate increases will in many cases be at least partially offset by creating more efficient space; however, in cases such as the Justice Center creating efficiency savings is unlikely. During the budgeting process the Board can take into account the differences in how each department's facilities costs are affected by this new way of managing the portfolio so that the overall goal of having a higher quality portfolio at less cost is not derailed. It is important that we not let small cost increases in some areas derail significant savings for the County as a whole.

In full support of this strategy the County should not acquire any new facilities that are not Tier I quality prior to occupancy. A sub-Tier I facility may be purchased if it is converted to Tier I prior to being occupied. This strategy for fully funding Tier I facilities is focused exclusively on owned buildings because full funding for maintenance of leased facilities is covered in the rental rate. If a landlord allows deferred maintenance to grow in a County leased facility, it is not the County's responsibility - in most cases there are remedies in the lease to compel the landlord to properly care for the facility and at the end of the lease term the County can always just relocate.

Segmenting the pieces of deferred maintenance takes a \$132 million dollar problem down to the level where it can be reasonably addressed and solved.



The following table shows the change in the amount of deferred maintenance the County needs to focus its attention on.

Deferred Maintenance (\$Millions)	2005 Deferred Maintenance	Remaining Deferred Maintenance	Notes
Total Deferred Maintenance	\$132.6	\$132.6	
Less:			
Seismic	(\$85.8)	\$46.8	Separate decision on seismic to be made by building
Minor Capital	(\$12.4)	\$34.4	To be funded by \$.54 charge in new rate
Courthouse/Justice Center	(\$19.7)	\$14.7	Two buildings on their own major capital project track
Remaining Deferred Maintenance		\$14.7	Includes buildings expected to be recommended for disposal

Additionally, over 60% of the \$14.7 million residual deferred maintenance resides in the Martha Washington and McCoy buildings, both of which are being studied for long term ownership need. In conjunction with the study of buildings to be kept/disposed, FPM will analyze and propose solution options for eliminating the deferred maintenance on the buildings it wants to keep and migrate from Tier II to Tier I.

Financing Portfolio Realignment

There are at least five resources that the County can access to realign its real estate portfolio or eliminate deferred maintenance and seismic problems: sale proceeds from existing properties, cashflow, the County's good credit, operating savings and creativity.

Sale Proceeds from Existing Properties: A special fund will be created to collect the proceeds from all owned property dispositions for use toward supporting the goals of this strategic plan. This idea appears to be working well for the East County Justice Center where it can be fully paid for with proceeds from the sale of the Edgefield lands and if necessary the Hansen property. This is a case of



converting an underperforming asset into a performing asset. It is important that one-time capital assets not be used to support on-going operating expenses or the County will continue to be plagued by underperforming assets in its real estate portfolio.

Cashflow and the County's Credit: The County is a good credit risk for landlords. This means that with effective negotiations, the County should be able to achieve lower than "market" rates and higher concessions on leases and achieve low borrowing rates when ownership is involved. In the case of leasing, the combination of relatively low rental rates and high concessions can help fund the transition. This is an effective use of a steady stream of cashflow combined with the County's good credit. It may also make sense to refinance some debt or consider bringing on new debt as debt expires. It should be noted that in many instances with owned buildings, when the debt on a building is retired after twenty years or more it is typically time for a major renovation at that building. The County should not be averse to creating new debt on a particular building if it supports the long term goal of the County to keep and maintain Tier I facilities.

Operating Savings: Through less than one year's implementation of the Disposition Strategy, FPM has already been able to save several Departments/Offices approximately \$1,400,000. In the future there may be situations where FPM is able to immediately create long-term operating savings, but with a short term cashflow requirement. In special circumstances, approved by the Board, these short term transition costs may need to be funded through debt which is repaid with some of the operating cost savings.

Creativity: By being creative and using the most appropriate form of financing for each situation, the County will achieve the maximum value from its assets. Examples include: ownership, leasing, sale/leasebacks of existing facilities the County intends to vacate, lease to own scenarios for full or partial equity and joint ventures with public and/or private entities. There are often multiple financing/leasing options available and the County should be free to explore all its options. A detailed analysis will be initiated by FPM whenever there are multiple opportunities in order to decide on the best alternative.



Strategy 5: Match facilities leasing, financing and ownership to the length and stability of the funding stream. Weigh the advantages and disadvantages of leasing and owning without a stated preference for either.

The first part of Strategy 5 is known in the real estate industry as Duration Matching and is one of several ways to manage risk in a real estate portfolio or with a specific facility. The idea is to examine future space needs and then attempt to create the appropriate flexibility in the portfolio or single facility to ensure that the user has the right space at the right time. In its most basic form this can be as simple as matching a lease term to available funding for a County program. Owning a building like the Central Library is also a form of Duration Matching. Since the need for a library is infinite in duration, owning and maintaining a facility in Tier I status is the best solution.

In the case of leases, a more complex way to accomplish Duration Matching is a technique called Flexibility Layering. Flexibility Layering is an attempt to manage future uncertainty in a portfolio or specific lease by designing flexibility into leases to help match future space needs. It can involve a combination of options to expand or contract, options to cancel all or part of a lease, staggering lease terminations and options to purchase. By layering as much flexibility throughout a portfolio as possible a user can increase the likelihood that they will have the right type and quantity of space at the right time.

Examples of both Duration Matching and Flexibility Layering can be found in the new Lincoln Building lease.

Duration Matching: Since the County will continue to need administrative offices for Human Services for the foreseeable future, the County signed a ten year lease with two five year options to renew. This effectively gives the County control of the space for up to twenty years if necessary. However, future funding and the downtown Courthouse strategy bring in to question exactly how much space will be needed in the Lincoln Building over time. That is where Flexibility Layering comes in.

Flexibility Layering: In order to provide flexibility during the long lease term, the lease includes options to expand and contract. Specifically, the County



has the option to terminate the entire lease if the programs located there lose funding; the County can reduce the space one time by up to 25% for any reason; and the County can terminate the entire lease after the seventh year if the programs will be moving in to the remodeled courthouse. The County also has a right of first refusal on all space that comes available in the building, an option to expand at set terms and options to renew the lease. Finally, the landlord is required to provide the County a \$2/SF refurbishment allowance (\$200,000) for remodeling after the fifth year of the lease to address any modifications that may be needed at that time.

This strategy mainly relates to future acquisitions, renewals and renegotiations of leases and refinancing current debt obligations. However, if opportunities present themselves, FPM will take advantage of them. An example is if the County has an owned building that we know we are going to need to vacate in five to ten years, it may make sense to sell the building now and lease it back for a period of time matching how long the building is required. The benefits could be substantial: reduced maintenance backlog, avoidance of future market risk, avoidance of future unscheduled/emergency maintenance requirements, use of landlord/investor funds to improve building performance and the sale proceeds could be invested in the buildings that are to be retained.

At some point in the relatively near future it is likely that the economy and the County's revenues will improve. When this occurs there may be a need for additional space to support growth in County services. It is critical during these times of growth that the strategies of duration matching and flexibility layering are implemented. We need to learn from the substantial growth in the 1990's and subsequent revenue shortfalls since 2001 as the economy dipped into recession – what may appear like a permanent need for space may actually be temporary.

In the past there has been a stated preference for the County to own its facilities. We believe this policy requires reassessment. If the County is not willing or able to maintain a property in Tier I status it should not be owned. To assume that ownership is less expensive and therefore preferred to leasing requires an assumption that the value of real estate will increase over time and that it will not become obsolete. This is not always a safe bet – especially if the facility is not maintained in Tier I condition. Commercial real estate is valued based on the economic return it can create for its owner. If there is a limited market for a property due to location, obsolescence, the cost to repair a building, limited use or a slow economy and it is in poor condition, a drop in value could occur. In addition, it is often assumed that a benefit of owning facilities is that when the



debt payment goes away after 25 years or so that the operating cost of the facility will substantially decrease. While this may work in some instances it is likely that at the time the building's debt is retired a significant capital project will be required in order to ensure the building continues to be Tier I and support the County's needs. This will likely mean that debt will be placed back on the building to pay for the required work.

The County currently makes no provision for the replacement of our facilities at the end of their useful life and the County carries inadequate reserves for ongoing maintenance of owned facilities. When reserves are built up it becomes very tempting to tap them to cover short-term operating shortfalls. Both of these issues are by their nature solved in a lease.

Leasing and ownership each have their advantages and disadvantages which need to be taken into account prior to acquiring a property:

Leasing Advantages:

- Increased liquidity
- Frees up capital for other uses
- Expansion and contraction flexibility
- Avoids risk of obsolescence
- Expense levels are relatively fixed
- Little or no down payment required
- Can be a source of financing
- More locations available
- Allows the tenant to focus on its core mission
- Short term commitments are possible
- No market risk of property devaluation
- Tenant can take advantage of market concessions
- Tenant to fund preventative maintenance as part of the lease agreement
- By definition operating expenses, capital maintenance and replacement costs are all fully funded

Leasing Disadvantages:

- Limited control
- Loss of appreciation potential
- Lease obligation may increase dramatically at termination in strong market
- May have to move at termination
- No equity at lease termination

Ownership Advantages:

- Realize property appreciation
- Potentially lower net present value
- Owning gives full control
- Lower cost after initial purchase paid for



- Provides protection against rising real estate costs
- Potential income from tenants

Ownership Disadvantages:

- Ties up capital that could be used for other purposes
- Property may depreciate in value
- General ownership risks such as greater liability and obsolescence
- Drain on owner's time and energy for matter not core to owner's mission
- Limited flexibility when entering and exiting a property
- Owners sometimes defer preventative maintenance for short term gain
- Community considerations in dispositions can limit ability to maximize value
- Real estate investment is not a core business
- Often owners need to sell during economic downturns limiting market value

The question of owning versus leasing will need to be addressed on a situation by situation basis; however, some references to large local corporations may be helpful. Local companies Nike, Intel, Tektronix, IBM and Mentor Graphics all own their hub facility and almost exclusively lease any space required off hub. This allows each of them to match the distinct and different benefits of owning versus leasing to the appropriate situation. By owning their hubs they have full control, they realize property appreciation and have a hedge against rising real estate costs. By leasing properties outside of their hubs they are able to create flexibility, increase cashflow, avoid tying up capital and avoid obsolescence.

Nike and Intel have used leasing extensively to create flexibility. During the 1980's and 1990's they would first grow by acquiring office space leases near their hubs. If the need for the space became permanent they would then build a building on their hubs. If the need went away they were able to just leave at the end of their lease term.

The County should have no predetermined policy which directs it toward owning versus leasing. Each situation should be dealt with on a case by case basis within the context of the overall strategy.

A specific example of where the County did an excellent job of weighing leasing and owning is the Medford Hotel. FPM was approached by the program manager for Department of Community Justice (DCJ) to pursue the purchase of the Medford Hotel (its historic name) for use as post incarceration housing. DCJ had a grant and funding to cover the purchase of the facility. The building was owned by Central City Concern and permitted for a homeless shelter. FPM did extensive due diligence on the building. We found that we were going to have to obtain a change of conditional use, satisfy the neighborhood association that our impact on the community would not be negative and make extensive tenant improvements. These costly and complicated hurdles would be effectively eliminated if we were to lease the facility rather than own it. The County ended



up leasing the facility for 15 years with all of the lease payments and tenant improvements prepaid with DCJ's available money. This satisfied the needs of the County program while limiting the County's costs and providing a clean exit strategy.



Strategy 6: Update and enforce the County's Building and Space Standards no later than December 31, 2005. This includes full implementation of the County's updated space standards to ensure that the County is getting the greatest amount of value possible out of its real estate assets.

The County requires flexible building layouts and adaptive building systems to accommodate frequent changes in personnel, technology, program scope and funding duration. FPM will update for the Board's adoption the County's Building Standards by December 31, 2005 in order to address the proposed consolidation of facility spaces, increasing utility costs and employee concerns about their workplace environment. To enhance building performance, these standards should apply to both new and existing facilities. High quality building standards coupled with effective operation and maintenance programs may forestall future costs associated with tenant moves and building replacement. The design of functional, safe and healthy workplaces will also facilitate personnel retention, employee productivity and customer satisfaction. The December, 2005 Building Standards will merge the existing building standards, space standards, and the Green Building Policy (in development) into one document.

It is important to point out the difference between building standards and space standards even though they will be combined into one document. Building standards address such things as location, maintainability, energy efficiency, sustainability, infrastructure and Americans with Disabilities Act compliance. Space standards address such things as who gets an office or a workstation, how large they are, appropriate number of conference rooms, coffee/break areas, etc.

In 1999, the County went through an exhaustive process of creating space standards to be used by all County Departments/Offices. We have reviewed the standards again and found only minor updates are needed. These updated space standards are attached in Appendix A. The only facility where the updated standards have been fully implemented is in the new 100,000 square foot Lincoln Building lease and the impact has been significant. The space utilization is just 185 square feet per employee. This compares with the Multnomah Building at 444 square feet per employee. Could the County's headquarters be half its current size and half its current cost by implementing updated space standards? The answer is – maybe. While this may not be an entirely fair comparison since the Multnomah Building houses the Commissioners, the Board Room and special purpose spaces, it is still very applicable. The Lincoln Building by comparison



has approximately 9,000 square feet on the first floor dedicated exclusively to client reception and various meeting rooms.

The opportunity to fully utilize the County's updated space standards is three-fold. First, when it comes to consolidated sites there is the opportunity to significantly reduce the amount of space required allowing the County to occupy high performance buildings at a lower total occupancy cost. Second, all Tier I offices would benefit by an analysis of what additional consolidation is possible by full implementation of the standards. This should involve a cost/benefit analysis before any modifications are made to the spaces. Finally, when space standards are fully implemented in large facilities it means that different user groups are able to flex into available space without having to make modifications.

FPM will fully implement the County space standards in all new facilities and where possible in existing facilities that will be retained. We propose that any variation from the standard must be approved by both the appropriate Department head AND the FPM Director or it will not be allowed.

The Green Building Policy and the County's building standards depend on the standards developed by the US Green Building Council called LEED: Leadership in Energy and Environmental Design.

LEED was created to:

- define "green building" by establishing a common standard of measurement
- promote integrated, whole-building design practices
- recognize environmental leadership in the building industry
- stimulate green competition
- raise consumer awareness of green building benefits
- transform the building market

LEED provides a complete framework for assessing building performance and meeting sustainability goals. Based on well-founded scientific standards, LEED emphasizes state of the art strategies for sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

Another issue to be addressed in the Building and Space Standards is when new County facilities should include mixed use design and/or affordable housing development. The Board passed Resolution No. 99-78 establishing a policy to promote the goals of managed growth by making available vacant and/or surplus county lands for mixed-use and affordable housing development and pursuing these opportunities in the design of future County facility projects. We continue to support the goals of this resolution; however, it should be the policy of the County that involvement in mixed-use projects not materially increase the County's facility costs.



Basic comparisons can be made within the County's portfolio to assist in determining if one facility asset is performing as well as another; however, it is also important to compare the County's individual facilities and portfolio as a whole with similar sized outside organizations. This process of comparing the performance of facilities, portfolios and real estate management against outside organizations is known as benchmarking. Benchmarking can often reveal useful opportunities to improve performance and can help set new standards for future management of the portfolio.

There are three stages to the benchmarking process:

1. understand real estate assets and business drivers
2. identify opportunities to improve performance by comparing key real estate measures against similar sized organizations
3. identify solutions and implement new standards

As we discussed earlier, FPM has completed an exhaustive review of the County's real estate portfolio that includes all of the basic information needed to engage in a benchmarking effort. We also discussed the goals of the County and FPM earlier in this document. The benchmarking effort will focus on completing steps 2 and 3 of the process outlined above.

A common problem throughout the County's real estate portfolio is the assumption that the County is doing well if the cost per square foot of real estate remains low (one form of benchmarking). That of course is a good thing if, by all other measures, a facility is performing well; however, it is a misleading measure in the absence of other information. We previously discussed how the \$16.68/SF/Year Commonwealth lease actually cost the County 31% more than the new Lincoln Building lease at \$16.75/SF/Year. The County will attempt to focus on the most appropriate measures of portfolio performance through the use of benchmarking.

An example of a Tier I building that requires re-evaluation based on updated benchmarking and space standards is the Multnomah Building. With just 453 employees occupying 201,190 SF at the cost of \$4.3 million per year, the following metrics result: 444 SF per employee at a cost of \$9,500 per employee per year. This compares with 170 corporate, government and institutional headquarters facilities across the country that had a median rate of 344 SF per employee and a median cost per employee per year of \$5,754. A willingness to spend money now to improve the efficiency and increase the occupancy of the Multnomah Building and others like it could result in significant future savings.

The County's benchmarks will be updated by October 31, 2005 and included in the Building and Space Standards Document. By June 30, 2006 each Tier I facility will be compared against these benchmarks in order to determine if



improvements can be made to reduce costs and increase each facility's performance.



Strategy 7: Initiate and Implement best operating practices regarding lease administration, transaction and project management

In 2004, FPM engaged CRESA Partners, a corporate real estate services firm, to assist the County with a variety of real estate related needs. One of those is the implementation of best practices which is an ongoing effort. Below are some specific examples of where best practices are being implemented.

Lease Administration: FPM is tackling the task of implementing a new lease administration system. This includes establishing a database through file inventory and organization and then abstracting all leases and subleases. Abstracting is the process of taking a typical 20 – 30 page lease and summarizing the critical terms in a common format. With this detail the County will be able to better manage critical date information, have web-enable maintenance responsibility information, have a resource to reconcile rent payments and collections and create summary and benchmark reports to better manage the properties as a portfolio to minimize risk and exposure. Lease management processes will be documented and best practices developed to more effectively and efficiently manage administrative responsibilities for all leases. This includes leases in which the County is either the landlord or the tenant. All of the concerns discussed in the Multnomah County Auditor's audit of the County's building leases are being addressed by FPM.

Transaction Management: The transaction process in acquiring space either through purchase or lease has not been managed consistently in the past. As stated before, individual departments often directed major elements of the site search and selection. With the centralization of the FPM responsibilities, an organizational-wide view is being developed. From a transaction standpoint, this will include input into the planning as to the best use of negotiating leverage to create the greatest value for the County. FPM is in a position of managing negotiation with an understanding of the overall needs of the County including but not limited to, space standards, maintenance responsibilities, tenant improvement build out, tax exempt status, lease language requirements and risk issues. FPM is in the process of developing a standardized process for negotiations and required lease language.

Project Management and MAC's (Moves, Adds and Changes): FPM is in the process of creating County specific best practices documents for Project Management and MAC assignments. Management of all facilities-related projects is clearly a responsibility of FPM and one that we take seriously. The difference between a successful project and an unsuccessful one is in the overall management of the entire project. FPM will provide the best possible project



management services to the County. This includes full implementation of the County space standards.

Customer Service: FPM will continue to strive to provide the best possible customer service to its direct clients who are the departments and programs of the County. FPM will do this in such a way to ensure that the departments and programs have the facilities they need while FPM keeps in mind the needs of the County as a whole.

Leases as Assets: Leases are not commonly considered assets to the County, but they are. As a County asset it is critical that their performance is scrutinized in the same way as owned properties. Consequently, FPM will rank all leased facilities using the same tier system. Tier I will be top performing leases that are core to County operations, Tier II will need to either be improved or eliminated and Tier III leased facilities will be eliminated. More detailed descriptions of the leasing tiers can be found in Appendix B.

Best Practices Implementation: Implementing the best practices described above will take a coordinated effort. We are moving to a view of maximizing the benefit of the County's real estate assets for the County as a whole. In order to do this and effectively manage its implementation, facilities management needs to be unified. It is our recommendation that all facilities personnel in the County report to FPM. FPM will continue to be responsible for the planning and implementation of all facilities and property management related functions at the County in order to ensure all decisions are made with the entire real estate portfolio in mind. Individual departments and programs should continue to coordinate all facilities related needs with FPM. This not only helps to ensure a portfolio-wide view for even simple projects such as furniture moves, it also ensures that the County is benefiting from FPM's expertise.

FPM will continue the development and then full implementation of a set of best practices for effective management of the County's real estate portfolio.



IMPLEMENTATION

In order to fully implement this plan the following initiatives will be undertaken during fiscal year 2006 by FPM:

1. All facilities will be reviewed by December 31, 2006 for possible inclusion in one of the proposed hubs described in Strategy 1. This review will include significant input from the affected departments and programs. The results for each proposed hub will be presented to the Board for project approval as they are completed.
2. All Tier III owned and leased facilities not included in a future hub plan will be recommended to the Board for disposition along with a plan for relocating the current occupants. All Tier III building dispositions shall occur no later than the year 2010.
3. All Tier II owned and leased facilities which are not included in a future hub and are slated to be retained will have a tier migration plan created for them. These tier migration plans will outline how each Tier II building will be migrated to Tier I by the year 2015. These plans will be created on a building by building basis rather than one large report and will only be presented to the Board if Board approval is necessary.
4. FPM will immediately begin work on creating Benchmarks as described in Strategy 6 for use in evaluating all facilities that are to be retained. This will be completed no later than October 31, 2005. A plan of action for each building not meeting the benchmarks will be presented to the Board for approval by June 30, 2006.
5. FPM will immediately begin work on updating the County's Building and Space Standards as described in Strategy 6. The new standards will be presented to the Board for approval prior to December 31, 2005.
6. FPM will complete a Best Practices manual for its own internal use no later than December 31, 2005.



Conclusion

This plan sets the framework for both a performance evaluation and for solutions to the County's pressing real estate portfolio needs. As with any performance evaluation, it is both the first and last thing you need to do in order to effectively manage anything - particularly real estate. Therefore, this plan will be reviewed, and if necessary, modified every other year.

The County has the opportunity align its real estate portfolio with its current and future needs through a County-wide commitment to full implementation of this plan. FPM looks forward to working with everyone in the County to accomplish our shared goals.



Appendix A

County Office Space Standards

MULTNOMAH COUNTY, OREGON

EXECUTIVE RULE NO. 243

Countywide Space Allocation Policy and Office Design Standards

- a. County facilities currently lack consistent standards for space design, air quality, natural light, climate control, and furniture.
- b. County work environments need to accommodate flexibility in how workspace is organized, allow for the creation of new ways of working collaboratively in teams and work groups, and encourage accessibility and open communications.
- c. The County has an obligation to its employees and the public to provide comfortable, safe, and healthy work environments that are conducive to efficient and productive work.
- d. Containing costs and using taxpayer dollars wisely is at the heart of the County's RESULTS initiative and the Good Government benchmark.
- e. The County has a clear responsibility to its employees, clients, and the public to assure that County facility resources are allocated efficiently and in the most cost-effective manner possible.

The *Countywide Space Allocation Policy and Office Design Standards* provides a framework to create consistency and equity in all County Department/Office spaces. It creates efficiencies of space and cost savings where new facilities are developed, and it allows for more affordable and more easily accommodated facility changes.

The attached *Countywide Space Allocation Policy and Office Design Standards* will apply to new, renovated, or relocated County facilities. It will not be retroactively applied to currently occupied work sites. The Facilities & Property Management Division (F&PM) will have administrative responsibility for space and furniture planning, design, and allocation. F&PM will work in collaboration with Departments/Offices to create functional, comfortable, and safe work sites.

The Office Design Standards for furniture and the appendices will be adopted by the Facilities Client Team consistent with this rule.

Dated this 4th day of August, 1999.

BEVERLY STEIN, Multnomah County Chair

REVIEWED:

Thomas Sponsler, County Counsel

for Multnomah County, Oregon

EXECUTIVE RULE #243

PREPARED BY:

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Space Allocation Policy and Office Design Standards for Multnomah County

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I. PREAMBLE

WORK ENVIRONMENT VALUES

Work environment values are guiding principles that reflect the broader organizational values of quality of service, fiscal responsibility and respect for employees. These values describe how we intend to operate as we pursue the vision where Multnomah County employees have an excellent place to work.

- Our commitment to quality supports a healthy work environment that is comfortable, safe, and conducive to efficiency.
- Employees have access to natural and adequate light, healthy air and water quality, good acoustics, sufficient workspace, and appropriate ergonomic equipment.
- The environment is designed and maintained for efficient use of space and the optimal operation of building systems – heating, ventilation, air-conditioning, and telecommunications.
- Floor plans are open, flexible, and adaptable for multiple uses.
- High health and safety standards ensure compliance with all applicable building codes including seismic requirements and standards for indoor air quality.
- Multnomah County is committed to meeting its financial obligations to design, construct, and maintain facilities as valuable public assets.
- The organization is committed to the long-term, consistent application of standards, and recognizes the need to balance consistency and flexibility in order to meet the unique service delivery needs of departments to interact with the public and other partners.
- Creativity and innovation is encouraged to improve efficiency and reduce costs through sharing of common space and resources and entrepreneurial partnerships.
- Efficiency and containment of operational costs are important considerations in the planning and allocating of workspace.
- Respect for employees and customers/clients is enhanced through the application of the Americans with Disabilities Act.
- Accessibility and good signage for way finding in all buildings are of high importance.
- Space is designed to ensure comfort, security and dignity of employees and customers, while at the same time enhancing opportunities for employees to communicate and work collaboratively.

ISSUES AND CHALLENGES

There are a number of factors that make this a fundamental challenge:

- Healthy Work Environment for Employees and the Public

An integral part of RESULTS is to provide employees with an excellent place to work. County facilities currently lack consistent standards for air quality, natural light, climate comfort, and furniture in the workplace. Conventional office models with offices around the perimeter have caused heating and cooling problems and air quality concerns in a number of County work sites. We have an obligation to our employees and the public to create comfortable, safe, and healthy work environments that are conducive to efficient and productive work.

- Changing Organizational Culture

This policy represents a significant change in Multnomah County's organizational culture. As with any change, this may not be popular with everyone. Our present office design is loosely based on a more conventional model where managers and administrative staff are in hard wall offices. The idea of the "private office" has evolved beyond the issue of addressing confidentiality and privacy—it has become synonymous with status or position in the organization. Offices tend to isolate people and curb accessibility and can represent a barrier to good communication. As we change the way we do our work—our work environment needs to accommodate our need for flexibility in how we organize the workspace, create new ways of working collaboratively in teams and work groups, and to encourage accessibility and open communication.

- Containing Facility Costs

Conventional hard wall offices are costly to construct, costly to remodel, and costly to furnish. Design, construction and remodeling costs for the conventional model typically exceed the open architecture model. Containing costs and using taxpayer dollars wisely is at the heart of the RESULTS initiative and the Good Government benchmark. We have a clear responsibility to our employees, clients and the public to assure that County facility resources are allocated efficiently and in the most cost-effective manner possible.

II. SPACE ALLOCATION POLICY

BACKGROUND AND PURPOSE

On January 5, 1999, Chair Beverly Stein assigned the Facilities Client Team (FCT) to develop Countywide Space Allocation Policy and Office Design Standards. The FCT recognized this as an opportunity for a collaborative and cooperative effort between Departments/Offices, and Facilities & Property Management (F&PM).

This policy applies to new, renovated, or relocated work sites. It will not be retroactively applied to currently occupied work sites. It is understood that it may not be possible or practical to incorporate all aspects of this policy immediately in renovated or relocated spaces. Departments/Offices must rely on the expertise of County space planners, common sense, and budget factors in redesigning work sites that will be efficient and cost-effective over the long term.

F&PM will have administrative responsibility over space and furniture planning, design, and allocation and will work in collaboration with Department/Offices to create functional, comfortable, and safe work sites. This policy provides a framework to create consistency and equity in all County Department/Office spaces. It creates efficiencies of space and cost savings where new facilities are developed. Facility changes may be more affordable and easily accommodated.

The following Values and Goals guided the FCT in developing this policy.

VALUES AND GOALS

- Space planning and design is aligned with work environment values.
- Administrative functions across all departments/offices will be housed in an open architecture environment with consistency and equity as long-term goals.
- New, innovative work practices will be developed and implemented to meet confidentiality and privacy needs.
- High standards for air quality, climate comfort, and access to natural light will be maintained in the work environment.
- Enclosed rooms should not be built that disrupt existing heating, ventilation, and air conditioning (HVAC) systems unless planning includes upgrading those systems.
- The appropriate use of public funds is a primary consideration in any space design, redesign, or relocation.

- Space will be designed for efficiency, flexibility, accessibility, and cost effectiveness.
- Efficient and flexible open architecture should encourage creative and innovative ways to organize the workplace and new ways to do work.
- Space planning is a collaborative process between Departments/Offices and F&PM.
- The County will adopt organization-wide systems furniture standards for office workspace sizes and furnishings. Multi-functional systems furniture is preferred.
- F&PM will be the space design area experts and will enlist help from professional design consultants for best practices when needed.

PLANNING CRITERIA

General

1. Departments/Offices will coordinate all moves, renovations, and relocations, or occupancy additions/reductions, with Facilities & Property Management. Departments/Offices will collaborate with F&PM in planning spaces that will optimize efficient business operations and provide fiscally responsible space solutions. F&PM will provide Departments/Offices with a range of professional space planning services, advice, and best practice options including:
 - Cost options
 - Lease information
 - Design and layout
 - Furniture and fixture recommendations
 - HVAC and environmental considerations
 - Lighting design
 - Code and policy compliance
 - Project management and implementation
2. A committee made up of representatives of each building tenant should develop a "user's manual" for each building. The user's manual will cover building specific topics such as scheduling conference rooms, requesting assistance in moving and changing workstations, protocol for working in an open office environment, evacuation procedures, etc. (See Appendix 13 for a sample outline.)
3. A 10% growth factor will be included in all planned moves to new space unless there is a known budgeted growth rate, planned downsizing, or the relocation is an interim solution.
4. All signage will be consistent throughout a single building and in accordance with County policy and standards. (See Appendix 2)
5. Only one primary space will be provided per employee. Employees who work at or have staff at multiple sites must choose where their primary

workspace will be. Extra open workstations should be planned in multi-tenant buildings with a telephone and network connection based on building occupancy and need, to be shared. The concept is often referred to as "hoteling".

6. Departments/Offices will be charged for space they occupy based on the operational cost of the building. Workspace reorganizing and enhancement will be the financial responsibility of the requesting Department/Office.

Common Services

To the extent possible, buildings with multiple County tenants will incorporate centralized mail, LAN, telecommunication, reception, copier, vending, and security functions into the design. Services in a new or renovated building affected by this policy may be done individually by Department/Office, by floor, or for the entire building. This will be determined by a building tenant committee representing the building occupants, F&PM, and FREDs. Common services, which should be included in a building user's manual, may include:

1. Parking and Motor Pool services.
2. Reception.
 - F&PM may have responsibility to provide primary or centralized reception, if required, in a facility shared by multi-tenants. Centralized reception (including information and security) and will be built into the rates for the building.
 - The area occupants should provide secondary reception possibly by floor. Floor occupants should decide variations of security, information, telephone backup, and accessibility.
3. Common file rooms should be planned by F&PM and the occupants. Space efficiency is created when space can be shared. The file space may be in a room or open area. Security issues and the archiving policy should be addressed.
4. Minimal supply storage due to central stores.
5. Copier, fax, and printer areas may be centralized or distributed as determined by tenant needs.
6. Mail will be handled by Distribution Services. Drop/pick up locations and schedules will be determined by the building tenants committee and Distribution Services.
7. Conference room scheduling will be determined by building tenants. Each floor may have priority for rooms in their area.
8. Training Rooms: The DSS Training Section will coordinate the use of these rooms. Storage for the training rooms is preferred to be with the rooms.

9. F&PM will plan for break areas, vending, and recycling spaces. Size, number and distribution will depend on the tenants and availability of nearby community services.
10. Other amenities to consider are daycare, shower facilities, and a cafeteria.
11. Emergency evacuation procedures will be developed for each site, in accordance with County Administrative procedures.
12. A key control plan will be developed by the building tenant committee. F&PM will provide all required services.
13. F&PM will develop a furniture inventory tracking system.
14. F&PM will maintain a small supply of systems furniture to respond to unforeseen growth and emergency needs.

ALLOCATION OF SPACE

General

1. Private hard wall offices are permitted for elected officials and their immediate executive/policy advisory staff, Deputy District Attorneys, Victim Advocates, and Sheriff's Office Internal Affairs Investigators only.** There are no exceptions for administrative positions.
2. *Functionally oriented interdepartmental work groups of no fewer than three employees are permitted to be enclosed by hard walls.***

**Permitted does not mean guaranteed. It means that as part of their functional space review, F&PM will provide design/layout options with and without hard wall offices and with cost comparisons for all options, including all costs related to any required HVAC, electrical, etc. changes. Choices should take broader organizational values, long-term functionality and budgets into consideration.

3. Special use spaces and functions may require different guidelines to be approved by the Director of the Department of Environmental Services.
4. Hard wall support spaces (copiers, break rooms, etc.) and offices will be located in the core of the building. Open offices will be located closer to the perimeter of the building. The immediate perimeter will be used for circulation, maximum light penetration from windows, and more efficient use of HVAC systems.
5. For purposes of calculating appropriate square footage, space planning criteria will consider temporary workers who work in offices into the headcount. Full time employees who work in the field will need to be evaluated for square footage on what responsibilities they carry out at their home base. (i.e., field nurses and outreach workers require desk space at their home base to carry out their duties then they return from the field, while other field staff only use the home base for a place to meet transportation and pick up supplies for the days work.)

6. Net usable office space (private offices, workstations, and aisles) should not exceed 152 square feet (sf)/person.
7. As growth occurs, offices will not displace conference rooms.
8. Space will be assigned according to job function and policy not status or length of service. F&PM will perform functional reviews and prepare space requirement forecasts for specific assignments. Refer to Appendix 4 for functional analysis.
9. Building features such as windows or columns will not be considered to add or detract from an office provided the function of the office is met. This includes small variations in square footage due to building constraints.
10. Walls typically will be insulated and constructed to the underside of the suspended ceiling system. Walls that extend above the suspended ceiling to the underside of the floor deck above (called demising walls) are recommended where limited access and acoustic control is critical.

Open Offices (Workstations)

1. Multi-functional systems workstations will be used to allow optimum use of limited floor space. (See Appendix 3 for standard configurations.)
2. Groups of similar job functions that work with confidential issues may be segregated for improved privacy.
3. Ergonomics are addressed in the adjustability of work surfaces, accessories, and primary desk chair.
4. Work areas and systems furniture configurations are to follow a general pattern. They will incorporate a central utility (electrical and data) spline. While there is flexibility to reconfigure workstations, the utility spline will not be reconfigured. This will greatly reduce the time and cost of making changes in an occupied space. For a best practice model to determine the functional application of each workstation refer to Appendix 4.

Private/Hard Wall Offices

1. Private hard wall offices are permitted for elected officials and their immediate executive/policy advisory staff, Deputy District Attorneys, Victim Advocates, and Sheriff's Office Internal Affairs Investigators only.** There are no exceptions for administrative positions.
2. *Functionally oriented interdepartmental work groups of no fewer than three employees are permitted to be enclosed by hard walls.***

**Permitted does not mean guaranteed. It means that as part of their functional space review, F&PM will provide design/layout options with and without hard wall offices and with cost comparisons for all options, including all costs related to any required HVAC, electrical, etc. changes. Choices should take broader organizational values, long-term functionality and budgets into consideration.

3. Special use spaces and functions may require different guidelines to be approved by the Director of the Department of Environmental Services.
4. Departments/Offices with special use functions should give careful thought to their needs for private offices due to high construction costs, negative impact on internal environments, and limiting affect for future remodel/renovation opportunities. Client privacy may be achieved through shared conference or interview rooms.
5. To the extent possible within existing and new facilities, hard wall private offices will be located in the building core.
6. Furniture and desk chair should be adjustable to meet ergonomic needs of occupant.

Conference Rooms

1. Conference rooms will be planned and distributed for optimum use by all facility occupants and will be located in the building core as much as building constraints allow.
2. Conference rooms will be designed as shared space and will be comparably furnished and equipped. Equipment recommendations include telephone, white board/s, tack boards, projection screens, LAN connections, built-in projection systems and audio. (See further outline in following Design Guidelines and Appendix 6 for standard configurations and equipment.) Built-in projection systems will be specified in the larger conference rooms (for 16 – 20 and 25+ people).
3. Smaller conference rooms and huddle areas (for <6, and 6 – 10 people) will be for the use and control of the programs residing closest to them.
4. Scheduling and "ownership" of conference rooms is building specific information and should be covered in a building user's manual.
5. Conference rooms will comprise approximately 10% of total building square footage. The size, quantity and distribution will be based on the number of occupants per the following guideline:

Capacity	General Distribution per Number of Staff*	Minimum Square Footage	
		Huddle Areas	Hard Wall
<6	1/12	72 SF	144 SF
6 – 10	1/45	-	192 SF
16-20	1/60	-	448 SF
+25	1/200	-	960 SF

POLICY ADMINISTRATION FOR EXCEPTIONS

Department/Office requests space needs

F&PM applies standards and guidelines, performs functional review, assesses systems impact, structural requirements and limitations, etc., and prepares space forecast

F&PM and the requesting department/office negotiate agreement

No Yes - Implement

Management of requesting department/office, Chair designate (DES Director), and F&PM workout a solution.

III. OFFICE DESIGN STANDARDS

PURPOSE

Standards are created for efficiency, performance, and consistency to support the planning and development of the work environment. They also create a consistent image in diverse facilities. The application of standards provide overall cost effectiveness, increase flexibility, and enable F&PM to better respond to County needs. Cost effectiveness improves by maximizing resources and reducing costly change.

GENERAL INFORMATION & DESIGN GUIDELINES

Codes and Industry Standards

1. Appropriate codes and industry standards designed for health, safety, and universal accessibility will be applied in all areas. Where conflicts may occur, the more stringent will be used. Codes and industry standards include, but are not limited to:
 - American Disabilities Act Accessibility Guidelines (ADAAG)
 - Indoor Air Quality (IAQ) as defined by the Environmental Protection Agency (EPA).
 - Seismic reinforcement as defined by the Uniform Building Code (UBC).
 - Energy Efficiency as defined by Oregon State Energy Code. This will apply to lighting and HVAC requirements.
 - Exit access and circulation requirements as defined by UBC.
 - Acoustics as defined by American Society for Testing & Materials, Standard Guide for Open Office Acoustics and Applications.
 - Lighting for general office and computer use as recommended by the Illuminating Engineers Society and Occupational Safety & Health Administration (OSHA).

OPEN OFFICES (WORKSTATIONS)

Construction Building Criteria

1. FLOORS: Carpet tile, with conductivity rating of 1.8 kilovolts or less. Installation will be in accordance with the recommendations by the Carpet and Rug Institute (CRI).
2. BASE: Rubber, 4 inch.
3. WALLS: Painted gypsum board, insulated

4. CEILING: Suspended acoustical tile with noise reduction coefficient (NRC) rating of .70 or better
5. WINDOW COVERINGS: Dependent on the building and site and based on need for light control and security.
6. ELECTRICAL: 1 power feed equals 4 circuits. There will be no more than 8 workstations per power feed or 2 workstations per circuit. (See Furniture, item 6, for additional information concerning duplex outlets.) The preferred power supply to the workstations is from walls or the floor (i.e.: Walker duct, flat wire or floor core.) Junction boxes, cable trays and other mechanical and electrical devices will be coordinated with office layouts to be accessible from aisles.
7. TELECOM: 2 lines/cube: one for telephone service and the other for data. Extra lines will be provided as needed for additional equipment such as fax machines or network printers. Preferred source is from the floor. (i.e.: Walker duct, flat wire or floor core.)
8. LIGHTING: 2X4 fluorescent light fixture with parabolic lenses or indirect ambient fixtures. Uniform placement in relation to the building and coordinated with the workstation layout. Tasklights will be provided with the furniture.

Furniture (Workstations)

1. Workstations are modular open office systems furniture consisting of panels and components. To allow for design consistency, save on storage costs, part, etc., Multnomah County has standardized on Herman Miller furniture. Manufacturer's lines to be used in planning are Ethospace and Action Office III.
2. Conventional furniture such as lateral files and tables, etc., will be standardized on specific furniture lines.
3. A chair standard will be developed. While one chair may suit 90% of employees, there should be choices available for those with special needs. The primary desk chair will be ergonomically adjustable, will be "owned" by an individual and may transfer with them within the County if a comparable chair is not available in a new position. One model will be selected for guest chairs.
4. Panels are fabric covered, sound absorbing, and provide a base for the distribution of electricity and channels to route data and telephone wiring. Glazed panels may be strategically placed where a line of vision is needed.
5. The use of power or data poles is discouraged.
6. 4 duplex outlets will be installed per cubicle. This provides space to plug in 8 pieces of equipment. 1 to 3 spaces may be needed for tasklights leaving at least 5 for equipment. More may be added for support spaces which may have more equipment, i.e. fax, printers, etc.
7. Components include work surfaces, storage, and paper management.
8. Lockable components within a workstation will be keyed alike. Occupants will be provided one key for their workstation. One master key should be

- provided to security. Control will need to be determined by the building tenant committee for duplicate keys.
9. Workstation layout will be in straight and aligned blocks incorporating a center spline for electrical and communications utilities. The spline will be considered as "fixed" and designed in a way that allows compression and expansion of the adjoining workstations without changing the spline. Openings to workstations will be opposite from the spline on secondary circulation aisles and staggered to maximize privacy where needed. Openings will be a minimum of 32" wide.
 10. 63" is the maximum height for panels and required for utility splines. Lower panels may be used on sides other than the spline as needed for improved visibility and communication. Ethospace may be used for utility splines to allow for height adjustments without removing utilities.
 11. Under shelf tasklights will be ordered with the modular furniture and may need to be supplemented by a "swing arm" type light fixture.
 12. Existing systems furniture will be refinished and reconfigured in a manner comparable to the standard whenever possible. This will apply only if the group is undergoing major changes or a relocation. This is not retroactive to existing offices that have no need to move or change.

PRIVATE/HARD WALL OFFICES

Construction Building Criteria

1. FLOORS: carpet tile, installation in accordance with guidelines by CRI, with conductivity rating of 1.8 kilovolts or less.
2. BASE: Rubber, 4 inch.
3. WALLS: Painted gypsum board, insulated.
4. CEILING: Suspended acoustical tile with NRC rating of .70 or better. Use sound shield batts laid across top and hooded plenum air returns for sound control.
5. DOORS AND HARDWARE: Solid core compressible seals at the top and sides, doorstop, lock. Relites (12" windows at side of door) are recommended for visibility and security.
6. WINDOW COVERINGS: This will depend on the building, site, and be based on need for light control and security. If using relites, mini blinds are recommended.
7. ELECTRICAL: Electrical outlets and light switches per code. Outlets and switches on opposite sides of the same wall should be offset for improved acoustic control.
8. TELECOM: Two lines per office; 1 each data and telephone. Additional will be added if needed.
9. LIGHTING: 2X4 fluorescent light fixture with parabolic lenses or indirect ambient fixtures. Uniform placement must be used in relation to the building and coordinated with the furniture and wall layout.

10. MECHANICAL: Devices such as variable air volume (VAV) controls are to be located outside the room above an aisle to allow service access that does not disrupt the occupants.

Furniture

(In development)

CONFERENCE ROOMS

Construction Building Criteria

1. FLOORS: carpet tile, installation in accordance with guidelines by CRI (Carpet and Rug Institute), with conductivity rating of 1.8 kilovolts or less.
2. BASE: Rubber, 4 inch.
3. WALLS: Painted gypsum board, insulated.
4. CEILING: Suspended acoustical tile with NRC rating of .70 or better. Use sound shield batts laid across top and hooded plenum air returns for sound control.
5. DOORS AND HARDWARE: Solid core, compressible seals at the top and sides, doorstop, passage set, no lock. Relites (12" windows at side of door) are recommended for visibility and security or a reverse peephole in the door. Conference areas, which require after hours access for use by County departments and the public may require a lockset.
6. WINDOW COVERINGS: This will depend on the building, site, and be based on need for light control and security. If using relites, mini-blinds are recommended.
7. ELECTRICAL: Install convenience outlets in floor for equipment use relative to furniture layout. Outlets and switches on opposite sides of the same wall should be offset for improved sound control.
8. TELECOM: Provide speakerphone. Where feasible, install telecom jack in floor for phone and LAN connection relative to furniture layout.
9. LIGHTING: 2X4 fluorescent light fixtures with prismatic lenses or direct/indirect lighting design. Uniform placement must be used in relation to the building and coordinated with the furniture and wall layout. 16' x 28' or larger rooms will be controlled by A/B switching to reduce light near the screen wall. Front half and back half of room to be separately controlled.
10. EQUIPMENT: Larger rooms may have an electric projection screen, audio and an overhead projection system (such as In Focus) installed in the ceiling. Planner or project manager will provide locations in collaboration with building occupants.
11. MECHANICAL: Devices such as variable air volume (VAV) controls are to be located outside the room above an aisle to allow service access that does not disrupt the occupants.

Furniture

(In development)

SUPPORT SPACE - COPIERS, MAIL, BREAK AREAS, etc.

Construction Building Criteria

1. FLOORS: Resilient flooring such as vinyl composition tile (VCT) or sheet vinyl with conductivity rating of 1.8 kilovolts or less. Carpeting is recommended to reduce sound transference, if applicable.
2. BASE: Rubber, 4 inch.
3. WALLS: Painted gypsum board, insulated.
4. CEILING: Suspended acoustical tile with NRC rating of .70 or better. Use sound shield batts laid across top and hooded plenum air returns for sound control.
5. DOORS AND HARDWARE: Solid core, compressible seals at the top and sides, doorstop, door closer, passage set. (Locks if needed.) Sidelights (12" windows at side of door) are recommended for visibility and security.
6. WINDOW COVERINGS: This will depend on the building, site, and be based on need for light control and security.
7. ELECTRICAL: Duplex outlets and light switches per code. Additional special outlets may be added as needed for special equipment. Outlets and switches on opposite sides of the same wall should be offset for improved sound control.
8. TELECOM: Wall phones if needed.
9. LIGHTING: 2X4 fluorescent light fixture with prismatic lenses. Uniform placement must be used in relation to the building and coordinated with the furniture and wall layout.
10. MECHANICAL: Devices such as variable air volume (VAV) controls are to be located outside the room above an aisle to allow service access that does not disrupt the occupants. All air will be exhausted to the extent possible to minimize odor propagation.

Lobbies and Reception Areas

(In development)

Storage and Records Retention

The Multnomah County Records Program (248-3741) maintains retention schedules for county agencies. Storage requirements will generally be derived from these guidelines.

- a. Non-case file records, such as general correspondence, budget preparation documents, and purchasing records, are usually maintained in active files in the immediate work area for one to two years and then transferred to the Records Center for in-active storage or destruction, depending on their retention.
- b. Case files, such as project files, personnel files, and legal case files are maintained in active files in the immediate work area until the case is either closed, or inactive, then transferred to the Records Center.
- If there is a need for interim file storage for semi-active records (for example, for on-going long term projects), the files should be located in non-premium space, such as a basement or storeroom that is free of leaks, infestations, or high temperature extremes; be properly inventoried and labeled according to records management guidelines; and be actively monitored to ensure that the files are ultimately forwarded to the Records Center for in-active storage or destruction in accordance with retention policies. Agencies may contact the Records Program for assistance in properly setting up such interim storage areas.

EXCEPTIONS TO DESIGN STANDARDS

There may be instances where it is reasonable not to adhere strictly to the standard. The following situations are some examples of approved options:

- Building configurations vary and location of permanent fixtures such as walls, columns, aisles, power panels, etc. could require a deviation in office size to optimize the available space. F&PM planners can use judgment in developing equivalent office sizes and components.
- The published office standards do not cover all areas. Special situations, such as file areas, bullpen areas, and space consuming equipment will require the F&PM planner to use judgment in establishing component requirements.
- Deletions from the standard are always acceptable where standard components exceed the requirements of the occupants.
- Within a workstation, standard items may be substituted. For example, file space can be reduced to provide an additional work surface.
- The space adjacent to window walls will be used for circulation. Workstations will not be built along window walls unless a higher density of office configuration can be attained and is required.

IV APPENDICES

APPENDIX 1

DEFINITIONS (In development)

APPENDIX 2

SIGNAGE (In development)

APPENDIX 3

WORKSTATION STANDARD CONFIGURATIONS & SPECIFICATIONS

APPENDIX 4

FUNCTION MATRIX FOR ASSIGNMENT OF WORKSTATION TYPES

Per policy:

"Office space, whether open or private, will be assigned according to job function and policy, not status or length of service. F & PM will perform functional reviews and prepare space requirement forecasts for specific cubicle assignments."

Refer to Appendix 3: Workstation Standard Configurations. To analyze and match an individual to a specific workstation, compare typical administrative work tasks performed by an individual and whether a certain style and size of workstation supports those tasks. Key tasks are:

1. Use of telephone and PC

- If 4 hours or more per day, ergonomics are of special concern. All workstations will support this.
- Clerical, professional or supervisory positions typically have high use.

2. Reading and writing – paperwork

- Task lighting may need to be supplemented if paperwork is extensive
- Most positions typically need space to prepare or review reports, invoices, etc.

3. Storage needs: files, books, binders, supplies

- Often depends on individual work style. People may be "filers" or "pilers."
- All workstations will have space for 2 to 6 drawers for files. Space for centralized group filing is encouraged and can be provided as needed.
- All workstations provide overhead shelves or bins for books and binders.

4. Meeting with people in office: co-workers or outside visitors

- Meetings between employees, regardless of job level, may be informal for casual discussions and may just need a side chair.
- Staff who have frequent, small impromptu meetings of 2-3 may benefit by adding a peninsula table or have access to a huddle space.
- Staff who have frequent meetings may need an adjoining huddle space for more formal meeting settings.

5. Posted communication: need for whiteboard or tackable surface.

It is anticipated that a majority, 80% or higher, of employees will be in the 8.5 x 8.5 size workstation.

Office Type	Nominal Office Size	Supported Tasks	Proposed <u>Functions</u> (Generic titles)
Open	6.5 x 6.5	PC, phone, paper work, minimal storage	Seasonal temp, clerical, operator
Open	6.5 x 8.5	PC, phone, paperwork, file, internal	Clerical, professional

		guests (1)	
Open	8.5 x 8.5	PC, phone, paperwork, file, internal guests (1-2)	Clerical, professional, supervisor, manager, director
Open	8.5 x 12.5	PC, phone, paperwork, file, int./ext. guests (2-3)	Supervisor, manager, director
Closed	100-120 SF	PC, phone, paperwork, file, external guests (2-3)	Chair approved position
Closed	180-240 SF	Per policy	Elected Official

APPENDIX 5

PRIVATE HARD WALL OFFICE STANDARD CONFIGURATIONS (In development)

APPENDIX 6

CONFERENCE ROOM STANDARD CONFIGURATIONS (In development)

APPENDIX 7

AMERICANS WITH DISABILITIES ACT ACCESSIBILITY GUIDELINES (In development)

APPENDIX 8

INDOOR AIR QUALITY STATEMENT (In development)

APPENDIX 9

SEISMIC REINFORCEMENT STATEMENT (In development)

APPENDIX 10

ENERGY EFFICIENCY STATEMENT (In development)

APPENDIX 11

EXIT ACCESS REQUIREMENTS (In development)

APPENDIX 12

LIGHTING DESIGN GUIDELINES (In development)

APPENDIX 13

BUILDING USER'S MANUAL (Suggested outline for contents)

I. INTRODUCTION

- Welcome, names of tenant committee, purpose

II. BUILDING FEATURES AND AMENITIES

- The "friendly" things such as building hours and access, cafeteria and hours, fitness room, location of vending machines, break and smoking areas, parking and motor pool information, bus lines, area restaurants, ATM location, etc.
- Primary contact phone numbers for telephone, LAN, Facilities, custodial services, etc.

III. CONFERENCE ROOMS

- List of conference room names, location, capacity, and equipment
- Scheduling information
- Use rules i.e.: remove from schedule if meeting cancels, leave it clean, return borrowed furniture (chairs travel)

IV. RULES OF THE ROAD

Guidelines on how to live together in an open office environment:

(It may seem like common sense but a friendly reminder may create some order!)

- Noise abatement (Open communication is great but those hallway birthday parties may be interrupting someone's concentration), radio use, etc.
- Housekeeping (keep personal items within own cube? Designate a central area to tack up notices for department or floor, boxes or things which accumulate in hallways. Pest control – dispose of food properly and treat personal plants)
- Shared spaces such as printers, supplies, copiers
- Use of heaters, coffee pots, fans, and extension cords in cubicles (Safety Committee)
- How to request cubicle changes or relocating people

V. SAFETY COMMITTEE

- Safety Committee members and role
- Evacuation procedures
- Maps showing location of first aid kits, fire extinguishers, etc.

VI. BUILDING MAPS

- Note where departments are located, conference rooms, etc.

Appendix B

Updated Tier Definitions

Owned Building Tier Definitions

Tier I – Retain and Maintain: This tier includes owned buildings that are scheduled for long-term use by the County and are new or are in very good condition. These facilities will require normal life cycle maintenance and will be maintained in very good condition using only Asset Preservation (AP) funds to finance work not covered by Building Base funds, excluding seismic requirements. The County intends to maintain these buildings and sites in very good condition. Rates will be set to cover life cycle costs over time.

Tier II – Retain and Improve: This is a temporary classification. These owned facilities are scheduled for long term use by the County, though they are in only fair-to-good condition, and may have significant repair and maintenance needs that require one time only funds to finance deferred maintenance and seismic work. Asset Preservation funds will be used for ongoing life cycle maintenance that is not covered by Building Base funds. The County intends to upgrade these buildings and sites to a Tier I classification without deferred maintenance liability by 2015. .

Tier III – Maintain Functionality: The County assigns owned buildings to this tier while a determination is made about their long-term strategic role. Until then, significant capital improvement funds will not be invested. Maintenance work will address fire/life safety issues and building operations only. The County intends only to keep these properties operating safely until they are disposed of or reassigned. Disposition target for all Tier III buildings is 2010

Leased Building Tier Definitions

Tier I Leases - A Tier I Lease is a highly visible, well-located Class A- or B+ building centered on its service area and with multiple transit lines. It has superior space utilization and lease economics. The tenant improvements are current and the building operation (maintenance, janitorial, HVAC, etc.) are without issue. Ideally, a Tier I leasehold has renewal or option periods on favorable terms.

Tier II Leases - A Tier II Lease is a visible, well-located Class B- to B+ building centered in its service area and with at least one transit line. It has good space utilization with the ability to re-stack to superior space utilization. The tenant improvements can be dated, but, with the ability to be cost effectively improved. If building operation (maintenance, janitorial, HVAC, etc.) issues are unable to be addressed, it will be disposed. Lease terms may be extended if the leasehold can be improved to Tier I.

Tier III Leases - A Tier III Lease is a poorly-located Class B- or lower building centered at the edge of its service area without sufficient transit service. It has poor space utilization without the ability (physical or fiscal) to re-stack to superior space utilization. The lease economics on a per employee or per square foot basis are poor, although the face rate may be attractive. The tenant improvements are dated without the ability to be cost effectively upgraded due to building, ownership, or economic constraints. Building operation (maintenance, janitorial, HVAC, etc.) issues are an ongoing concern and cannot be improved either because of physical constraints or an uncooperative landlord.

Appendix C

Primary County Buildings as of August 2005

Building Name	Status	Building Rentable Area	Building Name	Status	Building Rentable Area
Lincoln Building	Leased	99,478	Walnut Park	Owned	74,294
Robert W Blanchard Education Service Center	Leased	39,650	Martha Washington Building	Owned	65,189
Portland Building	Leased	37,520	Elections Building	Owned	41,249
Tabor Square Office Building	Leased	29,086	Library Administration	Owned	35,265
Banfield Industrial Park Building A	Leased	26,028	Hansen Building	Owned	31,866
South Powellhurst Building	Leased	21,610	Midland Library	Owned	24,579
Medford Building	Leased	18,844	North Portland Health Clinic	Owned	24,018
YWCA Downtown Center	Leased	12,095	Southeast Health Center	Owned	23,384
North Disability Services Office	Leased	10,311	Multnomah County Correctional Facility	Owned	23,023
Columbia Pacific Plaza	Leased	9,987	Gateway Childrens Center Multi-Disciplinary Team Building	Owned	22,871
Dexco Building	Leased	8,661	Hillsdale Library	Owned	22,383
Banfield Industrial Park Building B	Leased	8,400	John B Yeon Annex	Owned	21,630
Baltazar F Ortiz Community Center	Leased	7,738	Mid-County Health Center	Owned	21,212
Robert W Blanchard Fleet Shops	Leased	7,055	Gresham Library	Owned	19,306
Powell Villa	Leased	6,865	Penumbra Kelly Building	Owned	18,484
Gresham District Court	Leased	5,600	Bridge Shops	Owned	18,360
Mid-County District Office	Leased	4,972	Gateway Childrens Center Service Building	Owned	14,296
Northwest Library	Leased	4,639	Title Wave Bookstore	Owned	13,409
Sellwood Lofts	Leased	4,303	Animal Shelter	Owned	13,148
Fairview Library	Leased	4,000	Hollywood Library	Owned	13,075
Rockwood Neighborhood Health Access Center	Leased	3,654	State Medical Examiner	Owned	10,928
Fremont Shopping Center	Leased	3,550	Gateway Childrens Center Residential Building	Owned	10,802
Martin Luther King Jr Neighborhood Facility	Leased	3,280	Multnomah County Inverness Jail Storage	Owned	9,525
Gazelle House	Leased	2,668	North Portland Library	Owned	8,828
9th & Kelly Building	Leased	2,300	Central Office	Owned	7,618
Scholls View Plaza	Leased	2,204	Peninsula Building	Owned	7,285
River Patrol Columbia	Leased	1,985	Woodstock Library	Owned	7,066
Rockwood Fred Meyer Retail Development	Leased	1,591	Capitol Hill Library	Owned	6,441
East Portland Community Center	Leased	490	Holgate Library	Owned	6,441

Appendix C **Primary County Buildings** **as of August 2005**

St Francis Dining Hall	Leased	180	Rockwood Library	Owned	6,331
Blanchard Building	Leased	170	Belmont Library	Owned	6,004
Cascade Plaza	Leased	130	Multnomah County Inverness Jail Laundry	Owned	5,932
Justice Center	Owned	265,745	Gregory Heights Library	Owned	5,864
Multnomah County Court House	Owned	258,498	St Johns Library	Owned	5,582
Multnomah County Inverness Jail	Owned	233,342	Wikman Building	Owned	5,171
Multnomah Building	Owned	201,197	Montavilla Building	Owned	4,702
John B Yeon Facility	Owned	181,934	Springdale Road Shop	Owned	4,621
Juvenile Justice Complex	Owned	179,841	Vance Crusher Road Shop	Owned	4,141
Multnomah County Wapato Facility	Owned	145,985	Skyline Road Shop	Owned	4,117
Central Library	Owned	106,631	Gresham Probation	Owned	4,054
Gladys McCoy Building	Owned	97,649	Womens Transition 1	Owned	2,576
Multnomah County East	Owned	82,155	Womens Transition 3	Owned	2,519
Mead Building	Owned	76,344	Womens Transition 2	Owned	1,773

Appendix D

Secondary County Buildings as of August 2005

Building Name	Status	Building Rentable Area	Building Name	Status	Building Rentable Area
Edgefield Childrens Center	CS	-	Multnomah Building Garage	Owned	103,159
Towne Building	Leased	13,400	Hansen Building C	Owned	9,651
Robert W Blanchard Maintenance Building 1	Leased	4,688	River Patrol Willamette	Owned	2,505
Vector Control Parking Shed	Leased	4,105	Skyline Road Shop Garage	Owned	2,314
Kipers Building	Leased	4,000	Skyline Road Shop Shed	Owned	2,268
Parkrose High School	Leased	3,000	Springdale Road Shop Shed	Owned	2,228
Vector Control	Leased	2,596	Vance Crusher Storage Building	Owned	2,122
Portsmouth Middle School	Leased	2,132	Spindrift Cottage	Owned	1,916
Vector Control Modular Office	Leased	2,089	Hansen Station	Owned	1,146
Whitaker Lakeside Middle School	Leased	2,000	Hansen Building B	Owned	995
George Middle School	Leased	2,000	Hansen Building D	Owned	870
Grant High School	Leased	2,000	Springdale Road Shop Storage	Owned	784
Cleveland High School	Leased	2,000	State Medical Examiner Garage	Owned	754
Marshall High School	Leased	2,000	Animal Shelter Modular Office 1	Owned	734
Lincoln Park High School	Leased	2,000	Hansen Building A	Owned	731
Binnsmead Middle School	Leased	2,000	Rocky Butte	Owned	570
Lane Middle School	Leased	2,000	Yeon Car Wash	Owned	556
Roosevelt High School	Leased	1,640	Vance Wash Plant Building	Owned	538
Robert W Blanchard Maintenance Building 2	Leased	1,203	Vance Crusher Equipment Shed	Owned	400
Robert W Blanchard Parking Shed	Leased	1,160	Skyline Road Shop Pump House	Owned	266
Madison High School	Leased	1,155	Vance Crusher Pump House	Owned	265
Jefferson High School	Leased	857	Yeon Gas Station	Owned	173
Bridge Shop Modular Office 2	Leased	846	Motor Pool Modular Office	Owned	157
Bridge Shop Modular Office 1	Leased	444	River Patrol Columbia Boathouse 3	Owned	
Biddle Butte	Leased	188	River Patrol Willamette Boathouse	Owned	
River Patrol Chinook Landing	Leased	164	River Patrol Chinook Landing Boathouse	Owned	
River Patrol Chinook Landing Garage	Leased		River Patrol Columbia Boathouse 1	Owned	
			River Patrol Columbia Boathouse 2	Owned	