



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 09/23/13)

Board Clerk Use Only

Meeting Date: 6/15/17
Agenda Item #: R.3
Est. Start Time: 10:00 am approx.
Date Submitted: 6/2/17

Agenda Title: Resolution Approving the FAC-1 Project Construction of the Gladys McCoy Health Department Headquarters Facility and Authorizing the County Chair to Execute the Guaranteed Maximum Price Amendment.

Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.

Requested

Meeting Date: June 15 2017 Time Needed: 20 minutes
Department: DCA Division: Facilities & Property Management
Contact(s): Brett Taute
Phone: (503) 988-3284 Ext. 83284 I/O Address: 274/FPM
Presenter Name(s) & Title(s): Ken Elliott, Assistant County Attorney; Brett Taute, Facilities & Property Management; Steve Cruzen, Shiels Obletz Johnsen

General Information

1. What action are you requesting from the Board?

The Board of County Commissioners (Board) is being asked to approve the FAC-1 Project Construction and authorize the County Chair to execute the Guaranteed Maximum Price (GMP) Amendment with JE Dunn Construction Company, the Construction Manager/General Contractor (JE Dunn) on the Gladys McCoy Health Department Headquarters Facility (HDHQ). This action is part of the FAC-1 policy approval process which requires expenditures on new construction exceeding \$1,000,000 to receive BCC approval at each significant milestone.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In August of 2010, Multnomah County (County) worked with Home Forward to consider the feasibility of relocating the McCoy Building functions to a new facility on the vacant, easterly portion of Block U at N.W. 6th & Hoyt then owned by the Portland Housing Bureau (PHB).

In December 2011, the Board approved the FAC-1 Preliminary Planning Proposal in Resolution #2011-141. In May 2012, the County contracted with Home Forward, as the

developer for the Project. In November 2012, the Board approved the acquisition of the land from PHB in Resolution #2012-191 and a Portland Development Commission (PDC) Tax Increment Financing (TIF) contribution in Resolution #2012-192 (PDC Grant IGA). Following these resolutions and the solicitation and evaluation of competitive proposals, ZGF Architects was selected to perform programming and design services, and JE Dunn was selected as CM/GC to perform pre-construction services. Home Forward and JE Dunn executed and entered into the CM/GC Contract for the Project with an effective date of July 16, 2013 (CM/GC Contract).

In April 2014, a FAC-1 Project Plan was approved by the Board authorizing the completion of design development. Design Development was completed in June 2014. At the time, height restrictions for the Block U property limited development to six floors, which was insufficient to accommodate Health Department programs now located at the McCoy and Lincoln buildings.

In January 2015, the County and Home Forward mutually agreed to terminate the IGA for Development Services for the Project, and the County assumed the Project owner's responsibilities in the CM/GC Contract. The County re-evaluated the Project strategy in order to provide on-going growth & flexibility. The County worked with the Portland Bureau of Planning and Sustainability to explore options for greater development capacity on the existing Block U Project site.

In June 2015, the City of Portland approved a Zoning Map Amendment that increased the development capacity of the Project site. By a Second Amendment to the PDC Grant IGA, dated June 30, 2015 (the Second Amendment), the County and PDC agreed to extend the deadline for the Final Payment from June 30, 2015, to December 30, 2016, to provide additional time for the County to design and obtain entitlements for an expanded, 9-story Project prior to the County's acquisition of the U2 Block from PHB. The Second Amendment also provided for PDC's transfer to the County for the Project, on any date of PDC's choosing prior to December 31, 2018, of an additional Nine Million Four Hundred Ninety Nine Thousand Four Hundred Nine Dollars (\$9,499,409.00) (the Transfer Payment).

In November 2015, the Board approved the FAC-1 Amended Project Plan and authorized the Schematic and Design Development Phases of the Project in Resolution #2015-118.

In July 2016, the Board approved the FAC-1 Project Design and Construction Plan and authorized the development of the Construction Documents for the Project in Resolution #2016-070. In November 2016, the Board approved the FAC-1 Project Design and Construction Early Work Package and authorized the Early Work Construction and Procurement for the Project in Resolution #2016-115.

The County acquired the U2 Block from PHB on January 26, 2017, and on February 15, 2017, the City of Portland's Bureau of Development Services issued the foundation permit #16-227322-FND-01-CO for the Project.

The County's general contractor started construction on the U2 Block on February 17, 2017. The Project team, with Shiels Oblatz Johnsen as Owner's Representative, has now completed development of the GMP Amendment.

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

The budget estimate for the HDHQ project is \$94.1 million.

Per the Chief Financial Officer's Financing Strategy:

The Project will make use of approximately \$36.4 million in tax increment financing (TIF) funds from PDC. Pursuant to ORS 457.470(10)(e), PDC is obligated to provide direct economic benefits to the County from the River District Urban Renewal Area (URA) equal

to 10.18% of the River District Urban Renewal Plan's (the Plan) maximum indebtedness after June 1, 2008. The resultant \$26,948,460 is payable to the County as follows: (1) \$10,000,000 no later than June 30, 2014 (the Initial Payment); and (ii) the balance of \$16,948,460 on June 30, 2021 (the Final Payment).

As required by the URA, PDC made the Initial Payment to the County prior to June 30, 2014. On February 23, 2017, PDC disbursed the Final Payment to the County. In accordance with the Second Amendment to the PDC Grant IGA, PDC will make the \$9.5 million Transfer Payment between now and December 31, 2018, for a total contribution to the Project of \$36.4 million. It is assumed that the balance of the Project will be financed primarily with long-term debt. Prior, and any future, General Fund cash contributions will limit the amount of long-term debt needed.

Subject to the Board's approval, the GMP will be set at a value of \$64,838,269, which includes the value of the Early Work packages previously approved by the Board.

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

As required by the Disposition Agreement with PHB, the County completed building design and obtained City of Portland design review and foundation permits (including PHB approval of the exterior design) prior to acquiring the Project site on January 26, 2017. In addition, the County is obligated to obtain all PHB and City of Portland approvals and show funding capacity for the Project prior to receipt of all TIF funds under the PDC Grant IGA.

The County and JE Dunn, together with the labor unions representing trades working on the Project and equity stakeholders promoting equity and diversity in the skilled building trades, have negotiated and entered into a Project Labor Agreement, effective February 17, 2017 (PLA), a summary of which is attached to the GMP Amendment as Attachment 11. The PLA incorporates the County's Workforce Training and Hiring program and establishes uniform, standard working conditions and diverse community participation for the efficient performance of construction work on the Project. JE Dunn will endeavor to meet or exceed the County's aspirational goals for equity in contracting and workforce goals for Oregon State certified disadvantaged, minority-owned, women-owned, service disabled veteran-owned, and emerging small businesses (DMWSDVESBs) for the Project in accordance with the CM/GC Contract and the PLA.

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

The County has actively engaged with the Old Town/Chinatown Neighborhood Association, Bud Clark Commons, Transition Projects, Inc., the Pacific Northwest College of Art, the City of Portland, PHB, and PDC, along with other key community stakeholders throughout all phases of the Project to advise them of progress and milestones achieved in Project programming, design and permitting, and to obtain their input on and approval of the detailed construction documents. The County's team remains committed to this process for all future phases of the Project.

The Project team will continue to provide regular briefings to the Board of County Commissioners on the status of the Project. The Project has a dedicated web page on the County website that includes FAQ's, photos, links to past news articles, and a link to a 24/7 webcam, permitting citizens to view construction progress.

Required Signature

**Elected
Official or
Department
Director:**

/s/ Sherry Swackhamer

Date:

6/2/17

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved.