



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: Feb. 2017)

Board Clerk Use Only

Meeting Date: 7/26/18
Agenda Item #: R.3
Est. Start Time: 9:55 a.m.
Date Submitted: 7/12/18

Agenda Title: **Briefing on the status of the project development for the Health Department Headquarters (HDHQ) project.**

Requested

Meeting Date: July 26, 2018 **Time Needed:** 30 Minutes

Department: DCA **Division:** Facilities & Property Management

Contact(s): Brett Taute

Phone: (503) 988-3284 **Ext.** 82384 **Email:** brett.t.taute@multco.us

Presenters: Brett Taute, Facilities & Property Management; Nicole Dodier, Facilities & Property Management; Steve Cruzen, Shiels Obletz Johnsen, Inc.

General Information

1. What action are you requesting from the Board?

No action requested. This item is to provide a briefing on the status of the project development for the HDHQ project.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer(s) 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 (HDHQ Site), then owned by the Portland Housing Bureau (PHB).

In December 2011, the Board of County Commissioners (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 acquisition of the HDHQ Site from PHB in Resolution #2012-191 (PHB Disposition Agreement).

Pursuant to ORS 457.470(10)(e), Prosper Portland (formerly, the Portland Development Commission) 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. By statute, the resultant Tax Increment Financing (TIF) contribution of \$26,948,460 was 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"). In November 2012, the County, by

Resolution #2012-192, and Prosper Portland entered into an agreement accelerating the Final Payment for the Project to June 30, 2015, subject to the County's satisfaction of specified pre-conditions (Prosper Portland Grant IGA).

Following the solicitation and evaluation of competitive proposals in the first half of 2013, ZGF Architects was selected to perform programming and design services, and JE Dunn was selected as the Construction Manager/General Contractor (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, the Board approved a FAC-1 Project Plan authorizing the completion of design development. Design Development was completed in June 2014. At the time, height restrictions for the HDHQ Site 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 as provided in the CM/GC Contract. The County re-evaluated the Project strategy in order to provide ongoing growth & flexibility. The County worked with the Portland Bureau of Planning and Sustainability to explore options for greater development capacity on the HDHQ 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 Prosper Portland Grant IGA, dated June 30, 2015 (Second Amendment), the County and Prosper Portland 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 HDHQ Site from PHB. The Second Amendment also provided for Prosper Portland's transfer to the County for the Project, on any date of Prosper Portland'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) (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 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 Early Work Construction and Procurement for the Project in Resolution #2016-115.

As required by the PHB Disposition Agreement, 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. The County acquired the HDHQ Site from PHB on January 26, 2017, by Bargain and Sale Deed recorded on that date in the Multnomah County Official Records as Instrument No. 2017-010725. 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 CM/GC started construction on February 17, 2017.

In June 2017, the Board approved the FAC-1 Project Construction of the Gladys McCoy Health Department Headquarters Facility and authorized the County Chair to execute the Guaranteed Maximum Price (GMP) Amendment to the CM/GC Contract with JE Dunn. The City of Portland issued the full Building Permit in August 2017.

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

The budget for the HDHQ project is \$94.1M.

Per the Chief Financial Officer's Financing Strategy:

The Project will make use of approximately \$36.4 million in TIF funds from Prosper Portland. As required by the URA, Prosper Portland made the Initial Payment to the County on June 30, 2014. On February 23, 2017, Prosper Portland disbursed the Final Payment to the County.

In accordance with the Second Amendment to the Prosper Portland Grant IGA, Prosper Portland 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.

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

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. 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 Prosper Portland, 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 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/ Bob Leek, Director,
Department of County Assets

Date: July 12, 2018
