



**MULTNOMAH COUNTY SHERIFF'S OFFICE
HANSEN FACILITY REPLACEMENT PROJECT
FAC-1 PRELIMINARY PLANNING PROPOSAL**

MARCH 2016

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**IN CONJUNCTION WITH: Multnomah County Oregon, and the
Multnomah County Sheriff's Office**



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FAC-1 PRELIMINARY PLANNING PROPOSAL

TABLE OF CONTENTS

PART A - INTRODUCTION

- Proposed Project
- Project Sponsors & Stakeholders
- Statement of Need
- Purpose of this FAC-1 Preliminary Planning Proposal

PART B - SUMMARY OF FINDINGS

- Project Goals & Objectives
- Project Benefits
- Building Requirements
- Program Requirements
- Summary of Development Options
- Recommended Alternative 4 - Summary
- Recommended Alternative 5 - Summary
- Site Evaluations
- MCSO Relocation Zone Map
- Conceptual Project Estimates
- Summary of Development Options
- Financing Strategy

PART C – NEXT STEPS

- Project Delivery and Development Plan
- Estimate and Schedule for Next Steps Activities

PART D - PROJECT MANAGEMENT

- Project Management Team (PMT)
- Project Organization Chart
- Project Communication and Reporting
- Preliminary Project Schedule
- Project Management Plan

PART E - EXHIBITS

- Facility program and Design Considerations – all options
- MCSO Executed Project Charter
- MCSO Business Plan
- Needs Assessment and Facility Program
- Reduced Program Requirements

FAC-1 PRELIMINARY PLANNING PROPOSAL

PART A - PROJECT INTRODUCTION

PROPOSED PROJECT:

To provide a modern, safe and centrally located Multnomah County Sheriff's Office to replace the aging and obsolete Hansen Building.

PROJECT SPONSORS and STAKEHOLDERS:

Sponsors:

Multnomah County Chair Deborah Kafoury

Multnomah County Commissioner Diane McKeel, District 4

Multnomah County Sheriff Dan Staton

Stakeholders:

Multnomah County Board of Commissioners

Multnomah County Facilities and Property Management

Multnomah County Sheriff's Office

Shiels Obletz Johnsen

STATEMENT OF NEED:

Since 1976, the Multnomah County Sheriff's Office (MCSO) has been conducting their primary law enforcement responsibilities in a facility originally constructed as a County Health Clinic. Built in 1956, the Hansen Building has become both functionally and physically obsolete. As a Law Enforcement facility, it is inefficient and lacks proper functional adjacencies and amenities required to support modern best practices. Most building systems continue to be repaired and maintained beyond their useful life, and changing earthquake codes have presented unacceptable risk for the County to continue operating as a first responder agency, and as an Emergency Operations Center.

In 1998 the Hansen Building was placed on the County disposition list. In 2004, the County declared the facility as surplus property. In 2006, the Multnomah County Hansen Action Plan Committee determined it should be vacated within 3 years.

Meantime, continued population growth and the geographical shift of the County growth center toward the East have gradually made the current location at 122nd & Glisan an increasing service liability for MCSO operations. Travel time and congestion levels on routes to and from Interstate 84 and to primary areas of service needs have diminished efficiency of

operation. Replacement of the facility creates the opportunity to improve these factors with a new location closer to Interstate 84 and the centrum of the service area.

PURPOSE OF THIS FAC-1 PRELIMINARY PLANNING PROPOSAL:

This proposal presents the findings of the Project Management Team's initial work to:

- Establish base building and site program requirements and options
- Establish a property search area and conduct cursory review of available properties
- Identify multiple options for project scope
- Develop conceptual project cost estimates for all options
- Request the Board of County Commissioners to authorize Phase 2 Next Steps

PART B – SUMMARY OF FINDINGS

FAC-1 PRELIMINARY PLANNING PROPOSAL

PART B - SUMMARY OF FINDINGS

PROJECT GOALS AND OBJECTIVES:

The project objectives identified for a new Multnomah County Sheriff's Office include:

- Vacate the Hansen Building.
- Construct a new, safe Multnomah County Sheriff's Office in a location nearer to the core service area to better serve the public and to increase operational efficiency.
- Provide a modern Emergency Operations Center for use by multiple Law Enforcement partners.
- Build to current Law Enforcement Facility best practices for security, technology, and service to the public.
- Build to current seismic standards.
- Build a facility programmed for at least 10 years of future growth.
- Build a facility of construction type and quality to last 80 years.
- Provide a user-friendly facility with easy access for the public.
- Provide a modern, safe and secure environment for all visitors and Law Enforcement professionals.

Additional objectives that align with Multnomah County plans and strategies:

- Aspire to meet Leadership in Energy and Environmental Design (LEED) Gold standards.
- Aspire to meet the Architecture 2030 Challenge.
- Incorporate the 1.5% for Solar initiative.
- Aspire to meet 2009 Climate Action Plan.
- Include a high level of M/W/ESB participation.
- Participation in the Arts Program at 2% of construction costs.

PROJECT BENEFITS:

- More effective Law Enforcement operations with a new, modern facility
- A new location will bring MCSO services closer to more public users
- More efficient operations
- Avoid \$3M or more in scheduled maintenance projects at Hansen
- Re-purpose 4 acres of County land for better use

BUILDING REQUIREMENTS

The building should be immediately recognizable as a community public safety facility. Although it is paramount that the facility must operate on a secure basis, it must:

- Be inviting to the public
- Be user-friendly and human in scale
- Be compatible with its immediate surroundings
- Exhibit civic pride.
- Convey an image of permanency and safety.
- Contain materials and systems that are easy to maintain at the least practical cost
- Include systems that are energy – efficient
- Be constructed of materials and systems that express good stewardship of the use of public funds.

Public visitor volume is expected to be substantial, especially for those seeking concealed weapons permits and attending auctions. Other public use will typically include those seeking records, filing reports, and attending community meetings. Consequently, the program includes a public zone within the facility that includes a meeting/multi-purpose room, concealed weapons permitting facilities, and general public service counters. As the primary base of Sheriff's operations, the facility program also includes an Emergency Operations Center for multi-law enforcement agency task force operations, and arrestee in-custody identification, interrogation, and holding areas.

PROGRAM REQUIREMENTS

This FAC-1 Preliminary Planning Proposal contains details of the methods, assumptions and parameters of determining the building size, special features, and land area needed for a modern replacement facility. In summary, population growth statistics, service data records and additional input from MCSO formed the guidelines for determining the size of building needed. Projections for growth for up to 20 years were applied to establish the working target for the facility square footage requirements.

Throughout late 2014 and early 2015, while initial development models for a replacement facility were being assembled, the MCSO was also involved with discussions with the City of Troutdale relating to providing law enforcement services, as well as sharing occupancy in the recently completed City of Troutdale Police Community Center (TPCC) facility. The service agreement with the City of Troutdale was finalized in June of this year, leading to transfer of the MCSO Enforcement and Facility Support functions from the Hansen building into the TPCC.

With these events, Multnomah County requested the Project Management Team to explore additional development opportunities to capitalize on the move to the TPCC, and with

utilizing existing County property for program space for Large Evidence Storage and Search and Rescue space.

The development of the agreement with the City of Troutdale has shifted priorities for the program requirements during the course of the Feasibility Study. The Summary of Development Alternatives shown on the following pages presents the scope assumptions and conceptual costs of the seven separate development models analyzed.

In conclusion, the Project Management Team's recommendation for the next phase of the project is to pursue Alternatives 4 and 5.

SUMMARY OF DEVELOPMENT ALTERNATIVES

2014 ALTERNATIVES	GROWTH TO YEAR	PROGRAM SQ. FT.	CONCEPTUAL ESTIMATE	PROGRAM NOTES
REPLACE ALL HANSEN FUNCTIONS ON APPROX. 5 ACRES				
1A	2035	72,213 gsf	\$38M - \$42M	Meets year 2035 growth projections
1B	2025	65,948 gsf	\$34M - \$38M	Meets year 2035 growth projections
1C	2015	57,245 gsf	\$30.5M - \$33.5M	Meets current needs, no growth accommodated
2015 ALTERNATIVES	GROWTH TO YEAR	PROGRAM SQ. FT.	CONCEPTUAL ESTIMATE	PROGRAM NOTES
2	2025	48,666 gsf	\$27.5M - \$30.5M	PROGRAM ADJUSTMENTS TO REDUCE 17,282 GSF: 1. Eliminate Vehicle Maintenance 2. Relocate Large Evidence Storage to Yeon or other County site with new metal building (cost allowance included)
3	2025	47,377 gsf	\$26.5M - \$28.5M	PROGRAM ADJUSTMENTS TO REDUCE 18,571 GSF: 1. Enforcement and Facility Support has moved to TPCC 2. Eliminate Vehicle Maintenance
RECOMMENDED ALTERNATIVES FOR PHASE 2 STUDY:				
2015 ALTERNATIVES	GROWTH TO YEAR	PROGRAM SQ. FT.	CONCEPTUAL ESTIMATE	PROGRAM NOTES
4	2025	31,361 gsf	\$20.1M - \$22.1M	PROGRAM ADJUSTMENTS TO REDUCE 34,587 GSF: 1. Enforcement and Facility Support has moved to TPCC 2. Eliminate Vehicle Maintenance 3. Relocate Large Evidence Storage and Search & Rescue to Yeon or other County site with new metal building (cost allowance included)
5	2025	29,594 gsf	\$18.0M - \$20.0M	PROGRAM ADJUSTMENTS TO REDUCE 36,354 GSF: 1. Enforcement and Facility Support has moved to TPCC 2. Eliminate Vehicle Maintenance 3. Relocate Large Evidence Storage and Search & Rescue to Yeon or other County site with new metal building (cost allowance included) 4. Develop 3.58 AC. parcel adjacent to TPCC

RECOMMENDED ALTERNATIVE 4 – SUMMARY

BUILDING SPACE PROGRAM SYNOPSIS

Alternative 4 represents a reduced building program that takes advantage of the recent partnership with the City of Troutdale by utilizing their existing facility to house Enforcement and Facility Support functions in the TPCC. Large Evidence Storage and Search and Rescue are proposed to be located on another County property. Vehicle Maintenance functions are eliminated. A summary of the Alternative 4 Building Program follows this page (FIG. 4.1). The Net Useable Square Foot data is highlighted for the year 2025 needs.

CONCEPTUAL BLOCK & STACK DIAGRAM

Alternative 4 Block & Stack diagrams follow the Building Program Summary (FIG 4.2. and 4.3). These diagrams are not to scale, and are not intended to represent a particular design. The diagram is intended to show potential adjacency relationships of various spaces only.

SITE PROGRAM

The Option 4 Site Area Requirements Program (FIG. 4.4) has been calculated to meet growth needs to the year 2035. However, a larger minimum size site of approx. 5 acres is recommended to order to accommodate growth beyond the 2035 horizon to support future building additions, and because it is unlikely a selected property would be easily expandable.

ALTERNATIVE 4 BUILDING PROGRAM SUMMARY - FIG. 4.1

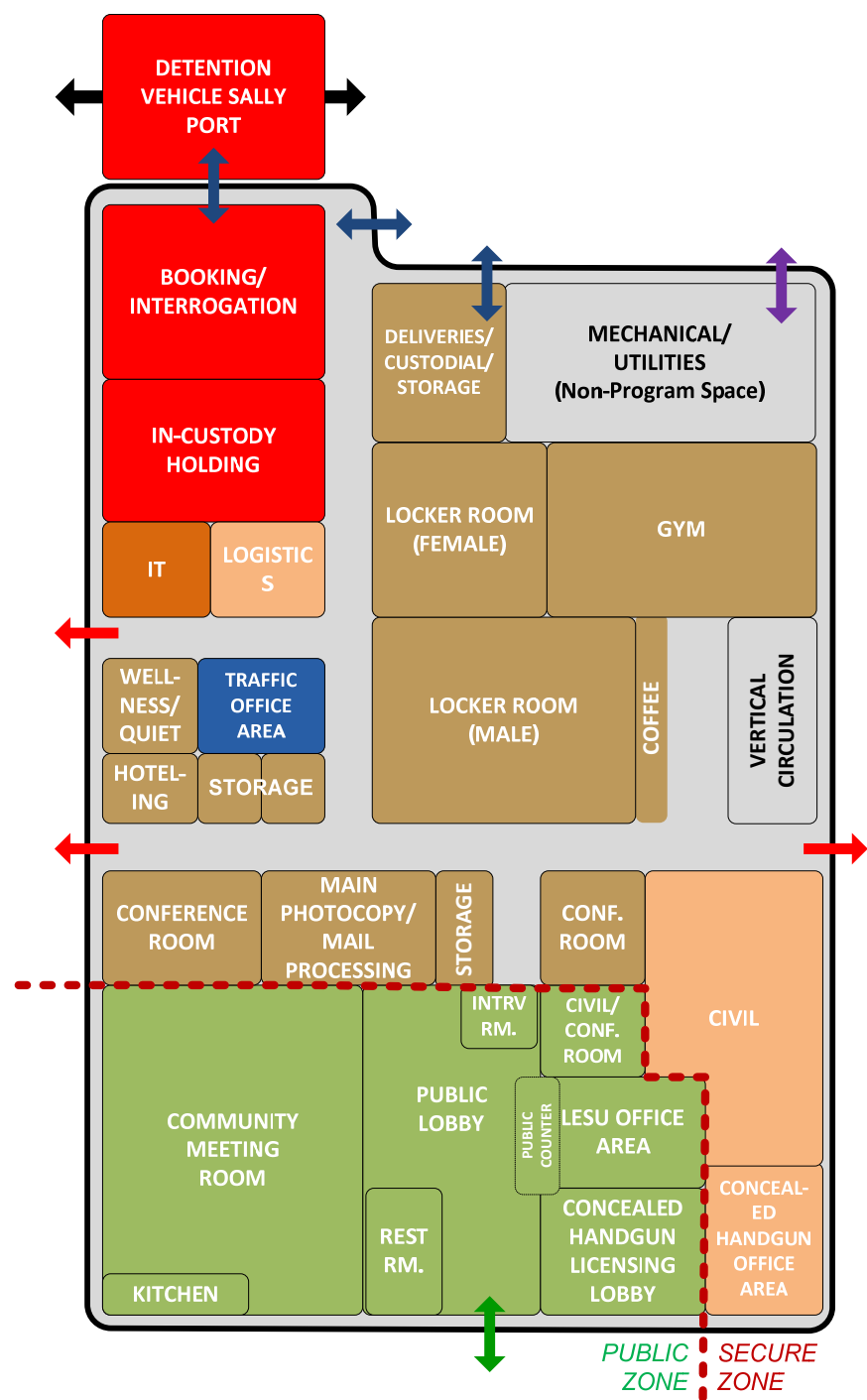
Multnomah County Sheriff's Office Facility

REDUCED PROGRAM REQUIREMENTS AND ALTERNATIVE FACILITY CONCEPTS

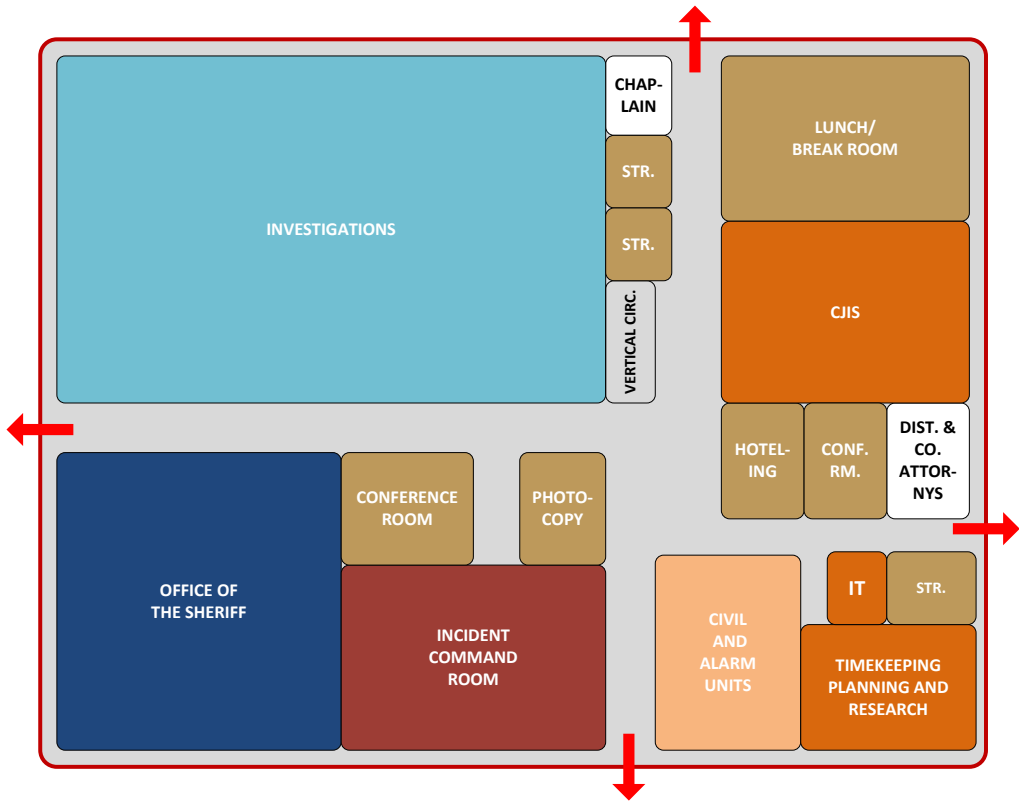
Alt. 4 - Base Program Reduced, Less TPCC, Less large Property Evidence, Fleet Maintenance, Search & Rescue Staff and Building Space Summary

ORGANIZATION/ FUNCTION	HOUSED STAFF			NET USEABLE SQUARE FEET			Comments
	2015	2025	2035	2015	2025	2035	
1.0 OFFICE OF THE SHERIFF	3	7	7	1,308	1,938	1,938	
3.1 All	3	7	7	1,308	1,938	1,938	
2.0 BUSINESS SERVICES	9	10	11	1,174	1,261	1,381	<i>Subtotal of Sub-Components Below</i>
2.1 Planning and Research Unit	-	-	-	65	65	65	
2.2 Fiscal Unit - Timekeeping Only	5	5	6	354	354	425	
2.3 Criminal Justice and Info System	4	5	5	755	842	891	
3.0 ENFORCEMENT	35	47	52	6,157	6,701	7,088	<i>Subtotal of Sub-Components Below</i>
3.1 Patrol	-	5	5	233	313	313	
3.2 Logistics	1	1	1	8,156	10,951	13,832	
<i>Minus Large Evidence</i>				<i>(7,913)</i>	<i>(10,708)</i>	<i>(13,589)</i>	
3.3 Investigations	11	14	16	3,193	3,486	3,719	
3.4 Enforcement Support	23	27	30	2,488	2,659	2,813	
4.0 DISTRICT/COUNTY ATTORNEY	-	-	-	175	175	175	<i>Subtotal of Sub-Components Below</i>
4.1 All	-	-	-	175	175	175	
5.0 SEARCH AND RESCUE	-	-	-	-	-	-	<i>Subtotal of Sub-Components Below</i>
<i>5.1 All</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>Excluded from this Alternative</i>
6.0 FACILITY SUPPORT	-	-	-	13,261	14,056	14,550	<i>Subtotal of Sub-Components Below</i>
6.1 Public Areas	-	-	-	4,333	4,333	4,333	
6.2 Secure Staff Support Areas	-	-	-	5,843	6,638	7,105	
6.3 Building Utilities	-	-	-	760	760	760	
6.4 In-Custody Detention Areas	-	-	-	2,325	2,325	2,352	
TOTALS: STAFF AND NET USEABLE SQ. FT.	47	64	70	22,075	24,131	25,132	Assumes Single Building
Building Gross Up Space			0.769	6,626	7,243	7,544	
TOTAL BUILDING GROSS SQUARE FEET				28,701	31,374	32,676	Assumes Single Building
Average Gross Square Feet per Staff				617	490	467	

ALTERNATIVE 4 BLOCK & STACK DIAGRAM - LOWER LEVEL - FIG. 4.2



ALTERNATIVE 4 BLOCK & STACK DIAGRAM - UPPER LEVEL - FIG. 4.3



OPTION 4 MINIMUM SITE AREA REQUIREMENTS - FIG. 4.4

Multnomah County Sheriff's Office Facility

REDUCED PROGRAM REQUIREMENTS AND ALTERNATIVE FACILITY CONCEPTS

Alternative 4 - Base Program Reduced, Less TPCC

Site Area Requirements Program

Item	Space Standard	Square Footage	Comments/Assumptions
Primary Building(s):			
Net Useable Square Feet		25,132	
Gross Square Feet		32,676	
Number of Stories		2	
Ground Level Building Footprint		19,370	Based on Building Stacking Plan
Enclosed Patio		800	
Total Enveloped Area		20,170	
Building Apron		6,140	Apron depth: 10'
Subtotal - Site Square Feet		26,310	
Ancillary Areas			
Emergency Generator		300	
Garbage/Recycling		200	
Flex Area - Operations Staging		1,000	
Subtotal - Site SF Required		1,500	
Parking Requirements (Year 2035 requirement)	Spaces	Sq. Ft.	Assumes all surface parking
Public Public/S&R Volunteer Parking Area	60	360	21,600
Staff Parking Area - Secure	33	360	11,880
Fleet/Official Vehicles Area - Secure			
Take Home Cars	38	360	13,680
Standard Size Fleet Vehicles	56	360	20,160
Specialized Vehicles - Standard	6	360	2,160
Specialized Vehicles - Large	9	450	4,050
Official/County Visitor Parking	10	360	3,600
Evidence Vehicles			-
Subtotal - Site Parking Requirements	212		77,130
Subtotal - Program Components			104,940
Non-Program Site Requirements			
Site Circulation @ .25			26,235
Subtotal Program and Site Circulation			131,175
Landscaping and Setbacks			15,186
Total Site Requirements			
Total Square Footage			146,361
Total Acreage			3.36

RECOMMENDED ALTERNATIVE 5 – SUMMARY

BUILDING SPACE PROGRAM SYNOPSIS

Alternative 5 represents a reduced building program that takes advantage of the recent partnership with the City of Troutdale by utilizing their existing facility to house Enforcement and Facility Support functions in the TPCC. Large Evidence Storage and Search and Rescue are proposed to be located on another County property. Vehicle Maintenance functions are eliminated.

Alternate 5 is also based on a specific site, a 3.54 AC parcel located adjacent to the TPCC. This allows further reductions in Booking and Interrogation, and elimination of the Detention Vehicle Sallyport. A summary of the Alternative 5 Building Program follows this page (FIG. 5.1). The Net Useable Square Foot data is highlighted for the year 2025 needs.

CONCEPTUAL BLOCK & STACK DIAGRAM

Alternative 4 Block & Stack diagrams follow the Building Program Summary (FIG 5.2. and 5.3). These diagrams are not to scale, and are not intended to represent a particular design. The diagram is intended to show potential adjacency relationships of various spaces only.

SITE PROGRAM

The Option 5 Site Area Requirements Program (FIG. 5.4) has been calculated to meet growth needs to the year 2035, or 3.3 AC. This essentially matches the adjacent parcel. This fact will be considered in evaluating the overall Alternative. The adjacent parcel may have some potential for some expansion.

ALTERNATIVE 5 BUILDING PROGRAM SUMMARY - FIG. 5.1

Multnomah County Sheriff's Office Facility

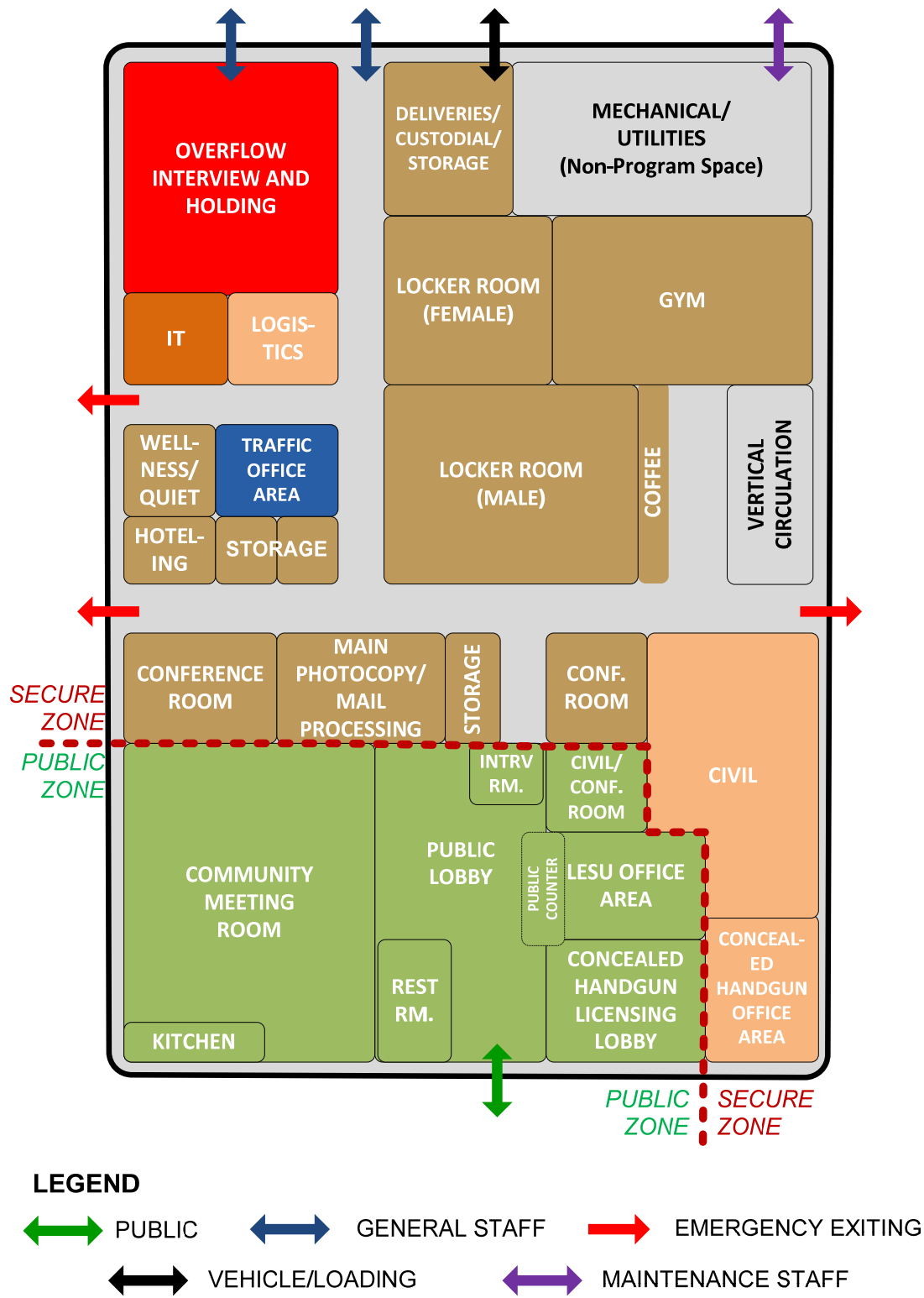
REDUCED PROGRAM REQUIREMENTS AND ALTERNATIVE FACILITY CONCEPTS

Alt. 5 - Base Program Reduced, Less TPCC, Less large Property Evidence, Fleet Maintenance, Search & Rescue, and Comprehensive Arrestee Booking and Holding

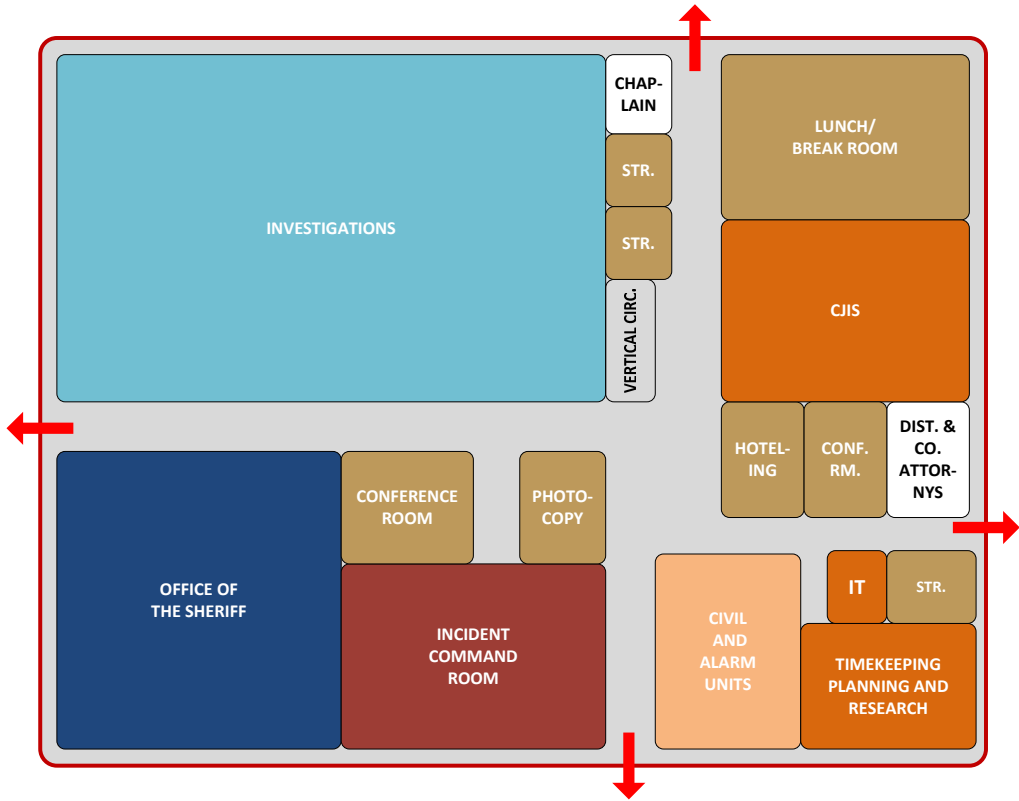
Staff and Building Space Summary

ORGANIZATION/ FUNCTION	HOUSED STAFF			NET USEABLE SQUARE FEET			Comments
	2015	2025	2035	2015	2025	2035	
1.0 OFFICE OF THE SHERIFF	3	7	7	1,308	1,938	1,938	
3.1 All	3	7	7	1,308	1,938	1,938	
2.0 BUSINESS SERVICES	9	10	11	1,174	1,261	1,381	<i>Subtotal of Sub-Components Below</i>
2.1 Planning and Research Unit	-	-	-	65	65	65	
2.2 Fiscal Unit - Timekeeping Only	5	5	6	354	354	425	
2.3 Criminal Justice and Info System	4	5	5	755	842	891	
3.0 ENFORCEMENT	35	47	52	6,157	6,701	7,088	<i>Subtotal of Sub-Components Below</i>
3.1 Patrol	-	5	5	233	313	313	
3.2 Logistics	1	1	1	8,156	10,951	13,832	
<i>Minus Large Evidence</i>				<i>(7,913)</i>	<i>(10,708)</i>	<i>(13,589)</i>	
3.3 Investigations	11	14	16	3,193	3,486	3,719	
3.4 Enforcement Support	23	27	30	2,488	2,659	2,813	
4.0 DISTRICT/COUNTY ATTORNEY	-	-	-	175	175	175	<i>Subtotal of Sub-Components Below</i>
4.1 All	-	-	-	175	175	175	
5.0 SEARCH AND RESCUE	-	-	-	-	-	-	<i>Subtotal of Sub-Components Below</i>
<i>5.1 All</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>Excluded from this Alternative</i>
6.0 FACILITY SUPPORT	-	-	-	11,936	12,731	13,198	<i>Subtotal of Sub-Components Below</i>
6.1 Public Areas	-	-	-	4,333	4,333	4,333	
6.2 Secure Staff Support Areas	-	-	-	5,843	6,638	7,105	
6.3 Building Utilities	-	-	-	760	760	760	
6.4 In-Custody Overflow Areas	-	-	-	1,000	1,000	1,000	
TOTALS: STAFF AND NET USEABLE SQ. FT.	47	64	70	20,749	22,805	23,780	Assumes Single Building
Building Gross Up Space			Assumed Net to Gross Ratio 0.770	6,188	6,802	7,092	
TOTAL BUILDING GROSS SQUARE FEET				26,938	29,607	30,872	Assumes Single Building
Average Gross Square Feet per Staff				579	463	441	

ALTERNATIVE 5 BLOCK & STACK DIAGRAM - LOWER LEVEL - FIG. 5.2



ALTERNATIVE 5 BLOCK & STACK DIAGRAM - UPPER LEVEL - FIG. 5.3



OPTION 5 MINIMUM SITE AREA REQUIREMENTS - FIG. 5.4

Multnomah County Sheriff's Office Facility

REDUCED PROGRAM REQUIREMENTS AND ALTERNATIVE FACILITY CONCEPTS

Alt. 5 - Base Program Reduced, Less TPCC, Less large Property Evidence, Fleet Maintenance, Search & Rescue, and Comprehensive Arrestee Booking and Holding

Site Area Requirements Program

Item	Space Standard	Square Footage	Comments/Assumptions
Primary Building(s):			
Net Useable Square Feet		23,780	
Gross Square Feet		30,872	
Number of Stories		2	
Ground Level Building Footprint		17,603	Based on Building Stacking Plan
Enclosed Patio		800	
Total Enveloped Area		18,403	
Building Apron		5,883	Apron depth: 10'
Subtotal - Site Square Feet		24,286	
Ancillary Areas			
Emergency Generator		300	
Garbage/Recycling		200	
Flex Area - Operations Staging		1,000	
Subtotal - Site SF Required		1,500	
Parking Requirements (Year 2035 requirement)			
	Spaces	Sq. Ft.	Assumes all surface parking
Public Public/S&R Volunteer Parking Area	60	360	21,600
Staff Parking Area - Secure	33	360	11,880
Fleet/Official Vehicles Area - Secure			
Take Home Cars	38	360	13,680
Standard Size Fleet Vehicles	56	360	20,160
Specialized Vehicles - Standard	6	360	2,160
Specialized Vehicles - Large	9	450	4,050
Official/County Visitor Parking	10	360	3,600
Evidence Vehicles			-
Subtotal - Site Parking Requirements	212		77,130
Subtotal - Program Components			102,916
Non-Program Site Requirements			
Site Circulation @ .25		25,729	Percentage of Total Program Components
Subtotal Program and Site Circulation		128,645	
Landscaping and Setbacks		15,043	2 x 3 rectangular site; 10' setback all sides
Total Site Requirements			
Total Square Footage		143,688	
Total Acreage		3.30	

SITE EVALUATIONS

Commencing in April of 2013, Multnomah County conducted a formal RFI (Request for Information) process to collect data on available properties in the East County region. The basic requirements for the search were to include buildings of 45,000 to 60,000 square feet for sale or lease, land of approximately 4 acres for sale or lease, Build-To-Suit opportunities, or other development options.

The search area was broad, extending from the Columbia River on the North to N.E. Stark Street on the South, 162nd Avenue to the West and to the Sandy River to the East. This effort resulted in receipt of responses from approximately 14 owners or brokers. Subsequently, these properties were evaluated, assessed using criteria established by Facilities and Property Management and the Sheriff's Office. Based on this scoring, several properties were evaluated further, including 2 existing buildings and one undeveloped land parcel. Preliminary building evaluations were performed, and conceptual cost estimates for development were prepared. No immediate further action was taken.

In June of 2014, as a part of this Feasibility Report, SOJ undertook informal and confidential efforts to perform a cursory update of available properties. This was performed by contacting area brokers, including responders to the 2013 RFI, with a new, generic description of the basic requirements for properties and buildings. This resulted in data collection for approximately 10 new properties, and carry-over of 2 from the 2013 RFI. At the same time, past evaluation criteria were re-visited, resulting in establishment of new facility location zones identified as acceptable and preferred, as illustrated in the Property Search Zone Map. These zones are smaller than in the 2013 study to more effectively shift the desired location of the facility to better reflect the core service area, and in closer proximity to the I-84 corridor to increase service efficiencies.

General data was catalogued for all of the candidate properties. Information was assembled to address at least the following evaluation criteria:

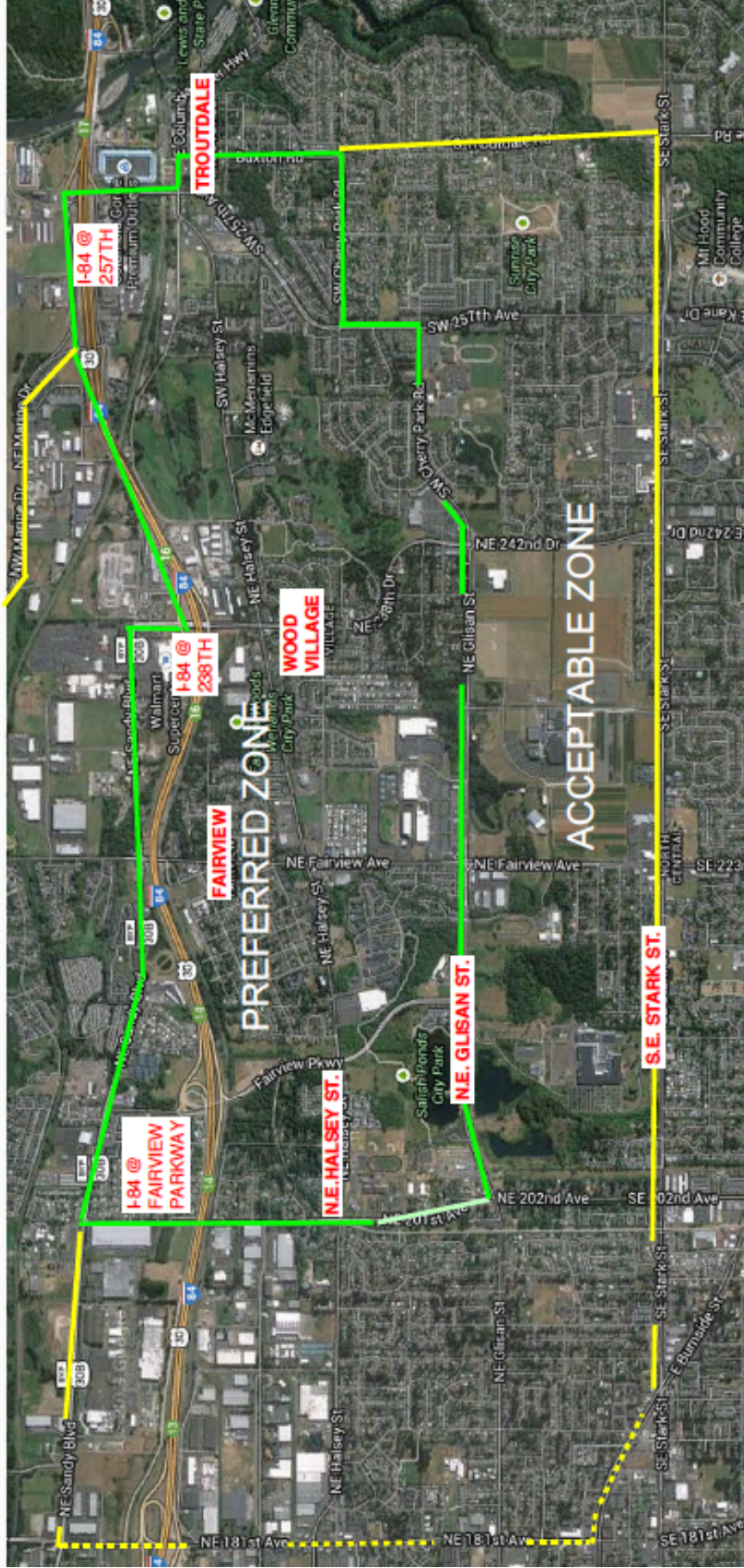
- Property location in reference to “acceptable” and “preferred” zones.
- Property size
- Topographical characteristics, such as shape, slopes, access points.
- Advertised property costs
- Preliminary zoning information, and cursory evaluation of feasibility for development
- Nature of primary and secondary vehicle routes to nearest I-84 interchanges, including consideration of property uses along the routes and public safety concerns.
- Proximity to public transit stops.

Scoring of each site was not performed as a part of this exercise, as the intent of the cursory property search was to discover new viable properties, and to establish the level of feasibility of locating a facility within the acceptable zone. At least a half – dozen such properties were

catalogued, which was deemed an adequate figure to declare that finding a suitable location within the acceptable zone was feasible. No further communication or negotiation with property owners was prescribed for this phase, but the Phase 2 scope will include performance of a more formal evaluation, and involve direct contact and negotiation on one or more properties.

The following graphic is the MCSO Relocation Zone Map, indicating the borders and areas of East Multnomah County determined to be the acceptable and preferred zones for siting a new facility.

The map displays the proposed NE Fairview Parkway and its relationship to surrounding urban areas. The 'PREFERRED ZONE' is the central area outlined in green, bounded by NE Fairview Ave to the north, NE Halsey St to the west, NE Glisan St to the east, and NE 201st Ave to the south. To the west of this zone is the 'WOOD VILLAGE' area, outlined in red, which is bounded by NE Fairview Ave to the north, NE Halsey St to the west, NE Glisan St to the east, and NE 201st Ave to the south. To the east of the preferred zone is the 'ACCEPTABLE ZONE', outlined in yellow, which is bounded by NE Fairview Ave to the north, NE Glisan St to the west, SE Stark St to the east, and NE 201st Ave to the south. The map also shows the I-84 corridor running north-south through the center, with various local streets and landmarks labeled.



CONCEPTUAL PROJECT ESTIMATES and FINANCING STRATEGY

CONCEPTUAL ESTIMATE PARAMETERS

General Parameters:

The estimate for the project is conceptual in nature, and it is important to recognize that in early planning stages of a project, variations of estimate components may be wide, partly due to the fact that there are no design documents available to make dimension - based construction estimates for materials or labor. A conceptual estimate, when properly assembled, includes contingency factors to reflect that the level of data upon which the estimate is based is limited. All development estimates are presented assuming the proposed schedule is maintained, that there are no significant program changes to the project, and that no significant events effecting local economic factors occurs.

A summary of the seven alternatives analyzed follows. These include building program size and adjacency requirements for each alternative, and the correlating conceptual cost opinions. These estimates include land, hard & soft costs, inflation projections to mid - 2016, and mandated County programs and contingencies. The conceptual cost estimate summaries are provided in the following Summary of Development Alternatives:

MEMORANDUM

To: Board of County Commissioners
From: Mark Campbell, Chief Financial Officer
Date: January 22, 2016
Subject: **Hansen Building Replacement Project – Financing Strategy**

The purpose of this memo is to outline a strategy for financing the Hansen Building replacement project. It is assumed that the project will be financed primarily with long-term debt. General Fund cash contributions in both FY 2014 and FY 2016 have been provided to perform "Phase 1" work on the project. This memo also provides an overview of the County's debt capacity and how this project will impact future planned borrowings.

Project Funding and Timing of Resources

Two options are being presented to provide for the functions currently housed in the Hansen Building. The analysis below assumes that financing is required to accommodate the more expensive of the two options. However, Table 2 provides estimated financing costs for the range of costs associated with each option.

"Option 4" describes a 34,000 gross square foot building designed to accommodate Sheriff's Office growth for ten years. It is estimated to range in cost from **\$20.8 million to \$22.8 million** including an allowance for a land purchase. There are one-time-only (OTO) funds remaining from the FY 2014 budget that can be applied to the project and another \$500,000 is included in the FY 2016 budget. It is assumed that long-term debt will finance the majority of the cost but based on the project schedule it will not be necessary to issue debt until late in FY 2017. Assuming the project comes in at the high end of the range financing will consist of:

Cash on Hand	\$ 1,400,000
Long-Term Debt	<u>21,400,000</u>
Total	\$22,800,000

As noted above, this represents the most conservative (i.e., more expensive) assumption for this project. We would not expect to borrow any more than \$21.4 million and the amount of long-term debt necessary to support the project could be reduced if the Board commits additional OTO funds to it. As per the County's *Financial & Budget Policies*, half of the OTO revenues identified in the Chair's Proposed Budget "... will be allocated to the capitalization, or recapitalization, of major County facilities projects."

Debt Service Analysis

Most of the funding for this project is assumed to come in the form of bond proceeds. Therefore, a level debt service approach is recommended. This will add to current debt service payments in the short-term but, as has been noted before, most of the County's current debt (the debt that is subject to the *Financial & Budget Policies*) will mature in FY 2020.

The analysis below provides estimates for a 20-year bond issue as well as a 30-year bond issue.

<u>Term</u>	<u>Interest Rate</u>	<u>Annual D/S</u>	<u>Total Interest</u>
20 Year	3.75%	\$1,540,000	\$ 9,400,000
30 Year	4.00%	\$1,238,000	\$15,727,000

As noted above, if additional OTO revenues are allocated to the project it will reduce annual debt service payments. Each \$1 million of OTO revenue applied to the project could save between \$600,000 and \$750,000 over the life of the bonds issued to support the project. Assuming that bonds are issued sometime during FY 2017 debt service payments would begin the following year. It is likely that long-term interest rates will increase over the next year or so and the estimates provided above assume a 50-basis point (.5%) increase over current rates.

Impact on Debt Capacity

Debt capacity is limited by state statute and the County's *Financial & Budget Policies*. The internal policy is more restrictive than the state limits and, thus, is the basis for this analysis. That policy limits annual debt service payments for "full faith and credit" obligations that are directly supported by the General Fund to no more than 5% of budgeted General Fund revenues. The FY 2016 debt capacity calculation is attached to this memo as Table 1.

As of July 1, 2015 the General Fund directly supports about \$5.3 million in annual debt service payments. This amount is reduced slightly each year until FY 2020. General Fund revenues could support up to \$20.4 million of annual debt service payments. Based on policy –assuming a 20 year amortization at 4% interest – the General Fund could support an additional \$206 million in debt proceeds.

It bears noting that there are other projects, most notably the Downtown Courthouse replacement project, which will require debt financing within the next few years. Based on current cost estimates the County has adequate *capacity* to provide for all of the high priority projects that have been identified. However, capacity is designed more as a limit while ability to pay is ultimately constrained by how the General Fund is currently allocated. In FY 2016 debt service payments represent ***approximately 1.3%*** of General Fund revenues. Issuing debt up to the policy limit would require a reduction in current, ongoing spending or an increase in General Fund revenues – or a combination of both.

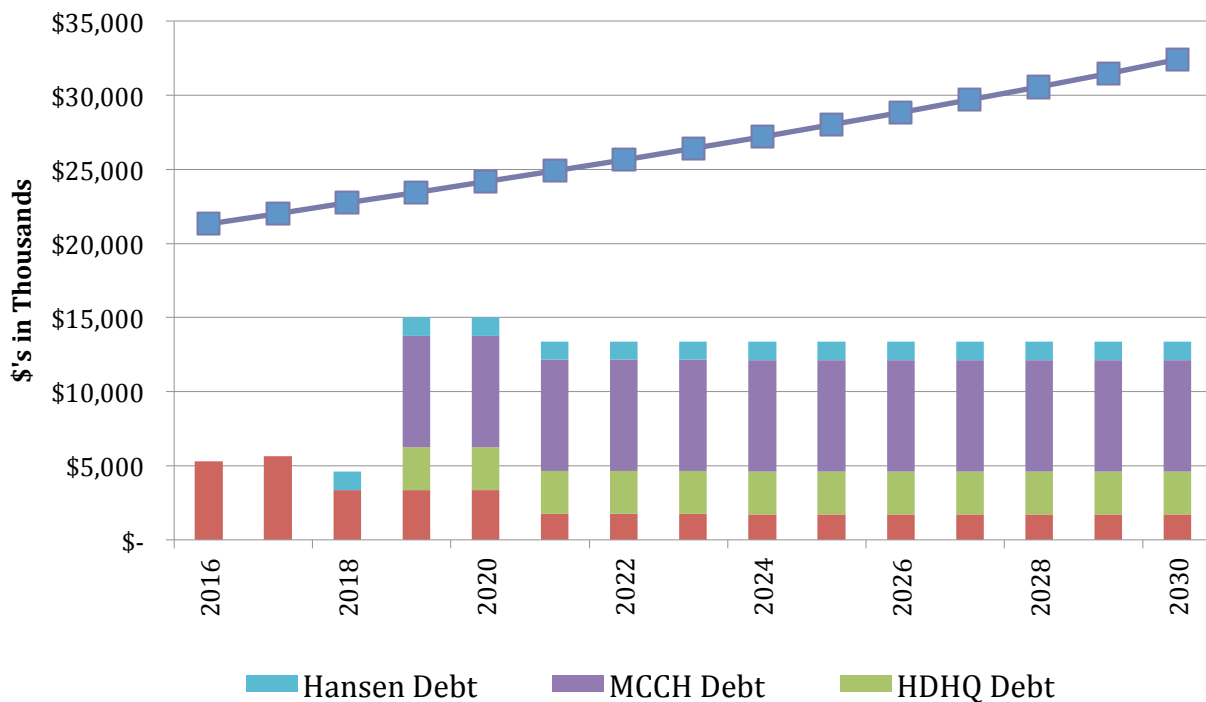
Summary

The Hansen Building replacement project is estimated to cost between \$18.6 and \$22.8 million based on the two options being presented for the Board's consideration. It is assumed that most of the funding for the project will be provided by proceeds from a long-term debt issue.

The County has sufficient capacity, based on the Financial & Budget Policies, to accommodate a long-term debt issue to support the project. A level debt structure is recommended. A 20-year amortization is favored by policy but a 30-year amortization could be considered in order to lower annual debt service payments. If additional OTO resources are allocated to the project the annual debt service costs would be reduced.

It is important to maintain debt capacity for other high priority capital projects. Given what is currently known about those projects there is adequate capacity to support them. The timing, and amount, of future borrowings will dictate how much the additional debt service will be in competition with other General Fund obligations.

MULTNOMAH COUNTY DEBT CAPACITY



PART C – NEXT STEPS

FAC-1 PRELIMINARY PLANNING PROPOSAL

PART C – NEXT STEPS

Following is a brief description of the recommended “Next Steps” to continue forward with the Hansen Replacement Facility project.

Initiate Phase 2: Project Delivery and Development Plan

- Through a County-issued RFI, solicit proposals for available properties from the real estate development community and / or land owners
- Conduct Property Evaluations to review and rank available properties
- Conduct due diligence and site-specific studies for preferred property options
- Prepare for property acquisition
- Develop project delivery model
- Engage consultants required to complete Phase 2
- Update schedule, cost estimates, and prepare findings for Phase 2
- Present findings for Phase 2, schedule and costs to complete Phase 3 and seek approval from the BCC to engage in Phase 3 (Design & Construction)

Phase 2 Schedule and Cost:

Phase 2 Schedule: Approx. 9 months

Phase 2 activities cost estimate: Approx. \$550,000

PART D – PROJECT MANAGEMENT

FAC-1 PRELIMINARY PLANNING PROPOSAL

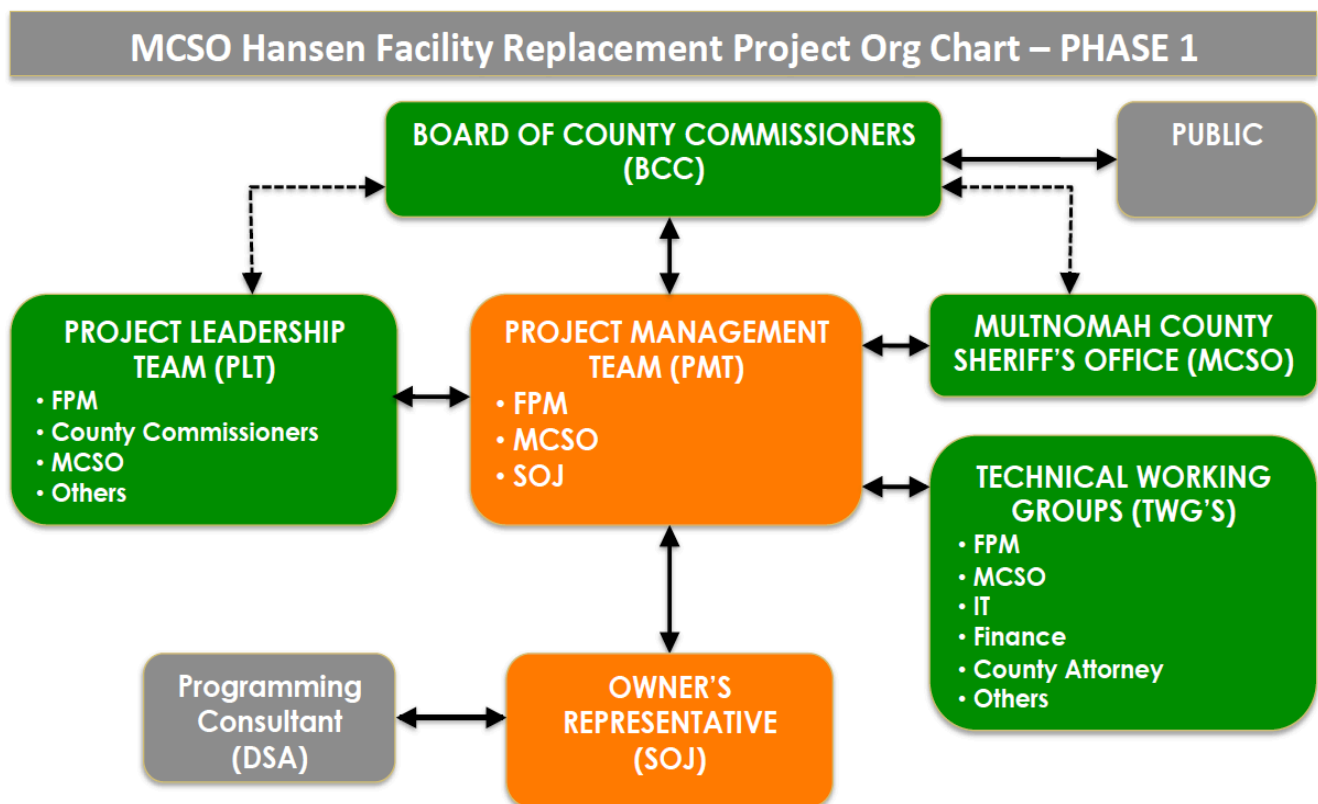
PART D – PROJECT MANAGEMENT

The Project Management Team (PMT)

The Project Management Team has been working to evaluate the project, the Phase 1 work activities, and additional development options in order to present the recommendations contained within this FAC-1 Preliminary Planning Proposal. The current PMT includes representation from:

- Multnomah County Facilities and Property Management
- Multnomah County Sheriff's Office
- Shiels Oblatz Johnsen, Owner Representative

The Project Management Team is responsible for the day-to-day detailed activities associated with the project, but is a part of a larger group of entities engaged in the common efforts to deliver a successful project to Multnomah County. The organizational relationships are illustrated in the Organization Chart provided below.



Project Communication and Reporting

BOARD OF COUNTY COMMISSIONERS (BCC)

The BCC is composed of the elected chair and four elected commissioners of Multnomah County. The BCC is the Project owner and has the ultimate responsibility to taxpayers for the success of the Project.

MULTNOMAH COUNTY SHERIFF'S OFFICE

The Multnomah County Sheriff is an elected official in the County and all law enforcement and corrections operations are the Sheriff's responsibility. The Sheriff is the primary user and customer of the new facility. Facility options will be reviewed to meet the needs of both the Board of County Commissioners and the Multnomah County Sheriff's Office

PROJECT MANAGEMENT TEAM (PMT)

The main responsibility of the PMT is to manage the Project. The PMT will be composed of County staff and Owner's Representative staff for Phases 1 and 2. Should the County move forward with these optional phases, additional PMT team members may include Architectural and Engineering firms and the selected contractor. The required members will generally be the lead manager of each staff plus any specialists significant to the current issues. The PMT's activities will be guided by a Project Management Plan that is founded on the principles of inclusion, collaboration, transparency and diligent protection of the County's best interests. It is expected that the Project Management Team will meet twice monthly in Phase 1 and 2, and up to 4 times per month in Phase 3.

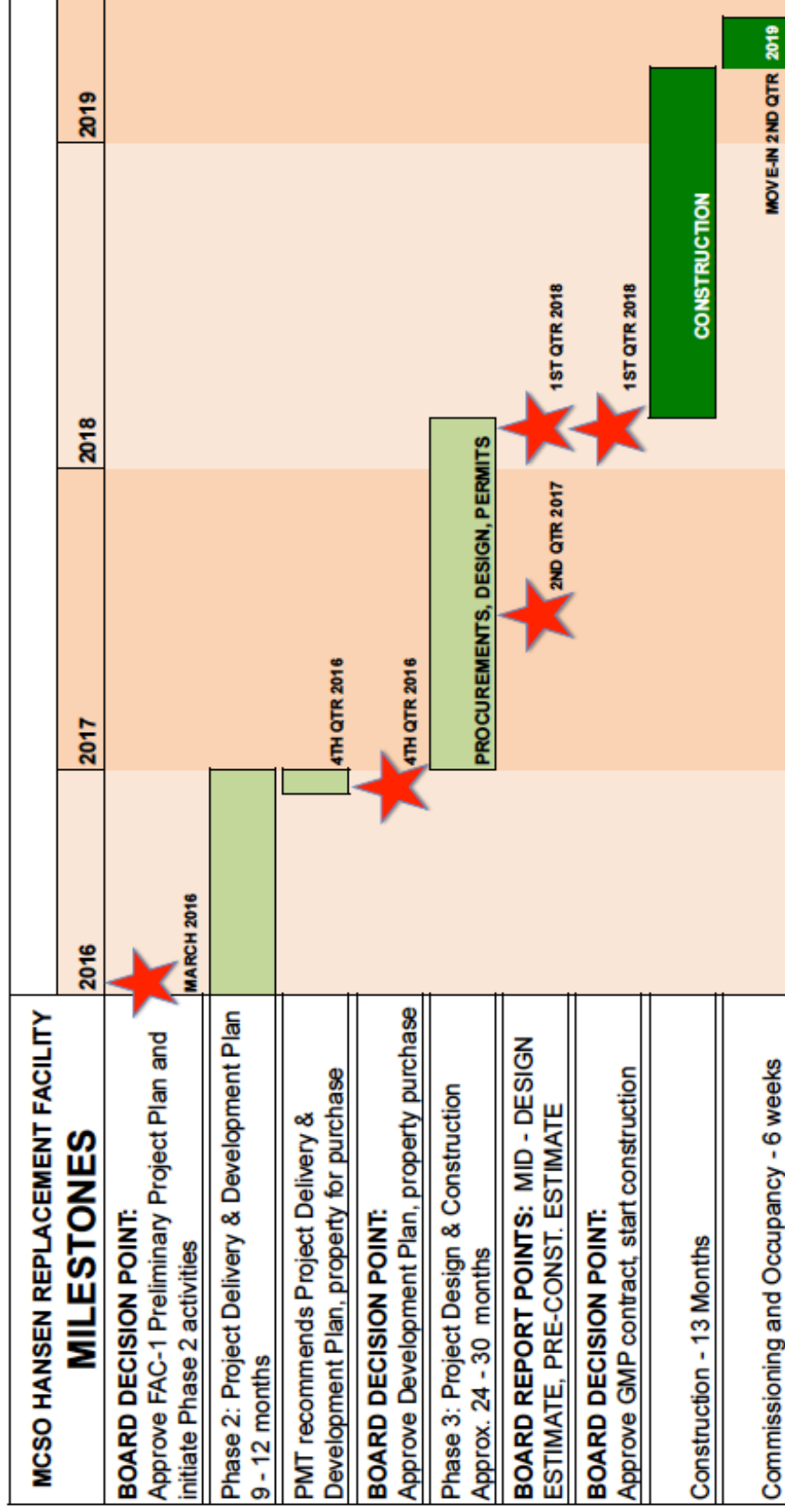
PROJECT LEADERSHIP TEAM (PLT)

This team consists of Project Sponsors and Department Leadership representatives. The PLT meets to review the status of the project and to provide guidance on project issues and goals. It is expected that the PLT will meet approximately every six to eight weeks.

TECHNICAL WORKING GROUPS (TWGs)

The County will form specialized TWGs composed of technical experts in specialized fields that will advise the PMT and the County on recommendations for specific issues. This may include County staff from the Multnomah County Sheriff's Office, Facilities Division, IT, Finance Department, and County Attorney. TWGs will meet as needed.

PRELIMINARY PROJECT SCHEDULE



Project Management Plan

A framework for a Project Management Plan is being developed. The plan will provide clarity and discipline to management of all aspects of the project. The plan will be based on the principles of inclusion, collaboration, transparency and diligent protection of the County's best interests. The plan establishes procedures, protocols and requirements for administration, communication, schedule and budget controls and other disciplines. It will also clarify expectations for meeting various County-required programs such as a MW/ESB participation, Workforce Training, 1.5% Solar, 2% for Art, etc.

PART E – EXHIBITS