



MULTNOMAH COUNTY, OREGON

BOARD OF COMMISSIONERS

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ANY QUESTIONS? CALL BOARD CLERK DEB BOGSTAD @ 248-3277

Email: deborah.l.bogstad@co.multnomah.or.us

INDIVIDUALS WITH DISABILITIES MAY CALL THE BOARD CLERK AT 248-3277, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

NOVEMBER 24, 1998 BOARD MEETING

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:30 am Consent Calendar of Routine County Matters
Pg 3	9:30 am Opportunity for Public Comment on Non-Agenda Matters
Pg 3	9:30 am 2nd Reading Ordinance Establishing Commission on Children, Families and Community
Pg 4	9:45 am Executive Session to Discuss Real Property Matters
✳	No Board Meetings are Scheduled Between December 21, 1998 through January 6, 1999
✳	Check the County Web Site: http://www.multnomah.lib.or.us

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30
Friday, 10:00 PM, Channel 30
Sunday, 1:00 PM, Channel 30

Produced through Multnomah Community Television

Tuesday, November 24, 1998 - 9:30 AM
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

REGULAR MEETING

CONSENT CALENDAR

SHERIFF'S OFFICE

- C-1 Retail Malt Beverage Liquor License Renewal for BOTTOMS UP!, 16900 NW ST HELENS ROAD, PORTLAND
- C-2 Retail Malt Beverage Liquor License Renewal for SPRINGDALE TAVERN, 32302 E CROWN POINT HIGHWAY, CORBETT

DEPARTMENT OF HEALTH

- C-3 Amendment 3 to Intergovernmental Agreement 200347 with Oregon Health Sciences University Providing Hospital Services to Eligible Multnomah County Corrections Inmates
- C-4 Renewal of Intergovernmental Agreement 9910500 with Oregon Health Sciences University, Russell Street Dental Clinic, Providing Dental Services to Low-Income County Residents
- C-5 Budget Modification HD 8 Approving Changes in Various Budgets in Health, Moving 1.5 FTE and \$68,272 of Materials and Services Between the Federal State and the General Funds to Bring the Adopted Budget into Conformance with Current Operations

DEPARTMENT OF COMMUNITY AND FAMILY SERVICES

- C-6 Amendment 3 to Intergovernmental Agreement 102778 with the City of Fairview Providing \$107,086 for the Fifth/Main Street Storm Drainage Improvement Public Works Projects
- C-7 Amendment 3 to Intergovernmental Agreement 102798 with the City of Wood Village Providing Funding for Sewer Improvements at Arata/Halsey Street and Increased Funding for the 244th/Halsey Culvert Storm Drain Projects

DEPARTMENT OF ENVIRONMENTAL SERVICES

- C-8 ORDER Authorizing Execution of Deed D991591 for Complete Performance of a Real Estate Purchase and Sale Agreement with Robert Hahn and Sharolyn McCallum
- C-9 ORDER Authorizing Execution of Deed D991592 for Complete Performance of a Real Estate Purchase and Sale Agreement with Robert Hahn and Sharolyn McCallum
- C-10 ORDER Authorizing Execution of Deed D991593 for Repurchase of Tax Foreclosed Property to Former Owner Ruth Pruitt
- C-11 ORDER Rescinding Order No. 98-169 and Authorizing Cancellation of Uncollectible Personal Property Taxes for Tax Years 1981/82 through 1997/98
- C-12 Budget Modification DES 99-02 Approving Reclassification of Database Administrator to Proper Classification Level in the Computer Support Unit of the Transportation Division

REGULAR AGENDA

PUBLIC COMMENT

- R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

NON-DEPARTMENTAL

- R-2 Second Reading and Possible Adoption of an ORDINANCE Combining the Multnomah Commission on Children and Families with the Community Action Commission; and Repealing Ordinances No. 665 and 780

COMMISSIONER COMMENT

- R-3 Opportunity (as Time Allows) for Commissioners to Provide Informational Comments to Board and Public on Non-Agenda Items of Interest. Comments Limited to Three Minutes Per Person.

Tuesday, November 24, 1998 - 9:45 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

EXECUTIVE SESSION

- E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(e) to Deliberate with Persons Designated to Negotiate Real Property Transactions. Presented by Larry Nicholas, Dave Boyer, Bob Oberst, Jim Emerson, Dave Warren and Dwayne Prather. 1.5 HOURS REQUESTED.

MEETING DATE: 11-24-98
AGENDA NO: E-1
ESTIMATED START TIME: 9:45

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Executive Session Pursuant to ORS 192.660(1)(e)

BOARD BRIEFING: DATE REQUESTED: _____
REQUESTED BY: _____
AMOUNT OF TIME NEEDED: _____

REGULAR MEETING: DATE REQUESTED: Tuesday, November 24, 1998
AMOUNT OF TIME NEEDED: 1 hour

DEPARTMENT: DES DIVISION: Facilities & Property Mgmt.

CONTACT: Bob Oberst TELEPHONE #: 248-3851
BLDG/ROOM #: 421/3rd

PERSON(S) MAKING PRESENTATION: Larry Nicholas, Dave Boyer, Bob Oberst,
Jim Emerson, Dave Warren

ACTION REQUESTED:

[] INFORMATIONAL ONLY [x] POLICY DIRECTION [] APPROVAL [] OTHER

SUGGESTED AGENDA TITLE:

The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(e) to Deliberate with Persons Designated to Negotiate Real Property Transactions.

SIGNATURES REQUIRED:

ELECTED OFFICIAL: _____
(OR)
DEPARTMENT MANAGER: Larry Nicholas

BOARD OF
COUNTY COMMISSIONERS
98 NOV 18 PM 11:25
MULTNOMAH COUNTY
OREGON

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk @ 248-3277

MEETING DATE: NOV 24 1998
AGENDA NO: E-2
ESTIMATED START TIME: 10:45

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Executive Session Pursuant to ORS 192.660 (1)(e)

BOARD BRIEFING: DATE REQUESTED: _____
REQUESTED BY: _____
AMOUNT OF TIME NEEDED: _____

REGULAR MEETING: DATE REQUESTED: Tuesday, November 24, 1998
AMOUNT OF TIME NEEDED: 30 minutes

DEPARTMENT: DES DIVISION: Facilities & Property Mgmt.

CONTACT: Bob Oberst TELEPHONE #: 248-3851
BLDG/ROOM #: 421/3rd

PERSON(S) MAKING PRESENTATION: Bob Oberst, Dwayne Prather

ACTION REQUESTED:

[] INFORMATIONAL ONLY [x] POLICY DIRECTION [] APPROVAL [] OTHER

SUGGESTED AGENDA TITLE:

The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(1)(e) to Deliberate with Persons Designated to Negotiate Real Property Transactions. Presented by Bob Oberst and Dwayne Prather. 30 Minutes Requested.

98 NOV 19 AM 2:58
MULTNOMAH COUNTY BOARD OF COMMISSIONERS

SIGNATURES REQUIRED:

ELECTED OFFICIAL: _____
(OR)
DEPARTMENT MANAGER: Laurel Nicholas

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk @ 248-3277



Beverly Stein, Multnomah County Chair

Room 1515, Portland Building
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Portland, Oregon 97204

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MEMORANDUM

To : Board of County Commissioners
From : Bill Farver
Date : November 19, 1998
Re : Possible Building Purchases

At the executive session on Tuesday, November 24th, you will be given detailed financial information about several possible building and land purchases. I want to try and provide a context based on my experience with the County in hopes that it will help you in evaluating the options. In my experience, these are some of the hardest decisions that elected officials have to make. I want to try and identify reasons and what we are doing in recognition of that. (*indicates reference to strategy from County *Strategic Space Plan* in footnotes)

Why are these decisions difficult?

1. No one runs for political office because they want to purchase buildings, support computer systems, or fund administrative staff. The tension between funding services that we all understand and believe in and the support that makes delivering those services possible is an ongoing (and healthy) part of any political process. Given the low borrowing rates and the growth of downtown office space, however, this looks like a very good time to act. And, given that administrative and space issues are necessary, it does make sense to do them in the most cost effective way and in the way most likely to get a quality product.
2. We are trying to provide replacement and additional space to several major service providers who are paying little or nothing for current space. *That is a reality because until very recently the County ignored funding "asset preservation" and allowed extensive deferred maintenance. Also, the County does not receive any (or adequate) funding from the State for support for services the State allows or requires the County to provide. Specifically, the Gresham Neighborhood Center and the Hansen Building are ready to be abandoned with little value left. The Morrison Building is not far behind. Also, we are providing expanded court, district attorney, and community corrections space, although the State provides no funding for this part of providing service.



3. Leased space is often cheaper in the short run, but almost always more expensive in the long run. The breakeven point for owned space usually occurs after 8 to 10 years. *Our consultants to the *Strategic Space Plan*, (in particular, Linda Barnes, Rick Gustafson and Ed Starkie) strongly urged that the County aggressively pursue owning rather than leasing. Purchasing and maintaining our assets is much preferable, but hard to stick with when tax limitations and budget shortfalls potentially loom around the corner.
4. It's hard to see (and believe) avoided costs. Dave Warren will document the potential avoided costs, but they never quite feel as "real". Realize though, that the Hansen Building and Gresham Neighborhood Center will need extensive remodeling if we do not move forward. Judge Ellis has been very understanding and accommodating, but the courts need new space sooner rather than later.
5. *It's hard to measure benefits of co-location. The various options pursue several strategies – East County public safety agencies together; Health and Aging & Disability Services together; purchasing with other support services; the Sheriff with Community Justice and LPSCC; the Board with these agencies, MCCF, County Counsel, and Support Services. It's hard to measure the values of relationships built and how better relationships translate to better public service. It is often easier to measure this one from the client perspective, many of whom lack transportation or have limited funds for transportation.
6. It's hard to see twenty years into the future. If we continue with our approach, County facilities will be well maintained and almost exclusively owned. In 2014, the County will free up \$2.8 million annual debt payment for the new Juvenile Facility. In 2008, the County will reduce its costs in the Portland Building by \$330,000. In 2009, the County will be freed of debt payments on the Mead, McCoy and health clinics of approximately \$1,000,000. We will probably have constructed additional stories on the structure we are considering purchasing.
7. It's easier to see ten years ago. I've watched the County come close a number of times to making major building purchases. In hindsight, almost all of them would have been good (or great) business decisions. Lack of public process, "too high" asking prices, bad political climates all emerged as reasons not to buy. Hindsight is almost always easier, but we need to learn from our past and be ready to make decisions like this more possible.

What can we do to help make this more feasible?

1. By presenting the magnitude of anticipated future costs together, so that the Board can see the whole picture before deciding on the specifics. That is what I tried to do in this memo and will be the basis of our review on Tuesday.

2. *Review requests from staff against space standards currently under development by Facilities and the Facilities Client Team. Assure the process is objective and fair.
3. Ask affected Departments to pay for the bulk of tenant improvements and furniture up front. Weigh costs of moving vs. replacing and reusing existing equipment.
4. Ask affected Departments to absorb part of the new space costs, especially where there are potential revenue offsets. (e.g. Adult Day Care, Sheriff's Shooting Range)
5. *Review and revise County policy on employee parking - decide when to provide and at what cost.
6. Phase in the total cost over the next 3 to 4 years. Depending on when purchases are finalized, when certificates are issued, and how the debt is structured, we can absorb the total costs over several budget years.
7. Follow our siting process. We've never had a process prior to this. We can receive public input on the move of the Board to the near Eastside, easier parking access, new public meeting space we will create on the eastside. We can hear from business on how to think about these decisions. We can also hear concerns

If you give general approval, much hard work remains. Countless negotiations with external and internal parties remain as do determining how to phase the work and determining who will pay for what. However, general approval will allow us to continue the work of many County employees trying to make good business decisions so we can all provide better service.

FOOTNOTES –

REFERENCES TO RECOMMENDATIONS IN OUR *STRATEGIC SPACE PLAN*

- Manage the County's asset portfolio to maintain or create value.
- Long long-term County programs in owned, not leased, space.
- Adopt standards for minimum acceptable space and quality levels.
- Provide well-located, accessible, safe, and efficient facilities.
- Accommodate current space needs to reduce overcrowding, and meet future space needs.
- Support Metro's 2040 Plan.
- Co-locate appropriate County services.

cc: Sheriff Dan Noelle
Mike Schrunk, District Attorney
Judge James Ellis

SUMMARY OF POTENTIAL OCCUPANTS: U.S. BANK BUILDING

11-20-98

SE Grand Avenue and Hawthorne Boulevard

Scenario One:

Current Location:

(L) = lease

Board of County Commissioners and Chair's Office	Portland Bldg. (L)
Board Hearings Room	Courthouse
Auditor's Office	Portland Bldg.
County Counsel	"
Department of Support Services	"
Finance	"
Purchasing/Contracts	Ford Bldg.
Budget & Quality	Portland Bldg.
Employee Services	"
Labor Relations	"
Risk Management	"
Citizen Involvement Office	Morrison Bldg.
Public Affairs Office	Commonwealth Bldg. (L)
Commission on Children, Families, and Community	"
Public Safety Coordinating Council	"
Multnomah County Sheriff's Office - Administration	Hansen Bldg.
Department of Juvenile & Adult Community Justice - Administration	Mead Bldg. and JJC
Corrections Health - Administration	Justice Center
Health - Outreach Services	Marleen Bldg. (L)
Assessment & Taxation - Administration, Commercial	Commonwealth Bldg. (L)
- Residential Appraisal	Morrison Bldg.
- Board of Property Tax Appeals	"

Backfill:

- CFS expansion backfills into space vacated at Commonwealth by A & T; some subleasing also.
- Due to the unique nature of the Portland Building lease and its location, we suggest utilizing one floor to eliminate three additional downtown leases (the other floor, sublease to City.) :

District Attorney - Support Enforcement Division	1001 SW 5 th (L)
ADS/Aging Services - West Branch	1430 SW Broadway (L)
ADS/Disability Services - West Branch	1137 SW 11 th (L)

Scenario Two:

Multnomah County Sheriff's Office - Administration	Hansen Bldg.
Corrections Health - Administration	Justice Center
Department of Community and Family Services	Commonwealth Bldg. (L)
Assessment & Taxation - Administration, Commercial	"
- Residential Appraisal	Morrison Bldg.
DSS: Purchasing/Contracts	Ford Bldg.

- CFS cannot expand in this scenario unless the occupant list is shorter. Also, a very large amount of space is vacated in the Commonwealth (6 years,) making subleasing problematic.

SIMPLIFIED ATTRIBUTES OF U.S. BANK ANALYSIS - SCENARIO ONE

11-20-98

PRO :

- Provides identifiable, accessible location for Board of County Commissioners, Auditor, Sheriff's Office Administration, Community Justice Administration, Support Services, A & T, and related offices ; enhances communication and reduces operating costs.
- Allows for adequate space for the above functions.
- Conservatively, costs 25 – 40 % less than least-costly new construction alternative.
- Interest rates are extremely favorable at this time.
- Available for occupancy within a year; new construction would be four years or more.
- Facilitates vacating Hansen and Morrison Buildings so they can be disposed of.
- Allows for getting out of seven current leases in five buildings.
- Location allows ready access both downtown and to eastside.
- Location relates well to Metro Building, State Office Building, and ISD.
- County presence will spur additional rehabilitation and improvement of Central Eastside.
- An unusually large amount of parking is included.
- Building and parking are expandable in long term.
- Supports several key Strategic Directions in Strategic Space Plan, including 2040 Plan.
- Allows for varied and gradual utilization or disposition options for County's space in the Portland Building.
- Limited building and site space in Government Center is reserved for Courts/Justice use.
- CFS large size and growth do not compete for this space.
- CFS expansion utilizes ex-A & T space instead of additional lease space.
- Concludes over 20 years of increasing scattering of functions out of the Courthouse, and over 10 years of seeking solutions for Administrative space; will allow focus to return to program space and considerations for 21st-century Courthouse needs.

CON :

- Requires additional investment : a considerable amount compared to what is budgeted today; a small amount compared to total avoided costs we will incur by doing "nothing."
- Requires disruptive move activities for several work groups.
- Locational separation from City of Portland, while a plus for County identity, may be seen as a minus for cooperation by some people.
- CFS is left in lease space for now; eventually programmed to occupy rehabilitated Courthouse.
- Subleasing required to recover costs for some space at Commonwealth Building.
- Every significant action has its detractors, and a few of them make more noise than many supporters. There may be some uncomfortable moments for elected officials for the first few months.

SIMPLIFIED ATTRIBUTES OF U.S. BANK ANALYSIS - SCENARIO TWO
11-20-98

For a general summary, see Scenario One. Major differences shown below.

PRO :

- Gets CFS out of its large lease.
- Avoids disruption and other negatives to Portland Building (all uses there remain.)
- Allows for getting out of two current leases in one building.

CON :

- CFS barely fits with MCSO and A & T : growth requires splitting the unit.
- Very large sublease required at to recover early costs at Commonwealth Bldg.
- Concept of "Ground-Floor County Government" is not attained.
- DSS remains crowded.
- Identity issues of County vis-à-vis City of Portland remain unresolved.
- Co-location of MCSO with Chair, Community Justice Admin., and Public Safety Commission is not achieved.
- No space to house Morrison Building groups such as CIC, BOPTA.

This option is shown for comparison and is not recommended.

U.S. Bank Analysis - Scenario One

CREDITS	Potential Occupants for U.S. Bank Building	Facility	Status	Current Space Needs	10 % Projected Growth	One Time Proceeds from Sale	Annual Lease Savings	Operating Costs Savings	Total Annual Savings (Lease + O.C.)
		MCSO - Administration & Corrections Health	O	22,000	24,200	\$1,000,000	\$500,000	\$94,000	\$594,000
Commonwealth Building - A&T	L	30,000	33,000		\$374,424	\$43,000	\$417,424		
Ford Building - Purchasing, Contracts, C. S. Admin.	O	4,550	5,005			\$36,670	\$36,670		
Portland Building	L	41,500	45,650				\$0		
Courthouse - Board Hearing Room	O	2,500	2,750			\$0	\$0		
Commonwealth Building - PAO	L	1,200	1,320		\$14,172	\$0	\$14,172		
Commonwealth Building - Commissions	L	3,241	3,565		\$41,400	\$4,900	\$46,300		
Community Justice - Administration, RM, and MIS	O	16,700	18,370			\$83,373	\$83,373		
Morrison Building - A&T, CIC, Appeals	O	5,000	5,500			\$41,114	\$41,114		
Marleen Building	L	7,875	8,663		\$50,000	\$4,130	\$54,130		
Total		134,566	148,023	\$1,000,000	\$979,996	\$307,187	\$1,287,183		
CREDITS	Potential Occupants to Backfill Portland Building	Facility	Status	Current Space Needs	10 % Projected Growth	One Time Proceeds from Sale	Annual Lease Savings	Operating Costs Savings	Total Annual Savings (Lease + O.C.)
		ADS - West Branch	L	5,842	6,426		\$95,353	\$10,463	\$105,816
DSO - West Branch	L	7,560	8,316		\$116,600	\$122,388	\$238,988		
Security Pacific - DA	L	7,067	7,774		\$133,283	\$14,474	\$147,757		
Total		20,469	22,516	0	\$345,236	\$147,325	\$492,561		
Grand Total					\$1,000,000	\$1,325,232	\$454,512	\$1,779,744	

Debits	Purchase Price plus One Time Costs	U. S. Bank Purchase Price	\$20,000,000
		Move Costs - U. S. Bank Building (\$300/person x 400 employees)	\$120,000
Move Costs - Portland Building (\$300/person x 100 employees)	\$30,000		
Telcom Costs - U. S. Bank Building	\$225,000		
Telcom Costs - Portland Building	\$25,000		
Tenant Improvements - U. S. Bank Building (\$20 sf x 151,350 sf)/% for Art	\$3,027,000		
Tenant Improvements - Portland Building (\$20 sf x 20,000 sf)	\$400,000		
Furniture - U. S. Bank Building (\$2,500 x 400 employees)	\$1,000,000		
Additional Furniture (Training Rooms, Conference Rooms, etc.)	\$100,000		
Soft Costs (TI for both sites + Telcom for both sites x 20%)	\$735,400		
Total Purchase Price	\$25,662,400	\$25,662,400	
Total Purchase Price - One Time Credits		\$24,662,400	
Annual Debt Service Amount (20 years x .085)		\$2,096,304	
Annual Operating Cost (185,539 sf x \$6/sf)		\$1,113,234	
Annual Asset Preservation Fee Cost (185,539 x \$1.65/sf)		\$306,139	
Total Annual Cost		\$3,515,677	
Annual Funding Shortfall (Total Annual Cost - Total Annual Savings)		-\$1,735,933	

Note: In this scenario CFS remains in the Commonwealth Building.

Prepared by Stephen Shatter
Revised : 11/20/98

U.S. Bank Analysis - Scenario Two

Credits	Potential Occupants for U.S. Bank Building	Facility	Status	Current Space Needs	10 % Projected Growth	One Time Proceeds from Sale	Annual Lease Savings	Operating Costs Savings	Total Annual Savings (Lease + O.C.)
		MCSO - Administration & Corrections Health	O	22,000	24,200	\$1,000,000	\$500,000	\$94,000	\$594,000
Commonwealth Building - A&T	L	30,000	33,000		\$374,424	\$43,000	\$417,424		
Commonwealth Building - CFS	L	73,668	81,035		\$893,928	\$93,000	\$986,928		
Morrison Building - A&T Residential	O	3,000	3,300			\$21,268	\$21,268		
Ford Building - Purchasing, Contracts, C. S. Admin.	O	4,550	5,005			\$36,670	\$36,670		
Total		133,218	146,540	\$1,000,000	\$1,768,352	\$287,938	\$2,056,290		

Debits	Purchase Price plus One Time Costs	U. S. Bank Purchase Price	\$20,000,000
		Move Costs - U. S. Bank Building (\$300/person x 400 employees)	\$120,000
Telcom Costs - U. S. Bank Building	\$225,000		
Tenant Improvements - U. S. Bank Building (\$20 sf x 151,350 sf)/% for Art	\$3,027,000		
Furniture - U. S. Bank Building (\$2,500 x 400 employees)	\$1,000,000		
Additional Furniture (Training Rooms, Conference Rooms, etc.)	\$100,000		
Soft Costs (TI + Telcom x 20%)	\$650,400		
Total Purchase Price	\$25,122,400	\$25,122,400	
Total Purchase Price - One Time Credits		\$24,122,400	
Annual Debt Service Amount (20 years x .085)		\$2,050,404	
Annual Operating Cost (185,539 sf x \$6/sf)		\$1,113,234	
Annual Asset Preservation Fee Cost (185,539 x \$1.65/sf)		\$306,139	
Total Annual Cost		\$3,469,777	\$3,469,777
Annual Funding Shortfall (Total Annual Cost - Total Annual Savings)			-\$1,413,487

Financial Overview of Proposed Building Construction and Purchase

Page 1

To: Board of County Commissioners
From: Dave Warren, Budget Manager DCW
Date: November 20, 1998

Subject: Proposed Building Construction and Purchases

For some time the County has been aware that the Gresham Neighborhood Center must be replaced. The Hansen Building is seismically unsound as an emergency control center and must also be replaced. We have anticipated issuing COP's to pay for land and construction in Gresham. That construction will pull together health and social services functions in the east end of the county. It will also accommodate housing the Sheriff's operations now in the Hansen Building, replace and expand court space, now donated, in the Gresham Chamber of Commerce building, and District Attorney space associated with the expanded courts.

Issuing COP's for this new construction will require us to absorb the debt payments in our existing expenditure stream. The proposal to purchase the US Bank Building will also require issuing COP's, and that debt payment will also have to be absorbed within the current expenditure stream. The question arises as to whether it will be possible to cover these costs.

The following three pages attempt to show the balance between the cost of buying and constructing new facilities, on one hand, and the cost of leasing equivalent space. This is a snapshot based on the current year's budget and on current (estimated) market costs. It is an attempt to summarize the capital costs being proposed and to show what offsets, current and potential, are available to amortize those costs. More detailed information about the proposed US Bank Building has been provided by Facilities Management. A twenty year analysis of income and expenditure has been put together by Dave Boyer which shows the bottom line over time as well.

Financial Overview of Proposed Building Construction and Purchase

SUMMARY OF CAPITAL COSTS

	Amount	
Cost of Projects		
US Bank Building	25,662,400	
East County Facilities	40,000,000	<i>Tentative estimate</i>
Two Main Block	7,000,000	
Total Required Borrowing	72,662,400	
<i>Annual Debt Payment (@ 5%)</i>	<i>5,800,000</i>	<i>Tentative Estimate</i>
Capital Offsets		
<i>Sale of Gresham Neighborhood Center</i>	<i>(400,000)</i>	<i>Tentative estimates</i>
<i>Sale of Hansen Building</i>	<i>(2,000,000)</i>	"
<i>Resale of land at Social Services site</i>	<i>(600,000)</i>	"
<i>Sale of Probation East</i>	<i>(300,000)</i>	"
<i>Sale of Morrison Building</i>	<i>(500,000)</i>	"
<i>Sale of Edgefield property</i>	<i>(3,000,000)</i>	"
Total Capital Offsets	(6,800,000)	

Uncertainties

- Sale price of County owned or acquired land
- Cost of tenant improvements and furniture that cannot be absorbed in departmental budgets
- Final square footage for either of the East County facilities when design decisions are complete

Financial Overview of Proposed Building Construction and Purchase

SUMMARY OF ANNUAL OPERATING COSTS AND DEBT PAYMENT

Costs	Amount
<i>Debt Payment</i>	5,800,000 <i>Tentative estimate</i>
Operating Costs - US Bank Building	1,419,373
Operating Costs - East County Facilities	1,457,325
Subtotal Costs	8,676,698
Cost Offsets	
Current Portland Building Parking Costs	(20,000)
Parking lot revenue from Two Main Place	(300,000)
Hansen Building operational cost	(188,000)
Gresham Neighborhood Center operations	(150,000)
GDC operational cost	(6,000)
East County ADS lease	(94,000)
Marlene Building	(54,000)
A&T lease in Commonwealth	(417,424)
Other leases in Commonwealth	(60,000)
ADS, DSO, DA leased space (move to Portland Building)	(492,561)
Morrison Building operational cost	(41,000)
<i>Lease 15th floor of Portland Building to City</i>	(300,000) <i>Tentative estimate</i>
<i>Backfill Ford Building for programs moved</i>	(120,000) <i>Tentative estimate</i>
Budgeted space rentals for SO/DCJ/Courts	(1,000,000)
Budgeted interest payment for East County Facilities	(452,500)
Subtotal Offsets	(3,695,485)
Total Annual Net Cost	4,981,213

Uncertainties

- Revenue from parking spaces
- State revenue available to house programs in newly purchased or constructed County space
- Revenue to support the Adult Day Care space in East County
- Potential reimbursement for Sheriff shooting range space
- Operating cost for the East County facilities since it is dependent on the final size of the buildings

Financial Overview of Proposed Building Construction and Purchase

SUMMARY OF POTENTIAL UNBUDGETED COSTS THAT WILL BE AVOIDED

	Amount
Current Space Replaced	
<i>Lease GNC replacement</i>	702,000 39,000 sq ft @ \$18
<i>Lease Hansen replacement</i>	792,000 36,000 sq ft @ \$22
<i>Lease Gresham Court replacement</i>	150,000 6,000 sq ft @ \$25
Subtotal Current Space Replaced	1,644,000
Proposed Expanded Space	
<i>ADS and Health</i>	495,000 27,500 sq ft @ \$18
<i>Sheriff, DA, Community Justice</i>	1,518,000 69,000 sq ft @ \$22
<i>Gresham Court space</i>	825,000 33,000 sq ft @ \$25
<i>DSS expansion in Portland Building</i>	80,000 4,000 sq ft @ \$20
Subtotal Proposed Expansions	2,918,000
Total Estimated Annual Costs Avoided	4,562,000

Uncertainties

Cost of leasing appropriate rental space for expanded square footage of programs now in the Gresham Neighborhood Center, the Hansen Building, and the Gresham Chamber of Commerce Building – if we do not buy or build.

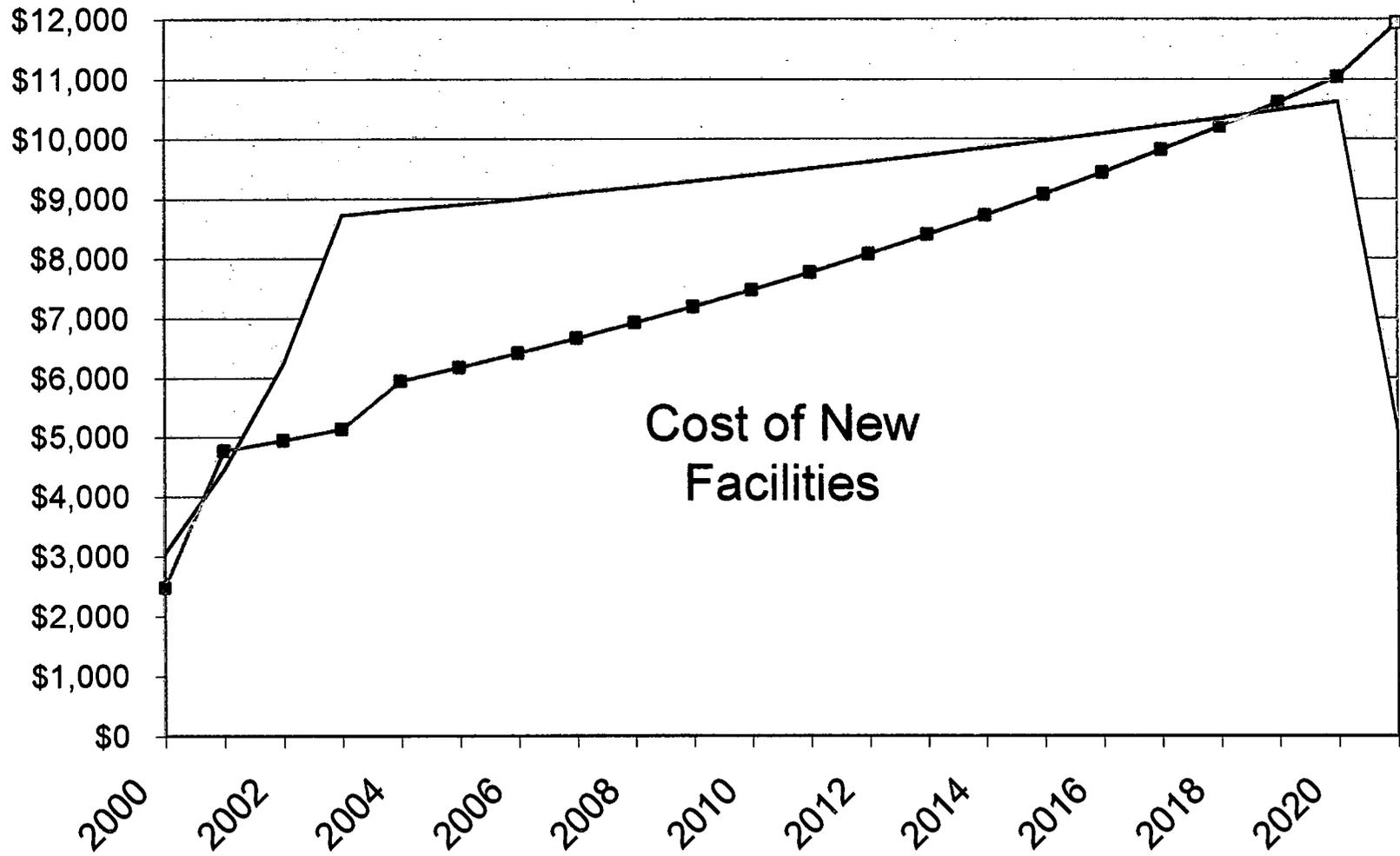
Whether there is any suitable space to replace the Hansen and GNC space.

**FACILITIES COST ANALYSIS
CHART NUMBERS
(\$000)**

<u>Year</u>	<u>Cost of Current Space</u>	<u>Cost To Do Nothing</u>	<u>New Facilities</u>
2000	\$ 2,486	\$ 2,486	\$ 3,055
2001	4,773	7,833	4,456
2002	4,951	8,164	6,238
2003	5,137	8,511	8,722
2004	5,939	9,481	8,809
2005	7,789	9,888	8,899
2010	7,472	12,219	9,389
2015	9,071	15,130	9,957
2021	11,483	19,602	4,937

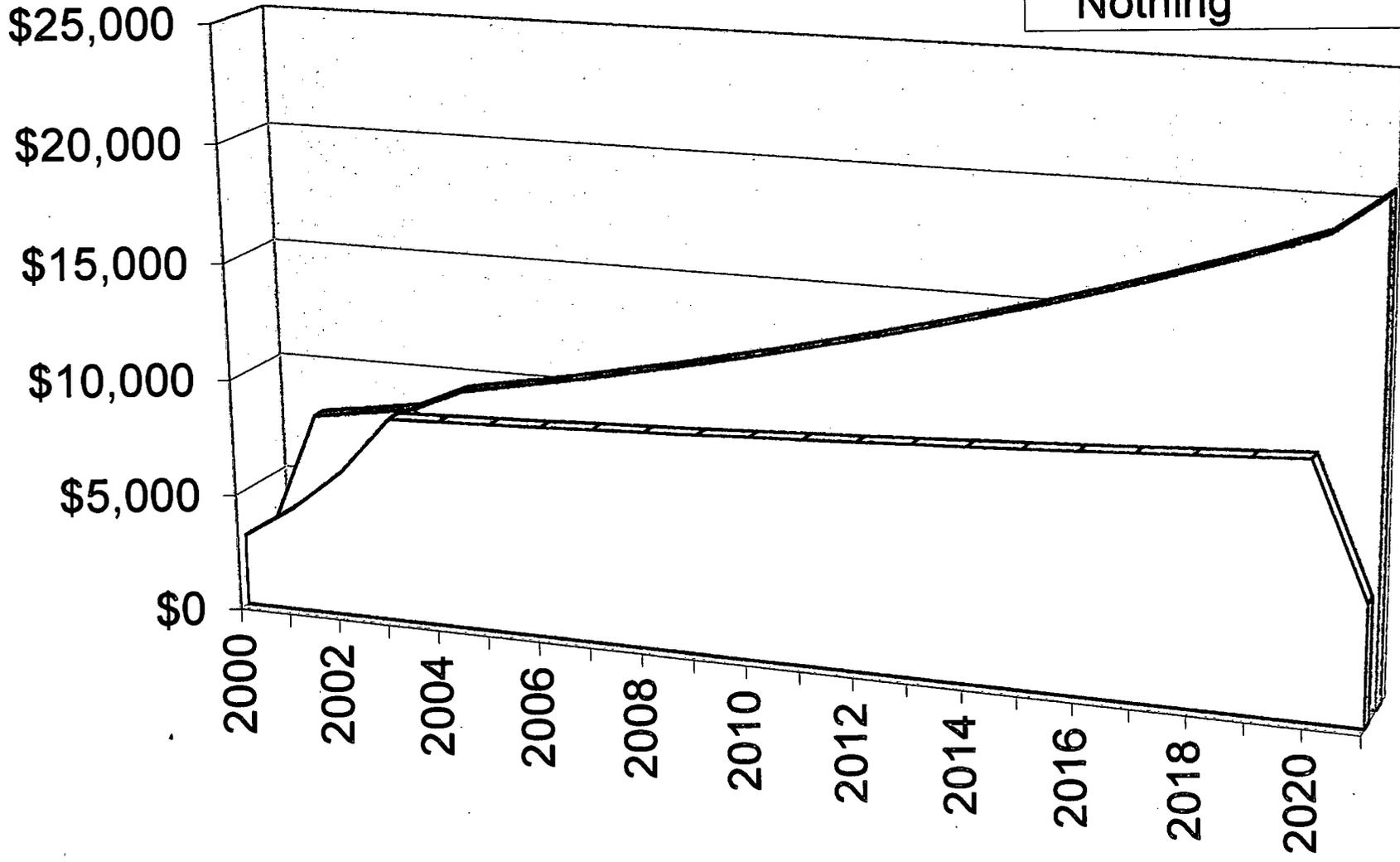
FACILITIES COST ANALYSIS (IN \$000)

□ Cost of New Facilities
—■— Cost of Current Space And Replacement Only



FACILITIES COST ANALYSIS (IN \$000)

- Cost of New Facilities
- Costs if We Do Nothing



**MULTNOMAH COUNTY, OREGON
FACILITIES COST ANALYSIS
LIFE OVER TERM OF FINANCING**

	2000	2001	2002	2003	2004	2005	2010	2015	2021
1 Revenue									
2 Property Sales	300	4,100	2,400	-	-	-	-	-	-
3 Parking Revenue	309	318	328	338	348	358	415	481	575
4 Subtotal Revenue	609	4,418	2,728	338	348	358	415	481	575
5 Expenses									
6 Operations US Bank	1,462	1,506	1,551	1,598	1,645	1,695	1,965	2,278	2,720
8 Operations East County	-	1,546	1,592	1,640	1,689	1,740	2,017	2,338	2,792
9 Debt	2,202	5,822	5,822	5,822	5,822	5,822	5,822	5,822	-
10 Subtotal Expenses	3,664	8,874	8,965	9,060	9,157	9,257	9,804	10,438	5,512
11 Net Income (loss)	(3,055)	(4,486)	(6,238)	(8,722)	(8,809)	(8,899)	(9,389)	(9,957)	(4,937)
12 Current Costs Avoided and/or Current Budget Amount									
13 Lease 15 th floor PDX	309	318	328	338	348	358	415	481	575
14 Marlene	54	57	60	63	64	66	77	89	106
15 Commonwealth A & T					532	559	713	910	1,219
16 Commonwealth Other					77	81	103	132	176
17 Community Justice		87	90	92	95	98	114	132	157
18 Gresham Center Operations		155	160	164	169	174	202	234	280
19 Hansen Bldg Operations		194	199	205	212	218	253	293	350
20 GDC Operations		6	6	6	7	7	8	9	11
21 Morrison Operations		42	43	45	46	48	55	64	76
22 Courts / MCSO / DCJ space	1,030	1,061	1,093	1,126	1,159	1,194	1,384	1,605	1,916
23 Budgeted Int for East County	466	480	494	509	524	540	626	726	867
24 ADS/DSO/DA to PDX	507	522	538	554	571	588	681	790	943
25 Backfill Ford	120	124	127	131	135	139	161	187	223
26 Subtotal Current Costs	2,486	3,046	3,138	3,233	3,939	4,070	4,793	5,652	6,900
27 Cumulative Cash in (out)	(589)	(1,410)	(3,100)	(5,489)	(4,870)	(4,829)	(4,596)	(4,305)	1,963
28 Avoided Costs to Replace Current Space									
29 Lease GNC Replacement	-	737	774	813	853	896	1,143	1,459	1,955
30 Lease Hansen Replacement	-	832	874	917	963	1,011	1,291	1,647	2,208
31 Lease Gresham Court	-	158	166	174	183	192	245	313	419
32 Subtotal Replacement	-	1,727	1,813	1,904	1,999	2,099	2,679	3,419	4,582
33 Cumulative Cash in (out)	(569)	317	(1,286)	(3,585)	(2,870)	(2,730)	(1,917)	(888)	6,545
34 Avoided Costs for Proposed Expanded Space									
35 ADS and Health	-	520	546	573	602	632	807	1,030	1,380
36 Sheriff	-	1,594	1,674	1,757	1,845	1,938	2,473	3,156	4,229
37 Gresham Court	-	866	909	955	1,003	1,053	1,343	1,715	2,298
38 DSS Portland Building	-	80	84	88	93	97	124	158	212
39 Subtotal Expansion	-	3,060	3,213	3,374	3,542	3,719	4,747	6,059	8,119
40 Total Net Cash In (out)	(569)	3,377	1,927	(211)	672	990	2,830	5,173	14,665