



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 09/23/13)

Board Clerk Use Only

Meeting Date: 7/31/14
Agenda Item #: R.3
Est. Start Time: 9:50 AM
Date Submitted: 7/16/14

Agenda Title: **RESOLUTION Accepting the Surplus Property Report and Disposition Recommendation for North Williams Center, 2124-2156 N. Williams Avenue, Portland, Oregon**

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: July 31, 2014 Time Needed: 15 minutes

Department: County Assets Division: Facilities & Property Management

Contact(s): Michael Bowers, FPM, X86294; Mike Sublett, FPM, X84149

Phone: 503.988.4149 Ext. X84149 I/O Address: 274

Presenter

Name(s) &

Title(s): Michael Bowers, Director, FPM; Mike Sublett, FPM

General Information

1. What action are you requesting from the Board?

Accept the Surplus Property Report and Disposition Recommendation for North Williams Center, 2124-2156 N. Williams Avenue, Portland, Oregon

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.

By Resolution 04-185, dated December 9, 2004, the Multnomah County Board of Commissioners adopted a policy for declaring real property owned by the County as surplus ("Surplus Property Process").

By Resolution 2013-029, dated March 21, 2013, the Board of County Commissioners approved the acquisition of North Williams Center, 2124-2156 N. Williams Avenue, Portland, Oregon ("Property"). The Property was fully conveyed on September 30, 2013. The Property was acquired from Port City Development Center ("Port City"), which operated a vocational training center for developmentally disabled clients at the Property. The County entered into a financial arrangement with Port City in 2000. This transaction ultimately resulted in Port City's conveyance of the Property to the County in satisfaction of Port City's leasehold financing obligations to the County and to protect the County's security interest in the Property. The principal amount Port City owed to the County under the leasehold financing was approximately \$1,500,000. The County has no practical,

efficient, or appropriate use for the Property, other than to sell it in an effort to recover the County's leasehold investment in the Property.

The Property was the site of a battery manufacturing and recycling operation historically associated with releases of hazardous materials. Port City invested in the Property purchase and environmental remediation with funds from the financial arrangement with the County. The Property is in compliance with environmental regulations for its use and operation and received a No Further Action letter from Oregon Department of Environmental Quality ("DEQ"). The site is subject to an environmental encumbrance, an *Easement and Equitable Servitude* ("EES") in favor of DEQ, which restricts disturbance of any subsurface in a delineated area. Because Port City conveyed the Property to the County in satisfaction of Port City's financial obligation to the County, the County has not "participate[d] in the management of a facility" as that phrase is used and defined in Oregon Revised Statutes (ORS) 465.200 et seq. and Oregon Administrative Rules (OAR) 340-122-120, and accepted title to the Property "primarily to protect a security interest" as that phrase is used and defined in ORS 465.200 et seq. and OAR 340-122-120. Under these provisions, as long as the County diligently pursues the disposition of the Property, the County does not become a potentially responsible party for any environmental clean-up obligations should conditions be discovered later.

By Resolution 2013-059, the Board of County Commissioners approved a lease of the Property to Albertina Kerr Centers, Inc. ("Kerr"). This lease fully supported continued operation of the important services provided to the clients served by Port City, and now Kerr. The leasehold produces income which continues to protect the County security interest in the Property. The lease, following Kerr's exercise of both 1-year extension options, is currently scheduled to terminate June 30, 2016.

By Resolution No. 2013-060, dated May 16, 2013, the Board declared the Property surplus and authorized the County's Facilities and Property Management Division ("FPM") to commence the Surplus Property Process.

As detailed in the attached Surplus Property Report ("Report"), public comment supported the continued operation of the program now operated by Kerr. However, Kerr is currently not interested in acquiring the Property or continuing to operate its program on the Property beyond its scheduled lease termination. There was also significant comment as to proposed zoning changes and comprehensive plan updates which might impact the Property.

Because of the unique environmental and asset characteristics of the Property, the public interest would be best served by FPM diligently preparing and issuing a Real Property Solicitation (RPS) for proposals for the purchase and sale of the Property.

Staff recommends the Board accept the attached Surplus Property Report and direct FPM to prepare a Real Property Solicitation consistent with the findings and criteria in the Report and to submit to the Board for consideration a report on the RPS and Property disposition at a future briefing or meeting of the Board of County Commissioners.

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

The principal amount Port City owed to the County under the leasehold financing was approximately \$1,500,000. The County is in the process of commissioning an independent appraisal on the Property. According to Multnomah County Assessor's Office, the real market value of the improvements for the current tax year is \$1,456,500. The current real market value for the land is \$613,500, for a total Property valuation of \$2,070,000.

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

Because of environmental conditions detailed in the Surplus Property Report, the disposition of the property must proceed diligently under the supervision of the County Attorney.

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

The Surplus Property Process included notice, signage, electronic notification, public access, and other channels for publicizing the surplus declaration and soliciting public comment, as documented in the Surplus Property Report attached to the Resolution.

Required Signature

**Elected
Official or
Department**

Director: Kim Peoples /s/ **Date:** 7/16/14

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