



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(revised 08/02/10)

Board Clerk Use Only

Meeting Date: 2/23/12
Agenda Item #: R.5
Est. Start Time: 10:45 am
Date Submitted: 2/7/12

Agenda Title: **Approving the Sale of the Penumbra Kelly Building, 4747 East Burnside Street, Portland, Oregon, to the City of Portland and Authorizing County Chair to Execute Appropriate Documents to Complete the Sale**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: February 23, 2012 **Amount of Time Needed:** 10 minutes
Department: County Assets **Division:** Facilities & Property Mgmt.
Contact(s): Colleen Bowles; Mike Sublett
Phone: 503-988-4149 **Ext.** 84149 **I/O Address:** MS 274
Presenter Name(s) & Title(s): Colleen Bowles, Interim Director, FPM; Mike Sublett, FPM

General Information

1. What action are you requesting from the Board?

Approve the Sale of the Penumbra Kelly Building, 4747 East Burnside Street, Portland, Oregon, to the City of Portland and Authorize County Chair to Execute Appropriate Documents to Complete the Sale, including the Second Amendment to lease, and designate net sales proceeds to the Capital Improvement Fund and the John B Yeon Roof Project

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 06-010, dated January 19, 2006, the Multnomah County Board of Commissioners declared the Penumbra Kelly Building ("Property") surplus under the Surplus Property Policy adopted by Resolution 04-185, dated December 9, 2004.

The Property is an approximately 38,000 square foot office and general use building on a 2.21 acre site. More than half (54.3%) of the Property is leased to the City of Portland ("City") for the Police Bureau's Traffic Division under a lease effective July 1, 1982, as amended ("Lease"). Absent a termination under the lease which is only available in limited situations, the City has the right to remain on site in perpetuity.

The Lease no longer requires the City to pay rent as that obligation ceased several years ago. In addition, the City has a right of first refusal under the Lease to purchase the Property should the County seek to sell it. Further, should the County sell the Property and the City not exercise the right of first refusal, under the Lease the City is to receive 54.5% of any proceeds of such sale by the

**Agenda Placement Request
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County.

Since the Property was declared Surplus, Facilities and Property Management Division ("Facilities") and Information Technology Division ("IT") developed relocation plans for the technical services and professional staff located in the County previously occupied portion (45.7%) of the Property. Through space optimization initiatives of Facilities and IT, the majority of services and staff have been relocated to other County sites. The remaining critical program is the Data Center, scheduled to move to the East County Courthouse in Gresham, Oregon, by the end of Fiscal Year 2012. That process is currently being scheduled and will be staged in the next four months.

The County and the City of Portland negotiated the attached Purchase and Sale Agreement ("Agreement") and Second Amendment to Lease ("Amendment") to complete a sale of the Property on or about June 29, 2012. Under the Amendment, City will occupy additional space at the Property while County maintains secure operation of the Data Center and expanded move-out parking until the relocation. This will facilitate an expansion of the Police Bureau, in addition to Office of Neighborhood Involvement Crime Prevention and Water Bureau Security Programs.

City and County negotiated a value for the Property of \$3,600,000.00, of which \$1,645,200.00 represents the purchase price for the County's 45.7% interest. The Portland City Council approved a purchase of the Property on these terms on November 16, 2011.

The Department of County Assets (DCA) recommends the sale of the Property to City for \$1,645,200.00. The DCA Director and the Interim Facilities Director further recommend that the net proceeds from the sale of the Property be deposited to the Capital Improvement Fund #2507 and of that sum, \$1,470,000 be directed to the John B Yeon Building Roof Project repair and restoration work, and that the remaining sale proceeds remain in the Capital Improvement Fund. Staff recommends it is in the best interests of the County to sell the Property on the terms and conditions set forth in the attached Purchase and Sale Agreement and Second Amendment to Lease.

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

Multnomah County commissioned an independent appraisal in June 2010 that valued the Property at \$4.4 million. The City commissioned an independent appraisal in March 2011 that valued the property at \$2.34 million. The purchase price of \$3.6 million is a negotiated value that considers: the City's right of first refusal; the continuous failsafe operation of the County's Data Center; and, the certainty that the negotiated transaction provides.

Net proceeds after sale expenses and closing costs of approximately \$15,000 will result in approximately \$1.63 million for the Capital Improvement Fund #2507, with \$1.47 designated for the John B Yeon Roof Project.

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


n/a.

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

The Surplus Property Process completed under Resolution 06-010 included broad notification and solicitation for public comment. There was a consensus of support expressed in that process for the Police Bureau and its operations.

Required Signature

**Elected Official or
Department/
Agency Director:**



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