

# Penumbra Kelly Building Disposition Recommendation

May 4, 2006



**MULTNOMAH COUNTY OREGON**

## Contact Information:

**Doug Butler, Director  
Facilities and Property Management Division  
503-988-6294**

## **Surplus Property Policy Overview and Status**

On December 12, 2004, the Multnomah County Board of Commissioners adopted Resolution Number 04-185, creating a Surplus Property Policy for declaring real property owned by Multnomah County as surplus. Per this resolution, if the Director of Facilities and Property Management determines that a property is no longer required for County use, the Director will submit a recommendation to the Board to declare the property surplus. If the Board approves the recommendation, the Director commences a public comment and notification process for a minimum of 45 days. The Surplus Property Policy requires posting of signage and publishing of newspaper advertisements for not less than 45 days declaring the property surplus and seeking public comment. Following this public comment period, the Director has 45 days to prepare a report to the Board detailing the Director's compliance with the Surplus Property Policy, describing public comment received and recommending a course of action. This report has been prepared for this purpose.

The Multnomah County Board of Commissioners, by Resolution Number 06-010, dated January 19, 2006, declared this property surplus. The surplus property declaration anticipated moving Information Technology (IT) functions and staff located at the Penumbra Kelly Building. In declaring this property surplus, the Board also directed Facilities, in conjunction with IT, to prepare and present to the Board, a combined Preliminary Planning Proposal, Project Proposal and Project Plan for relocation of IT from the Penumbra Kelly Building to other County facilities. As a result of the feasibility analysis and funding issues, no Board action is being recommended at this time. Therefore, a combined Preliminary Planning Proposal, Project Proposal and Project Plan are not presented at this time. A summary of the feasibility analysis is incorporated in this report.

Immediately following adoption of this Resolution, Multnomah County Facilities sought input as to the future of this property. Interested parties were invited to express interest in the property and any proposals for disposition. Public Comment was due by Monday, March 20, 2006, 4:00 p.m. A summary of comments and proposals is included in this document; the full text of public comment is contained in an Appendix. Per the Surplus Property Policy, Facilities and Property Management published a Notice in The Oregonian on April 20, April 27, and May 4, announcing the briefing on May 4, 2006.

## **Property Report**

### **History:**

The property at 4747 East Burnside was developed as a Safeway supermarket in 1955. As part of the development, Safeway leased for a fifty-year term a 9,500 square foot ground parcel upon which part of the parking deck was constructed. In June 1971, Multnomah County purchased the property from Safeway for \$350,000, including an assignment of the 50-year ground lease. In 1982, Multnomah County and the City of Portland entered into a perpetual lease at the property. Portland occupies 54.3% of the property for their Southeast Precinct and Multnomah County occupies 45.7% of the property for IT operations. The City has a right of first refusal

on any disposition of the building. In addition, in the event the building is sold, the City is entitled to 54.3% of the proceeds.

In April 2005, the ground lease expired. Under the terms of our lease, the City of Portland was responsible for securing the ground lease. Having failed to do so, Multnomah County made an offer of \$235,000 for the parcel. The offer was declined. In December 2005, the ground lease was sold for approximately \$265,000, and in January 2006, all City parking ceased on the parcel. Multnomah County has had discussions with the new owner on long-term plans and is in the process of scheduling a meeting among the City, County and new owner.

**Building:**

The building is a 1-story with basement, concrete masonry block building with approximately 36,000 square feet of useable area, including the basement. Gross square footage approximates 38,000 feet. The building was upgraded and seismically retrofitted in 1997. The physical condition of the building was observed to be in "good condition" by an appraiser. It was appraised at \$4,280,000 in October 2005. Under the County's classification system, the building is rated as, "Tier 3--Maintain Functionality", with a priority list of deferred maintenance projects.

**Property:**

The building sits on two tax lots of 2.2 acres, or 95,832 square feet. It is located at a signaled intersection on Burnside at SE 47<sup>th</sup>. The map below indicates the location of the property and the former ground lease.



**Ownership Status:**

Title for this surplus property is vested in Multnomah County, a political subdivision of the State of Oregon. The property description follows:

Address:	4747 E Burnside Street
Property ID#:	R319271; R319362
Legal:	Section 31 1 N 2 E, TL 9400 (R319271), TL9600 (R319362)

Planning Information

Zone:	Neighborhood Commercial 2 (CN2) Map 3035
Overlay:	n/a
Comprehensive Plan:	Neighborhood Commercial (NC)
Plan District:	n/a
Conservation District:	n/a

Property Information

Lot Area:	Acres = 2.2                      Sq. Ft. = 95,832
Improvements:	<ul style="list-style-type: none"><li>• Built in 1959; Acquired in 1971 for \$350,000</li><li>• 1 Story with basement</li><li>• approx. 220 Deck parking spaces</li><li>• 2005 Assessed Value: \$4,756,400</li></ul>
Services:	All urban services are available

Community Contacts

Neighborhood Association:	Center & Mt. Tabor Neighborhood Associations
Business Association:	East Burnside Business Association
Portland District Planner:	<a href="mailto:JSugnet@ci.portland.or.us">JSugnet@ci.portland.or.us</a> , Jay Sugnet 503-823-5869

**Public Comment:**

Formal public comment was limited to three comments (attached). A real estate broker indicated a possible buyer. A real estate developer indicated a possible interest should the building be offered on the market. A citizen activist indicated strong opposition to the precinct moving. In addition, the citizen expressed concern about public notice and access to public records. Staff has invested considerable time in working with this citizen in explaining the process and has offered access to the lease files at their convenience. Public outreach was longer and more involved than required by County policy. The effort was lead by District 3 Commissioner Lisa Naito's participation in neighborhood association meetings in December 2005 and the Southeast Precinct Public Safety Forum in January 2006. In all of these venues,

the overwhelming citizen comment was that the precinct should stay in its current location.

The staff outreach process was multi-channeled. It included posting of lawn signs on the property immediately after the surplus declaration. Newspaper display ads were run in The Oregonian Metro Section for three consecutive weeks. An e-mail distribution to over 500 members of the metropolitan real estate community was completed using the subscriber service, Vertical E-mail. The Multnomah County Surplus Property website, which has been featured in Disposition efforts over the last year, was continuously updated.

### **IT Operations Relocation:**

The Board established a policy for Major Facilities Capital Projects by adoption of Resolution No. 02-136 dated October 17, 2002. Administrative Procedure, FAC-1, establishing the comprehensive process for planning, authorization and construction of Major Facilities Capital Projects directed by Resolution No. 02-136. A Major Facilities Capital Project is a project with a total capital budget greater than \$1,000,000. IT and Facilities conducted a feasibility study from July 2005 to March 2006, investigating the opportunity to relocate all IT operations out of the Kelly Building during FY07. A preliminary study of the nine most likely County buildings resulted in a finding that only the Multnomah Building could accommodate IT. The study then focused in detail on requirements for IT staff and the County Data Center to occupy the Multnomah Building.

Due to the Data Center operation, there were many technical challenges to address. In addition, space utilization solutions included use of all vacant space at Multnomah, plus substantial rearrangement and reconstruction of existing spaces, especially on the 4<sup>th</sup> floor. Staff teams for the study were augmented by a contract team of architects, engineers, and estimators. The study detailed various engineering systems requirements, as well as schematic layout plans, cost estimates, and a project schedule.

#### Key findings:

1. It is possible to accommodate all of IT's Kelly operations at Multnomah Building.
2. Implementation would take about 14 months, including 10 months of construction.
3. Capital funds required (FY06 and FY07) were estimated at \$5.1 million.
4. Immediate benefits include:
  - staff operational efficiencies
  - about \$150,000 per year savings in building operating costs
  - about \$500,000 in avoided costs FY07 and FY08 at Kelly
5. Longer-term benefits include up to \$3 million in avoided capital costs at Kelly.
6. Risks include potential disruptions to IT computer services, and lack of future flexibility in space uses at Multnomah Building.

Due to the lack of identified funding sources to accomplish the relocations, this

potential project has been tabled. However, Facilities and IT will continue to value engineer the project and will work cooperatively to identify possible funding sources for a move.

Plans are being made by Facilities and IT to accomplish the most urgent upgrades at Kelly Building in FY07, which include a fire suppression system required by Fire Marshall order and already delayed during the feasibility study.

## **Recommendation**

There is no Board action requested at this time. Facilities and IT will continue work to value engineer a possible relocation of the functions at the Penumbra Kelly Building and will attempt to identify funding sources. Staff will continue to work with the City of Portland and the new owner of the former ground lease to benefit the Penumbra Kelly Building.

## **Attachments**

- A. Surplus Property Notice
- B. Newspaper Notice Ads
- C. Public Comment

# SURPLUS PROPERTY



**The Penumbra Kelly Building  
4747 East Burnside Street  
Portland, OR 97215**

Multnomah County is seeking input as to the future of this property. Interested parties are invited to express an interest in the property and any proposals for disposition. The Board will hold a public hearing to

consider disposition of the property after receiving public input. All those who submit statements of interest will be notified by mail of the date and time of the hearing. In declaring this property surplus, the Board found that the City of Portland, which leases 54.3% of the property for a police precinct, has a right of first refusal should it eventually be offered for sale.

**Public Comment is due Monday, March 20, 2006, 4:00 p.m.**

Submit your comments and/or questions to:

Multnomah County Public Affairs Office, 501 SE Hawthorne, Suite 600  
Portland, Oregon 97214 (503) 988-6800 | [pao.org@co.multnomah.or.us](mailto:pao.org@co.multnomah.or.us)

*For more information on available properties, visit the County's Surplus Property website at: <http://www.co.multnomah.or.us> click on Surplus Property*

# Notice of Surplus Property

## Penumbra Kelly Building

The Multnomah County Board of Commissioners, by Resolution Number 06-010, dated January 19, 2006, have declared this property surplus. The disposition of this property is open for Public Comment until 4:00 pm, March 20, 2006.

Address:	4747 E Burnside Street
Property ID#:	R319271; R319362
Legal:	Section 31 1 N 2 E, TL 9400 (R319271), TL9600 (R319362)

### Planning Information

Zone:	Neighborhood Commercial 2 (CN2) Map 3035
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### Community Contacts

Neighborhood Association:	Center & Mt. Tabor Neighborhood Associations
Business Association:	East Burnside Business Association
Portland District Planner:	<a href="mailto:JSugnet@ci.portland.or.us">JSugnet@ci.portland.or.us</a> , Jay Sugnet 503-823-5869

### Public Comment

Individuals and groups may provide statements of their interest in this property and any actions that are desired as to its future use. In declaring this property surplus, the Board found that the City of Portland has a right of first refusal should the property be offered for sale. Written comments are welcome and may be submitted by contacting the Multnomah County Public Affairs Office, 501 SE Hawthorne Blvd., Suite 600, Portland, Oregon 97214. Telephone: 503-988-6800, Fax: 503-988-6801, TDD: 503-823-6868 or email comments to [pao.org@co.multnomah.or.us](mailto:pao.org@co.multnomah.or.us). For property information, please contact Michael Sublett, Multnomah County Facilities and Property Management, 401 N Dixon St., Portland, Oregon, 97227, or e-mail questions to [michael.a.sublett@co.multnomah.or.us](mailto:michael.a.sublett@co.multnomah.or.us).

# Surplus Property Notice

## **Penumbra Kelly Building**

The “Penumbra Kelly Building,” located at 4747 East Burnside Street in Portland, was declared surplus property by the Board of County Commissioners on January 19, 2006. A public comment period closed March 20, 2006. Pursuant to the Multnomah County Surplus Property Policy, the Board is scheduled to receive a report on this property on May 4, 2006.

Updated agendas for this and other Board of County Commissioners meetings may be viewed online at:

<http://www.co.multnomah.or.us/cc/agenda.shtml>.

For more information, visit the county’s surplus property website at: <http://www.co.multnomah.or.us> and click on “Surplus Property”.

For more information, please contact:

Multnomah County Public Affairs Office

501 S. E. Hawthorne, #600

Portland, Oregon 97214 (503) 988-6800

[pao.org@co.multnomah.or.us](mailto:pao.org@co.multnomah.or.us)



# Surplus Property Notices

## **Penumbra Kelly Building**

Multnomah County is seeking input as to the future of the “Penumbra Kelly Building,” located at 4747 East Burnside Street in Portland. Interested parties are invited to express an interest in the property and any proposals for disposition.

The Board of County Commissioners will hold a public hearing to consider disposition of the property after receiving public input. All those who submit statements of interest will be notified by mail of the date and time of the hearing. In declaring this property surplus, the Board found that the City of Portland, which leases 54.3% of the property for a police precinct, has a right of first refusal should it eventually be offered for sale.

The public comment deadline is Monday, March 20, 2006, 4:00 p.m. For more information, visit the County’s Surplus Property website at: <http://www.co.multnomah.or.us> and click on “Surplus Property”.

Submit comments and/or questions to:  
Multnomah County Public Affairs Office  
501 S. E. Hawthorne, #600  
Portland, Oregon 97214 (503) 988-6800  
[pao.org@co.multnomah.or.us](mailto:pao.org@co.multnomah.or.us)

## **Martha Washington Building**

The “Martha Washington Building” property, located at 1115 SW 11th Ave. in Portland, was declared surplus property by the Board of County Commissioners on December 8, 2005.

After a public comment period with specific emphasis on the potential redevelopment or reuse of this property with an affordable housing component, the Board is scheduled to take further action on this property at 9:45 a.m. on March 16, 2006. Updated agendas for this and other meetings may be viewed online at <http://www.co.multnomah.or.us/cc/agenda.shtml>.



**SUBLETT Michael A**

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**From:** Doug Deurwaarder [Doug.Deurwaarder@cushwake.com]  
**Sent:** Monday, February 06, 2006 2:44 PM  
**To:** SUBLETT Michael A  
**Subject:** RE:

Thank for the info.

Our client is Imago Dei church the fastest growing church on the eastside. Last year they had 700 participants at their Sunday sessions and last week they hit 1500 participants.

Please see their website for additional information.

<http://www.imagodeicommunity.com/>

Any other thoughts about potential land/structures that might work for them?

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**From:** SUBLETT Michael A [mailto:michael.a.sublett@co.multnomah.or.us]  
**Sent:** Monday, February 06, 2006 2:14 PM  
**To:** Doug Deurwaarder  
**Subject:**

<<Penumbra Kelly SurplusFINAL.pdf>>

*Michael Sublett  
Senior Property Management Specialist  
Multnomah County  
Facilities & Property Management  
503.988.4149*

|||||

**SUBLETT Michael A**

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**From:** Public Affairs Office  
**Sent:** Wednesday, March 08, 2006 8:40 AM  
**To:** SUBLETT Michael A  
**Cc:** CUNNINGHAM Shawn D  
**Subject:** FW: Penumbra Building

Barb Disciascio  
Multnomah County Public Affairs Office  
503-988-6800  
503-780-5916 (cell)  
[barbara.disciascio@co.multnomah.or.us](mailto:barbara.disciascio@co.multnomah.or.us)  
newsroom: <http://www.co.multnomah.or.us/news>

-----Original Message-----

**From:** James Winkler [mailto:[jhw@winklercompanies.com](mailto:jhw@winklercompanies.com)]  
**Sent:** Tuesday, March 07, 2006 9:05 AM  
**To:** Public Affairs Office  
**Subject:** Penumbra Building

Our company is interested in exploring the potential of acquiring the Penumbra Building. Please advise as to availability, desired use, and when we can tour the property.

Jim Winkler

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James H Winkler  
210 SW Morrison, Suite 600  
Portland, OR 97204  
[jhw@winklercompanies.com](mailto:jhw@winklercompanies.com)  
tel: 503.225.0701  
fax: 503.273.8591

RECEIVED  
MAR 20 2005

2419 S.E. 78th Ave.  
Portland, OR 97206-1017  
March 20, 2006

Multnomah County  
Public Affairs Office  
501 S.E. Hawthorne Blvd., Ste. 600  
Portland, OR 97214

RE: Penumbra Kelly building, 4747 E. Burnside St.

Dear Sir or Madam:

I think the Penumbra Kelly building located at 4747 E. Burnside St. should be sold to the City of Portland in order that the Portland Police Bureau S.E. Precinct remain there. It's unfortunate the City offered a private landowner \$1,000.00 for the property on which the parking garage sits and the property owner sold it for \$262,000.00 to a developer for housing. That was unconscionable.

I do not think there was enough public notice or input about the building. Multnomah County Commissioner Lisa Naito told only the four neighborhoods surrounding S.E. Precinct about declaring the building a surplus property during November and December 2005. My neighborhood was not one of those four neighborhoods. It was not notified at all. I learned of this matter January 30, 2006 at S.E. Precinct's Public Safety Committee Forum at Buckman Elementary School cafetorium or shortly before that meeting. I was shocked, appalled, and outraged.

The P.P.B. S.E. Precinct provides services from the Willamette River, 82nd Ave., and to Clackamas County. The area encompasses 20 neighborhoods which is a large portion of Portland's population. These neighborhoods would be without any police services if this precinct was relocated. I don't think there is enough space in the other precinct buildings to disburse this precinct and thereby dissolve it. I am not aware of any city plans to relocate the precinct. The police contact offices in neighborhoods (e.g. Eastport Plaza) are too small to house them. Multnomah County Chair Diane Linn and Portland Mayor Tom Potter live in the Woodstock Neighborhood and Multnomah County Commissioner Lisa Naito also lives in S.E. Portland. They didn't notify the neighborhoods they live in! Don't they realize their decision affects them personally? S.E. Precinct is their precinct, too!

Michael Sublett informed me discussions between facility managers of Multnomah County and the City of Portland have transpired over 20 years and it is a public record. Please tell me where this public record is stored so I may look at it myself. I have lived at this address since June 1987 and never saw or heard publicity of any kind from Multnomah County on this property. I think the Multnomah County Chair and Commissioners broke the public trust by not notifying the public much earlier. I feel shortchanged and cheated by these 11th hour proceedings. This is a shameful and callous way to treat public servants (police officers) we desperately need in S.E. Portland. I was told Multnomah County's IT department was likely staying in the building as opposed to relocating to 501 S.E. Hawthorne Blvd. I hope the same courtesy is given to the Portland police officers.

Sincerely,

*Kathryn M. Notson*

Kathryn M. Notson  
South Tabor  
(503) 777-6422