

**TRANSCRIPT OF THE MEETING OF THE
BOARD OF COMMISSIONERS
MULTNOMAH BUILDING, BOARD ROOM 100
501 SE HAWTHORNE BLVD., PORTLAND, OREGON
TUESDAY, MARCH 3, 2015**

BOARD BRIEFINGS

CHAIR DEBORAH KAFOURY CALLED THE MEETING TO ORDER AT 10:09 A.M. WITH VICE-CHAIR JULES BAILEY AND COMMISSIONERS LORETTA SMITH, JUDY SHIPRACK AND DIANE MCKEEL.

ALSO ATTENDING WERE JENNY MADKOUR, COUNTY ATTORNEY, AND LYNDA GROW, BOARD CLERK.

[ALL CAPS TEXT IS THE BYPRODUCT OF CAPTIONING THIS PROGRAM.]

B.1 BOARD BRIEFING ON TIMBER ISSUES FROM A COUNTY PERSPECTIVE ACROSS THE STATE OF OREGON. SPONSOR: COMMISSIONER JUDY SHIPRACK, DISTRICT THREE. PRESENTERS: COMMISSIONER SIMON HARE – JOSEPHINE COUNTY AND COMMISSIONER TONY HYDE – COLUMBIA COUNTY

CHAIR KAFOURY: GOOD MORNING. WELCOME TO THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS. WE HAVE SOME ESTEEMED GUESTS VISITING WITH US THIS MORNING, THANK YOU, WE APPRECIATE IT. I WILL LET COMMISSIONER SHIPRACK KICK THIS OFF. OUR BOARD BRIEFING ON TIMBER ISSUES.

COMMISSIONER SHIPRACK: THANK YOU, MADAME CHAIR. I AM SO DELIGHT. I KIND OF REMEMBER WHEN THE WHOLE CONCEPT OF HAVING AN ECUMENICAL CONVERSATION ABOUT TIMBER GOT STARTED. AND I THINK THAT IT WAS AN AOC MEETING, AND I HAD THE FEELING THAT -- THAT MULTNOMAH COUNTY, WHEN THE TIMBER CONVERSATION CAME UP, THAT MULTNOMAH COUNTY WAS BEING VIEWED BY COLLEAGUES AROUND THE STATE WITH A CERTAIN HOSTILITY. I REALIZED IT MIGHT BE DESERVED AND I VOLUNTEERED TO BE PRESENT TO LEARN ABOUT AND ASK MY COLLEAGUES BE PRESENT, AS WELL, TO LEARN ABOUT OREGON AS A TIMBER STATE. I KNOW SOME OF MY COLLEAGUES SERVED IN THE LEGISLATURE, AND I SERVED IN THE LEGISLATURE. SOME OF US, WELL, SOME OF THEM, ARE NATIVE OREGONIANS. WE ALL LOVE OREGON, THE STATE AS A WHOLE. AND WE UNDERSTAND THAT OUR ECONOMIES ARE TIED TOGETHER, MULTNOMAH COUNTY'S ECONOMY IS TIED TO THE HEALTH OF THE WHOLE STATE. I THINK THAT, YOU KNOW, I WOULD LIKE FOR US AS A COUNTY NOT TO BE VIEWED AS HOSTILE, TO BE VIEWED IN A COLLEGIAL ASPECT BY THE OTHER COUNTIES OF OUR STATE. I'M CURIOUS, FRANKLY, ARE WE STILL A TIMBER STATE? WHAT DOES THE STATE

OF THE TIMBER INDUSTRY LOOK LIKE, AND HOW ARE OUR FORESTS? SO I THINK TO HELP US ANSWER SOME OF THESE QUESTIONS IT'S JUST REALLY A DELIGHT TO HAVE COMMISSIONER SIMON HARE FROM JOSEPHINE COUNTY, AND TONY HYDE, COMMISSIONER AND ALSO THE PRESIDENT OF THE ONC COUNTIES, FROM COLUMBIA COUNTY HERE TO PRESENT TO US. TAKE IT AWAY.

GOOD MORNING.

CHAIR KAFOURY: GOOD MORNING, THANKS FOR COMING.

COMMISSIONER HARE: THANK YOU VERY MUCH, COMMISSIONER SHIPRACK, FOR INVITING US HERE TODAY. IT'S SOMETHING THAT WE SHOULD PROBABLY BE DOING FROM TIME TO TIME TO BRIDGE THAT URBAN/RURAL SOMEWHAT PERCEIVED GAP BETWEEN THE RURAL PARTS OF THE STATE AND THE METROLITAN AREAS, SPECIFICALLY MULTNOMAH COUNTY. THIS COULD BE ONE OF A NUMBER OF ISSUES THAT COULD BE DISCUSSED, THAT THERE COULD BE A GREATER UNDERSTANDING I THINK BETWEEN US. I WAS A MEMBER OF THE AMERICAN LEADERSHIP FORUM CLASS IN PAST. TO HEAR SOME OF THE CHALLENGES, GENTRIFICATION COMES TO MIND. SOMETIMES IN RURAL AREAS I DON'T KNOW THAT WE NECESSARILY UNDERSTAND THE SAME CHALLENGES THAT YOU GUYS HAVE. BUT I THINK WE DO HAVE COMMON THEMES THAT WE CAN STRUGGLE WITH TOGETHER. OUR ECONOMIES, AND HOUSING AND SOME OTHER THINGS I THINK WE COULD FIND COMMON GROUND AND LEARN FROM EACH OTHER ON HOW WE'RE BOTH ADDRESSING THOSE DIFFERENT ISSUES. TODAY I THINK WE'RE HERE TO TALK ABOUT FORESTRY. THERE'S TWO MEMBERS OF THE BOARD I HAVEN'T HAD AN OPPORTUNITY TO REALLY GET TO KNOW. JUST FOR A LITTLE BIT OF BACKGROUND FOR ME, FOR JOSEPHINE COUNTY, I'M SERVING MY SECOND TERM. I WAS BORN AND RAISED THERE. I GREW UP IN A TIMBER COMMUNITY. AND THEN WENT TO OREGON STATE AND AFTER THAT WENT BACK TO WASHINGTON, D.C. AS AN INTERN FOR SENATOR GORDON SMITH, WAS EMPLOYED BY THE NATIONAL RURAL ELECTRICAL COOPERATIVE ASSOCIATION TO DO ADVOCACY ON CAPITOL HILL, AND AROUND THE NATION ADVOCATING FOR A SMALL SECTION OF THE UTILITY INDUSTRY, RURAL ELECTRIC COOPERATIVES. CAME HOME AND DIDN'T LIKE THE STATE OF THINGS, THE LOCAL ECONOMY HAD DEGRADED SIGNIFICANTLY SINCE I HAD GROWN UP AND GRADUATED FROM HIGH SCHOOL. I THINK I NEEDED TO BRING A MORE YOUTHFUL PERSPECTIVE TO THE CONVERSATION THAT I DON'T OFTEN SEE. AT THAT TIME, I WAS 32, ELECTED AS THE YOUNGEST IN JOSEPHINE COUNTY'S HISTORY AND ONE OF THE YOUNGEST COMMISSIONERS IN THE STATE, GOOD TO SEE YOU, SIR (NODDING AT COMMISSIONER BAILEY.) IT'S SOMETIMES A RARITY TO HAVE THIS PERSPECTIVE PRESENTED IN A WAY THAT WE NEED TO GET IT RIGHT FOR FUTURE GENERATIONS. THE BEST TIME TO DO THAT WOULD HAVE BEEN 10, 20 YEARS AGO. BUT THE SECOND BEST DAY IS TODAY. THAT'S MY

BACKGROUND. I SERVE WITH TONY ON THE ONC BOARD, I WAS CHAIR OF AOC'S ENERGY, ENVIRONMENT AND LAND USE COMMITTEE LAST YEAR, AND THIS YEAR I COCHAIR THE PUBLIC LANDS COMMITTEE. JUST REALLY HAPPY TO BE HERE AND HOPEFULLY THIS BEGINS A LONG DIALOGUE ABOUT THIS AND OTHER ISSUES.

COMMISSIONER HYDE: WELL, GOOD MORNING, COMMISSIONERS, AND THANK YOU FOR HAVING US. I THINK THIS IS A VERY IMPORTANT TOPIC. FOR THE RECORD, I'M TONY HYDE, COMMISSIONER OF COLUMBIA COUNTY, I'M SERVING MY 19TH YEAR AS COLUMBIA COUNTY COMMISSIONER.

COMMISSIONER HYDE: JUST TO CLARIFY, I'M FROM COLUMBIA COUNTY, BEEN THERE ABOUT 44 YEARS. I WAS NOT ONE OF THOSE RAISED -- BORN AND RAISED IN OREGON. I'M ACTUALLY HAILING FROM IOWA. I CAME HERE ON PURPOSE. FRANKLY, I HAD, AFTER I GOT OUT OF SCHOOL AS A HAWKEYE, MY INTENTION WAS TO START WHITTLING ON A BUCKET LIST BEFORE I WAS OLD AND HAD A BUCKET LIST THAT WAS ONLY ASPIRATIONAL. THE VERY FIRST THING ON THERE WAS TO GET INTO THE FOREST INDUSTRY. I WANTED TO TRY THAT OUT. NEXT THING I KNEW IT WAS 25 YEARS LATER AND I WAS STILL IN THE INDUSTRY. HAVING SPENT 25 YEARS IN THE FOREST INDUSTRY BEFORE I BECAME A COUNTY COMMISSIONER REALLY GAVE ME A DIFFERENT PERSPECTIVE WITH THE REGARDS TO OUR INDUSTRY AND THE STATE OF OREGON. AT THE TIME IT WAS VERY ROBUST. I THINK IT STILL IS ON THE PRIVATE SIDE. ON THE FEDERAL SIDE WE HAVE ISSUES IN THIS STATE. JUST TO PUT IN THAT CONTEXT, OF THE FORESTED LANDS IN THIS STATE, MORE THAN 60% OF THAT IS IN FEDERAL OWNERSHIP RIGHT NOW. I HONESTLY THINK THAT -- AND I WAS PART OF THAT GROUP THAT CAME TOGETHER WHEN THE ENDANGERED SPECIES ACT WAS PENDING. IF YOU REMEMBER PRESIDENT CLINTON CAME TO TOWN AND WE DEVELOPED WHAT WAS KNOWN THEN AS THE CLINTON PLAN, THE FOREST HARVEST MANAGEMENT PLAN. TO DATE WE HAVE NOT FULLY IMPLEMENTED THAT PLAN, WHICH I THINK WAS A VERY GOOD ONE FRANKLY. THAT'S PART OF THE PROBLEM. THE HARVEST THAT WE WERE EXPERIENCING IN 1980-89 IS NOW DOWN BY 90% ON THE FEDERAL FOREST SIDE. IF YOU REMEMBER THE -- WHAT I CALL GRAY DAYS OF THIS LAST SUMMER WHEN WE HAD THE FIRES AND PEOPLE WERE SUFFERING THE SERIOUS AIR ISSUES AS A RESULT OF THAT, I WOULD ONLY MAKE THE OBVIOUS SUPPOSITION THAT TIED DIRECTLY TO THE MISMANAGEMENT OF OUR FEDERAL FORESTS IN THIS STATE, WHICH ARE IN SERIOUS TROUBLE WITH DISEASE AND THE DEAD AND DYING HAS NOT BEEN DEALT WITH. WE'RE GOING DEAL WITH IT ONE WAY OR THE OTHER. IT'S EITHER GOING TO BE OUR PLAN OR IT'S GOING TO BE GOD'S PLAN. ONE WAY OR THE OTHER THOSE TREES WILL BE HARVESTED. FRANKLY, I'M A BIG PROPONENT OF CARBON SEQUESTRATION, AND I ALWAYS HAVE BEEN. THIS TABLE WE HAPPEN TO BE SITTING AT IS SEQUESTERED CARBON IN ITS FINEST FORM. THE ONLY WAY IT'S GOING TO BE RELEASED IS IF IT BURNS OR ROTS. A LOT LIKE OUR FEDERAL FORESTS ARE DOING RIGHT NOW. WE ARE GROWING IN THE

NORTHWEST THE FINEST CARBON EATING MACHINES ON EARTH. AND I THINK WE NEED TO BE AWARE OF THAT. OUR ECONOMY IN THIS STATE AS A RESULT OF THE TIMBER INDUSTRY IS \$12.7 BILLION ANNUALLY INTO THE STATE ECONOMY. 58,000 LIVING WAGE JOBS. I MEAN \$43,500 ON AVERAGE, AS COMPARED TO TOURISM JOBS, ABOUT \$16,000 ON AVERAGE. TO ME IT'S A VERY ROBUST PART OF OUR ECONOMY, IT REPRESENTS ALMOT 7% OF THE JOBS IN THIS STATE AND 20% OF THE TRADE SECTOR JOBS IN THE RURUL AREA OF THE STATE. IN SOME PARTS IT'S MORE THAN 50%. IN THE RURAL SIDE, JUST TO SAY, IT'S HARD TO UNDERSTAND IT UNLESS YOU'RE THERE. I'M NOT TALKING ABOUT MY COUNTY AS MUCHS I AM FOR JOSEPHINE COUNTY THAT COMMISSIONER HARE HAILS FROM. I'M NOT SURE, WE HAVEN'T TALKED ABOUT THIS, THERE ARE RURAL COUNTIES THAT ARE TIMBER DEPENDENT THAT HAVE NEVER COME OUT OF THE DOUBLE-DIGIT IN TERMS OF UNEMPLOYMENT THEY ARE REALLY ON A LONG SLOG TO TRY AND GET OUT OF THAT. IT AFFECTS THE ENTIRE STATE ECONOMICALLY. SO I WANTED TO SAY THAT RIGHT NOW FOR EVERY 300 TREES THAT WE HAVE GROWING IN THIS STATE, WE'RE HARVESTING ONE. AND WE'RE REPLANTING FOUR, WHICH IS A PRETTY GOOD RECORD FOR US. HOWEVER, AGAIN, I WANT TO SAY FOR EVERY 300 TREES THAT GROW ON AN ANNUAL BASIS WE HARVEST ONE. AND A GOOD REASON FOR THAT NUMBER BEING AS SKEWED AS IT IS, IS BECAUSE OF THE 60% OWNERSHIP IN FEDERAL FORESTS AND THE FACT THAT IT'S DOWN BY 90% IN THE HARVEST LEVELS. I THINK THAT COMMISSIONER HARE AND I WOULD BOTH SAY WE NEVER EXPECT THE TIMBER INDUSTRY TO COME BACK TO WHAT'S CALLED THE HEYDAY OF THE 1980S. WE'VE BECOME SO MECHANIZED THAT JOBS ARE FAR MORE SOPHISTICATED AND FAR FEWER AS A RESULT OF THAT.

COMMISSIONER HARE: BUT THAT DOESN'T MEAN IT'S NOT A VITAL PORTION OF OUR ECONOMY. WE'RE NOT LOOKING TO IT TO SOLVE THE ENTIRE CHALLENGE. IT'S JUST A COMPONENT.

COMMISSIONER HYDE: WE TALKED AND THOUGHT ABOUT DOING A BIG POWERPOINT PRESENTATION AND WE HAVE ALL KINDS OF THEM. BUT AS A COMMISSIONER, I KNOW WHAT THAT'S LIKE TO TRY AND STAY AWAKE THROUGH THOSE THINGS. QUITE FRANKLY, NOT A WHOLE LOT IS RETAINED AS A RESULT OF IT. WE DECIDED TO SPARE YOU THAT. IF YOU WOULD LIKE WE HAVE SOME WONDERFUL PRESENTATIONS. BUT I WOULD INVITE YOU TO VISIT -- I REALLY THINK THIS IS IMPORTANT -- TO VISIT OFRI'S WEBSITE, OREGON FOREST RESOURCE INSTITUTE. IT TALKS ABOUT DEMOGRAPHICS, IT'S VERY ENLIGHTENING, SHORT AND SWEET BUT GIVES YOU NUMBERS THAT YOU CAN RETAIN AS TO THE VALUE OF THE TIMBER INDUSTRY IN THAT STATE AND THE STATE OF THE TIMBER INDUSTRY. I THINK JUST INVITING YOU TO PERUSE THE SITE WOULD BE BETTER.

COMMISSIONER SHIPRACK: I REALIZE THIS ISN'T THE MOST CONDUCTIVE ENVIRONMENT TO JUST HAVING A CHAT WITH US UP HERE AND YOU DOWN

THERE, AND MICROPHONED UP AND EVERYTHING. BUT THANK YOU FOR SPARING US THE TYRANNY OF A POWERPOINT PRESENTATION. AND I DO -- YOU KNOW, SOME OF YOUR COMMENTS, TONY, REALLY SUGGEST THAT THE CONVERSATION ITSELF, AND SIMON, THE SORT OF IMAGE OF A MILL THAT HAS -- I THINK SOMEONE DESCRIBED IT THIS WAY AT AN OREGON BUSINESS ASSOCIATION MEETING BUT MAYBE IT WAS -- ANYWAY, AT SOME MEETING I HEARD THE MILL DESCRIBED AS A PLACE THAT EMPLOYS ONE DOG AND ONE MAN. AND THE MAN'S JOB IS TO FLIP THE SWITCH AND THE DOG'S JOB IS TO MAKE SURE THE MAN DOESN'T TOUCH ANYTHING. SO I KNOW THAT WE HAVE MECHANIZED MILL OPERATIONS. AND SO I'M WONDERING IF YOU CAN KIND OF TALK ABOUT THE COINCIDENCE OF TWO THINGS. ONE IS -- SO WHAT THE HECK IS GOING ON THAT HARVEST IS DOWN BY 90%, AND WHAT'S GOING ON WITH FEDERAL POLICY OR, YOU KNOW, WHAT'S THE DYNAMIC THERE. AND SECONDLY, SO IF THE HARVEST WERE ONLY DOWN BY 50% FROM 1989, HOW MANY JOBS, WHAT DIFFERENCE WOULD THAT MAKE? AND WHY SHOULD MULTNOMAH COUNTY CARE.

COMMISSIONER HARE: YEAH, I THINK TO ADDRESS YOUR POINTS, THE -- IT WOULD BE A SIGNIFICANT CHANGE. AND I THINK THE REASON WHY THE HARVEST ON FEDERAL LANDS IS DOWN SO SIGNIFICANTLY, I WAS WATCHING A CONGRESSIONAL HEARING ABOUT A MONTH AGO. AND IT TALKED ABOUT WHAT THE LITIGATION DOES TO DRIVING THE AGENCIES TO DO PROGRAMS AND PROJECTS THAT ARE GOING GET THROUGH THE GAUNTLET OF POTENTIAL LITIGATION. IT'S NOT THAT THEY ARE LITIGATING EVERYTHING. IF THEY SAID 23% OF PROJECTS PROPOSED ARE LITIGATED, BUT THAT 23% DEFINES EVERYTHING ELSE THAT'S GOING HAPPEN AFTER THAT. IT'S JUST KIND OF WHITTLED DOWN THROUGH A VERY SMALL WINDOW OF OPPORTUNITY. AND THE AGENCIES, YOU KNOW, THEY TRY REALLY HARD. BUT IT SEEMS TO BE HAVING A PRETTY DETRIMENTAL IMPACT. I DON'T KNOW THAT IT'S NECESSARILY BEEN POSITIVE TO THE OUTCOMES I THINK WERE DRIVING IT INITIALLY. I WENT TO THE 20-YEAR FOREST REVIEW SERVICE IN VANCOUVER ABOUT FOUR MONTHS AGO. EVEN WITH THE 90% PLUS REDUCTION IN TIMBER HARVEST WE'VE SEEN NO INCREASE IN THE SPOTTED OWL POPULATION IN THE NORTHWEST. WE'RE STILL SEEING A DECLINE OF ABOUT 3.5% AS A RESULT OF ONE FIRE -- IT WAS IN MY COUNTY -- THE BISCUIT FIRE OF 2002. OTHERWISE THAT TRAJECTORY WOULD HAVE BEEN FLAT BUT IT ACTUALLY DIPPED DOWN. CREATING HABITAT IS NOT REFLECTING IN A POSITIVE INCREASE IN THE SPOTTED OWL POPULATION. WE'VE GOT FORESTS THAT ARE 30% OVERSTOCKED THAT BE HAVING A NEGATIVE EFFECT WHEN THEY ARE SUBJECT TO CATASTROPHIC WILDFIRES. IN THE LAST 15 YEARS HALF OF MY COUNTY HAS BEEN STRUCK BY WILDFIRES. THE BISCUIT FIRE DOESN'T HURT HAVING A STATISTIC OF HAVING OVER 500,000 ACRES IN THE _____ WILDERNESS. MY COUNTY'S 1,0050,000 ACRES. IT'S HAD A NEGATIVE EFFECT. IF YOU LOOK AT WHAT 50% INCREASE IN HARVEST YIELDS ON SUSTAINED LEVEL HAVE, 1526 THE LEGISLATION PUT FORWARD BY OUR CONGRESSIONAL DELEGATION OF DEFAZIO, SCHRADER AND WALDEN WOULD

DO MUCH TO THAT. IT WOULD GO TO BRIDGING THAT GAP AND THAT WOULD HAVE CREATED 12,500 JOBS IN RURAL PARTS OF OREGON. THAT MAY NOT SOUND LIKE A WHOLE LOT IN MULTNOMAH COUNTY WHERE YOU COULD HAVE A COUPLE OF BUSINESSES THAT COULD EMPLOY THAT NUMBER OF PEOPLE. TO GIVE IT SOME PERSPECTIVE. WHEN ROUGH AND READY, A LUMBER MILL IN MY COUNTY, THE ONLY ONE TO STILL EXIST FOR 93 YEAR CLOSED, AND GOVERNOR KITZHABER HELPED REOPENED, THAT 70 JOBS MEANT 2,000 JOBS IN THIS AREA. IT'S PRETTY SIGNIFICANT WHEN YOU READ THOSE HEADLINES OF 70 OR 100 JOBS, THEY HAVE A HUGE EFFECT ON THE LOCAL ECONOMY. IF YOU WERE TO SAVE 12,500 JOBS, WHAT THAT WOULD MEAN, TO WASHINGTON, MULTNOMAH OR CLACKAMAS, I DON'T EVEN KNOW THE CALCULATION, BUT IT'S EXTREMELY SIGNIFICANT FOR THE LOCAL ECONOMY. AND SO I HOPE THAT KIND OF BRIDGES THE GAP. I DO APPRECIATE THIS OUGHT TO BE MORE OF A DIALOGUE AS OPPOSED TO JUST TESTIFYING. I DON'T WANT TO FEEL LIKE I'M IN A HEARING. BUT I WANT TO PROVIDE INFORMATION THAT'S RELEVANT TO YOU, FOR MAKING DECISIONS. AND ADVOCATING FOR POSITIONS THAT REALLY HAVE AN EFFECT ON THE ENTIRE STATE. I DON'T LIKE THE IDEA THAT SMOKE FROM RURAL AREAS IS HAVING A NEGATIVE EFFECT ON THE RECREATIONAL OPPORTUNITIES TO EVERYBODY, NOT JUST OREGONIANS, BUT REALLY TO THE NATION AND THE WORLD. WE HAD TWO YEARS AGO DURING THE DOUGLAS COMPLEX FIRE, 58,000 ACRES WAS BURNING ALONG THE ROGUE RIVER. THE BLM SHUT DOWN RAFTING. IT WAS \$100,000 A DAY TO THE RAFTING COMPANIES IN MY COMMUNITY. FOR 10 DAYS. IT WAS OVER \$1 MILLION. THAT'S JUST THE RAFTING COMPANIES. SOME WERE LOOKING TO HAVING TO CLOSE THEIR DOORS BECAUSE THAT WINDOW -- YOU'RE TRYING TO MAKE A HARVEST IN A VERY SHORT WINDOW OF A SEASON. ONE OF THE THINGS THE RESOURCE MANAGEMENT PLAN WE'RE GOING THROUGH RIGHT NOW WITH THE BLM SAID THAT THE RECREATION OUTPUTS ARE NOT TIED TO THE HARVEST LEVELS IN A NEGATIVE WAY. YOU CAN HAVE BOTH. I BELIEVE WE ARE ADVANCED ENOUGH AND OUR MANAGEMENT STYLES AND OTHER THINGS THAT WE DON'T HAVE TO CHOOSE ONE OR THE OTHER, WE CAN DO BOTH. WE JUST HAVE TO DO IT IN THE RIGHT WAY.

COMMISSIONER HYDE: TO PUT IT IN PERSPECTIVE, COMMISSIONER, MULTNOMAH COUNTY HAS 83,000 ACRES OF FEDERAL LAND WITHIN THE BOUNDS OF MULTNOMAH COUNTY. BOTH THE U.S. FOREST SERVICE AND ONC LAND WHICH BRINGS YOU ABOUT \$2.5 MILLION A YEAR IN REVENUE. BUT THERE'S GOOD NEWS ON THE HORIZON, I THINK. I'M EVER THE OPTIMIST. IN FACT, I HAVE TWO COLLEAGUES, TWO OTHER COMMISSIONERS IN MY COUNTY AND ONE OF THEM IS AN OPTIMIST AND ONE OF THEM IS A PESSIMIST. WHILE THEY ARE ARGUING OVER WHETHER THE GLASS IS HALF FULL OR HALF EMPTY, ME, THE OPPORTUNIST, DRINKS THE WATER. I THINK THERE ARE REALLY GOOD THINGS WITH REGARDS TO TIMBER AND THE TIMBER INDUSTRY ON THE HORIZON. ONE OF THEM I WOULD CALL YOUR ATTENTION TO IS THE LARGE WOOD CONSTRUCTION NOW CALLED TALL TIMBER CONSTRUCTION,

WHICH ALLOWS NEW ENGINEERING ALLOWS FOR CONSTRUCTION OF WOOD BUILDINGS WITHOUT THE USE OF CONCRETE OR STEEL UP TO 30 STORIES IN HEIGHT. YOU HAVE A 12-STORY BUILDING BEING BUILT IN THE PEARL I BELIEVE AS WE SPEAK THAT'S GOTTEN NATIONAL ATTENTION. ONE OF THE TWO COMPETITION WINNERS WITH THE TALL TIMBER CONSTRUCTION IN THE COUNTRY. THIS STATE HAS AN OPPORTUNITY TO BE ON THE CUTTING EDGE OF LARGE WOOD CONSTRUCTION WHERE WE DO PANELS UP TO 50 FEET IN LENGTH. AND THEY ARE HIGHLY ENGINEERED WHERE EVERYTHING IS PRE CUT AND A LOT LIKE CONCRETE TIP-UP ONLY THIS IS TIMBER TIP-UP. I WOULD ONLY CALL YOUR ATTENTION TO, AGAIN, THE CARBON SEQUESTRATION OPPORTUNITIES AND THE CARBON FOOTPRINT THAT TIMBER HAS IN CONSTRUCTION AS COMPARED TO AGGREGATE, STEEL, AND ALL OF THE OTHERS. WHICH ARE VERY IMPORTANT BUT I THINK THAT TIMBER IS, AS WELL. SO THAT'S TO ME A GOLDEN OPPORTUNITY. IT'S ONE OF THE FIVE THINGS CALLED OUT IN THE ECONOMIC SUMMIT WE HAVE EVERY YEAR. LAST YEAR IT WAS ONE OF THE MOST IMPORTANT THINGS EMERGING IN THE STATE ECONOMICALLY. ALSO HAVE A PROGRAM WE STARTED WITH THE PINCHOT INSTITUTE, FOREST HEALTH/HUMAN HEALTH INITIATIVE, WHICH TIES CARBON SEQUESTRATION IN THE FOREST WHICH REQUIRES CARBON TRADERS AND HEALTH CARE. I COULD SPEND AN HOUR TALKING ABOUT THAT PROGRAM, IN COLUMBIA COUNTY WE'RE ON THE CUTTING EDGE OF THE FOREST HEALTH, HUMAN HEALTH INITIATIVE OF THE PINCHOT INSTITUTE. LOOK IT UP UNDER FOREST HEALTH, HUMAN HEALTH OR THE PINCHOT INSTITUTE. CALL THAT UP AND THERE'S QUITE A PRESENTATION ON THAT. THERE ARE LOTS OF OPPORTUNITIES WITH REGARDS TO RESEARCH AND DEVELOPMENT IN THE TIMBER INDUSTRY. I DON'T THINK EITHER ONE OF US WOULD ARGUE THAT WE'RE TALKING ABOUT -- LET'S WHINE AND GET BACK TO THE HEYDAYS OF FORESTRY AS WE KNEW IT BACK IN THE 50S, CUT HER FLAT, BURN HER BACK, AND PLANT IT BACK. THAT WAS FORESTRY 101, SIMPLY NOT WHAT WE DO ANYMORE. IT'S A VERY SOPHISTICATED INDUSTRY THAT BRINGS REALLY VALUE TO THE STATE OF OREGON. I ABSOLUTELY LIKE IT, I MOVED FROM IOWA WHICH WAS FLAT TO THIS BEAUTIFUL COUNTRY, WHICH IS FORESTED, HEAVILY CANOPIED, WHICH IS GORGEOUS. YOU GET IN AN AIRPLANE AND FLY OVER IT, I COULDN'T BE MORE PROUD TO BE AN OREGONIAN AS A RESULT OF THAT. WE HAVE TO DEAL WITH IT IN ONE WAY OR ANOTHER. MY MAIN FOCUS AS A COMMISSIONER HAS BEEN ALWAYS AROUND ECONOMIC DEVELOPMENT. YOU CANNOT BE FOCUSED ON ECONOMIC DEVELOPMENT IN THIS STATE AND NOT FIND YOURSELF PONDERING WHAT TO DO WITH THE FORESTS IN THIS STATE.

COMMISSIONER SHIPRACK: I DO HAVE ONE OTHER QUESTION, MADAME CHAIR. WE'RE GOING TO HAVE A BRIEFING FOLLOWING YOURS ABOUT A MAJOR CONSTRUCTION PROJECT. I'M JUST CURIOUS, BECAUSE WE ALSO LIKE TO PURCHASE LOCAL IF WE CAN -- I MEAN, WE ARE AWARE THAT A LOT OF THE SERVICES WE PROVIDE, SAFETY NET SERVICES GO TO FAMILIES WHO ARE UNEMPLOYED OR UNDEREMPLOYED OR WORKING AT VERY LOW-WAGE

JOBS. I'M CURIOUS WHERE DOES THE TIMBER THAT WE USE IN OUR BUILDING PROJECTS COME FROM? IS IT POSSIBLE TO BUILD AFFORDABLE HOUSING OUT OF OREGON TIMBER? IF IT'S NOT OREGON PROCESSED TIMBER, WHERE IS TIMBER PROCESSED? WHOSE TREES ARE BEING CUT DOWN TO CREATE THE TIMBER FOR TALL TIMBER CONSTRUCTION OR MODEST APARTMENT BUILDINGS, WOODY WALK-UP SORT OF TYPICAL CONSTRUCTION PROJECTS. DO YOU KNOW THAT?

COMMISSIONER HYDE: WITH REGARDS TO TALL TIMBER, THE STATE OF OREGON LEGISLATURE JUST BEQUEATHED I SHOULD SAY A LARGE AMOUNT OF MONEY TO THE OREGON STATE TO BUILD A WHOLE NEW WING TO START DEVELOPING A TECHNOLOGY AROUND LARGE WOOD CONSTRUCTION. WE HAVE A MILL IN SOUTHERN OREGON THAT IS NOW RETROFITTING TO START BUILDING THESE LARGE PANELS FOR LARGE WOOD CONSTRUCTION. WE NEED TO GET IN THE GAME. WE DON'T WANT TO BE LIKE THE SITUATION THAT I SAW DEVELOP AROUND WINDMILLS WHERE DENMARK WAS THE COUNTRY THAT DEVELOPED ALL THE TECHNOLOGY FOR THE FIRST PART OF THAT WINDMILL FRENZY. ALL OF THOSE PARTS WERE BEING SHIPPED FROM DENMARK. WE HAVE AN OPPORTUNITY TO GET IN THIS GAME VERY EARLY AND I THINK WE ARE. THE FACT THAT OREGON STATE IS DEVELOPING A WHOLE WING AROUND THE TECHNOLOGY FOR LARGE WOOD CONSTRUCTION I THINK IS VERY SIGNIFICANT. SO TO ANSWER YOUR QUESTION WHERE THE WOOD COMES FROM, I THINK THAT WE HAVE TRADE ISSUES CLEARLY, THAT ARE MANIFESTED OUT OF CANADA, THAT CREATE A WOOD SITUATION THAT I COULD GET INTO. WE COULD GO ON FOR AN HOUR OR TWO. BUT WE HAVE TO PAY ATTENTION TO THAT ISSUE, IN TERMS OF OUR EXPORT-IMPORT TRADE POLICIES. YOU ABOUT I THINK MOST OF THE WOOD YOU'LL SEE THAT COMES FOR THE LARGE WOOD INSTRUCTION IS GOING TO BE COMING FROM THE STATE OF OREGON. RIGHT NOW WE DON'T HAVE THE TECHNOLOGY. THEY HAVE BEEN DOING THIS TYPE OF CONSTRUCTION IN EUROPE FOR QUITE A WHILE AND THIS COUNTRY HAS NOT GOTTEN IN THE GAME. NOW THAT IT'S STARTING TO EMERGE, I'M HAPPY TO SAY RIGHT HERE IN PORTLAND, OREGON WE'RE ONE OF TWO RECOGNIZED NEW CONSTRUCTION WINNERS – THE 12 STORY BUILDING IN THE PEARL – I THINK WE ARE GETTING IN THE GAME AND I'M EXCITED ABOUT THAT. OUR MILLS DON'T HAVE THE CAPACITY WITHOUT RETROFITTING TO BUILD THESE LARGE WOOD PANELS. IT'S GOING TO TAKE A RETROFIT.

COMMISSIONER HARE: I THINK YOU ASKED A REALLY INTERESTING QUESTION THAT REALLY COMES BACK TO POLICY. PUBLIC WOOD HAS TO BE PROCESSED LOCALLY. PRIVATE WOOD CAN BE SHIPPED INTERNATIONALLY AND OFTEN IS, HAS TO BE IF YOU GO TO THE PORT OF COOS BAY AND OTHER PORTS, YOU CAN SEE THESE INCREDIBLY LARGE WOOD DECKS AND THEY ARE NOT GETTING READY TO BE PROCESSED IN THE STATE OF OREGON. THE PRIVATE SECTOR HAS HAD TO FILL THE DEMAND GIVEN THE REDUCTION IN THE PUBLIC SECTOR OF THE AVAILABILITY OF WOOD IS WHERE THOSE MILL

JOB'S ARE NOT BEING LOCATED BACK IN OUR STATE. NOT TO SAY THAT THERE ISN'T CAPACITY TOMORROW. I KNOW A LOT OF PEOPLE, COMMISSIONER HYDE AND I WERE ON THE GOVERNOR'S TASK FORCE, THE GANG OF 14 I GUESS IT WAS CALLED, TO ADDRESS THE ONC ISSUE. THROUGH THAT AND OTHERS THERE WAS AN UNDERSTANDING THAT THERE'S A BILLION BOARD FEET OF CAPACITY IN OUR EXISTING INFRASTRUCTURE TO PROCESS WOOD. A MILL THAT'S PROCESSING 50 MILLION BOARD FEET RIGHT NOW A YEAR COULD PROBABLY PUT ON ANOTHER SHIFT AND PROCESS 100 MILLION. THERE'S CAPACITY WITHIN OUR EXISTING SYSTEM RIGHT NOW WITHOUT BUILDING ANOTHER SAWMILL TO PROCESS A FAIR AMOUNT OF ADDITIONAL WOOD COMING OUT OF OUR LOCAL FEDERAL FORESTS. I THINK THAT'S AN IMPORTANT STATISTIC. IT'S A COMPLEX ISSUE TO GET INTO THE TALL WOOD CONSTRUCTION. A LOT HAS TO DO WITH BUILDING CODES. THOSE ARE NOT NECESSARILY KEEPING PACE WITH THIS NEW TECHNOLOGY. AT THE BUSINESS LEADERSHIP SUMMIT THEY HAD LAST YEAR IT WAS AMAZING HOW IT WAS TALKED ABOUT IN A VERY POSITIVE WAY AS FAR AS BEING ENVIRONMENTALLY FRIENDLY, IT HAS A LOWER CARBON FOOTPRINT THAN TRADITIONAL STEEL AND CONCRETE CONSTRUCTION, LOCALLY SOURCED THROUGHOUT THE STATE OF OREGON, WHICH IS REALLY GREAT. BUT COMMISSIONER HYDE IS RIGHT, WE ONLY HAVE D.R. JOHNSON RIGHT NOW TOOLING UP, GETTING READY TO DO THIS. THAT'S NOT A BAD THING. I THINK CONSISTENCY IN THE MARKET AND OTHER ELEMENTS COMING IN, PEOPLE UNDERSTANDING HOW THIS WORKS AND THE POSITIVES OF IT, IT'S WHAT I UNDERSTOOD FROM SOME OF THE SESSIONS YOU KNOW, WE'RE LOOKING AT A CASCADIA EVENT COMING UP VERY, VERY SOON AT SOME POINT. ALL OF THESE -- YOU'LL GET OUT OF A BUILDING BUILT WITH STEEL AND CONCRETE, THAT'S UP TO STANDARD. BUT YOU'LL HAVE TO TEAR IT DOWN IN ORDER TO MAKE IT USEABLE AGAIN. THESE TIMBER FRAME CONSTRUCTIONS, THEY WILL HAVE -- THE JOINTS WILL STRESS BUT YOU CAN RETROFIT THEM AFTERWARDS WHERE YOU CAN SALVAGE THE BUILDING. THERE'S AN ADDITIONAL ELEMENT OF CARBON CONSCIOUSNESS THAT YOU CAN EXPEND ON THAT. THEY ARE FIRE RESISTANT TO A DEGREE, WHERE THEY WON'T GIVE OUT THE WAY STEEL SOMETIMES WILL. AND TALL WOOD CONSTRUCTION, THERE ARE A LOT OF ELEMENTS I THINK PEOPLE WILL COME TO REALIZE THAT ARE POSITIVES ABOUT IT.

COMMISSIONER HYDE: I WANT TO BRING UP TWO THINGS IF I COULD, THAT REALLY POINT OUT THE PARADIGM SHIFT THAT WE'RE IN. I REALLY THINK WE ARE IN A PARADIGM SHIFT. AS A COMMISSIONER AND MAYOR THAT LIVES IN VERNONIA WHEN WE HAD TWO CATASTROPHIC EVENTS IN 1996 AND 2007 WHERE WE FLOODED, THE OLD ADAGE THAT THE ONLY CHANGE COMES FROM CATASTROPHIC CHANGE, THAT IS TRUE. IT WAS VERY PAINFUL GETTING THERE. I THINK WE'RE IN THAT SAME KIND OF JUNCTION RIGHT NOW WITH THE TIMBER INDUSTRY IN THIS STATE. WE'RE AT A POINT OF CATASTROPHIC CHANGE. WE HAD THIS ONCE BEFORE WHEN THE AIR QUALITY STANDARDS WERE PASSED IN THE EARLY 1970S. IF YOU REMEMBER

BACK, SOME OF YOU, SOME OF YOU CAN'T, I'M GLAD TO SAY THAT I CAN -- IF YOU REMEMBER BACK IN THE EARLY 70S ACROSS THE LANDSCAPE OF THIS COUNTRY IN ALMOST EVERY COMMUNITY THAT HAD TREES PRESENT, THERE WERE TEEPEE BURNERS, EVERYWHERE. NOT JUST IN THIS STATE BUT ACROSS THE COUNTRY. TEEPEE BURNERS AS PART OF OUR AIR QUALITY STANDARDS WERE GOING TO BE BANNED ACROSS THE LANDSCAPE. AND THERE WAS A COLLECTIVE CRY FROM THE INDUSTRY THAT SAID, WE ARE DONE HERE. THIS WILL DRIVE US OUT OF BUSINESS. ALL THE SAWDUST AND CHIPS AND EVERYTHING THAT WAS NOT LUMBER WAS SENT UP INTO THOSE TEEPEE BURNERS AND BURNED UP. TODAY THAT PRODUCT THAT'S CREATED AS A RESULT OF NOT BURNING THOSE CHIPS AND SAWDUST IS THE NUMBER ONE PROFIT MARGIN IN THE TIMBER INDUSTRY. THEY EXPERIENCED A VERY CATASTROPHIC CHANGE AND AS A RESULT THEY EXPERIENCED A MUCH HIGHER PROFIT MARGIN USING ALL OF THE TREE RATHER THAN PART OF THE TREE. I THINK WE'RE AGAIN AT THAT KIND OF A JUNCTION WHERE TECHNOLOGY WILL HAVE TO PLAY A BIG ROLE ON WHERE WE GOVERNMENT IT IS A CATASTROPHIC CHANGE BUT IT'S GOING TO BE SUBSTANTIVE. THIS TALL TIMBER CONSTRUCTION IS AN EXAMPLE OF THAT. ANOTHER THING THAT HAPPENED THAT I JUST BECAME AWARE OF IN THE LAST YEAR WAS, HOW DID THE PRIVATE TIMBER INDUSTRY IN OUR REGION HERE SURVIVE WHEN THE ECONOMY WENT DOWN IN 2007? I TALKED TO SOME LOGGERS ABOUT THIS. YOU GUYS REALLY DID WELL. HOW DID YOU SURVIVE? CLEARLY THE HOUSING MARKET WAS DOWN SIGNIFICANTLY, AND THE NEED FOR LOGS WAS DOWN BECAUSE QUITE FRANKLY THE MILLS USED UP THEIR DECKS. AND THEY HAD ENOUGH TO RUN FOR SEVERAL YEARS DECKED UP. THAT'S WHAT THEY WERE USING AS A WAY OF SAVING INVESTMENT. THEY SAID TO ME, WELL, WE SURVIVED BECAUSE OF WINDMILLS. IF YOU REMEMBER IN THE LAST EIGHT, 10 YEARS WE HAVE BUILT A LOT OF WINDMILLS IN THIS STATE. EVERY SINGLE WINDMILL, AN AVERAGE OF 4.5 MEGAWATTS HAS TO HAVE A WAY TO DELIVER THAT POWER TO THE GRID, IT TAKES AN AWFUL LOT OF POLES. IT WAS LITERALLY THE POLE MARKET, ROBUST MARKET AROUND THE CONSTRUCTION OF WINDMILL FARMS THAT ALLOWED THE PRIVATE TIMBER INDUSTRY TO SURVIVE OVER THAT FIVE, SIX-YEAR PERIOD. YOU WOULDN'T KNOW THAT UNLESS YOU ACTUALLY ASKED. BUT IT'S ANOTHER EXAMPLE OF HOW OUR INDUSTRY IS VERY NIMBLE AND ABLE TO TAKE ADVANTAGE OF ECONOMIC OPPORTUNITIES AS THEY COME OUT. SO JUST A LITTLE SIDEBAR BUT I THINK IT'S VERY INTERESTING.

CHAIR KAFOURY: OTHER FOLKS MIGHT HAVE QUESTIONS.

COMMISSIONER SMITH: THANK YOU MADAM CHAIR, I HAVE SOME. THANK YOU, COMMISSIONER HYDE AND COMMISSIONER HARE FOR COMING HERE. I KNOW IT'S A HUGE ISSUE WITH THE ENTIRE ASSOCIATION OF COUNTIES. I HAVE TO ALWAYS BE CONSCIOUS OF, YOU KNOW, FOLKS IN MULTNOMAH COUNTY AS THEY ARE LISTENING TO THIS DEBATE AND TRYING TO FIGURE OUT HOW TO

MAKE IT RELEVANT. THE ISSUE -- CORRECT ME IF I'M WRONG -- WHAT PERCENT OF THE FEDERAL GOVERNMENT OWNS THE STATE OF OREGON.

COMMISSIONER HYDE: ROUGHLY 60%.

COMMISSIONER SMITH: YEAH. SO 60%. WHICH IS HUGE. AND I DON'T KNOW IF MANY RESIDENTS KNOW THAT WE GET A LOT OF OUR REVENUE FROM PROPERTY TAXES. SO IN SOME OF THOSE 11 COUNTIES WHO ACTUALLY GET THE COUNTY DOLLARS, THEY ARE PROBABLY WONDERING WHAT IS THIS ALL ABOUT? WELL, THE DEAL IS, IF THE FEDERAL GOVERNMENT OWNS 60%, IT'S A MAJORITY OF YOUR COUNTY, YOU CAN'T ACTUALLY TAX ON IT. SO IT IS A HUGE PROBLEM. IT'S A PROBLEM THAT I THINK THAT, YOU KNOW, CONGRESS, THEY HAVE BEEN TRYING TO SETTLE FOR MANY YEARS. I JUST WATCHED IT CLOSELY IN THE PAST 20 OR SO YEARS. BUT I UNDERSTAND, YOU KNOW, THE KIND OF DEMANDS ON YOUR RESOURCES THAT YOU HAVE. AND TO TRY TO MAKE THIS CONNECTION, WE WANT TO MAKE SURE THAT WE'RE BEING AS HELPFUL AS POSSIBLE. AS A MULTNOMAH COUNTY COMMISSIONER I SIT ON THE TRAVEL PORTLAND BOARD. AND ONE OF THE THINGS THAT I DO IS THAT I REALLY LOVE TO DO IS TO TALK ABOUT WHEN PEOPLE COME TO PORTLAND, THAT IT'S AN ENTIRE OREGON EXPERIENCE. IF YOU ALL ARE EXPERIENCING AN DOWNTREND -- WHEN I GO AROUND THE COUNTRY I SAY LOOK, GO TO JOSEPHINE COUNTY AND DO RAFTING, HOOD RIVER AND DO THE WIND SURFING, GO TO YAMHILL COUNTY AND GO TO THE WINERIES, IT MAKES A HUGE DIFFERENCE. MUCH WHO HAVE WE ARE IS RECREATION. WHEN YOU ALL ARE HAVING A DOWNTURN IT'S REALLY HARD FOR US, TOO, BECAUSE PEOPLE REALLY WANT TO COME TO YOUR COUNTY. I DO TOTALLY UNDERSTAND WHAT YOU'RE TALKING ABOUT. I WANT TO LET THE VIEWERS KNOW THIS IS NOT JUST A SOUTHERN OREGON PROBLEM, THIS IS AN OREGON PROBLEM THAT WE NEED TO FIX BECAUSE WE'RE OWNED PRIMARILY PRETTY MUCH BY THE FEDERAL GOVERNMENT. SO THAT BEING SAID, YOU ALL CAN'T HAVE AN INDUSTRY THAT YOU'RE USED TO HAVING, SO YOU GET COUNTY PAYMENT DOLLARS TO SUPPLEMENT WHAT YOU WOULD NORMALLY GET FROM 1989 RECEIPTS, CORRECT?

COMMISSIONER HARE: UH-HUH.

COMMISSIONER SMITH: AND SO AT THIS POINT AS WE'VE SEEN IN THE CONGRESS THERE'S BEEN A HUGE FIGHT EVER SINCE I'VE BEEN WATCHING SINCE 1996, EVERY YEAR ON HOW TO GET YOU THOSE SUPPLEMENTAL DOLLARS. SO IT HAPPENS, I LOOKED AT THE MAP YESTERDAY OF THE DOLLARS. DID YOU SEE THE DARK MAP OF THE MONEY THAT WE GET? WE GET AN AWFUL LOT OF MONEY COMPARED TO OTHER STATES. AND SO I KNOW THOSE CONGRESSPEOPLE BACK EAST, THEY ARE TRYING TO FIGURE OUT ANOTHER SOURCE OF INCOME. THEY HAVE TARGETED OREGON. AND THEY ARE SAYING OREGON AND CALIFORNIA, YOU'RE RECEIVING ALL THESE TIMBER RECEIPT DOLLARS AND YOU ALL NEED TO FIGURE OUT HOW TO HELP.

BUT WHAT PEOPLE DON'T UNDERSTAND IS, BECAUSE THERE ARE A LACK OF OPPORTUNITIES AND THE FEDERAL GOVERNMENT OWNS YOUR TIMBER THAT YOU'RE NOT ALLOWED TO PAY FOR ITS SERVICES THAT COME THROUGH THE COUNTIES. THAT'S WHY THIS IS IMPORTANT FOR MULTNOMAH COUNTY. THAT WE HAVE BEEN FORTUNATE TO BE IN SUCH A POPULATED COUNTY. AND YOU ALL ARE AT A DISADVANTAGE BECAUSE OF THE FEDERAL GOVERNMENT. SO THAT BEING SAID, I WANT TO DO WHATEVER I CAN DO TO BE HELPFUL, TO THIS WHOLE ISSUE AROUND TIMBER. AND THAT WAS MY STATEMENT AND MY COMMENT. BUT THE QUESTION IS, WHAT CAN WE DO AS MULTNOMAH COUNTY COMMISSIONERS TO HELP YOU ALL? BECAUSE THE ISSUE IS, YOU'RE NOT ABLE TO BOND FOR SERVICES, YOU DON'T HAVE THE SAME POPULATION, YOU'RE NOT GETTING ANY OF THE INCOME THAT YOU WOULD NORMALLY GET IN. HOW CAN WE HELP YOU AS A MULTNOMAH COUNTY COMMISSIONER OR AS A COUNTY, TO -- YOU KNOW, I KNOW WE DO OUR PART AND COMMISSIONER SHIPRACK, THANK YOU FOR YOUR LEADERSHIP ON THIS ISSUE AND BRINGING THIS FORWARD, AND COMMISSIONER MCKEEL, WE DO GO BACK TO D.C. AND TALK ABOUT THE ISSUES OF COUNTY PAYMENTS AND WE LOBBY OUR OREGON DELEGATION. BUT WHERE WE'RE SITTING RIGHT NOW WE WANT TO SHOW THAT WE ARE A PARTNER TO YOU. AND HOW CAN WE HELP YOU?

COMMISSIONER HYDE: THANK YOU FOR THE QUESTION, I THINK IT'S AN IMPORTANT ONE. JUST TO TOUCH ON THE ONC ACT OF 1937, THAT SEEDED THE LANDS FORMERLY BELONGING TO THE ONC RAILROAD THROUGH AN INITIATIVE STARTED IN THE 1800S TO ENCOURAGE RAIL CONSTRUCTION. AND FOR EVERY MILE OF RAIL THAT WAS BUILT THERE WAS ROUGHLY 100 ACRES GIVEN TO THE RAIL COMPANIES AS AN INCENTIVE. NOW, THEY WERE NOT JUST CONVEYED 100 ACRES. THEY WERE CONVEYED THE 100 ACRES WITH INSTRUCTIONS TO GIVE THAT TO SETTLERS AT \$2.50 AN ACRE. SO IT WAS SUPPOSED TO BE RECONVEYED TO SETTLERS. THEN WE WOULD HAVE HAD PROPERTY THAT WAS NOT IN PUBLIC OWNERSHIP SUBJECT TO PROPERTY TAXES. AS YOU KNOW, THAT'S SUPPOSED TO BE THE LIFELINE OF ALL LOCAL GOVERNMENT. AS A RESULT OF THE ONC RAIL NOT SELLING THE LAND, THEY WERE ACTUALLY BANKING LAND AND CREATING TIMBER BARONS, THE FEDERAL GOVERNMENT TOOK IT BACK AND CREATED THE ONC ACT WHICH SAID THESE LANDS WILL BE MANAGED BY THE BUREAU OF LAND MANAGEMENT. IT TALKED ABOUT THE PRIMARY REASON FOR THAT WAS TO CREATE REVENUE FOR THE COUNTIES FOREVERMORE. 75% OF THAT REVENUE IS TO BE CONVEYED BACK TO THE 18 ONC COUNTIES IN THIS STATE. AS A WAY FOR REVENUE TO BE GENERATED FOR PUBLIC SERVICES.

WE SAW THAT FRANKLY WE, THE 18 COUNTIES, SAW THAT BLM WAS NOT MANAGING LANDS AS WELL AS WE THOUGHT THEY SHOULD BE MANAGED. WE TOOK 1 THIRD OF THAT 75% AND PLOWED IT BACK INTO THE LAND FOR REPLANTING AND ROAD CONSTRUCTION IN THE 1950S. WE'RE AT A POINT WHERE 50% OF THE REVENUE FROM TIMBER HARVESTS AND THOSE \$2.4

MILLION ACRES OF ONC LANDS ARE SUPPOSED TO BE GOING TO THE COUNTIES. IN 1989 IT WAS A BILLION BOARD FEET OF HARVEST. IT'S DRAWING A BILLION FOUR TO A BILLION SIX A YEAR. WE'RE DOWN TO LESS THAN ONE HUNDRED MILLION TODAY IN HARVEST ON AN ANNUAL BASIS, THAT'S NOT ACCEPTABLE.

COMMISSIONER SMITH: THE QUESTION OF BETTER FOREST MANAGEMENT IS A HUGE PROBLEM WITH THIS ENTIRE ISSUE. WE'VE REALLY GOT TO BE DOING BETTER THAN WHAT WE'VE BEEN DOING.

COMMISSIONER HYDE: WE CAME UP WITH A SETTLEMENT AGREEMENT IN THE LAWSUIT THAT WAS FILED BY THE TIMBER INDUSTRY IN 1999 OR SO, THAT BLM WILL PUT TOGETHER A RESOURCE MANAGEMENT PLAN TO GET US TO A LEVEL THAT'S COMPLIANT WITH THE CLINTON PLAN AND THE NORTHWEST HARVEST MANAGEMENT PLAN. IT WAS AN EDICT THAT CAME FROM THE SUPREME COURT TO THE BUREAU OF LAND MANAGEMENT. THEY TRIED AND YOU KNOW, I HAVE NO DENEGRATION OF BLM, I THINK THEY ARE A WONDERFUL -- I DO, I THINK THEY ARE A WONDERFUL INSTITUTION AND THEY DO A LOT OF GOOD WORK. BUT AGAIN, AS COMMISSIONER HARE SAID, WE'RE SADDLED WITH A LOT OF LITIGATION AS A RESULT OF THE ENDANGERED SPECIES ACT AS OPPORTUNITIES THAT OPENED UP FOR ATTORNEYS, FRANKLY. THERE WAS AGAIN A MANDATE TO CREATE A RESOURCE MANAGEMENT PLAN, HARVEST MANAGEMENT PLAN ON THE PART OF BLM. UNFORTUNATELY, WE ALL LIVE BY ACRONYMS. WE SPENT FOUR AND A HALF YEARS, ALL OF US, WORKING ON A PLAN CALLED THE WESTERN OREGON RESOURCE MANAGEMENT PLAN, THE WORP, THE WHOPPER. IT WAS PASSED BY THE FEDERAL GOVERNMENT AND SIGNED BY THE PRESIDENT AND REPEALED ALMOST IMMEDIATELY BY THE CURRENT PRESIDENT. SO THE EDICT IS STILL THERE. THE FEDERAL GOVERNMENT IS STILL THROUGH BLM TRYING TO PUT TOGETHER A RESOURCE MANAGEMENT PLAN WHICH WILL BE -- IT'S IN ITS FINAL STAGES RIGHT NOW AND WE DO NOT BY THE WAY AGREE WITH THAT RESOURCE MANAGEMENT PLAN PREFERRED OPTION. IT DOES NOT GET US TO THE HARVEST LEVEL THAT WE NEED. SO WE'RE GOING WAIT UNTIL THAT'S APPROVED BY THE FEDERAL GOVERNMENT AND THEN WE'RE GOING TO OBJECT TO IT.

COMMISSIONER SMITH: SEEING THAT WE'RE NOT MEMBERS OF CONGRESS HERE, AND THAT'S FINE, HOW CAN WE, FROM WHERE WE SIT, WHAT CAN WE DO TO BE HELPFUL TO YOU IN YOUR CURRENT STATE? TELL ME SOME OF THE SERVICES THAT WITHOUT THOSE COUNTY PAYMENT DOLLARS THAT YOU WOULD NOT HAVE IF IT WEREN'T FOR THOSE DOLLARS FROM THE FEDERAL GOVERNMENT.

COMMISSIONER HARE: THE BEAUTY I GUESS OF BEING A POSITIVE OR THE CANARY IN THE COAL MINE, CURRY AND JOSEPHINE COUNTY HAVE THE LOWEST TAX RATES IN THE STATE. WE ARE BOTH VERY DEPENDENT ON

THOSE FEDERAL PAYMENTS. FIRST OFF, MY GOAL IS TO NOT HAVE FEDERAL PAYMENTS ANY MORE AND GET ON SOME LEVEL OF SHARED RECEIPTS ON SOME LEVEL OF HARVEST THAT WE CAN ALL AGREE ON. THAT'S MY GOAL. YOU ASKED THE MOST POIGNANT QUESTION, WHAT CAN WE DO TOGETHER TO TRY TO SOLVE THIS ISSUE. BRIDGE THAT GAP, HAVING THIS MEETING HERE TODAY IS A GOOD START. I'VE KIND OF CODIFIED WHAT THE ONC ASSOCIATION IS MEETING TO WORK ON INTO THREE THINGS. LEGISLATION, LITIGATION, AND PUBLIC RELATIONS, UNDERSTANDING THIS ISSUE. IT COMES DOWN TO THE PRIORITIES OF COUNTIES, THE SAME THINGS YOU GUYS DO, IS TRY TO PROVIDE THE BEST SERVICES FOR THE CONSTITUENTS THAT YOU SERVE. WHAT'S BETWEEN THE CROSSHAIRS AND WHAT'S BEEN BETWEEN THE CROSSHAIRS WHEN I SEE A SIGNIFICANT BUDGE REDUCTION, MY FIRST TERM FACILITATED THE LARGEST SINGLE BUDGET REDUCTION IN JOSEPHINE COUNTY'S HISTORY. WE REDUCED BY \$40 MILLION IN 2012-13, AND LAID OCCUPY PEOPLE IN ONE DAY, NOT A FUN SITUATION FOR JOSEPHINE COUNTY, NOT THAT MUCH DIFFERENT FROM OTHER COUNTIES THAT HAVE A SIGNIFICANT PORTION OF THEIR BUDGETS. WHAT FALLS ARE THINGS LIKE THE JUVENILE SHELTER AND DETENTION FACILITY WE BUILT IN 1996, AND WAS A PREMIERE -- A LEADING STATE ON HOW YOU WOULD DEVELOP SERVICES FOR SOME OF YOUR MOST VULNERABLE POPULATIONS. OUR PUBLIC HEALTH DEPARTMENT IS LACKING SIGNIFICANTLY. THAT'S REFLECTED IN OUR STATE HEALTH OUTCOMES. WE ARE CONSISTLY RATED AT THE BOTTOM ACROSS THE STATE, WHICH HAS A NEGATIVE AFFECT ON OUR WOMEN, INFANTS AND CHILDREN PROGRAM. I KNOW DOUGLAS COUNTY IS THE NUMBER ONE RECEIVER OF ONC DOLLARS. THE THINGS THEY ARE LOOKING AT DIVESTING THEMSELVES OF ARE THINGS LIKE MENTAL HEALTH THEY HAVE DONE IN THE PAST. JOSEPHINE COUNTY NO LONGER PROVIDES LOCALLY, IT'S A PRIVATE AGENCY THROUGH THE STATE. PUBLIC HEALTH IS THE OTHER THAT WE ARE LOOKING AT -- WE JUST DON'T HAVE THE RESOURCES. I'M LOOKING IN I MAY HAVE TO CLOSE MY JAIL. I'M NOT EVEN DONE PAYING IT OFF YET THAT; THE BOND ENDS JUNE 30TH, 2018. THE CONSTITUENTS OF JOSEPHINE COUNTY WILL BE PAYING ON AN INFRASTRUCTURE. THEY WILL MAKE A CAR PAYMENT BUT NOT ABLE TO AFFORD TO DRIVE THE CAR.

COMMISSIONER HARE: IT'S NOT FUN AND IT'S COMPLICATED. I THINK ONE OF THE CHALLENGES, YOU'VE GOT A TAX RATE OF 28 CENTS PER THOUSAND. IT'S THE CHICKEN OR THE EGG SITUATION. THE ECONOMY USED TO BE THERE, WHERE I THINK PEOPLE COULD HAVE AFFORDED. BUT THE OTHER ELEMENT IS THAT THERE'S A PIE. AND OTHER PEOPLE GOT TO THE PIE WHEN THE COUNTY DIDN'T NEED TO BECAUSE WE HAD TIMBER DOLLARS. BETWEEN 1970 AND 1980 WE DIDN'T COLLECT ANY LOCAL PROPERTY TAXES TO PAY FOR COUNTY SERVICES. WE BUILT LIBRARIES AND POOLS AND SCHOOLS. THEY ARE NOT EVEN THERE TO -- OUR LIBRARY SYSTEM IS THE ONLY ONE IN THE STATE PRIVATELY RUN. THE COUNTY DOESN'T PROVIDE ANY KIND OF SERVICES, ONLY THE ASSETS. WE OWN THE BOOKS AND THE BUILDINGS AND THAT'S IT. I'M VERY PROUD OF THE VOLUNTEERS THAT HAVE STEPPED UP IN

THE WAKE OF THE SITUATION. WE CAN'T KEEP GOING. THERE ARE CERTAIN THINGS THAT ARE ON THE HORIZON. THERE'S A LOCAL LOTTERY INITIATIVE, A STATEWIDE INITIATIVE THAT'LL RETURN 50% OF THE LOCALLY GENERATED LOTTERY BACK TO THE COUNTY OF ORIGIN. IT WOULD BE AN OPPORTUNITY FOR EVERY COUNTY TO CHOOSE WHAT THEY WOULD WANT TO DO WITH THOSE REVENUES. AND HAVE THEM BEING GENERATED LOCALLY, RETURNED LOCALLY AND REINVESTED IN THE COMMUNITY. I SEE THIS AS KIND OF LIKE A THREE OPPORTUNITY. SHARED RECEIPTS WOULD BE MAYBE ONE THIRD OF OUR NEED. AND THERE ARE SOME OTHER THINGS WE CAN TAKE A LOOK AT MAYBE LOCALLY THAT WOULD NEED TO HAPPEN TO SHORE UP THAT FUNDING GAP. THAT'S MY GOAL. AND SOMEHOW WE NEED TO WORK TOGETHER, I THINK.

COMMISSIONER SMITH: AND YOU KNOW THAT MULTNOMAH COUNTY IS A DONOR COUNTY. WE PROBABLY SEND MORE BACK TO SALEM THAN WE ACTUALLY GET, PROBABLY ALSO STILL SUBSIDIZING SOME OF THE SERVICES THAT YOU ALREADY HAVE.

ABSOLUTELY. I CAN REFERENCE THE NUMBER OF STATE TROOPERS THAT WE HAVE BEEN REALLOCATED TO OUR COUNTY SPECIFICALLY, AND IT'S NOT CHUMP CHANGE. I THINK WE HAVE 11 ADDITIONAL OFFICERS THAN WE DID TWO YEARS AGO. AND THOSE ARE 11 OFFICERS THAT ARE NOT AROUND THE OTHER PARTS OF THE STATE. SO IT'S NOT AN APPROPRIATE SOLUTION, WE NEED SOMETHING ELSE.

CHAIR KAFOURY: THIS IS A LITTLE TIME CHECK. WE HAVE AN HOUR-LONG BRIEFING TO GO.

WE REALLY APPRECIATE YOU TAKING --

IT'S MEANT TOWARDS MY COLLEAGUES.

MADAME CHAIR, WHAT WE'LL DO IS HAVE THIS CONVERSATION OFFLINE BECAUSE IT'S NOT A SILVER BULLET. THERE'S NOT ONE THING WE CAN ACTUALLY DO, IT'S A BIGGER CONVERSATION. LET'S TRY TO HAVE IT OFFLINE. THERE IS NO SILVER BULLET. IT'S GOING TO BE A COMPILATION OF THINGS THAT START WITH AWARENESS. I REALLY THANK YOU FOR INVITING US. WHAT'S HAPPENING IN THE STATE OF OREGON AND THE TIMBER STATE AND EFFECTS THEREOF.

COMMISSIONER HYDE: I THINK IT SENDS A COHESIVE MESSAGE WHEN YOU, MULTNOMAH COUNTY, ARE CONTINUING TO CONTRIBUTE TO THE ONC ASSOCIATION, COMING UP TO SPEED AND UNDERSTANDING NEW INITIATIVES. NEW COMMISSIONERS COME ON BOARD ALL THE TIME, OLDER ONES LEAVE. I'LL REALLY TRYING TO GET BENTON COUNTY TO COME BACK TO THE TABLE. THEY ARE THE ONLY OF THE 18 COUNTIES THAT'S NOT A CONTRIBUTING

MEMBER. IT'S NOT JUST ONE PERSPECTIVE. I THINK OUR DIVERSITY IS OUR STRENGTH. HAVING THOSE DIFFERENT PERSPECTIVES AT THE TABLE IS KEY. IF YOU COULD CONTINUE TO BE MEMBERS OF THAT ASSOCIATION AND ENGAGED WE WOULD REALLY APPRECIATE THAT.

CHAIR KAFOURY: WE DO HAVE SOME MORE QUESTIONS. COMMISSIONER BAILEY.

COMMISSIONER BAILEY: I WILL DEFER AND TAKE THESE OFFLINE. I WOULD SIMPLY COMMENT I HOPE IT'S TWO-SIDED DIALOGUE AND WE WILL CONTINUE TO ENGAGE IN A WAY THAT HELPS FOLKS IN RURAL OREGON UNDERSTAND THE CHALLENGES THAT ARE HAPPENING IN THE METROPOLITAN AREA WITH AFFORDABILITY WITH HOUSING, COST-OF-LIVING, AND THE CHALLENGES THAT OUR CONSTITUENTS FACE EVERY DAY WITH TRYING TO MAKE ENDS MEET, PUT FOOD ON THE TABLE AND CONTINUE TO PAY FOR THE SERVICES THAT THEY ENJOY AND VOTE TO DO THAT. I LOOK FORWARD TO CONTINUING THE DISC

COMMISSIONER MCKEEL: THANK YOU BOTH FOR BEING HERE AND COMMISSIONER SHIPRACK FOR BRINGING THIS FORWARD. IT'S REALLY VERY, VERY INFORMIVE. I ENJOY WORKING WITH BOTH OF YOU AT COMMISSIONER. COMMISSIONER HYDE AND I COCHAIRLED THE ECONOMIC DEVELOPMENT ECONOMY COMMITTEE FOR A WHILE. EVEN THOUGH I DO NOW RESIDE IN MULTNOMAH COUNTY, HOWEVER IN THE UNINCORPORATED AREAS I GREW UP IN YAMHILL, VERY MUCH THE TIMBER INDUSTRY WHEN I WAS GROWING UP. WE HAD OUR OWN SAWMILL, THEY WORKED IN THE SAWMILL OR OUT IN THE WOODS. I REALLY UNDERSTAND THAT INDUSTRY AS IT EXISTED. FORT GRAPES. SO NOW THEY HAVE THIS WONDERFUL WINERY BUSINESS OUT THERE. BUT THAT ISN'T TRUE FOR ALL PARTS OF THE STATE. AND SO IT ALSO SEEMS TO ME THAT WILD ARE GETTING WORSE EVERY YEAR. I FEEL LIKE IT'S WORSE. I DON'T KNOW IF THAT'S TRUE OR MY PERCEPTION. BUT I FEEL LIKE A LOT OF WILDFIRES ARE GOING ON IN THIS STATE. AND THERE'S A COST TO FIGHTING THOSE FIRES, AS WELL. IN FACT, MY CHIEF OF STAFF ERIC, WITH HIS NATIONAL GUARD WAS DEPLOYED THIS YEAR FOR GO FIGHT THE FOREST FIRES. SO YOU KNOW, IT IS A BIG ISSUE FOR THE ENTIRE STATE. BUT ANYWAY, THANK YOU FOR BEING HERE AND I KNOW WE'LL SEE YOU AT SOME COMMISSIONER THINGS AND WE'LL TALK MORE. THANKS.

COMMISSIONER HARE: WE JUST WANTED TO ADD A COUPLE THINGS QUICKLY, THANK YOU BOTH FOR COMING THIS MORNING. I DO APPRECIATE THE WORK BEING DONE AND BRINGING US TOGETHER FROM DIFFERENT PARTS OF THE STATE. I CAN THINK OF WORKING VERY CLOSELY WITH WALLY HICKS ON WORKING ON OUR BILL THAT WE GOT THROUGH THE LEGISLATURE TO ALLOW US TO PARTICIPATE IN THIS COURTHOUSE NEW CONSTRUCTION THAT WE'RE DOING. THAT WAS REALLY REPRESENTATIVE AT THE TIME, HICKS WAS INSTRUMENTAL IN HELPING US GET THAT THROUGH AT THE STATE LEVEL.

COMMISSIONER HYDE: I ALSO WANT TO GIVE YOU A HELLO FROM AOC, WHO ARE PARTICIPATED WITH IN ALP. BRINGING PEOPLE TOGETHER FROM AROUND THE STATE, HE SAYS HELLO. NOW COMING THIS MORE THAN. JUST FOR CLARIFICATION, BECAUSE I'M A STICKLER ON ACRONYMS, NOBODY HAS SAID WHAT AOC STANDS FOR. ASSOCIATION OF OREGON COUNTIES. AND ALF IS THE AMERICAN LEADERSHIP FOUNDATION.

COMMISSIONER HARE: AND MADAME CHAIR, SPEAKING OF THE ASSOCIATION OF OREGON COUNTIES WE HAVE MIKE MCARTHUR WITH US THIS MORNING, THE EXECUTIVE DIRECTOR OF THE ASSOCIATION AS WELL AS PATRICK SINGH WHO STAFFS MY FAVORITE JUSTICE AND PUBLIC SAFETY SUBCOMMITTEE. AND I WANT TO SAY ONCE AGAIN, THANK YOU. I WAS GOING TO ASK WALLY HICKS; I WAS GOING TO PRESENT HIM WITH HONORABLE CITIZENSHIP AS MULTNOMAH COUNTY CITIZEN BUT I WAS AFRAID IT WOULD DESTROY HIS HOPES FOREVER OF BEING ELECTED AGAIN IN JOSEPHINE COUNTY.

WE HAVE THE IRONY OF THE ONLY ELECTED LEGAL COUNSEL IN THE STATE, PLEASE DON'T JEOPARDIZE THAT, HE'S DOING A FINE JOB.

THANK YOU SO MUCH.

B.2 BRIEFING ON FAC-1 AMENDED PROJECT PLAN FOR THE HEALTH DEPARTMENT HEADQUARTERS (HDHQ) PROJECT. PRESENTERS: JOANNE FULLER, HEALTH DEPARTMENT DIRECTOR; MARK CAMPBELL, CHIEF FINANCIAL OFFICER; DOUG OBLETZ, SHIELS OBLETZ JOHNSEN; AND, STEVEN CRUZEN, SHIELS OBLETZ JOHNSEN; AND, BRETT TAUTE, FACILITIES & PROPERTY MANAGEMENT

CHAIR KAFOURY: HEALTH DEPARTMENT HEADQUARTER PROJECT TEAM, COME ON DOWN. WHO'S KICKING US OFF THIS MORNING? IS IT YOU?

IT IS.

WELCOME.

CHAIR KAFOURY. BRETT TAUTE WITH MULTNOMAH COUNTY FACILITIES AND PROPERTY MANAGEMENT. WE'RE HERE THIS MORNING TO PROVIDE A BRIEFING ON THE FAC-1 AMEND PROJECT PLAN FOR THE HEALTH HEADQUARTERS PROJECT.

CHAIR KAFOURY: ARE YOU SPEAKING INTO THE MICROPHONE? OUR FRIENDS IN TV LAND MIGHT NOT BE GETTING THE FULL --

AGAIN. BRETT TAUTE WITH FACILITIES AND PROPERTY MANAGEMENT HERE THIS MORNING TO BRIEF ON THE AMENDED PROJECT PLAN FOR THE HEALTH

HEADQUARTERS PROJECT. I'M JOINED THIS MORNING, I'LL LET EVERYBODY INTRODUCE THEMSELVES.

MARK CAMPBELL, CHIEF FINANCIAL OFFICE.

DOUG OBLETZ, SHIELS OBLETZ JOHNSEN

JOANNE FULLER, MULTNOMAH COUNTY HEALTH DIRECTOR.

MR. TAUTE: THANK YOU. WE'RE HERE TO BRIEF ON THE FAC-1 AMENDED PROJECT PLAN. THE PROJECT, TO MOVE FORWARD HERE IN THE SLIDE PRESENTATION, THE AMENDED PROJECT PLAN REALLY IS ABOUT CAPTURING THE CHANGE IN THE SCOPE, THE DELIVERY METHOD FOR THIS PROJECT, REVISIONS TO THE PROJECT'S BUDGET AND SCHEDULES THAT ALIGN WITH THAT SCOPE OF WORK THAT'S BEEN AMENDED, THE PROJECT'S SCOPE, THE PRIOR PROJECT PLAN WAS FOR A SIX-STORY 96,000 SQUARE FOOT FAT. THE PROJECT PLAN BEING PRESENTED IS FOR A NINE-STORY, UP TO 157,000 SQUARE FOOT FACILITY. THE PROJECT DELIVERY METHOD HAS CHANGED IN THAT WE WERE WORKING WITH A DEVELOPER WITH HOME FORWARD IN THE PRIOR ITERATION OF THE PROJECT. THE COUNTY HAS TAKEN DIRECT OWNERSHIP OF THE PROJECT AND WE'VE HAD SOME CHANGES IN OUR TEAM MANAGEMENT STRUCTURE. THE DOUBT, THROUGH A COMPETITIVE PROCESS HAD GONE OUT FOR OWNERS REPRESENTATIVE SERVICES AND ACQUIRED SCHEEL'S JOHNSEN FOR THOSE SERVICES. WE REVISITED THE PROGRAM WITH THE HEALTH DEPARTMENT TO UNDERSTAND THEIR CURRENT NEEDS FOR THE NEW FACILITY. REVISIT WITH A WE KNEW, PROGRAMS THAT WERE NOT INCLUDED IN OUR PRIOR PROJECT PLAN TO INCORPORATE THOSE AND GET A FIRM UNDERSTANDING OF WHAT THAT NEED IS. REVISED THE PROJECT BUDGET AND SCHEDULE TO ALIGN WITH THE PROJECT BEING PROPOSED. AND TODAY THE BRIEFING IS BEING PRESENTED IN ANTICIPATION OF BRINGING A BOARD RESOLUTION NEXT THURSDAY, ASKING THE BOARD OF COUNTY COMMISSIONERS FOR APPROVAL OF THIS AMEND PLAN. THAT'S WHAT WE'RE HERE TODAY TO SHARE WITH YOU.

THE PROJECT GOALS FOR THIS PROJECT REMAIN CONSISTENT. IT'S TO REPLACE THE MCCOY BUILDING, ONE OF THE COUNTY'S LOW PERFORMANCE PROPERTIES PER OR FACILITY'S STRATEGIC PLAN. THE MCCOY HAS BEEN IDENTIFIED FOR DISPOSITION FOR MANY YEARS. IT'S THE CONSOLIDATE THE HEALTH DEPARTMENT PROGRAMS CURRENTLY IN THE MCCOY BUILDING AND THE IDENTIFIED PROGRAMS IN THE LINCOLN BUILDING INTO A SINGLE MODERN FACILITY THAT'LL INCREASE OPERATIONAL EFFICIENCIES, PROVIDE AN ACCESSIBLE, SUSTAINABLE LONG TERM FAT FOR MULTNOMAH COUNTY AND ITS RESIDENTS, A BUILDING BUILT OF DURABLE, SENSIBLE I MATERIALS. ASPIRE FOR MEET OUR HIGH APPROXIMATE PERFORMANCE GREEN BUILDING POLICY AROUND SUSTAINABILITY, AS WELL AS TO ASPIRE TO MEET OUR EQUITY AND WORKFORCE GOLD, PARTICIPATION IN THE PROJECT. CREATE A

MODEST, YET FLEXIBLE DESIGN ALIGNING WITH OUR STRATEGIC PLAN ON DESIGNING FLEXIBLE, DURABLE FACILITIES TO SERVE THE COUNTY FOR MANY DECADES TO COME. AT THIS TIME TO PASS IT TO JOANNE FULLER.

MR. OBLETZ: THANK YOU, MADAM CHAIR, MEMBERS OF THE COUNCIL. WE'RE VERY EXCITED ABOUT THIS OPPORTUNITY. THE MCCOY BUILDING HAS REALLY SIGNIFICANT SEISMIC ISSUES. AS BRETT SAID, IT'S BEEN ON THE LIST FOR DISPOSITION FOR A LONG TIME. THE COUNTY MADE AN AGREEMENT OR A DECISION TO QUIT SIGNIFICANTLY UPGRADING THE BUILDING QUITE A WHILE AGO, WE FELT LIKE WHAT WE REALLY NEEDED TO BE DOING WAS INVESTING THE COUNTY'S RESOURCES IN THE REPLACEMENT IT IS PROGRESSIVELY BECOMING A MORE AND MORE DIFFICULT BUILDING TO KEEP RUNNING DAY TO DAY. AS A PERSON WHOSE OFFICE IS IN THAT BUILDING, I CAN TELL YOU THAT IT'S MARVELOUSLY COOL IN THE WINTER AND QUITE HOT IN THE SUMMER. AND HAS SOME REAL SIGNIFICANT CHALLENGES IN TERMS OF OPERATING. IT ALSO SERVES AS THE COUNTY'S ONLY HIV, HEPATITIS C, SEXUALLY TRANSMITTED DISEASE, COMMUNICABLE DISEASE CLINIC. SO IT SERVES A REALLY CRITICAL PUBLIC HEALTH FUNCTION THAT PUTS A LOT OF PRESSURE ON THAT BUILDING TO BE FUNCTIONING PROPERLY EVERY WORKDAY OF THE YEAR. BECAUSE OF ALL OF THAT, WE'RE REALLY EXCITED TO THINK ABOUT THE OPPORTUNITY TO REPLACE THAT BUILDING. AS YOU KNOW, IT REALLY SERVES AS THE HUB OF THE HEALTH DEPARTMENT SO IT'S KIND OF LIKE THE CENTER FIELD OUR WHOLE CLINICAL AND PUBLIC HEALTH SYSTEM. SO I THINK THAT'S WHAT I'LL SAY. YOU'VE GOT THE OBJECTIVES UP THERE THAT YOU CAN READ.

CHAIR KAFOURY: THANK YOU.

MR. CAMPBELL: THANK YOU. I WANTED TO SHARE SOME RECENT PROJECT DEVELOPMENTS THAT HAVE OCCURRED OVER THE LAST YEAR-ROUND THE PROJECT. THERE'S AN ADDITIONAL \$9.5 MILLION CONTRIBUTION THE COUNTY HAS RECEIVED THROUGH THE RIVER DISTRICT URBAN RENEWAL AREA, PROACTIVE FUNDS TOWARDS THE PROJECT, THAT BRINGS IT TO 36.4 MILLION CONTRIBUTION TO THE PROJECT. ADDITIONALLY, THE COUNTY HAS WORKED WITH THE CITY BUREAU OF PLANNING AND SUSTAINABILITY ON LOOKING AT, AGAIN, WITH THE PROJECT SIDE BEING BLOCK U. WITHIN DOWNTOWN PORTLAND, THERE WAS A HEIGHT ALLOWANCE ON THAT SIDE OF 75 FEET. WE HAD ENGAGED WITH THE CITY OF PORTLAND'S BUREAU OF PLANNING AND SUSTAINABILITY LOOKING AT POSSIBLE PROPOSALS AROUND THAT SITE. THERE WAS A PROPOSAL PRESENTED TO RAISE THE BASE HEIGHT TO 105 FEET WITH AN ALLOWANCE THROUGH FAR BONUSES, FLOOR AREA RATIO BONUSES TO A POTENTIAL HEIGHT OF WON'T 50 TO ET FOR THAT PROPERTY. WE WERE SUCCESSFUL, THE CITY OF PORTLAND APPROVES THOSE ZONING MAP AMENDMENTS IN JUNE OF THIS YEAR. THAT ALSO ALLOWED FOR MAXIMUM BUILDING SIZE FROM WHAT WAS 105,000 SQUARE FEET TO A POTENTIAL OF 157,500 SQUARE FEET ON THE SITE. WE'VE REVISITED AS I

MENTIONED EARLIER WITH THE HEALTH DEPARTMENT TO UNDERSTAND CHANGES WITHIN THE HEALTH DEPARTMENT AND THEIR SERVICE DELIVERY, TO REVISIT THE PROGRAMMING AS WE UNDERSTOOD IT TO CAPTURE THE CURRENT NEEDS. THAT'S LED TO US PROPOSING A NINE-STORY BUILDING. THE TEAM HAS GONE THROUGH A DEVELOPMENT ANALYSIS. WE'VE PERFORMED A DEVELOPMENT ANALYSIS LOOKING AT, IF WE WERE TO HAVE BUILT A SIX-STORY BUILDING, LEASED THE REMAINDER PROGRAMMING NEED FOR THE HEALTH DEPARTMENT SOMEWHERE IN THE DOWNTOWN CORE VERSUS BUILDING A SINGLE BUILDING TO DO A COST ANALYSIS ON THAT MODEL, WHAT IT IMPROVED WAS IN YEAR ONE THE COST TO LEASE AND BUILD A SMALLER BUILDING. WE'RE ALREADY MORE EXPENSIVE TO BUILD A SINGLE BUILDING. THAT'S LED TO A PROPOSAL OF A SINGLE NINE-STORY BUILDING. CHANGES IN OUR PROJECT MANAGEMENT TEAM STRUCTURE WITH SCHEEL'S OBLETZ JOHNSEN, WE STILL CONTINUE WITH CGF ARCHITECTS AND DUNN CONSTRUCTION AS TEAM MEMBERS. THE ARCHITECTS AND DESIGN FIRM AND J.E. DUNN CONSTRUCTION AND CMGC TO PROVIDE CMGC SERVICE FOR THE PROJECT. THE NEXT SLIDE SHOWS THE PROJECT ORGANIZATION REALLY ALIGNING WITH THAT PROJECT TEAM STRUCTURE THAT I HAD MENTIONED. THE PROJECT MANAGEMENT TEAM AS SHOWN AT THE BOTTOM CENTER OF THE ORGANIZATIONAL CHART SHOWS THE COUNTY'S PROJECT MANAGER, MYSELF, SCHIEL'S OBLETZ JOHNSEN AS THE COUNTY REPRESENTATIVE AND DUNN AS THAT REALLY BEING THE PROJECT TEAM IN DEVELOPING THIS PROJECT. AT THIS POINT I'LL ASK DOUG OBLETZ TO SPEAK TO THE PROJECT AND THE PROPOSAL THAT WE HAVE TODAY.

GOOD MORNING.

GOOD MORNING.

SLIDE 7 ILLUSTRATES THE PROJECT SITE, I THINK YOU'RE ALL FAMILIAR WITH IT, NEXT TO BUD CLARK COMMONS ON BLOCK U. IN AN AREA OF DOWNTOWN PORTLAND THAT'S STARTING TO CHANGE PRETTY DRAMATICALLY WITH THE PRESENCE OF THE PNCA CAMPUS AND THE CITY'S PLANS FOR REDEVELOPING THE U.R.S. POST OFFICE SITE AND ALSO THE PRESENCE OF HISTORIC UNION STATION JUST DOWN THE STREET. THE SITE IS WITHIN THE URBAN RENEWAL, RIVER DISTRICT AREA, WHICH IS A MAJOR SORT OF FUNDING FOR THE PROJECT. THE SITE IS CURRENTLY OWNED BY THE PORTLAND HOUSING BUREAU WHICH WILL CONVEY THE PROPERTY TO THE COUNTY AT NO COST WHEN WE'RE READY FOR CONSTRUCTION. THE SITE IS IDEALLY LOCATED FOR THIS USE. IT'S ON THE MALL, EXCELLENT LIGHT RAIL AND BUS ACCESS AND WILL BE HIGHLY SUSCEPTIBLE TO THE CLIENTS OF THE HEALTH DEPARTMENT. IF WE CAN GO TO THE NEXT SLIDE HERE, ONE OF THE MAJOR EFFORTS OVER THE LAST FEW MONTHS HAS BEEN TO REPROGRAM THE BUILDING FROM ITS ORIGINAL SIX-STORY CONFIGURATION FOR A NINE-STORY FACILITY. THIS CHART IS A SCHEMATIC ILLUSTRATION OF HOW THE VARIOUS SUB DEPARTMENTS WITHIN THE HEALTH DEPARTMENT WILL FIT

INTO THAT NINE-STORY BUILDING. THIS IS NOT A SPECIFIC PLAN NECESSARILY, IT'S MORE OF A FIT STUDY THAT DEMONSTRATES THE BUILDING CAN ACCOMMODATE ALL OF THE PROGRAMS LOCATED IN THE MCCOY AND LINCOLN BUILDINGS WITH THE EXCEPTION OF THE MENTAL HEALTH AND ADDICTION SERVICES BUILDING WHICH WILL NOT MOVE TO THIS LOCATION. A MODEST AMOUNT OF GROWTH CAN BE ACCOMMODATED FOR THESE VARIOUS DEPARTMENTS GOING FORWARD. THIS IS AN EXAMPLE OF HOW THE VARIOUS USES CAN BE STACKED WITHIN THIS BUILDING. AS WE MOVE FORWARD IN DESIGN A LOT MORE DETAIL WILL BE UNDERTAKING TO FIGURE OUT WHERE EACH OF THOSE USES WILL FIT. I WANTED TO MAKE CLEAR OUR ESTIMATING ARE NOT BASED ON SPECIFIC DRAWINGS OR DETAILED SPECIFICS, THEY ARE BASED ON INDUSTRY DATA FOR MATERIALS AND SYSTEMS AND REPRESENT SOMEWHAT OF AN ITERATION FROM A SIX-STORY BUILDING, TAKING INTO ACCOUNT AS MUCH INFORMATION AS POSSIBLE ABOUT THE CURRENT MARKET CONDITIONS AND THE CONFIGURATION OF THIS LARGER BUILDING. ONE OF THE MAJOR FACTORS THAT DRIVES COSTS AT THIS POINT IS THE MOVEMENT OF THE STRUCTURE FROM SIX STORIES TO NINE STORIES WHICH BRINGS WITH IT HIGH-RISE CONSTRUCTION REQUIREMENTS WHICH MEANS ADDITIONAL LIFE SAFETY PROVISION, POWER UPGRADES AND OTHER ISSUES THAT WILL INCREASE THE COSTS. THE COST ESTIMATE THAT WE HAVE PREPARED SO FAR ALSO INCLUDES ALLOWANCES FOR ESCALATION, ASSUMING A LATE 2016 DATE FOR ENTERING INTO A GUARANTEED MAXIMUM PRICE CONTRACT WITH THE CONTRACTOR. AND CONSTRUCTION ESCALATION IS A MAJOR CONCERN AT THIS POINT. LOOK OUT OF WINDOW OF THE SIXTH FLOOR AND YOU'LL SEE THE NUMBER OF THE CONTEMPORANEOUS IN THE CENTRAL CITY AND THAT IS AN INDICATION OF THE AMOUNT OF ACTIVITY THAT'S GOING ON DRIVING MATERIAL AND LABOR COST INCREASES.

MR. OBLETZ: WE'RE RECOMMENDING A RANGE OF \$85 TO \$95 MILLION AS AN ESTIMATED COST TO THE PROJECT AT THIS TIME. AS WE MOVE INTO THE NEXT STAGES OF THE PROMISE, WHICH ARE SCHEMATIC DESIGN AND DESIGN DEVELOPMENT, WE WILL MOVE FROM THE CURRENT PERIOD OF UNCERTAINTY OF COSTS INTO A MUCH MORE REFINED COSTS ESTIMATE. THE ESTIMATE DOES INCLUDE CONTINGENCIES FOR DESIGN, ESTIMATING HIDDEN CONDITIONS AND CONSTRUCTION CHANGES. AND THAT ESTIMATE INCLUDES ABOUT A 12% TOTAL CONTINGENCY FACTOR. SO WITH THAT CONSTRUCTION COST RANGE IN MIND I WANT TO TURN TO MARK CAMPBELL, HE'S GOING TO WALK YOU THROUGH THE FUNDING OF THIS PROJECT.

MR. CAMPBELL: THANK YOU, DOUG. SO NOW WE HAVE AN ESTIMATE THE COSTS. WE HAVE \$36.4 MILLION IN TIF FUNDS THAT IS COMING FROM THE RIVER DISTRICT URBAN RENEWAL AREA. AND THE 2014 BUDGET WE ALLOCATED \$5.4 MILLION ONE-TIME RESOURCES FOR THE PROJECT. WE HAVE \$41.8 MILLION. THAT MEANS THAT WE WILL NEED TO BORROW BETWEEN 43 AND \$53 MILLION. WHAT WE'VE SHOWN HERE BELOW ARE ANTICIPATED

SOURCES THAT CAN BE PUT TOWARDS THIS PROJECT THACIALTION WOULD REDUCE THE ANNUAL DEALT SERVICE AMOUNTS. WE BELIEVE THAT THE MCCOY BUILDING -- AND THIS IS PROBABLY A FAIRLY CONSERVATIVE ESTIMATE -- WE BELIEVE THE MCCOY BUILDING WOULD NET US ABOUT \$5 MILLION IN SALE PROCEEDS THAT COULD BE PUT TOWARDS THIS PROJECT. WE'VE HAD DISCUSSIONS WITH THE HEALTH DEPARTMENT OVER THE PAST MONTH OR SO ABOUT FINDING WAYS THAT THEY CAN LEVERAGE THEIR EXTERNAL REVENUE SOURCES IN ORDER TO FREE UP GENERAL FUND. WHAT WE'VE DISCUSSED WITH THEM BASED ON REVIEW OF HISTORICAL BUDGET PATTERNS IS THAT WE FEEL LIKE THAT WE COULD CONTRIBUTE UP TO \$7 MILLION OVER A FIVE-YEAR PERIOD. AND THAT COULD BE PUT TOWARDS WHAT I'M DESCRIBING AS LIKE AN ESCROW ACCOUNT WE WOULD LIKE TO MAKE A LUMP SUM PAYMENT WHEN WE'VE ACCUMULATED THE RESOURCES. WHAT WE'RE TRYING TO DO WITH THIS PROJECT IS TO KEEP ANNUAL DEBT SERVICE AT OUR BELOW \$3 MILLION A YEAR. AND THE CONCEPTS AND PRINCIPLES THAT WE ARE APPLYING TO THIS FOLLOWED UPPING STRATEGY ARE OUTLINED ON SLIDE 10. THE FIRST IS THAT WE DO HAVE SUFFICIENT DECK CAPACITY BASED UPON THE CURRENT FINANCIAL AND BUDGET POLICIES.

AS YOU'RE AWARE WE HAVE A POLICY THAT WE CAN ISSUE UP TO -- WE CAN HAVE ANNUAL DEBT SERVICE THAT IS UP TO 5% OF OUR GENERAL FUND REVENUES. SO BASED ON WHERE WE'RE AT TODAY WE HAVE ADEQUATE CAPACITY TO FUND THIS PROJECT. I HAVE DESCRIBED THE \$12 MILLION IN ANTICIPATED REVENUES THAT WE CAN PUT TOWARDS THIS PROJECT. I ALSO WANT TO POINT OUT THERE'S ANOTHER BOARD POLICY THAT STATES THAT HALF OF ANY ONE TIME ONLY MONEY GENERATED AND FORECAST IN THE BUDGET WILL GO TOWARDS FACILITIES, CAPITAL PROJECTS. SO ANY ADDITIONAL ONE TIME ONLY MONEY WE PUT TOWARDS THIS COULD REDUCE THE ANNUAL DEBT SERVICE AMOUNT. JUST AS A GENERAL RULE OF THUMB, FOR EACH \$1 MILLION OF ONE TIME ONLY RESOURCES THAT YOU WOULD COMMIT THAT REDUCES ANNUAL DECEMBER SERVICE BY APPROXIMATELY \$75,000 A YEAR OVER 20 YEARS. THE OTHER PRINCIPLES THAT WE ARE USING IN LOOKING AT THIS, IT'S IMPORTANT TO MAINTAIN DECK CAPACITY FOR OTHER HIGH PRIORITY CAPITOL PROJECTS, FOR INSTANCE THE DOWNTOWN COURTHOUSE REPLACEMENT. AND GIVEN WHAT WE KNOW ABOUT THOSE PROJECTS THERE STILL IS ADEQUATE DPOOFT MANAGE BOTH OF THOSE. AND THEN THE TIME AGENT AMOUNT OF ADDITIONAL BORROWINGS WILL ANTICIPATE THE ADDITIONAL GENERAL FUND OBLIGATIONS. ONE OF THE THINGS WE WILL STRIVE TO DO WITH THIS PROJECT IS TO MINIMIZE THE IMPACT OF ANNUAL DEBT SERVICE ON THE GENERAL FUND. I DON'T HAVE A SPECIFIC STRUCTURE IN MIND BUT WE WILL BE LOOKING AT SOME TYPES OF CREATIVE STRUCTURES TO KIND OF KEEP THAT ANNUAL DEBT SERVICE AT A LOW LEVEL. THE CHART ON PAGE 11 HIGHLIGHTS THE DEBT CAPACITY. WHAT I WANT TO HIGHLIGHT HERE IS THE BLUELINE THAT GOES ACROSS THE TOP IS OUR ESTIMATED COUNTY DEBT CAPACITY BASED ON THE 5% OF GENERAL

FUND REVENUES. TODAY AND 2016 THE CURRENT DEBT IS SHOWN BY THE ORANGE COLUMN. TODAY WE'RE ALLOCATING A LITTLE BIT MORE THAN \$5 MILLION OF GENERAL FUND TO DEBT SERVICE. THAT IS APPROXIMATELY \$1.25% OF GENERAL FUND REVENUES. THE GREEN COLUMN IS THE ADDITIONAL DEBT ASSOCIATED WITH THIS PROJECT. THE PURPLE COLUMN IS THE ADDITIONAL DEBT ASSOCIATED WITH THE CHOWSSMENTS SOUTH KOREA SEE THAT THERE'S -- THERE IS STILL A PRETTY SIGNIFICANT GAP BETWEEN THE TOP OF THE PURPLE COLUMN AND OUR CAPACITY. AND IF YOU GET OUT TO LET'S SAY 2024, 2025 WHEN THAT KIND OF LEVELS OUT, WE'RE STILL USING A LITTLE MORE THAN 2% OF GENERAL FUND REVENUES TO SERVICE DEBT, WELL WITHIN OUR EXISTING CAPACITY. SLIDE 12, WE'VE PROVIDED A HIGH LEVEL SCHEMATIC SCHEDULE. THE RED STARS, WE'RE ALMOST TO RED STAR NO. 1, THE ACTION ON THE FAC-1 WHICH OCCURS NEXT WEEK. THAT WOULD TRIGGER THE START OF THE SCHEMATIC DESIGN AND DESIGN DEVELOPMENT PROCESS WHICH IS EXPECTED TO TAKE ABOUT 28 WEEKS. WE WILL COME BACK TO THE BOARD IN LATE MAY OR JUNE WITH ADDITIONAL INFORMATION ON THE DESIGN OF THE PROJECT AND A MUCH MORE REFINED COST ESTIMATE AND SEEK APPROVAL TO ENTER INTO THE PROCESS FOR CONSTRUCTION DOCUMENTS, WHICH WILL TAKE US OUT TO LATE 2016 WHERE WE'LL BE BACK AGAIN WITH EVEN MORE INFORMATION ABOUT COSTS, A GMP CONTRACT WE WILL BE READY TO EXECUTE AND A DECISION FOR THE BOARD TO MAKE REGARDING THE START OF CONSTRUCTION. RIGHT NOW WE'RE SHOWING THIS AND FIRST QUARTER OF 2017. OUR GOAL WILL BE TO MOVE THAT BACK INTO THE FOURTH QUARTER OF 2016 IF AT ALL POSSIBLE. YOU CAN SEE OUR CONSTRUCTION DURATION AT 22 MONTHS, THAT PROBABLY WILL BE REFINED FURTHER. AGAIN, OUR GOAL THROUGH THIS PROCESS WILL BE TO MOVE THAT SCHEDULE FORWARD AS SMARTLY AS POSSIBLE.

MR. TAUTE: SO SPEAK TO THE BOARD RESOLUTION AND NEXT STEP FOR THE PROJECT: THE BOARD RESOLUTION PROPOSED FOR NEXT THURSDAY IS SEEKING APPROVAL OF THE FAC-1 AMENDED PROJECT PLAN AS WE'VE DESCRIBED TODAY, AND ALSO AUTHORIZING THE NEXT STEPS IN THIS PROCESS. WE ESTIMATE THE COSTS ASSOCIATED WITH THOSE NEXT STEPS AT \$3.2 MILLION. THAT'S WHAT WE'RE SEEKING AUTHORIZATION FOR. THAT WILL ALLOW SCHEMATIC AND DESIGN WORK TO FURTHER DEVELOPMENT OF THIS PROJECT. THE INITIAL NEXT STEP WE WILL BE SEEKING, A RESOLUTION BROUGHT TO THE BOARD ON NOVEMBER 12TH, WILL BE REQUESTING AUTHORIZATION TO EXECUTE CONTRACT AMENDMENTS WITH ZGF AND J.E. DUNN AROUND THOUSANDS CONTRACT AMENDMENTS. WE SEE THAT AS BOARD RESOLUTION IMMEDIATELY FOLLOWING THE FAC-1 AMENDED PROJECT PLAN REQUESTING AUTHORIZATION TO EXECUTE THOSE CONTRACTS WHEN THEY ARE FINALIZED. THE NEXT STEPS --

I'LL TAKE IT FROM HERE.

DOUG, THANK YOU.

MR. OBLETZ: IN ADDITION TO THE DESIGN WORK THAT WILL BE GOING ON WE'LL BE SUBMITTING OUR DESIGN REVIEW APPLICATION FOR THE CITY OF PORTLAND. THAT IS A PROCESS THAT COULD TAKE UP TO 16 WEEKS TO PROCESS. THAT'S ACTUALLY A KEY DETERMINANT OF THE OVERALL SCHEDULE. WE'VE BEEN ENGAGING WITH THE CITY ALREADY ON THE PROJECT; THEY ARE AWARE OF IT. THEY HAVE SEEN THE PREVIOUS SIX-STORY VERSION BUT WE'LL BE STARTING ESSENTIALLY ANEW WITH THIS NEW DESIGN REVIEW PROCESS. IN ADDITION, WE HAVE MADE COMMITMENTS THROUGH THE CHAIR'S OFFICE TO ENGAGE THE COMMUNITY AND THE IMMEDIATE NEIGHBORS IN THE DEVELOPMENT OF A GOOD NEIGHBOR AGREEMENT THAT. PROCESS WILL BE UNDERWAY, AS WELL. WE EXPECT TO BE COMING BACK TO THE BOARD ABOUT EVERY 60 DAYS TO PROVIDE PROJECT UPDATES. WE WILL LOOK ACCIDENT SOME CREATIVE WAYS TO ADVANCE THE SCHEDULE. UP WITH SUCH APPROACH WOULD BE TO SEE IF WE CAN START SOME OF THE PILE DRIVING OUR PILE DRILLING WORK AND EARLY FOUNDATION WORK NEXT SUMMER WHEN IT'S DRY. MUCH MORE ADVANTAGEOUS TO BE DOING THE WORK IN DRY CONDITIONS AS OPPOSED TO WET. OVERALL WE WILL BE CONTINUING EFFORTS TO IDENTIFY OPPORTUNITIES TO ACCELERATE THE SCHEDULE, REDUCE RISKS AND REDUCE COSTS OF THE PROJECT. AND AGAIN, REPORT BACK WITH A FULL PROJECT PLAN BY THE END OF 2016. NEXT TIME YOU'LL SEE US WILL PROBABLY BE ABOUT 60 DAYS OUT BUT WE'LL BE BACK IN LATE MAY OR JUNE WITH A FULL REPORT ON THE DESIGN DEVELOPMENT AND COMPANY'S ESTIMATING PHASE THAT RELATES TO THAT.

CHAIR KAFOURY: NOW IS THE TIME, BOARD QUESTIONS AND COMMENTS. COMMISSIONER BAILEY.

COMMISSIONER BAILEY: THANK YOU. I WANT TO REITERATE A POINT I'VE MADE A FEW TIMES BUT I WANT TO HAVE IT ON THE RECORD HERE. I THINK THE LOCATION THAT WE'RE LOOKING AT IS AN IMPORTANT LOCATION, BOTH FOR US AND FOR THE CITY. IT IS AN INTREAWAY AND GATEWAY FROM THE TRAIN STATION; WE HAVE POTENTIAL REDEVELOPMENT HAPPENING AT THE POST OFFICE SITE NEERCHLT IT IS AN AREA I THINK WILL CHANGE RAPIDLY. I UNDERSTAND SPACE CONSTRAINTS AND COST CONSTRAINTS. LOOKING AT YOUR DIAGRAM IN WHICH YOU'VE POTENTIALLY LAID OUT SOME SPACE PROGRAMMING, IT LOOKS LIKE THERE IS SOME ROOM FOR GROWTH. I'D LIKE TO REITERATE IF IT IS POSSIBLE, IF IT IS POSSIBLE, TO HAVE SOME SORT OF COFFEESHOP OR GROUND FLOOR RETAIL PRESENCE OR GALLERY SPACE OR SOMETHING TO HAVE THAT AS A FOCAL POINT FOR PEOPLE COMING ACROSS THE STREET. I THINK IT'S SOMETHING THAT WOULD POTENTIALLY HELP GENERATE A MORE FAVORABLE STRUCTURE THERE.

COMMISSIONER, THOSE COMMENTS DO ALIGN WITH SOME OF THE NEIGHBORHOOD CONCERNS EXPRESSED DURING THE PROCESS OF CHANGING THE ZONING ON THE SITE. SO IT'S SOMETHING WE'LL BE LOOKING AT VERY CAREFULLY.

THANK YOU.

COMMISSIONER SMITH: MARK, COULD WE GO BACK TO THE CONTINGENCY, YOU SAID THERE'S ABOUT 12% PUT ASIDE, ABOUT \$11.5 MILLION, COULD YOU TELL ME WHERE THAT IS? I DIDN'T SEE IT BROKEN OUT.

MR. CAMPBELL: WE HAVE BEEN WORKING ON CONTINGENCIES, COVERED IN ABOUT A DOZEN DIFFERENT WAYS. THE MOST IMPORTANT IS CARRYING A DESIGN CONTINGENCY AT THIS POINT BECAUSE OF THE UNCERTAINTIES OVER OF THE DESIGN SO A PORTION IS IN THERE. THERE ALSO IS A SET-ASIDE FOR THE CONSTRUCTION EXCHANGE TINGE WHICH I, NORMALLY IN THE RANGE OF FOUR TO 5% WITH A PROJECT OF THIS TYPE. IN ADDITION, THE BUDGET INCLUDES CONTINGENCIES FOR SOFT COSTS, THE NONCONSTRUCTION RELATED COSTS. CERTAIN TENANT IMPROVEMENTS THE COUNTY WILL BE MAKING, LAB EQUIPMENT AND FURNITURE, FIXTURES AND EQUIPMENT. IF YOU WERE TO LOOK AT THE VERY PRELIMINARY BUDGET WE HAVE, THERE ARE PROBABLY A NUMBER OF DIFFERENT PLACES WHERE CONTINGENCY IS CARRIED. WE HAVE COVERED OURSELVES VERY CAREFULLY AROUND A LOT OF DIFFERENT CATEGORIES.

COMMISSIONER SMITH: HOW WILL WE KNOW THAT'S CONTINGENCY MONEY AND NOT JUST MONEY FOR THE PROJECT? I THOUGHT IT WAS GOING TO BE PULLED OUT SO WE CAN SEE THERE'S \$11.4 MILLION FOR THOSE COST DESIGNS, OVERRUNS, MATERIALS THAT ARE GOING TO COST MORE. FOR ME, I SAW HOW I BROKE IT OUT BUT YOU HAD IT LABELED SOMETHING ELSE.

MR. AMPBELL: IN THIS PRESENTATION WE OBVIOUSLY HAVE NOT PROVIDED A LOT OF DETAIL. WHEN WE COME BACK TO THE BOARD BASED ON THE COST ESTIMATES DEVELOPED AND THE MORE REFINED BUDGET WE WILL CALL OUT EACH OF THOSE CONTINGENCY ITEMS SO THEY WILL BE IDENTIFIED AND CLEAR AS TO WHERE THEY ARE. OVER TIME AS WE PRESENT THIS PROJECT I THINK YOU'LL SEE CERTAIN CONTINGENCIES WILL DISAPPEAR AS WE GET MORE REFINED NUMBERS FOR THE PROJECT. THE UNCERTAINTY WILL GO DOWN AND THEY WILL EITHER BE USED UP DURING THE DESIGN PROCESS OR SHIFTED INTO OTHER CATEGORIES IF THEY ARE NOT NEEDED. IT IS AN EVOLUTIONARY PROCESS. NORMALLY WHAT YOU SEE IS TINGE WHICH I WILL TRANSFER FROM PERHAPS THE 12% NUMBER THAT EXISTS TODAY. IT MAY GO DOWN BECAUSE OF UNCERTAINTY OVER THE PROJECT.

COMMISSIONER SMITH: THERE LIES THE PROBLEM RIGHT THERE. WE'VE

EXPERIENCED THIS KIND OF THING BEFORE IN THE PAST. I'M TRYING TO MAKE SURE THAT ALL THESE WE HAVE AT LEAST 10% SET ASIDE. WHEN YOU GO DOWN TO 5% AND 6% THAT MAKES ME NERVOUS. IT WOULD BE GREAT IF WE COULD JUST HAVE -- I'M NOT A CONSTRUCTION PERSON. BUT I JUST KNOW HOW TO COUNT F. YOU'VE GOT \$11.4 MILLION THAT'S 12% OF 95, PUT THAT IN A POT SOMEWHERE, THAT'S OUR CONTINGENCY IF WE GO OVER. THEN I CAN TELL WHAT CONTINGENCY AND WHAT'S NOT. RIGHT NOW WE SPENT A LITTLE MORE ON DESIGN, A LITTLE LESS ON CONSTRUCTION, AND SO WE USED UP -- SO I CAN'T TELL WHEN WE'RE USING TINGE WHICH I OR CONTINGENCY OR NOT. I CAN ALWAYS TELL WITH THE GENERAL FUND, I KNOW WHAT'S IN THERE, I KNOW WHAT'S DOABLE. THIS DOESN'T REALLY -- IT DOESN'T CLEAR IT UP FOR ME.

MR. CAMPBELL: WHAT I'M HEARING THAT IS WE NEED TO BE VERY TRANSPARENT ABOUT HOW THE CONTINGENCIES ARE BEING TRACKED. AND WE'LL MAKE SURE WHEN WE COME BACK TO THE BOARD THAT WE SHOW WHERE WE ARE ON THE 3RD OF NOVEMBER AND EACH SUBSEQUENT STEP.

COMMISSIONER SMITH: THEN I CAN LOOK AND SAY, SO WE TOOK \$800,000 OUT TO DO X, Y, Z.

MR. CAMPBELL: WE'LL CREATE A LOG SO YOU CAN SEE EXACTLY HOW IT'S BEING TREATED.

COMMISSIONER SMITH: THANK YOU SO MUCH.

COMMISSIONER MCKEEL: THANK YOU, THANKS FOR THE PRESENTATION. I'M VERY PLEASED WITH THE DIRECTION THIS PROJECT IS GOING FROM WHERE WE STARTED. FROM WE HAVE A GREAT PROJECT MANAGEMENT TEAM. I'M ALSO PLEASED THAT THE SIZE OF THE BUILDING I NOW SUCH THAT IS HOUSES WHAT IS IN THE HEALTH DEPARTMENT. THAT'S ALWAYS A CONCERN TO ME WHEN WE BUILD A BUILDING THAT DOES NOT HOUSE WHAT OUR DEPARTMENTS OR PROGRAMS ARE CURRENTLY HOUSED. VERY PLEASED ABOUT THAT. ONE THING I HAVE VOICED AS A CONCERN A COUPLE OF TIMES AND MAYBE YOU COULD TALK ABOUT THIS. THERE'S A LOT OF GOOD PUBLIC TRANSIT AROUND THIS BUILDING BUT THERE'S NOT PARKING. I KNOW WE TALKED ABOUT SOME POTENTIAL POSSIBILITIES FOR PARKING AROUND THE BUILDING. DO YOU WANT TO TALK ABOUT THAT A LITTLE BIT?

MR. TAUTE: I THINK PARKING IS OBVIOUSLY A MAJOR CONCERN IN ANY LARGE DEVELOPMENT PROJECT. AND WE HAVE OTHER PUBLIC PARTNERS THAT HAVE SIMILAR CONCERNS ABOUT PARKING IN THE NEIGHBORHOOD. AND IN PARTICULAR THE PORTLAND DEVELOPMENT COMMISSION IS LOOKING AT PARKING RESOURCES IN THE NEIGHBORHOOD PARTICULARLY THE BLOCK IMMEDIATELY TO THE SOUTH OF THE PROJECT SITE IS AN AREA THAT IS CURRENTLY BEING LOOKED AT FOR A PUBLIC PARKING STRUCTURE OF SOME

SORT. AND ALSO PARKING STRUCTURES PROBABLY WILL BE A LARGE PART OF THE NEW POST OFFICE REDEVELOPMENT, AS WELL. WE'VE HEARD THIS FROM AGAIN, OUR NEIGHBORS IN THIS AREA, THAT PARKING IS A MAJOR CONCERN. YOU'RE HEARING IS ALL OVER THE CITY FRANKLY AS NEW DEVELOPMENTS OCCURRING WITH MINIMAL PARKING. THERE ALWAYS WILL BE A DEMAND FOR SOME LEVEL OF PARKING. WE WILL BE WORKING WITH PUBLIC PARTNERS TO IDENTIFY RESOURCES FOR THIS PROJECT.

THANK YOU.

COMMISSIONER SHIPRACK: THANK YOU SO MUCH FOR COMING IN FOR THIS BRIEFING. I THINK THERE WAS -- I DON'T WANT TO OVERSTATE IT BUT THERE WAS SOME ANGST AMONG HEALTH DEPARTMENT EMPLOYEES OUR DESIGN TEAM AND FACILITIES TEAM WHEN WE PUSHED THE PAUSE BUTTON ON THIS PROJECT. BUT I THINK COMMISSIONER MCKEEL SAID IT VERY WELL. GOING FORWARD WE WANT A BUILDING THAT WASN'T BIG ENOUGH AND DIDN'T ADDRESS OUR NEEDS WASN'T THE BEST DIRECTION FOR MULTNOMAH COUNTY. I'M HAPPY TO HEAR THE COMMISSIONERS ARE SIGNING AN AGREEMENT MOVING FORWARD WITH THIS PROJECT IS DEFINITELY A BETTER MOVE FOR MULTNOMAH COUNTY, FOR OUR TAXPAYERS AND OUR EMPLOYEES WORKING IN THIS BUILDING. YOU WANT TO THANK YOU FOR THIS PRESENTATION THIS MORNING AND LOOK FORWARD TO OUR VOTE SOON. THANK YOU.

ADJOURNMENT – 11:18 AM

ALL RIGHT. HAVING NO FURTHER BUSINESS, WE ARE ADJOURNED.

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MULTNOMAH COUNTY, OREGON