

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as (if applicable)

## Policy Session Worksheet

**Presentation Date:** October 22, 2019. **Approx. Start Time:** 2:30 PM. **Approx Length:** 60min

**Presentation Title:** OSU Extension Service Building Project

**Department:** Finance – Facilities Management

**Presenters:** Christa Bosserman-Wolfe, Jeff Jorgenson, Mike Bondi, Mike Shea

**Other Invitees:** Nate Boderman

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff are providing an update on the current status, funding challenges, and steps moving forward for the construction of the proposed building.

### EXECUTIVE SUMMARY:

Staff will provide a history of the OSU Extension Services, the plan to build a new building, project design and permitting, estimated project costs, and financing options.

#### **History of the OSU Extension Services**

The OSU Extension Service has been a part of Clackamas County since 1917. The Extension Office provides Clackamas County with a multitude of research based knowledge and education services to its citizens such as the 4H youth, Trees & Forestry, Watershed Health and the Master Gardeners programs. They also offer classes for canning, home gardening and many health and wellness learning opportunities.

The Extension Office has occupied multiple buildings in various areas over the years, and since the early 1980's has been located in two small, older buildings on the County Campus. These buildings do not meet their current needs, nor will they be able to be converted to meet future needs or expected growth. Due to the limited space the Extension Office is housed in, they are required to store materials and goods off-site in other County buildings which is inefficient and unproductive. In addition to the storage requirements, the Extension Office requests a large demonstration kitchen to expand and enhance the programs and training it offers to the public. Larger, separate classrooms, work areas and offices are needed as well to allow the Extension Office to grow their essential programs and offer new and diverse opportunities to the public.

In 2008, the Clackamas Extension and 4-H Service District was approved by the voters, which secured and established a source of funding through property taxes, to support programs and future growth. From these monies, reserves were set aside, with the strategic plan to build a new facility that is designed with the tenant's current needs and requirements, as well as the ability to offer ample room for future growth.

#### **Project Planning & Design**

In late 2014, discussions between Clackamas County officials and the Extension Office were held to consider construction of the proposed new building on the Red Soils Campus. Towards the end of 2015, as a result of these talks, the County Commissioners gave approval to investigate two possible sites on the Campus: one directly east of the current location in an open area west of Beaver Creek Health Clinic,

and one on the southeast corner of Warner-Milne and Beaver Creek Roads bordering the Newell Creek Wetland area and immediately west of the Shaver Building.

In the spring of 2015, an RFQ for architectural services to plan and develop conceptual building designs for the two locations produced a \$74,363.00 contract total with Opsi Architects, with their initial findings and recommendations due by September of 2015. The Phase 1 concept report was delivered before the deadline in August 2015, with the wetlands site near the Shaver Building chosen as the preferred location. The placement of the proposed building adjacent to the wetland area would offer opportunities for volunteering, hands on applications of training and education, while benefitting Clackamas County with a well-cared for greenspace.

Although the conceptual design from Opsi was well received, a mutual agreement for phase 2 work could not be reached between the County and Opsi, and the contract expired. The alternate firm from the original 2015 RFQ process, Soderstrom Architects, was contacted and asked to provide estimates to continue with the design of the new building at the wetland location. From December of 2016 through June of 2017, the County held several meetings with Soderstrom Architects, and a \$650,895.00 contract total was entered into in July of 2017 with anticipated construction to start in October of 2017.

The new model proposed would consist of a 2 story, approximately 22,000 SF main building, with ancillary buildings including a greenhouse and equipment shed, demonstration gardens, and a parking lot that shares Warner-Milne Road access with the Shaver Building to the immediate east. To the greatest extent possible, the building will use locally (Oregon) sourced and manufactured materials, be built to LEED silver standards non-certified, offer low energy use, and a high degree of sustainability. The new building will also be connected to the CUP Utilidor extension project, which will be completed in FY2018. The initial estimate for the project was \$7,020,000.

Several contracts were put in place between the County and professional services to allow Soderstrom and their subcontractors to properly site the building and design the civil work for the project. A surveying contract for the lot and existing conditions with Compass Land Surveyors was started in September of 2017, with deliverables sent to the County in November of that year. A contract for geotechnical survey of ground and sub-surface conditions with Landslide Technologies also began in September, with the report received in December of 2017. An existing wetlands delineation report with Harper Houf Peterson Righellis, Inc. (HHPR) was signed and submitted to the Department of State Lands in October of 2017. There was one site visit with a State Geologist in March of 2018, with the State's final letter of concurrence of the wetland boundaries being received in April of 2018.

The Energy Trust of Oregon Project enrollment form was submitted in October of 2017, and was accepted into the program in November. Although it is not a driving factor, with the addition of solar power, connection to the CUP Plant for heated and chilled HVAC water, less concrete, the higher use of solid wood walls, and other construction practices, the new OSU Extension Building was put on the path to become a Net Zero project. Net Zero projects have the distinction of having the total amount of energy used yearly by a building being equal to, or less than, the amount of energy created onsite through the use of renewable power generation and using innovative technologies.

Clackamas County Facilities Preliminary design review occurred in December of 2017, with several concerns and design issues stated. A few noteworthy issues were the fact the design did not reflect the original design criteria, it did not include enough exterior CLT (cross-laminated timber) as anticipated, the consolidation of office and storage for future temporary occupancy and other minor design concerns.

Several iterations of drawings and reviews were undertaken until a design was agreed upon by OSU and Clackamas County. The proposed building of approximately 22,000 square feet on two levels incorporated

more CLT, approximately 297 solar panels generating nearly 90kW of power, a larger conference room, better overall layout, and design considerations and requirements from the initial reviews. A presentation for approval of the design changes and submission for planning and permitting of the building was given to the County Commissioners in April of 2018. After the design was approved by the County, a pre-application meeting with the City of Oregon City was scheduled at the end of May 2018, with the building design and location discussed and approved for future submission.

The initial Development Plan package for the proposed project was compiled and submitted to the City for review on August 27, 2018. A September 25, 2018 letter was received from Oregon City, deeming the Development Plan as incomplete. Several issues were brought up by the City, including a Master Plan update, current traffic study and review fees, Code compliance on National Resource Overlay District (NROD) areas and fencing, storm water management design, and overall building design features. This rejection spurred an exterior design change, several meetings with Soderstrom and the County, and involved SERA Architects to assist with the Master Plan updates and questions to address the findings and resubmit a more complete and comprehensive package to the City.

One of the conditions cited in the September letter was the construction of a pedestrian path and ADA ramp that would connect the Public Services Building (PSB) parking lot and the Central Utility Plant (CUP) parking lot that was a condition of approval for the Development Services Building (DSB) project in 2004. A letter with supporting documentation from the City was sent on November 9, 2018, with the County's response on November 20, 2018 stating the required pathway and ramp would be constructed as a separate project and not tied to the OSU Development Plan. This project would be completed in 2019 under Facilities Management Project FPN 19-051.

Revisions for the Development Plan occurred on February 19, 2019. While this application intended to answer the initial findings it was once again rejected just a few days later, citing many of the same incomplete items as originally stated. Among them are three Conditions of Approval that dated back to 2005-2007 from prior capital projects, and one that is related to a Red Soils Master Plan update in 2012. These were to be addressed either upon construction of the proposed Adult Detention Facility project, or within 10 years of the date of the COA. The 180 day deadline to deliver a complete application occurred on February 23, requiring a re-submission of the application.

The second Application was submitted in March of 2019 as a Type II application, reviewed, and considered complete in the first part of April 2019. The 14 day public comment period began on 16 May, 2019 and was closed on May 30, with one comment received supporting the construction of the new building. The permit plan review for the building was started by City of Oregon City on May 21, 2019 with four separate permits submitted: The main building, the greenhouse, the outdoor work shed, and the generator enclosure. This review is expected to be complete by end of 2019.

A Land Use approval with conditions was given in the Notice of Decision on the first of July, 2019. There are 44 conditions placed on the approval, with most of those expected to be answered through the specifications or permit drawings, course of construction, or answered in the as-built submittals. A few key notes from the approval were the requirement for more wall articulation on the east façade to break up a continuous flat wall, add windows or awnings on the north end of the building, and move the entire building to the east approximately 5' to accommodate the future widening and alignment of Beaver Creek Road. These changes have since been incorporated into the current design.

## **Project Cost & Financing**

Over the last two years, various design changes have been made to the building due to tenant programming, Oregon City imposed requirements, and structural modifications for existing conditions, with the total square footage finalized at 22,631. The changes to the building design, the long duration of planning and permitting, and the climate of the construction industry in the greater Portland area adversely affected the estimated costs for the project increasing from an original \$10,000,000 to nearly \$15,000,000. In August of 2019, at the County Fair BCC meeting, the updated estimates were provided to the board, seeking approval to move forward with the proposed building.

The District has been actively setting aside funds for this project since inception. Today, they have accumulated approximately \$7,000,000 towards the new building. The delta will need financed. When considering financing options, the District needs a low average annual debt service cost, which recommends the use of bond financing. Because the District itself has no history with the bond market or credit rating, the best way to access the bond market would be to have Clackamas County issue the bonds and then arrange repayment through an IGA (similar to the agreement with C800 for their radio replacement project). The County has a credit rating of AAA and has the capacity to issue the debt, with the guarantee of repayment from the District’s tax base.

However, the District must be able to afford the average annual debt service and generally has cushion of about \$500,000 per year. After running a variety of financial scenarios (varying terms & amounts), we found these to be the better options, with Option 3 being the most favorable, as longer debt life resulted in a lower average annual debt service payment. In other words, to achieve an affordable payment, the District will need to reduce the cost of the project through some value engineering or reduction in scope.

Bond market scenarios:

	Option 1	Option 2	Option 3
Bonded Debt	\$8,000,000	\$7,000,000	\$6,000,000
Terms	30 years	30 years	30 years
Avg Annual Debt Service	\$461,463	\$403,618	\$345,878

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?       YES       NO

**What is the cost?**    \$ Please see below.    **What is the funding source?**    Clackamas County Extension and 4-H Service District and Clackamas County.

**There are actually two construction cost estimates:**

1. OSU Construction Estimate **INCLUDES Lumber Costs for \$11,773,176** This estimate includes the facility construction and all lumber costs including CLT, mass timber, etc., provided by the Contractor.
2. OSU Construction Estimate **EXCLUDES Lumber Costs for \$10,435,848** This estimate includes the facility construction costs plus the cost for installation of certain donated lumber. Mike Bondi is attempting to arrange for the donation or reduced costs of certain types of lumber for this option.

**The original OSU Project construction costs were based the following:**

Facility Construction Costs	\$7,000,000.00
FFE, design, engineering, permits and SDCs, etc.	<u>\$3,000,000.00</u>

Total construction cost **\$10,000,000.00**

**The revised project costs using Option #1 above, which includes lumber, are:**

Facility Construction Costs	\$11,773,176.00
FFE, design, engineering, permits and SDCs, etc.	<u>\$3,000,000.00</u>
Total construction cost	<b>\$14,773,176.00</b>

**STRATEGIC PLAN ALIGNMENT:**

- **How does this item align with your Department’s Strategic Business Plan goals?**  
Since the creation of the Clackamas Extension and 4-H Service District in 2008, Extension’s strategic plan has included moving to a facility designed for the unique needs of OSU’s education and applied research programs in the county. The vision to better serve the community with a new and improved facility, plus strengthen the connection to Clackamas County agency programs (examples—Family Justice Center and Clackamas Health and Human Services) and broader community priorities will be key outcomes resulting from this project’s completion.
  
- **How does this item align with the County’s Performance Clackamas goals?**
  - *Grow a Vibrant Economy*
    - The new OSU facility, with its larger floorplan, significantly expanded teaching and meeting spaces, and demonstration/ teaching kitchen, will bring opportunities to provide for a wider base of County citizens and expand economic possibilities.
    - The new OSU facility will be a state-of-the-art all wood, advanced technology, and Net Zero public building—the first of its kind in the County, if not the state. The facility will be a showcase for the forest products industry and the future of sustainable designs in public construction projects while bringing attention to the local forest resource base in the County and the history of the stewardship by local landowners.
  
  - *Build a Strong Infrastructure*
    - The new facility is designed to meet the needs of the Clackamas Extension and 4-H Service District for the next 75-100 years or more. The large meeting/training room in the facility will have a seating capacity of 150.
    - The new facility has approximately 2,000 square feet which is dedicated to County use for temporary occupancy during the planned Courthouse project
    - With the large commercial kitchen and open areas, the facility could be used as an extension to the EOC during a major disaster event. The building is designed as a resilient facility and will have independent power generation capability if the grid is not available.

**LEGAL/POLICY REQUIREMENTS:**

County Counsel has and will be involved in reviewing proposed specifications, procurement processes, contracts, and all other developments and agreements.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

**OPTIONS:**

1. Decide project is a NO GO. Suggest holding off for a period of time to save more District funds and acquire more private contributions. Considerations— a) may need to re-initiate the City approval process depending on the project delay; b) building and construction costs into the future—higher or lower; c) bond rates; and d) loss of community support and inertia for project due to delays.
2. Complete project as originally conceived. Full build out. Now a \$14+ million project. Finance accordingly at 30 years. Reduce programming and move more Extension District budget support to finance building with debt service of about \$450,000 per year for 30 years.
3. Reduce building costs by approximately \$1.25 million to reduce borrowing need that results in debt service of about \$350,000, reduce the District program budget by \$100,000 and re-direct those dollars to support the building debt service. And, generate approximately \$60,000 per year through room/space rentals—to “in County” and/or outside community individuals or organizations through a cost recovery plan.

**RECOMMENDATION:**

Approval to move forward with the proposed OSU Extension construction RFP based on **Option #3.**

**ATTACHMENTS:**

Drawings:

- A101 – Site Plan
- A201 – Ground Floor Plan
- A202 – Second Floor Plan

Photo-renderings:

- Parking Lot (east) Elevation
- Beaver Creek Rd. (west) Elevation
- Front Office Counter Interior

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_JJ\_\_\_\_\_

Department Director/Head Approval \_\_\_CBW\_\_\_\_\_

County Administrator Approval \_\_\_GS\_\_\_\_\_

For information on this issue or copies of attachments, please contact _Mike Bondi_@ ext 5880_____
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# Moving Extension Education Center Forward—Issues, Opportunities, and Needs

## Financial Plan for Center Built on Extension District Savings, Private Fundraising, and County Financing

- District budget savings...\$500,000/year; saved \$7 M through current budget (less architect fees)
- Private fundraising goal for project is \$3 M; about 10% committed at this time
- County Financing—bridge funding through sale of bonds needed to initiate construction process

## Issues Facing Us Today

- Extension Education Center building costs have risen from \$10 M to \$14 M over past several years
- Financing need—instead of \$2-3 M, now \$7-8 M; looking at longer term financing to 25 or 30 year commitment
- Realities—how reduce project budget without requiring re-application for land use approval, maintaining integrity of project goals and design features, and accommodating community needs

## A Path Forward

- Reduce estimated high end building cost from \$11.7 M by \$1 M or MORE—at least 10%
- Adjust Extension District budget to allocate more resources to building project
  - \$500,000 to capital construction line to be used for debt service and increased operational costs
  - Original plan to hold debt service to about \$200-250,000
  - Will need to increase debt service total to at least \$350,000-400,000 or more.
- Bond sale interest rate, public construction bid results, and continued County budget support for District will be critical to success going forward and sustainability of project.

## A Proposal for Your Consideration...

- Reduce Extension Education Center building costs by \$1,286,000 (11%).
  - Remove Structural Embankment cost → \$233,000 (changed design)
  - Remove Stone Veneer on foundation → \$207,000 (nice to; not have to)
  - Remove Emergency Generator for Resiliency status of building → \$80,000 (for County's use)
  - Remove Kitchen appliances and learning station buildout → \$148,000 (add later if private fundraising)
  - Remove Outdoor Education Pavilion → \$317,000 (add later if private fundraising)
  - Remove Teaching Greenhouse → \$121,000 (add later if private fundraising)
  - Remove Landscaping (will need alternative plan and completed prior to occupancy—donated plants, contract services, volunteers) → \$180,000
- Total Extension Education Center estimated costs
  - New building construction cost approximately \$10.4 M
  - Building permits (\$100,000) plus SDCs (\$600,000) or approximately \$700,000
  - Interior soft costs approximately \$500,000
  - PROJECT TOTAL → \$11.6 M
- Financial Plan
  - \$6.3 M Extension District savings (\$7 M less architect fees—committed)
  - Need to borrow approximately \$5.2 M
  - Adjust Extension District annual budget to allocate an additional \$175,000 to debt service:
    - Terminating Extension Innovative Project fund for faculty (\$100,000/year);
    - Adding Cost recovery—lease transition space for Courthouse project (2,000 sf) and develop rental program for meeting/training room and kitchen to generate added funds (\$60,000/year)
  - Private financing continuing—goal still \$3 M in commitments (up to five years) by occupancy; will need to continue fundraising especially if hope to pay off loan early; 10 year call on bond is approximately \$4.2 M
- Contingencies to Note
  - Before occupancy could save another \$250,000+ in Extension District's FY21 budget
  - Using "high" construction estimate; bid could be less depending on market and interest in project
  - Bond sale interest rates are 1.0% above current market; with a favorable bond market, time of sale may yield even lower rates
  - Construction estimates have 10% contingency included

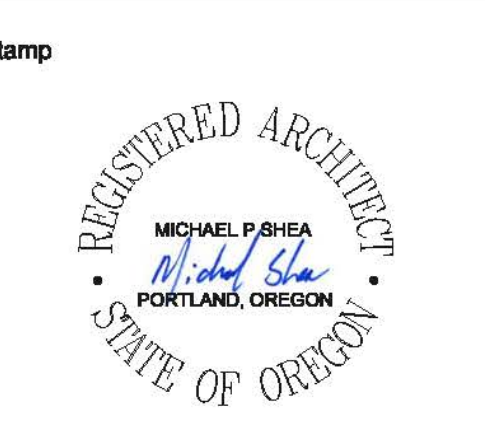




Project

Consultant

Revisions	No.	Description	Date



Issuance  
**BID SET**

Date  
**7/31/19**

Project Number  
**15006**

Drawing Title  
**SITE PLAN**

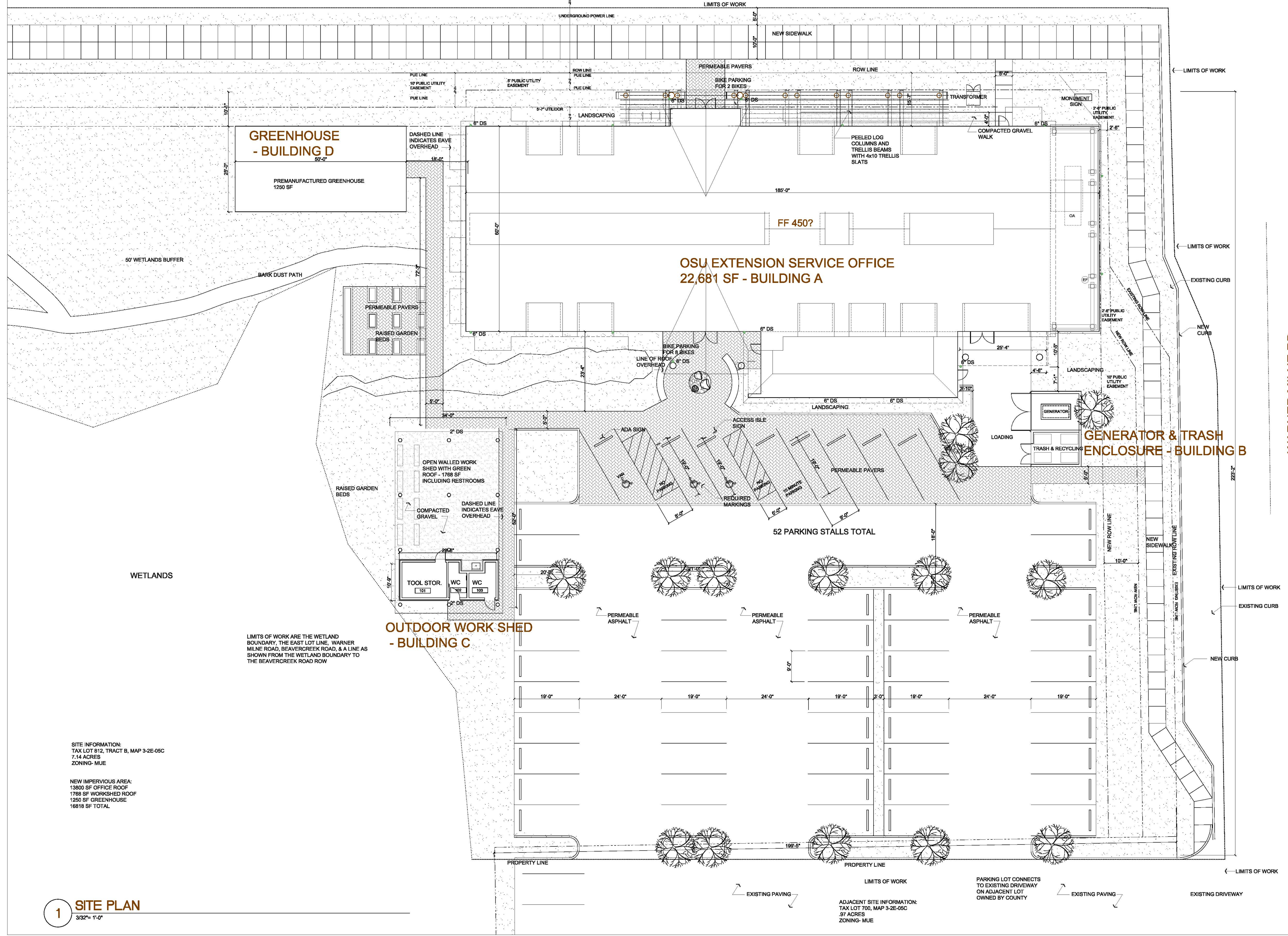
Sheet No.  
**A101**

EXISTING CURB

EXISTING CURB

BEAVERCREEK RD

CROSSWALKS AND  
SIDEWALKS TO BE  
RECONFIGURED BY CITY  
WITH STREET WIDENING



**GREENHOUSE  
- BUILDING D**

PREMANUFACTURED GREENHOUSE  
1250 SF

**OSU EXTENSION SERVICE OFFICE  
22,681 SF - BUILDING A**

**GENERATOR & TRASH  
ENCLOSURE - BUILDING B**

**OUTDOOR WORK SHED  
- BUILDING C**

52 PARKING STALLS TOTAL

SITE INFORMATION:  
TAX LOT B12, TRACT B, MAP 3-2E-05C  
7.14 ACRES  
ZONING- MUE

NEW IMPERVIOUS AREA:  
13600 SF OFFICE ROOF  
1788 SF WORKSHED ROOF  
1250 SF GREENHOUSE  
16818 SF TOTAL

LIMITS OF WORK ARE THE WETLAND  
BOUNDARY, THE EAST LOT LINE, WARNER  
MILNE ROAD, BEAVERCREEK ROAD, & A LINE AS  
SHOWN FROM THE WETLAND BOUNDARY TO  
THE BEAVERCREEK ROAD ROW

**1 SITE PLAN**  
3/32" = 1'-0"

ADJACENT SITE INFORMATION:  
TAX LOT 700, MAP 3-2E-05C  
.97 ACRES  
ZONING- MUE

PARKING LOT CONNECTS  
TO EXISTING DRIVEWAY  
ON ADJACENT LOT  
OWNED BY COUNTY

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# BEAVERCREEK ROAD

# WARENER MILNE ROAD

CLACKAMAS COUNTY OSU EXTENSION SERVICE  
CLACKAMAS COUNTY RED SOILS CAMPUS  
101 BEAVERCREEK ROAD  
OREGON CITY, OREGON 97045



Project

Consultant

Revisions

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Date

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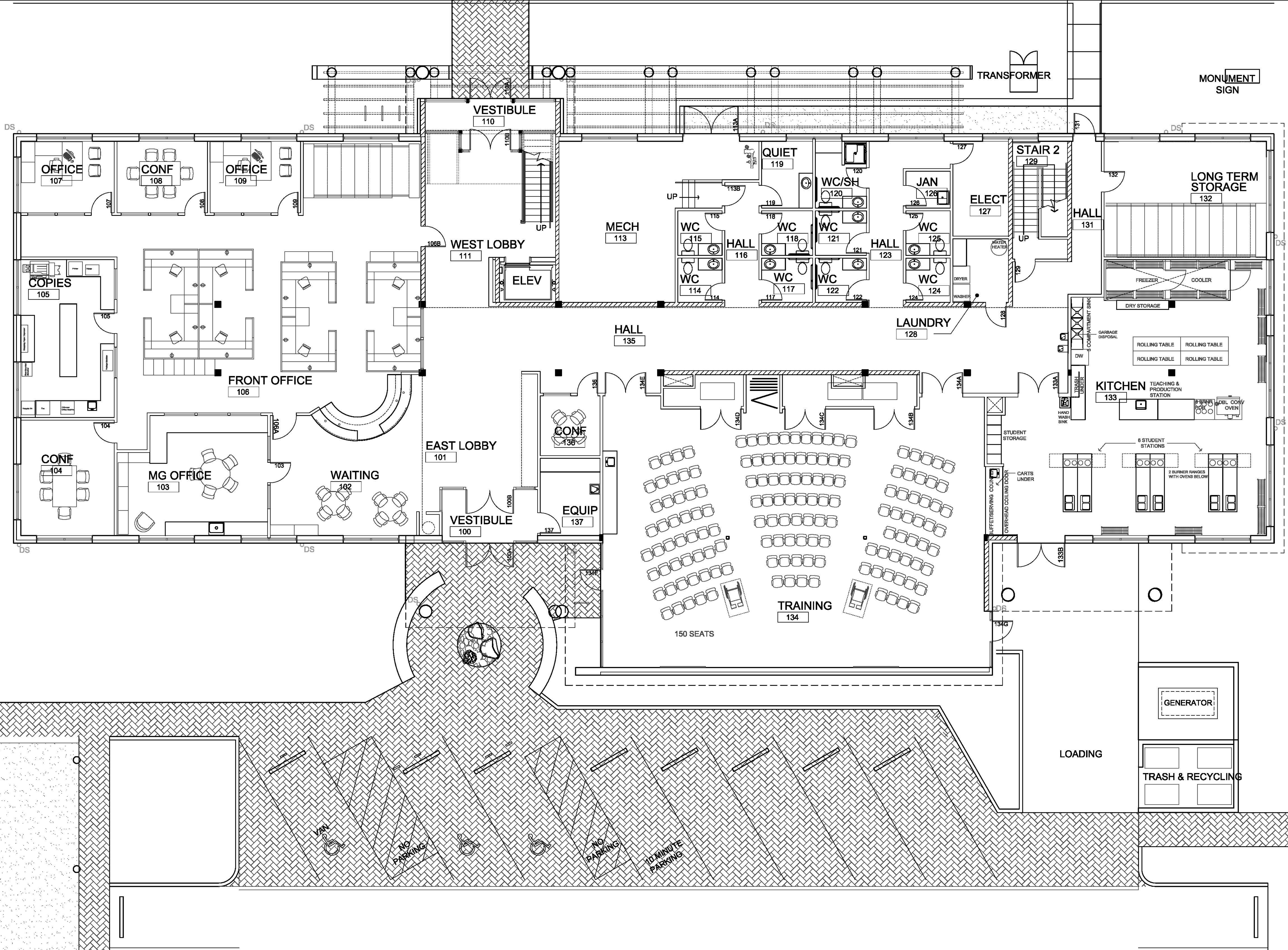
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Drawing Title

**GROUND FLOOR PLAN**

Sheet No

**A201**



**1 GROUND FLOOR PLAN**  
1/8"=1'-0"

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# BEAVERCREEK ROAD

CLACKAMAS COUNTY OSU EXTENSION SERVICE  
CLACKAMAS COUNTY RED SOILS CAMPUS  
101 BEAVERCREEK ROAD  
OREGON CITY, OREGON 97045



Project

Consultant

Revisions

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**8/15/19**

Project Number

**15006**

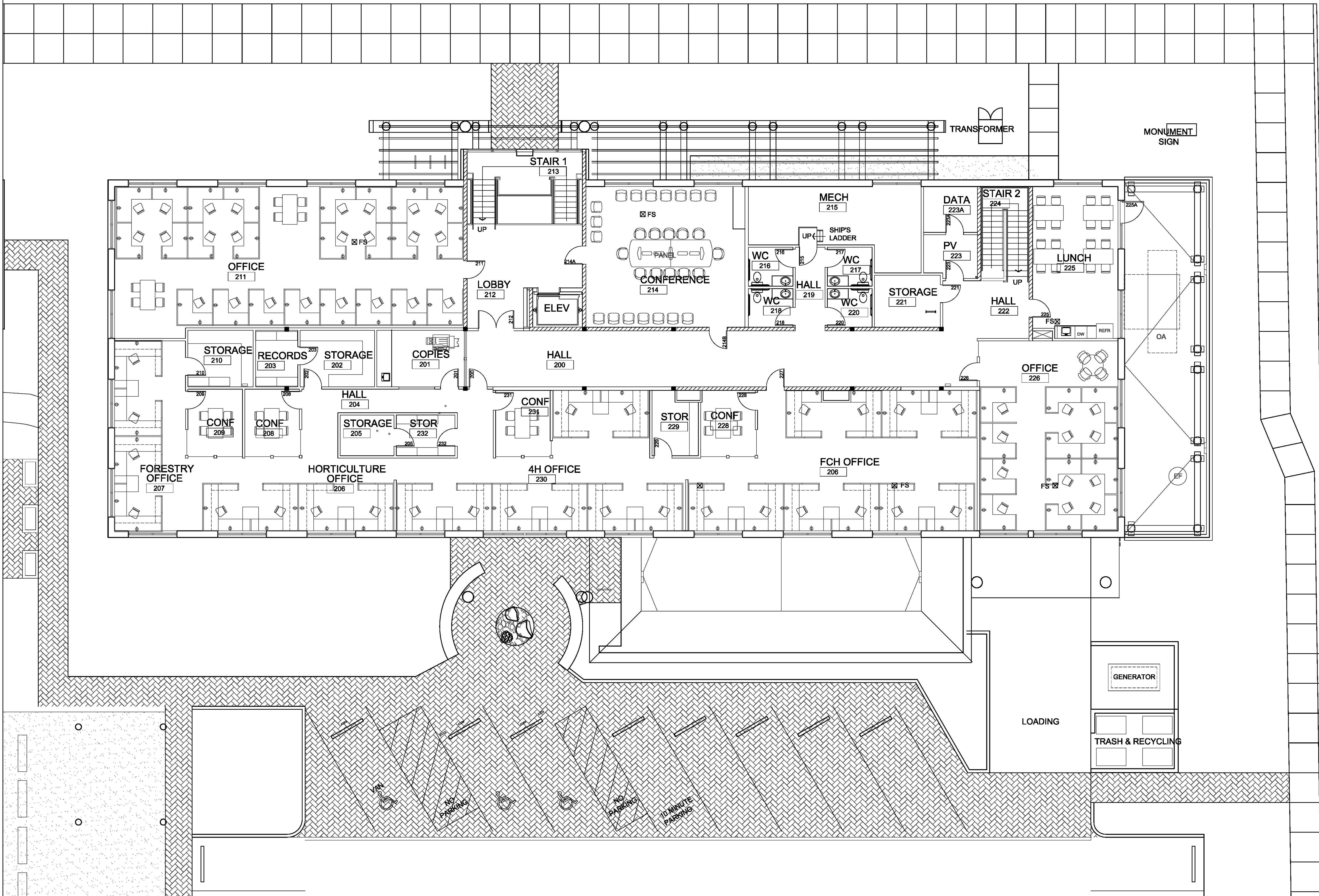
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**SECOND FLOOR PLAN**

Sheet No

**A202**

WARENER MILNE ROAD



**1 SECOND FLOOR PLAN**  
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 Oregon State  
University