CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 12/18/2024 Approx. Start Time: 1:30 PM Approx. Length: 30 mins

Presentation Title: Clackamas County Main Street Courthouse Request for Expressions of Interest

Department: County Administration

Presenters: Nancy Bush, County Operating Officer

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff are seeking Board approval of the Request for Expressions of Interest and direction to move forward with the process.

EXECUTIVE SUMMARY:

The Board convened the Oregon City Main Street Courthouse Committee in October 2024 to recommend a course of action for the current County Courthouse, which is expected to vacated by August 2025 with the completion of the Replacement County Courthouse in May 2025. That advisory body recommended that the Board "sell or transfer the courthouse to an entity that would fully contribute to the economic vitality of the downtown Oregon City area."

The Board accepted that recommendation in November 2024 and directed staff to develop a process in alignment with the recommendation. To ensure maximum flexibility in the way the Board moves forward, staff are proposing a Request for Expressions of Interest (RFEI). An RFEI provides a broad framework for submission of proposals that the County could review and shortlist one or more for further consideration. The flexible process that would allow for the creation of a selection advisory committee, if desired, meetings or interviews with respondents to further explore their proposals, and ultimately, selection of one or more proposals to begin negotiations or a further process if additional detail is required. Throughout the RFEI process, the County reserves the right to select an alternate proposer or terminate the process.

The enclosed RFEI provides some context on the County, Oregon City, the courthouse and its surroundings, and lays out in broad strokes the County's vision for the future of the property. To ensure that proposals implement that vision, the RFEI outlines several areas of consideration that submitters should address in their proposals:

- The need for sufficient detail to outline how the proposal contributes to the economic vitality of the downtown Oregon City area and presents a compelling vision for the use of the property, with the understanding that these are concepts, not final engineered drawings
- The experience and ability of the proposer to move quickly to implement, including the ability to secure funding
- Preservation of the historical significance of the building, in consultation with the State Historic Preservation Office
- A preference for a standard purchase and sale transaction, with conditions of sale to be negotiated
- A preference for retention of the portion of the site known as Liberty Plaza, either through incorporation into the final transaction or through a lot line adjustment that would separate the plaza from the parcel

Staff would publish the RFEI on OregonBuys.gov, through the Business Tribune, and on the County website as soon as practical, and market the RFEI as opportunities present themselves. While not contractually obligated, it is hoped that the entities involved in the Oregon City Main Street Courthouse Committee and other community partners would endeavor to share the RFEI within their networks.

Proposals would be due February 28, 2025, with the intent to select a shortlist for further evaluation in March 2025 and ultimate selection of a proposer to begin final negotiations by April 2025. The intent is for staff to review the proposals and rank according to the criteria identified and seek Board direction on how to proceed based on the number and quality of proposals. This timeline may be modified based on the actual publication date and the number or quality of responses received.

FINANCIAL IMPLICATIONS (current year and ongoing):			
Is this item in your current budget?			
What is the cost? \$0 What is the funding source? N/A			
STRATEGIC PLAN ALIGNMENT:			
How does this item align with your Department's Strategic Business Plan goals?			
The disposition of the current County Courthouse is part of the department's work toward completion of the Replacement County Courthouse on the Red Soils Campus.			
How does this item align with the County's Performance Clackamas goals?			
The disposition of the current County Courthouse in a manner that contributes to the economic vitality of the downtown Oregon City area contributes to the Board's priorities of growing a vibrant economy and building a strong infrastructure. Additionally, prudent management of the County's assets contributes to building public trust through good government.			
LEGAL/POLICY REQUIREMENTS:			
The County owns the property outright and can dispose of it in accordance with Oregon law. Staff will work to ensure that the County is in compliance with relevant laws and regulations.			
PUBLIC/GOVERNMENTAL PARTICIPATION:			
The Oregon City Main Street Courthouse Committee had representatives from the Board of County Commissioners, the City of Oregon City Council and staff, the Downtown Oregon City Association, the Oregon City Business Alliance, the Oregon City Chamber of Commerce, and County staff.			
County Counsel, Facilities Management, Procurement, and Economic Development staff have reviewed the RFEI. City of Oregon City staff were provided with an opportunity to submit feedback but did not do so.			
A selection advisory committee will be formed to evaluate proposals. It is anticipated that County staff will continue to engage with local government entities, stakeholders, interested parties and the public as the process moves forward.			
OPTIONS:			
1. Approve the draft Request for Expressions of Interest as proposed and direct staff to move forward with the			
 process. Approve the draft Request for Expressions of Interest, as amended during this policy session, and direct staff to move forward with the process. Direct staff to take no action. 			
RECOMMENDATION:			
Staff respectfully recommend Option 1. Approve the draft Request for Expressions of Interest as proposed and direct staff to move forward with the process.			
ATTACHMENTS:			
Clackamas County Main Street Courthouse Request for Expressions of Interest			
SUBMITTED BY: Division Director/Head Approval Department Director/Head Approval County Administrator Approval			

For information on this issue or copies of attachments, please contact Tony Mayernik @ 503-742-5920

Clackamas County Main Street Courthouse Property Disposition

REQUEST FOR EXPRESSIONS OF INTEREST for

Real Estate Acquisition for Development Concepts

January 6, 2025



Responses received prior to January 6, 2025 will be included for initial consideration

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County Contact

For all questions related to this Request for Expressions of Interest (RFEI), please email: amayernik@clackamas.us with subject: Main Street Courthouse RFEI. No other forms of communication will be accepted.

1. Introduction & Overview

Introduction

Clackamas County is constructing a courthouse on the Red Soils Campus in Oregon City, which will be completed in May 2025, to replace the 87-year-old courthouse in downtown Oregon City. The County expects that the current courthouse, hereafter referred to as the Main Street Courthouse, will be vacated by August 2025. The County is issuing this request for Expressions of Interest (RFEI) to seek development concepts for the Main Street Courthouse from creative, experienced development teams.



Clackamas County & Oregon City Overview

Clackamas County is both a rural and suburban county located on the southeastern edge of Portland, Oregon. Clackamas County, in north central Oregon, is one of the four counties that make up the Portland, Oregon, metropolitan area. Its boundaries extend from the City of Portland to the Mt. Hood National Forest. It is bounded by Multnomah County to the north, Wasco County and Hood River counties to the east, Marion County, home of the State Capitol, to the south, and Yamhill and Washington counties to the west. Clackamas County is Oregon's third-most populous county with a population of approximately 425,000 people. The County spans nearly 1,900 square miles and is roughly equivalent to the size of the state of Delaware.

The eastern half of the County is primarily rural with its main industries in the forest products, agricultural, and tourism sectors. The western side of the County is within the regional urban growth boundary (UGB) and is largely suburban, with industrial and light commercial transit and commerce corridors.

Oregon City, the County seat, established by the Hudson's Bay Company in 1829, was incorporated in 1844 as the first city in the United States west of the Rocky Mountains. Oregon City serves as a hub in the Portland Metro area, with the City's core having a vibrant mix of small-scale shops, restaurants, and culture amenities. As of the 2020 census, Oregon City has a population of 37,572.

Main Street Courthouse Overview

The Main Street Courthouse, located at 807 Main Street, comprises a 0.94-acre parcel (Site) zoned Mixed-Use Downtown (MUD). The Site encompasses over 2/3 of a city block and is a high-profile location in the core of downtown Oregon City. The current building was constructed in 1935-1937 to replace an 1884 courthouse that was razed after being deemed unsafe. Designed by F. Marion Stokes, the building was constructed as part of the Works Progress Administration program under contractor Glen Hord.

Three stories tall with a full basement that serves as a ground floor, the building is situated at the corner of 8th Street and Main Street in Oregon City, with McLoughlin Boulevard on the northwestern side. An ADA-accessible entrance serves the southeastern side of the building, with additional entrances on 8th Street and from the parking lot off 9th Street.

Considered historically significant by the State Historic Preservation Office (SHPO), the Main Street Courthouse is a typical Art Deco style with Egyptian Revival overtones, constructed of reinforced concrete with a masonry façade, decorative elements, and double-hung windows covering all four major faces of the structure. In addition to renovations since the building's original construction as occupancy of the building has changed, an addition constructed in 2012 maintains architectural consistency with the original building, allowing for differences due to the purpose of the addition as a receiving and secure custody area for inmates awaiting trial and additional trial court space on the third floor. Submittals should contemplate the requirement under Oregon law to preserve the historical significance of the Main Street Courthouse building in consultation with SHPO.

A portion of the Site, known as Liberty Plaza, was consolidated into the current parcel in 2012 after the demolition of the Liberty Theater and construction of the plaza in 2004. Submittals should contemplate preserving the existing open space on the Site known as Liberty Plaza, either as part of the final project, or through a lot line adjustment to separate the two portions, but the County will consider alternative proposals. Final disposition of the Liberty Plaza space is expected to be a discussion item in any negotiations. Lot line adjustments would be subject to the final approval of the City of Oregon City. Additionally, there is a reciprocal access easement on a portion of the property in the northeastern corner that serves as ingress and egress for an adjoining tax lot on the same block.

Adjoining and other Relevant Properties

Clackamas County owns the Ralph M. Holman Law Center, or the Holman Building, on the eastern corner of the block, at 821 Main Street, which currently hosts the county's Law Library and jury lounge. The Law Library and jury lounge will be relocated when the Red Soils Courthouse opens in May 2025, and it is expected that other County functions will move into this building. A privately-owned commercial building, currently operating as a restaurant with indoor and outdoor seating, occupies the northern corner of the block at 102 9th Street. An existing reciprocal access easement serves this commercial building, the Main Street Courthouse, and the Holman Building.

McLoughlin Boulevard, also known as Oregon Highway 99E, serves as the northern boundary of the block. The Willamette River sits immediately north of McLoughlin Boulevard and no significant property interests exist at this point in the river. On the 5 adjoining city blocks there are a number of privately-owned commercial spaces offering a wide variety of services, including a behavioral health center, commercial office spaces, retail storefronts, and a mix of dining establishments.

Solicitation Overview

The County envisions private or public sector redevelopment to accomplish the goal of disposing of the Main Street Courthouse to a proposer that would contribute to the economic vitality of the downtown Oregon City area. This RFEI is intended to be flexible and invites concept renderings and sufficient detail to demonstrate a compelling vision for the Site from parties that demonstrate the capacity and experience to deliver that vision. It is not expected that submitters will provide final engineering drawings or designs.

The County is open to a broad range of proposals, and notes that the MUD zoning provides a wide range of possible uses, including mixed-use development, multi-family housing, retail and commercial spaces, temporary lodgings such as a hotel, or an event center. Submittals may contemplate reuse of the existing building, renovation of the existing building, demolition and construction of a new building, or any combination thereof.

The County will consider submittals that contemplate a standard purchase and sale to a public or private entity, including conditions of sale to be negotiated, as well as other alternative disposition proposals. Any disposal of County real property will be in compliance with applicable law including, but not limited to, ORS Chapter 271. In addition, the property will be conveyed as-is, with no representations or warranties, express or implied, made by County regarding the condition of the property or its fitness for any particular use, and will be conveyed via a quit claim deed. Proposers will be solely responsible for performing any and all due diligence and inspections associated with the property including, but not limited to, tests, borings, surveys, studies, inspections, investigations, tests for soils, geologic hazards, utility lines and systems and environmental hazards. Depending on the selected proposal the County may require additional restrictions on use of the property including, but not limited to, deed restrictions or restrictive covenants to ensure eligible use following disposition.

Without offering an assurance of direct investment, the County is prepared to assist the selected development team with securing funding to implement their proposal, which may include assistance with pre-development work. Additionally, the County is prepared to contemplate assistance with community engagement and necessary land use processes to implement the proposal.

Ultimately, the County seeks a qualified, professional development team demonstrating capacity in staffing, knowledge, and experience to deliver a project best fulfilling the County's goals as expressed in the selection criteria below. This RFEI sets forth the County's intentions for this project, including the selection criteria, selection process, and other information and requirements. Once it has selected a preferred team, the County intends to enter into exclusive negotiations with that team with the intent to initiate Site development as early as Summer 2025.

Creative & Innovative Concepts Encouraged

The County has proposed a structure for the acquisition of the property identified in this solicitation but is open to alternatively structured acquisitions insofar as the structure aligns with the County's goals. Respondents can propose alternative structures and are encouraged to pursue creative and innovative concepts that incorporate other sources of funding. Should the proposer suggest alternative acquisition programs or structures, a preference will be placed on the ability to secure such financing quickly. The ability to close the transaction(s) in a timely fashion is a critical component of the selection.

In October 2024, the Board of County Commissioners convened an advisory group to evaluate the current condition of the Main Street Courthouse and make a recommendation to the Board on the disposition of the current courthouse following the May 2025 completion of the Replacement County Courthouse under construction on the Red Soils Campus.

That advisory group recommended that the Board of County Commissioners sell or transfer the courthouse to an entity that would fully contribute to the economic vitality of the downtown Oregon City area. In addition, the advisory group outlined three considerations for the Board in determining how to proceed with disposition:

- Evaluate opportunities for continued public engagement and communication with stakeholders.
- Consider including criteria in the selection process that reflects the committee's desire to preserve and enhance the long-term economic vitality of the downtown Oregon City area.
- Encourage, where economically feasible, preservation or reuse of the facility's unique architectural features and assets.

Intentional Simplicity & Flexibility

This RFEI is intended to be simple and to provide flexibility for the County and respondents to work through key details as part of exclusive negotiations. This solicitation does not require a complex or expensive response on the part of prospective respondents. The County is looking for creative responses that detail the respondent's ability to successfully acquire the property and implement a proposal that fully contributes to the economic vitality of the downtown Oregon City area.

Submittal and Review Process Overview

The County has identified criteria it will consider when evaluating responses to this RFEI. Those criteria include each proposal's responsiveness to the objectives set forth in Section 3.

The deadline for submittals is **February 27, 2025 at 6:00 PM (PST**). The County will enter into exclusive negotiations with successful respondents following the deadline.

Address RFEI responses and questions to: amayernik@clackamas.us with subject: Main Street Courthouse RFEI.

The County reserves the right to cancel or postpone this RFEI at any time and for any reason.



2. Offering Overview

Zoning

The parcel is zoned as Mixed-Use Downtown by the City of Oregon City. Complete details can be found in the Oregon City Municipal Code Chapter 17.34. The zoning contemplates "...high-volume establishments constructed at the human scale such as retail, service, office, multi-family residential, lodging or similar as defined by the community development director. A mix of high-density residential, office and retail uses are encouraged in this district, with retail and service uses on the ground floor and office and residential uses on the upper floors. The emphasis is on those uses that encourage pedestrian and transit use. This district includes a downtown design district overlay for the historic downtown area. Retail and service uses on the ground floor and office and residential uses on the upper floors are encouraged in this district. The design standards for this subdistrict require a continuous storefront façade featuring streetscape amenities to enhance the active and attractive pedestrian environment." Oregon City Municipal Code 17.34.010.

Proposers should consult with the City of Oregon City on any zoning or development standards questions, as the County is not the planning jurisdiction for this parcel.

Relevant Plans and Studies

OC2040 Oregon City Comprehensive Plan

The City of Oregon City adopted OC2040 in 2022 as its blueprint for the future, a policy document that will guide growth, development, and public investment over the next 20 years. The Comprehensive Plan serves as the basis for Oregon City's land use planning process, and submittals should be in alignment with this document and other land use regulations.

Downtown Community Plan

The Downtown Community Plan was adopted in 1999 by the City of Oregon City and serves as a guiding document for efforts to redevelop the downtown core. The Downtown Community Plan addresses the entire Two Rivers Neighborhood Association, which extends along the Willamette River from Willamette Falls to the mouth of the Clackamas River and eastward along the Clackamas River to the I-205 crossing. Recommendations from the Downtown Community Plan are incorporated into the OC2040 Comprehensive Plan.

2021 Housing Needs Analysis

The City of Oregon City completed a Housing Needs Analysis in 2021, which projected a growth of 7,435 new dwelling units over the next 20 years. The Housing Needs Analysis identified a lack of housing, including a mix of single-family detached, single-family attached, duplexes/triplexes/quadplexes, and multifamily units. Findings and recommendations from the Housing Needs Analysis are incorporated into the OC2040 Comprehensive Plan.

2013 Transportation System Plan

The City of Oregon City completed a Transportation System Plan in 2013, which identified the needs of the City's transportation network, including multimodal transportation improvements. Findings and recommendations from the Transportation System Plan are incorporated into the OC2040 Comprehensive Plan.

Oregon Inventory of Historic Properties

The State Historic Preservation Office has surveyed the Main Street Courthouse twice, once in May 2000 and again in July 2020. The surveys detail the historic significance of the property, including the manner and method of construction and any alterations.

2023 Oregon City Urban Renewal Plan

The Main Street Courthouse lies within the City of Oregon City's Downtown/North End Urban Renewal Area and has been identified by the Urban Renewal Agency as a "project of interest" for future Urban Renewal dollars. Submitters should consult with the Oregon City Renewal Agency on potential opportunities that this may present.

Vertical Housing Development Zone

The Main Street Courthouse lies within the City of Oregon City's Vertical Housing Development Zone. The Vertical Housing Development Zone program provides qualified development projects a 10-year property tax exemption on the value of new construction or rehabilitation for 20 percent per residential floor above a commercial ground floor with total exemption limited to no more than 80 percent. Submitters should consult with the City of Oregon City on questions regarding the zone.



Selection Criteria & Process

Selection Criteria

The following are the criteria that the County will use in evaluating responses to this RFEI. Note that depending on the nature of any particular proposal, not all of these criteria may apply.

- Financial capacity to acquire the property and implement the proposal.
- Agency and management experience delivering similar proposals.
- The proposal's contribution to the economic vitality of the downtown Oregon City area.
- Preservation of the historical significance of the building and its environs.
- Retention of the portion of the site known as Liberty Plaza.
- Project timelines and anticipated opening date, with priority given to proposers that will move quickly.

Post-Selection Process

Upon selection, the County will enter into exclusive negotiations with the selected respondent(s) to negotiate the terms of the transaction. During this period, the County will work with the selected respondent(s) on the proposed program, deal structure, financing, and other components may be modified as a more defined proposal is developed. The County may, at any time, and in its sole discretion, cease negotiations with the selected respondent or respondents.

During this post-selection, but pre-sale phase, the County may negotiate a Memorandum of Understanding (MOU), term sheet, or other agreement with the selected respondent(s), setting forth in non-binding terms the financial, programmatic, and other general aspects of the sale. This agreement will also serve as the basis for the negotiation and execution of a subsequent binding document(s), including a purchase and sale agreement. The final, binding document(s) will govern the final disposition of the property, setting forth the terms of the transaction.

The agreement may include provisions reserving to the County the right to terminate negotiations with the selected respondent(s), if the County, in its sole discretion, determines that negotiations during the pre-sale phase are not progressing in a satisfactorily and/or timely manner.

All final binding document(s) are subject to approval by the Clackamas County Board of Commissioners.

Anticipated Schedule

January 6, 2025	Issuance of RFEI

January 30, 2025 Deadline to request clarifications to RFEI

February 10, 2025 County responses to requests for RFEI clarifications posted on website

February 27, 2025 at 6:00 pm (PST) Deadline for RFEI submissions (see Section 1)

March 13, 2025 (tentative) County completes preliminary evaluation of submissions; decision regarding next

steps (short list interviews, etc.)

March 27, 2025 (tentative)

Preliminary selection of respondent(s), pending further negotiations

4. Submission Format & Content

Preferred Format

Responses of 10 pages or less are preferred, not including letters of reference, samples, financial information, or other supporting documents. Proposals are to be submitted electronically. Hard copies will not be accepted.

Recommended Content

1. Cover Letter

- a. Briefly introduce the organization and describe its interest in the property.
- Summarize the proposed development, management experience, and acquisition overview.

2. Proposal

- a. Concept for ownership and operations of the Site, including the desired financing structure for acquisition.
- b. Estimated time frame to carry out the proposed acquisition and redevelopment.
- c. Description of how proposal aligns with County goals.

3. Organization and Management Team

- a. Identify organization and management members and roles and describe qualifications.
- b. Describe the organizations experience in the ownership and management of similar high-quality, successful projects.

4. Financial Capacity

a. Explain the organization's financial capacity to undertake the acquisition and provide operating funding, including other funding sources available (such as rental agreements), and other financial requirements that may be a condition of the financing.

Note: the County will work with agencies to determine appropriate representations and warranties or any other guarantees for the project.

5. Letters of Reference & Project Examples

- a. Respondents may submit up to four letters of reference.
- b. Respondents are encouraged to include samples of other project examples.
- These pages will not be counted against the suggested 10-page response limit.

General Conditions

- 1. The County reserves the right, in its sole discretion, to accept any response or to reject any or all responses to this RFEI.
- 2. The County reserves the right, in its sole discretion, to modify the selection process or other aspects of this RFEI, including canceling the RFEI at any time. The County will take reasonable steps to ensure that any modification or clarification to the RFEI are distributed in writing to all persons who have requested a copy of the RFEI.
- 3. The County reserves the right to request additional information following review of the initial RFEI response submission. In addition, the County may retain one or more consultants to assist in the evaluation of submissions.
- 4. In the interest of a fair and equitable selection process, the County reserves the right to determine the timing, arrangement, and method of any presentation throughout the selection process. Respondents are cautioned not to undertake any activities or actions to promote or advertise their proposals except during authorized presentations. However, respondents or their representatives are not permitted to make any direct or indirect (through others) contact with members of the Clackamas County Board of Commissioners, County, or Selection Advisory Committee (if established), concerning their proposals, except in the course of County-sponsored presentations. Violation of these conditions is grounds for disqualification of the respondent(s).
- 5. All submissions shall become the sole and exclusive property of the County. Respondent(s) shall not copyright, or cause to be copyrighted, any portion of their submission. Any proprietary financial information or other information which respondents identify as such will be maintained as confidential to the extent permitted under public records law. Submissions or information that respondents would like to remain confidential must be marked confidential.
- 6. The County makes no representations as to whether or not a project to be developed as a result of this RFEI, or any possible participation therein, is a "public improvement" project and as such is subject to the prevailing wage requirements of the Oregon Bureau of Labor and Industry.
- 7. Media releases or media contacts by the selected respondents pertaining to its selection will require prior written approval of the County.
- 8. The County permits the participation of real estate brokers acting on behalf of and with the authorization of respondents, provided that the broker arranges for the payment of its commission or other compensation exclusively by the respondent.
- 9. The County reserves the right to verify and investigate the qualifications and financial capacity of respondents.
- 10. Respondent costs of developing a proposal or any subsequent request for information, costs of attendance at an interview (if requested by the County), or any other costs incurred as a result of this RFEI are entirely the responsibility of the respondent, and will not be reimbursed in any manner by the County
- 11. By submitting a proposal, respondent certifies the following:
 - i. OREGON TAX LAWS: Respondent certifies that, to the best of the undersigned's knowledge, respondent is not in violation of any Oregon Tax Laws. For purposes of this certification, "Oregon Tax Laws" means the tax laws of the state or a political subdivision of the state, including ORS 305.620 and ORS chapters 316, 317 and 318.
 - NON-DISCRIMINATION: Respondent certifies that it has not and will not discriminate in its employment practices with regard to race, creed, age, religious affiliation, sex, disability, sexual orientation, gender identity, national origin, or any other protected class. Nor has respondent or will respondent discriminate against a subcontractor in the awarding of a subcontract because the subcontractor is a disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business that is certified under ORS 200.055.

iii. **CONFLICT OF INTEREST:** The undersigned hereby certifies that no elected official, officer, agent or employee of Clackamas County or the County is personally interested, directly or indirectly, in any resulting contract from this RFEI, or the compensation to be paid under such contract, and that no representation, statements (oral or in writing), of the County, the County, their elected officials, officers, agents, or employees had induced respondent to submit a proposal. In addition, the undersigned hereby certifies that any proposal is made without connection with any person, firm, or corporation submitting a proposal for the same material, and is in all respects fair and without collusion or fraud.



6. Exhibits: Background Documents

- 1. Clackamas County Courthouse CBRE Appraisal Report, December 2022
- 2. MEP Building Assessment, October 2015
- 3. Report of Geotechnical Engineering Services, October 2015
- 4. Seismic Evaluation Report, October 2015

