

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 8, 2022 **Approx. Start Time:** 11:00 am **Approx. Length:** 30 min.

Presentation Title: Clackamas Extension Education Center Building Project—going forward

Department: Clackamas Extension and 4-H Service District

Presenters: Leah Sundquist, Elizabeth Comfort

Other Invitees: Nancy Bush, Jeff Jorgensen, Dick Caldwell, Angela Sandino

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

The purpose of this policy session is twofold:

- Update the Commissioners about the progress of the proposed OSU Extension Service Building and
- Request approval to move forward with construction and associated bond financing needed.

EXECUTIVE SUMMARY:

The Clackamas Extension and 4-H Service District has been working closely with Clackamas County since 2014 to develop plans for the construction of a new Extension Education Center on the Red Soils campus. This project included Board of County Commission (BCC) approval of a preferred building location (southeast corner of Warner Milne and Beaver Creek Road), working with two architectural firms in planning and design, close collaboration with County Facilities Management staff for planning and all logistical support for the project, and guidance from County Finance staff to facilitate public bond financing for the project's debt service.

The project went out to bid in April of 2019. In February 2020, the decision to halt the Extension Education Center building project was made due to challenges to meet bond financing requirements by the Service District budget

A new construction estimate for the building including re-instating the pavilion, rain harvest system and greenhouse was completed February 2022. The number came in at \$17.43 million, which is an increase of \$2M over the 2019 estimate.

The Service District has worked diligently over the years to save funds for construction without sacrificing programs. As of June 2022, the amount accrued will be \$10M. This leaves a total gap of \$6.69 million which would require debt financing.

Below is a comparison of projected costs and funding gaps:

Month/Year	2019	FEB/2022
Estimated Cost	\$15,502,763	\$17,433,878
Funding Gap	\$9,502,753	\$6,685,488

An added benefit of completing the building is the ability to have a facility to aid in Disaster response with several capabilities for support to the County and community. (Attached Disaster Capabilities)

In April the Board of Commissioner agreed to the criteria to consider with each new capital project. The following lists the criteria and the project's status related to each

- Minimum 25% project match with non-county funds: YES
- Aligns with a mandated county service NO, not a county service, per se
- Aligns with the Performance Clackamas strategic plan: YES (see below)
- Serves the residents of Clackamas County YES
- Completed readiness assessment YES

Building Ownership

Delivering educational programs through the OSU Extension Service is a cooperative effort of OSU, the Clackamas County Extension and 4-H Service District, and Clackamas County. The relationship between these three parties is summarized in the intergovernmental agreement that was recently executed in February 2022:

General Roles of the Parties. The parties acknowledge and agree that the District is primarily a funding mechanism to support and fund the County's contribution to the delivery of the Programs within the County and is responsible for funding all staffing and other support for OSU Extension Service activities in Clackamas County on a reimbursement basis. The District has no employees and owns no assets. OSU provides academic faculty and professional staff and is responsible for the coordination for all Programs offered in Clackamas County. The County provides real property for facilities associated with the Extension Services, as well as facility support and coordination.

Although the building will be used to house the new Extension Education Center, the building will be owned and maintained by the County. The County will issue the bonds to finance the project but the District is responsible for all construction costs and any cost overages. However, if District taxes decrease over time and they are not able to repay the bond, the County would be responsible.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? The current estimate as of February 24, 2022 was \$17.43 million. Our capital construction budget line at year-end close (June 30, 2022) is approximately \$10 million reserved specifically for the construction costs. Our FY2022-2023 budget includes a continuation of the \$500,000/year line that was formerly designated for lease costs and, instead, will be used for debt financing.

Operating costs for the Extension Building are financially stable and sustainable with a 20 year budget forecast completed.

Should the District dissolve or have a reduction in the tax rate Clackamas County will continue to be responsible for the debt.

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.
- **How does this item align with the County's Performance Clackamas goals?**
 - *Grow a Vibrant Economy*

A new OSU Extension facility will broaden educational opportunities for the public and expand partnerships local agencies, non-profits, and businesses.

- *Honor, Utilize, promote and invest in our natural resources*
The new building will be the first Resilient structure, Net zero, Leed Gold, all wood building, with a rain catch basin for water recycling to ensure we facilitate meeting the County's Climate Action plan for being carbon neutral.

LEGAL/POLICY REQUIREMENTS:

N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Clackamas Extension Advisory Council meets monthly to review education and outreach programs, provide guidance and input, and support our programs. The Council has been and continues to be instrumental in helping create the vision for the Clackamas Extension Education Center and will continue to assist Extension in future planning and when feasible continue to assist in fund raising efforts.

OPTIONS:

Option 1 – Approve moving forward with the construction and sale of bonds to finance of the remaining \$6.69 million

Option 2 – Delay the project until the construction market is less volatile

Option 3 – Stop the project

RECOMMENDATION:

Option 1 - Approve moving forward with the construction and sale of bonds to finance of the remaining \$6.69 million

ATTACHMENTS:

Presentation of building design and renderings
Disaster Capabilities

SUBMITTED BY:

Division Director/Head Approval:
Department Director/Head Approval ___EC_____
County Administrator Approval _____

Disaster Capabilities: District Extension Facility

Current:

- **COVID:** The Extension site was used as a distribution point for issuing KN95 masks and hand sanitizer for the Agriculture community during the onset and duration of COVID.
- Extension volunteers assisted with 3 COVID vaccination clinics collaborating with the Department of Public Health staff (2 at the Fairgrounds and 1 at WIC)
- **Wildfires:** 4-H volunteers and faculty volunteered at the Fairgrounds during the wildfires caring and feeding livestock and small animals displaced from the wildfires
- Extension volunteers with hauling capacity assisted families with evacuating their house and livestock and driving animals to the fairgrounds.
- **Ice Storm:** The Annex was used for a Warming center during the Ice storm and received over 100 visitors in the week it was open. (Day time only).
- The Extension parking lot was designated as a location for community to come park and use the “guest” wifi capability during the ice storm and wildfires.

Future:

The new building will have the following capabilities related to Disaster support:

- The structure of the building will be designed for “essential services”. It will still be usable after a large seismic event
- The classroom/ auditorium could be used for Incident Command briefs, warming center. It can be divided into 2 rooms w/ capacity for 75 in each room.
- Teach emergency preparedness classes under our Family, Community Health Program. (FCH)
- Several conference rooms can be used by Incident teams for planning and coordination. 1 large one upstairs for 30pax.
- A shower—1 person at a time (potential to add another shower upstairs)
- Commercial teaching kitchen- could be used for the food or emergency equipment distribution, meals prep if needed. It provides for a server area and teaching stations.
- Parking lot can be set up for RV parking of displaced civilians or Red Cross shelters for displaced civilians or Medical Triage capabilities, Blood donation site, distribution of relief supplies (food, water, PPE, blankets, etc), temporary displaced animal holding area.
- Continuation of assisting in evacuation efforts of livestock and small animals to the Fairgrounds as part of our Agriculture mission.
- If a battery pack for the PVs is added then the building will have backup 24/7 operational capability











BOND SUMMARY STATISTICS

Clackamas County
Full Faith and Credit Obligations, Series 2022 (4-H)
Current Public Market Rates (6/1/2022), Non-Bank Qualified
4-H District Projects: \$7 Million, 20 Years, \$550k MADS

Dated Date	09/15/2022
Delivery Date	09/15/2022
Last Maturity	06/01/2042
Arbitrage Yield	3.268128%
True Interest Cost (TIC)	3.771938%
Net Interest Cost (NIC)	4.056137%
All-In TIC	3.926435%
Average Coupon	5.000000%
Average Life (years)	11.657
Weighted Average Maturity (years)	11.754
Duration of Issue (years)	8.876
Par Amount	6,395,000.00
Bond Proceeds	7,162,577.15
Total Interest	3,727,377.78
Net Interest	3,023,750.63
Total Debt Service	10,122,377.78
Maximum Annual Debt Service	509,000.00
Average Annual Debt Service	513,536.64

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Serial Bonds (2023-2032)	2,485,000.00	110.366	5.000%	5.435	1,305.40
2036 Term Bond	1,720,000.00	113.488	5.000%	12.813	1,530.80
2042 Term Bond	2,190,000.00	112.693	5.000%	17.809	1,927.20
	6,395,000.00			11.657	4,763.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,395,000.00	6,395,000.00	6,395,000.00
+ Accrued Interest			
+ Premium (Discount)	767,577.15	767,577.15	767,577.15
- Underwriter's Discount	-63,950.00	-63,950.00	
- Cost of Issuance Expense		-94,598.75	
- Other Amounts			
Target Value	7,098,627.15	7,004,028.40	7,162,577.15
Target Date	09/15/2022	09/15/2022	09/15/2022
Yield	3.771938%	3.926435%	3.268128%

SOURCES AND USES OF FUNDS

Clackamas County
Full Faith and Credit Obligations, Series 2022 (4-H)
Current Public Market Rates (6/1/2022), Non-Bank Qualified
4-H District Projects: \$7 Million, 20 Years, \$550k MADS

Sources:

Bond Proceeds:	
Par Amount	6,395,000.00
Premium	767,577.15
	<hr/>
	7,162,577.15

Uses:

Project Fund Deposits:	
4-H District Projects	7,000,000.00
Delivery Date Expenses:	
Cost of Issuance	94,598.75
Underwriter's Discount	<hr/> 63,950.00
	158,548.75
Other Uses of Funds:	
Additional Proceeds	4,028.40
	<hr/>
	7,162,577.15

BOND SUMMARY STATISTICS

Clackamas County
Full Faith and Credit Obligations, Series 2022 (4-H)
Current Bank Market Rates (6/1/2022), Non-Bank Qualified
4-H District Projects: \$7 Million, 20 Years, \$550k MADS

Dated Date	09/15/2022
Delivery Date	09/15/2022
Last Maturity	06/01/2042
Arbitrage Yield	3.500416%
True Interest Cost (TIC)	3.516436%
Net Interest Cost (NIC)	3.512571%
All-In TIC	3.623002%
Average Coupon	3.500000%
Average Life (years)	11.242
Weighted Average Maturity (years)	11.242
Duration of Issue (years)	8.980
Par Amount	7,076,000.00
Bond Proceeds	7,076,000.00
Total Interest	2,784,222.88
Net Interest	2,794,222.88
Total Debt Service	9,860,222.88
Maximum Annual Debt Service	493,011.62
Average Annual Debt Service	500,236.79

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Bank Loan	7,076,000.00	100.000	3.500%	11.242	6,266.59
	7,076,000.00			11.242	6,266.59

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,076,000.00	7,076,000.00	7,076,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-10,000.00	-10,000.00	
- Cost of Issuance Expense		-66,000.00	
- Other Amounts			
Target Value	7,066,000.00	7,000,000.00	7,076,000.00
Target Date	09/15/2022	09/15/2022	09/15/2022
Yield	3.516436%	3.623002%	3.500416%

SOURCES AND USES OF FUNDS

Clackamas County
Full Faith and Credit Obligations, Series 2022 (4-H)
Current Bank Market Rates (6/1/2022), Non-Bank Qualified
4-H District Projects: \$7 Million, 20 Years, \$550k MADS

Sources:

Bond Proceeds:	
Par Amount	7,076,000.00
	<hr/> 7,076,000.00 <hr/> <hr/>

Uses:

Project Fund Deposits:	
4-H District Projects	7,000,000.00
Delivery Date Expenses:	
Cost of Issuance	66,000.00
Underwriter's Discount	<hr/> 10,000.00
	<hr/> 76,000.00 <hr/> <hr/>
	<hr/> 7,076,000.00 <hr/> <hr/>