

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: Jan. 29, 2019 **Approx. Start Time:** 10:30 AM **Approx. Length:** 60 min

Presentation Title: Courthouse Replacement Project Quarterly Report

Department: County Administration, Finance, and Public & Government Affairs

Presenters: Laurel Butman, County Administration; Chris Lyons & Amy Kyle, Public & Government Affairs; Chris Edmonds, Hubbell Communications; Gary Barth, Project Manager

Other Invitees: Judge Kathie Steele, DA John Foote, Sheriff Craig Roberts, Debbie Spradley, Trial Court Administrator; Gary Schmidt, PGA; and Anne Buzzini, DHM Research

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

This is an informational policy session to update the Board on the status of the project for a new courthouse on the Red Soils Campus in Oregon City. Staff is interested in providing current information and hearing input from the Board.

EXECUTIVE SUMMARY:

In this briefing, staff will provide an update on project progress and schedule for courthouse replacement. The attachments to this worksheet provide background detail.

State Services to be Co-located at the New Courthouse

Discussions on this topic have been ongoing. We will present an update on what is currently planned.

Public Outreach

Public and Government Affairs is working with Hubbell Communications to kick-off a robust public outreach and engagement campaign that will include; courthouse project brand development, a project website, bi-weekly opinion pieces, public engagement from community-based organizations and courthouse users, a robust speakers bureau program for project champions and an online digital engagement campaign.

Outreach has already begun with the successful legislative courthouse tour, an op-ed authored by Judge Steele and an upcoming article in ClackCo Quarterly. See Attachments 1 and 2 for more detail.

Debt Capacity and Financing/GO Bond

Staff will present a brief overview of the County's debt capacity (see Attachment 3) and discuss mechanisms to provide funding to start the planning and design phase of the project while we continue to explore the right timing and elements for a GO bond. Given the need to have a plan of action for project financing to share during the legislative session, PGA staff will also present the Board with talking points to tell our story.

County Commitment to the Project

The Board of County Commissioners requested to review a draft resolution to affirm Clackamas County's commitment to building a new courthouse. Staff will present a draft resolution (Attachment 4) for discussion at this policy session.

Legislative Update (informational update only, no discussion planned on this item)

- Over the past two months, the County has hosted 11 members of the Clackamas legislative delegation and senior OJD/DAS staff for tours and briefings of the courthouse and the Red Soils site. The importance of the project also was discussed with the legislative delegation at the county's annual legislative dinner.

Legislative Update, continued

- The Oregon Judicial Department's (OJD) 2019-2021 Recommended Budget includes a bond request of \$31.5 million and also notes a planned bond request of \$63 million in 2021-2023. As a separate branch of government, OJD's requested budget also is part of the 2019-2021 Governor's Budget, which highlights the courthouse replacement bond requests.
- The 2019 legislative session began on Jan. 22 and the County is meeting with members of legislative leadership and the relevant Ways & Means Committees to advocate for the funding.
- Separately, Clackamas County is partnering with Lane County on a bill (HB 2605) that would allow the appraised value of the land where the new courthouse is to be built to count towards the local funding match and make the law library eligible for state funding match. Roughly two dozen Clackamas & Lane County legislators have sponsored the bill.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget?

Costs are planned but not yet fully budgeted for this multi-year project. We do have funding remaining in the 2017-18 Budget on the SERA Architects contract for work underway and have amended that contract for needed additional planning going forward. We have also set aside a modest budget for public outreach this fiscal year. Some of these costs will provide match for the \$1.2 million in State General Fund funding awarded this current biennium; some costs will be reimbursed from State provided funds.

What is the cost?

- Total project cost: Approximately \$230 million (estimate)
 - Courthouse – \$190 million (estimate),
 - On-campus parking additions, roadway changes and re-routing, intersection signalization Red Soils Master Plan updates, District Attorney office portion of the new Courthouse building , and related soft costs associated with the new Courthouse - \$40 million (estimate)
 - Total County cost of the project - \$135 million (estimate)
 - State Cost - \$94.5 million bonds plus \$1.2 million State General Fund (50% match on Courthouse cost)

What is the funding source?

There are two: The Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF) and a planned General Obligation bond or combination of GO and Full Faith & Credit bonds. Bond Anticipation Notes or a bank line of credit will likely be used to bridge the time between expenditures and State reimbursement of OCCCIF funds at the end of each biennium to provide cash flow.

STRATEGIC PLAN ALIGNMENT:

This project aligns with three of the Board's five Strategic Priorities:

- Ensure safe, healthy and secure communities – the new courthouse will be large enough to accommodate the number of judges available and needed for this community and eliminate overcrowding that cause intermixing of jurors, the public, and offenders providing adequate circulation.
- Build a strong infrastructure – the project will replace the outdated county courthouse in downtown Oregon City, which is too small to accommodate the number of judges needed for the community and is not seismically sound.
- Build public trust through good government – the project will improve access to justice for all residents of Clackamas County.

LEGAL/POLICY REQUIREMENTS:

1. The State program for courthouse replacements requires that the County spend at least an equal amount of matching funds for courthouse related costs to those provided by the State OCCCF.
2. The 1.5% for Green Energy Technology program applies to public entities in Oregon and requires that 1.5 percent of the total contract price of a public improvement contract for new construction of a public building must be spent on green energy technology, regardless of the funding source.
3. Oregon Revised Statutes require no less than 1% of funds for the acquisition of public-facing artwork in all state building construction plans with budgets over \$100,000 – *we are looking into whether this applies.*
4. This project will be subject to Oregon City planning and public works requirements for planning and development.
5. It is County policy to build to LEED green building standards and planning standards typically result in LEED Silver level outcomes; LEED certification is being explored and a question on whether to pursue certification will be brought before the Board at a future quarterly update.

PUBLIC/GOVERNMENTAL PARTICIPATION:

In July, 2017, Clackamas County secured \$1.2 million in State General Fund matching funds from the Oregon Legislature for planning costs associated with the Clackamas County Courthouse replacement project. In addition to the State Legislature’s continued involvement in this process, the project also includes participation of the Courts, Clackamas County Sheriff’s Office, the Clackamas County District Attorney’s Office, the Oregon Department of Human Services, the Association of Oregon Counties’ Court Facilities Task Force, the City of Oregon City, the Downtown Oregon City Association, and additional key stakeholders throughout the community. Extensive outreach and communications are anticipated with Clackamas County cities and the public throughout the project.

OPTIONS & RECOMMENDATIONS:

This is primarily an informational session. Project staff and partners encourage input from the Commissioners on all topics.

ATTACHMENTS:

1. Attachment 1: County Courthouse Editorial Calendar
2. Attachment 2: Courthouse Project Communications Summary
3. Attachment 3: Courthouse Financing Capacity Summary
4. Attachment 4: Draft Resolution to Affirm Commitment to Building a New Courthouse

SUBMITTED BY:

Division Director/Head Approval _____
Department Director/Head Approval _____
County Administrator Approval _____ **LSB** _____

For information on this issue or copies of attachments, please contact Laurel Butman @ 503-655-8893.

Attachment 1

County Courthouse Editorial Calendar

Clackamas County Courthouse Editorial Calendar

<u>Outlet</u>	<u>Type of Story</u>	<u>Topic</u>	<u>Author</u>	<u>Submission Date</u>	<u>Publication Date</u>
Clackamas Review	Op-ed	The courthouse is is too old, outdated and small	Judge Kathie Steele	1/9/2019	1/16/2019
	Op-ed		Chair Jim Bernard		
	Op-ed		Commissioner Paul Savas		
Lake Oswego Review	Op-ed	The courthouse is is too old, outdated and small	Judge TBD	Draft in progress -	Publish in January
West Linn Tidings	Op-ed	Addiction & mental health	Commissioner Ken Humberston	Draft in progress -	Publish in February
Oregon City News	Op-ed	The courthouse isn't safe	District Attorney John Foote	Draft in progress -	Publish in February
Sandy Post	Op-ed	Courthouse will be built with CLT	Commissioner Paul Savas	March	
Canby Herald	Op-ed	The courthouse isn't safe	Commissioner Martha Schrader	March	
Estacada News	Op-ed	Victim protection	Commissioner Ken Humberston	April	
Wilsonville Spokesman	Op-ed	The courthouse is too small	Charlotte Lehan, Wilsonville City Councilor	April	
Molalla Pioneer	Op-ed	Victim protection	Commissioner Paul Savas	May	

Attachment 2

Courthouse Project Communications Summary

Clackamas County Courthouse Project

Communication and Outreach: Phase 1 overview (February – April 2019)

Brand development [2/6/19 – 2/20/19]

In conjunction with County leadership, conduct (2) brand development and messaging alignment workshops to determine brand positioning and aesthetics. Deliverables include overall project brand, tagline and slogan, wordmark and brand standards manual. This work supports all aspects of the outreach campaign and is foundational for all other aspects of the campaign.

Website development [2/11/19 – developer dependent]

In coordination with PGA and county selected web developer, build website with adequate functionality to serve as a repository of ongoing information about the courthouse, including events, timelines, news/media, videos and fact sheets. Potential integration with Public Input online community engagement platform and/or social media channels. This timeline coincides with brand development, which will inform fonts, colors, wordmark and other attributes of style.

Thought leadership [active/ongoing bi-weekly]

Secure bi-weekly opinion pieces in a variety of publications throughout the county. Primary audience is engaged thought leaders within each community. Messengers are members of BCC, courthouse leadership team and courthouse users/advocates. Goal of communication is to raise general awareness around the need to replace courthouse and active planning/outreach processes underway. Hubbell provides ghost writing as appropriate for each author. Working editorial calendar attached to this document.

Direct public outreach [early February, date TBD]

Relying on messengers from BCC and courthouse leadership team, engage various jurisdictions, stakeholders and community-based organizations throughout the county around the need for a courthouse and current planning processes. Develop standardized presentation (inc. slide deck) and hold training(s) for all messengers to ensure adequate grasp of content and messaging. Hubbell to prepare all materials and work in partnership with PGA to manage outreach schedule. Working outreach calendar currently being developed in conjunction with PGA.

Online public engagement (optional) [ideally March 2019]

Develop and execute a digital outreach program via digital community engagement platform, Public Input, over a multiweek period to gather inclusive community feedback on the courthouse project. This will include a variety of questions to gather adequate input from community members, including demographic questions. Each online forum will include at least 10,000 sponsored social media impressions.

Attachment 3

Courthouse Financing Capacity Summary

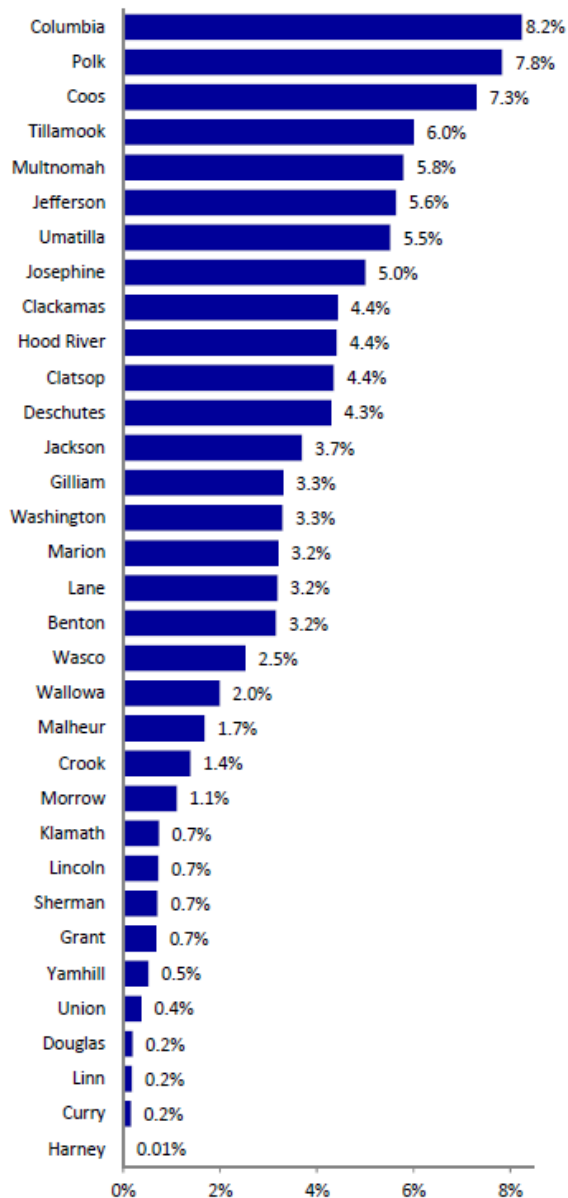
Financing Capacity for Courthouse 1-24-2019

Legal Debt Capacity for GO Bonds:

Real Market Value (Fiscal Year 2019)	\$ 76,424,245,611
Debt Capacity	
General Obligation Debt Capacity (2.00% of Real Market Value)	\$ 1,528,484,912
Less: Outstanding Debt Subject to Limit	(57,785,000)
Remaining General Obligation Debt Capacity	\$ 1,470,699,912
Percent of Capacity Issued	3.78%

Recommended Debt Capacity:

Debt Service to Total Governmental Fund Revenues
5-year average, FY 2011-2015



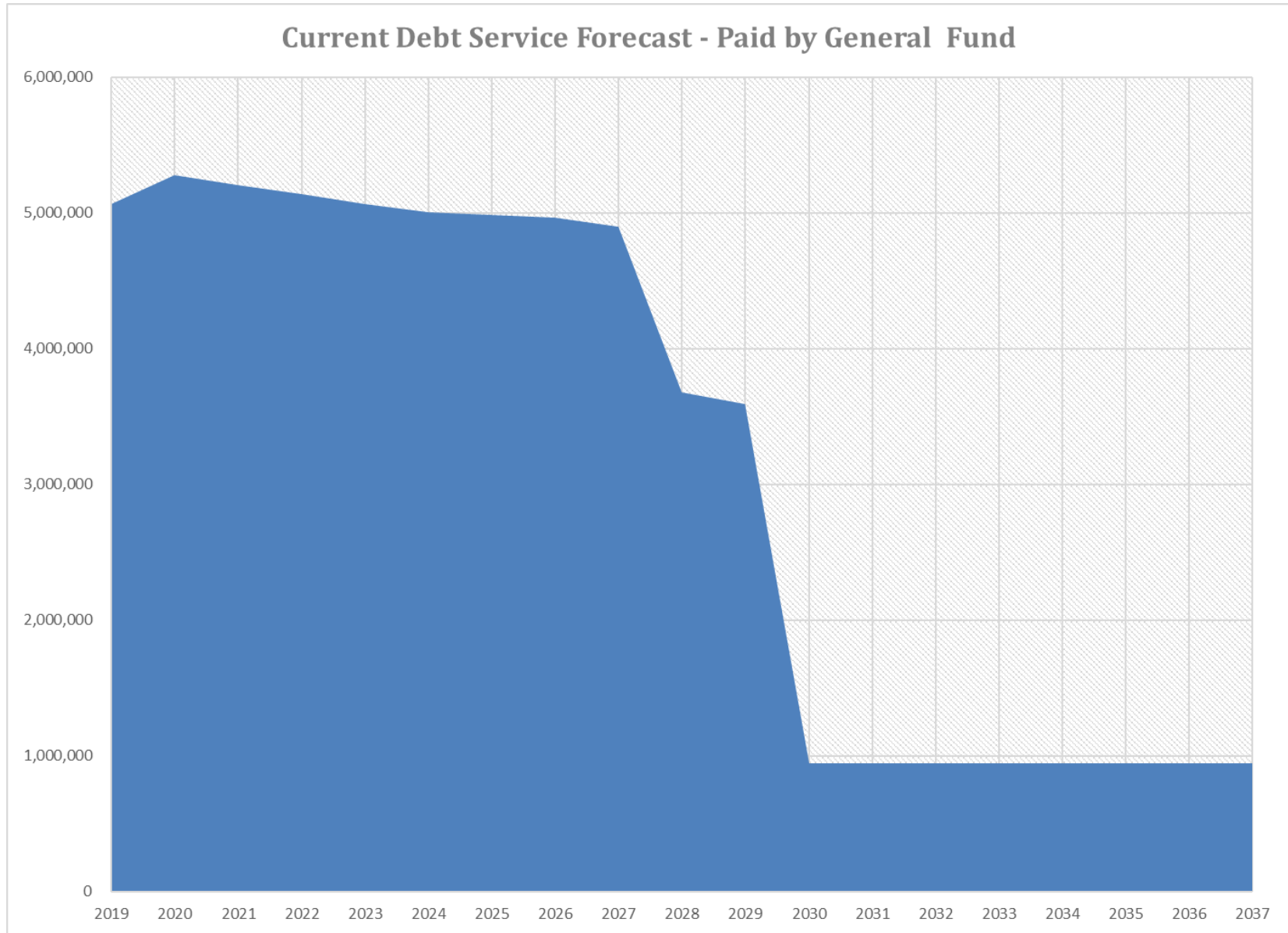
The Secretary of State Audits Division reported on the Financial Condition of Oregon Counties in 2016. Clackamas County was within the recommended range (5%) when this report was published. Keep in mind that they would have considered all debt, not just that funded by the general fund. The graph to the left and excerpt below are from Audits Division's report.



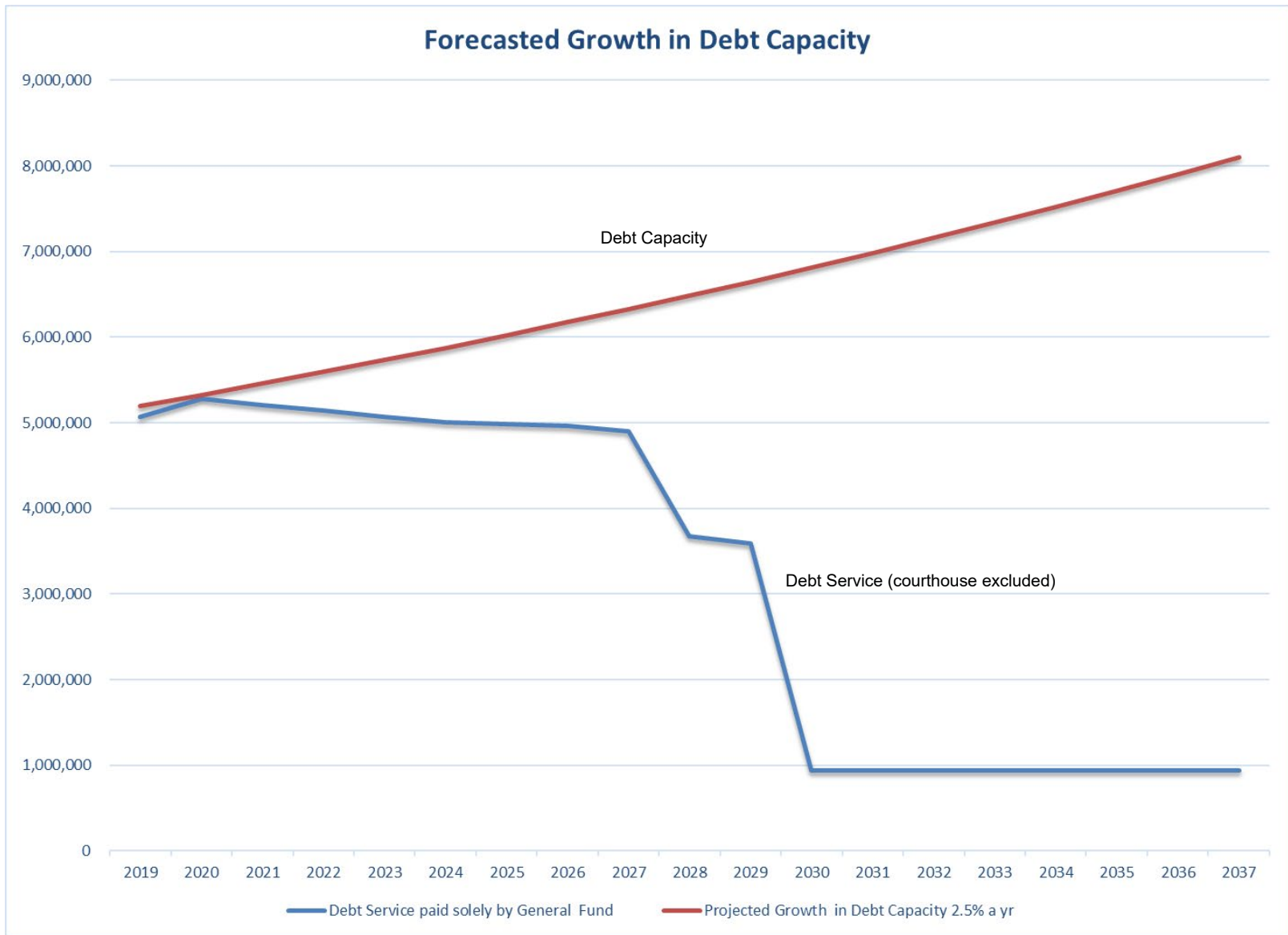
The report in its entirety can be found at <https://sos.oregon.gov/audits/documents/2016-11.pdf>.

Debt Burden

The issuance of debt is one strategy a county can use to provide cash to fund expenditures. However, increasing debt service (principal and interest payments on outstanding debt) reduces expenditure flexibility by adding to a county's obligations. It can be a major part of a county's fixed costs, and its increase may indicate excessive debt and fiscal strain. A key indicator used to evaluate a county's debt burden is the percentage of debt service to revenues. States recognized as having sound debt management practices typically use a range between 5% and 8% of revenues. The State of Oregon uses a target of 5%.



*This graph depicts known current debt service payments and forecasted refinancing – does not include courthouse financing.



*This graph depicts the current forecasted debt service (not including courthouse financing) paid by the general fund and projected growth in capacity – the ability to use growth in property tax revenue to pay for additional debt service.

Attachment 4

Draft Resolution to Affirm Commitment to Building a New Courthouse

In the Matter of Affirming Clackamas County's Commitment to Building a New Courthouse

WHEREAS, the Clackamas County Courthouse was completed in 1937 at a time when Clackamas County's population was approximately 50,000 residents, and originally housed only 3 courtrooms and the offices of County Clerk, the Sheriff, the County Jail, and the District Attorney, all of whom have vacated except the last; and

WHEREAS, the courthouse configuration has not changed in the 82 years since and cannot adequately handle the services required by a population of more than 410,000 residents, which leads to delays of trials, civil and divorce proceedings, and incarcerations with real and lasting negative results; and

WHEREAS, the courthouse is old and obsolete to the point that it cannot be retrofitted to operate by modern standards, that certain parts are inaccessible to people with disabilities, and that equipment in use is well beyond its useful life and costly to maintain; and

WHEREAS, the courthouse's cramped areas result in overcrowding and close quarters, intermingling of victims, witnesses, jurors, prisoners, and defendants leading to potential safety concerns and causing undue emotional duress to victims and witnesses; and

WHEREAS, this region is at significant risk of earthquakes and tests indicate a high likelihood of soil liquefaction under the courthouse during such an event, which could lead to a potential slide of the building into the Willamette River and present a risk of death and serious injury to occupants; and

WHEREAS, Clackamas County has invested millions of dollars in preparation for this project, including owning the land for the proposed site on the Red Soils campus, having infrastructure in place, and dedicating personnel to the construction project; and

WHEREAS, Clackamas County has assembled a growing coalition that is supportive of a new courthouse, including elected county officers, judges, state senators and representatives, and city officials; and

WHEREAS, Clackamas County is seeking matching funds for construction of a new courthouse from the state of Oregon to cover approximately half of court dedicated costs of construction.

NOW THEREFORE, the Clackamas County Board of Commissioners does hereby resolve to:

Reaffirm its unequivocal commitment to partner with the State of Oregon in the construction of a new county courthouse for the benefit of all residents.

ADDITIONAL CONSIDERATIONS:

- Resolve to employ CLT in the courthouse design
- Resolve to engage with the Oregon Legislature during the 2019 Legislative session to solidify the State of Oregon's partnership on this project as authorized by XXX bill number/year and to refine purposes for which state OCCIF bond funds can be applied to courthouse projects