

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: July 7, 2020 **Approx. Start Time:** 1:30 PM **Approx. Length:** 60 min

Presentation Title: Courthouse Replacement Project

Department: County Administration

Presenters: Gary Barth, *Project Director*, Elizabeth Comfort, *Interim Director, Finance*

Other Invitees: Sue Hildick, *Director, Public and Government Affairs*, Kathie Steele, *Presiding Judge*, Debbie Spradley, *Trial Court Administrator*

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval to proceed with the next step in a Public-Private Partnership (P3) procurement for the new County Courthouse as outlined on the proposed P3 Implementation Plan attached.

EXECUTIVE SUMMARY:

Clackamas County has been approved by the State of Oregon Judicial Department as the next courthouse replacement project to be funded through the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF). The county and the state have committed up to \$2.4 million for the Phase 1 planning effort for the new county courthouse which will culminate in the issuance of Request for Proposals (RFP's) to design and build the new courthouse. The state and county each committing up to \$1.2 million in general funds towards this effort that runs through the state fiscal biennium FY2019-2021 and county FY 2020/2021. This funding commitment and outcomes are memorialized in an Inter-Governmental Agreement (IGA) between the County and the State.

To-date, approximately \$1.1 million has been spent on the planning effort, specifically an assessment of the current courthouse, the projected space needs for a new courthouse and a high level cost estimate of the new courthouse based on those space needs. These efforts were all required in order to complete the application for the OCCCIF program.

In addition, the county contracted with IMG Rebel to complete a Value-for-Money (VFM) analysis to evaluate alternative project finance and delivery approaches to determine which option provides the best **value for money** to the State and Clackamas County to design, build, finance, operate and maintain the new courthouse. The best value is defined as the most advantageous combination of whole life cost, project quality and sustainability that achieves the project requirements.

The study by IMG Rebel concluded that a P3 hybrid approach to designing, building, partially financing, operating and maintaining a new county courthouse provides the greater VFM. Those results were presented to the Board at a February 18, 2019 policy session. No action was taken at that time, deferring action to this follow-on policy session.

Subsequent to the VFM analysis, the County Interim Finance Director also undertook efforts to provide the Board with a financial plan for the county's share of the project costs in the context of a long-range, sustainable budget effort. That analysis has identified an upper limit for affordability but it does not yet answer the question of how much the county should pay in the context of future needs and a sustainable operating budget. That analysis is attached for your reference.

The remaining task of Phase 1 is to finalize the affordability target, develop a corresponding financing plan and complete the project procurement preparation effort.

P3 Implementation Process:

The P3 Implementation Plan outlines five high-level phases. Board acceptance of the VFM recommendation to proceed with a P3 Hybrid approach concluded the first of these five phases, the Project Initiation phase.

The next phase is Procurement Preparation. This is a very critical phase in the P3 procurement process and includes formation of a P3 Technical Advisory Team (TAT) comprised of internal staff and external P3 subject-matter experts in the following areas necessary to create the P3 Request for Proposals:

- Financial/Transactional: The primary objective of this team will be to determine the “affordability targets” for the courthouse project and further refine the work already undertaken by county finance. The county is responsible for 50% of the design and construction costs and 100% of the whole life costs to operate and maintain the building. This team will work to determine what the county can afford for both our share of construction and whole life costs, develop a recommended financing strategy, prepare cash flow projections and draft financial and operating agreements.
- Technical: This team will be focused on a refinement of the project design factoring in the requirements of the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF), the space and programming analyses previously conducted by SERA Architects and the National Center for State Courts (NCSC), and project costs based on the refined design and the affordability targets developed by the Financial/Transactional advisors.
- The legal team will prepare all of the documents required for a P3 procurement including Expressions of Interest (EOI), Requests for Qualifications (RFQ’s) and Request for Proposals as well as the long-term financial and legal agreements that will define all aspects of designing, building, financing, operating and maintaining a new county courthouse. They will also ensure compliance with the OCCCIF bond covenants and the county’s Local Contract Review Board rules.

Each of these three focus areas will inform the others during this Procurement Preparation phase. For example, the technical requirements will inform the project scope and design which will in turn need to comport with the affordability target developed by the finance team. The legal effort will capture the agreed upon technical and financial requirements and be reflected in the final Request for Proposals.

At the completion of this Procurement Preparation phase, the county and state will have a well-defined project that addresses the long-term needs for a new county courthouse that the state will support, at a price the county can afford with all of the legal documents required to initiate the next phase which will be the actual Procurement of a P3 developer. **It is important to note that Board approval will then be required to approve the RFP and financing plan before the RFP is issued. This will constitute a firm project commitment.**

The only commitment the Board is being asked to make at this time is to approve this Procurement Preparation phase using the previously approved funding authorized in the current IGA.

The Board will be continuously updated during this Procurement Preparation phase as the project becomes more fully defined prior to procurement.

PREVIOUS BOARD ACTION:

- October 22, 2019 the Board directed staff to proceed with a Public-Private (P3) hybrid approach subject to validation of a VFM analysis.
- February 18, 2019 policy session presentation of the VFM analysis confirming a P3 hybrid as the recommended approach to designing, building, partially financing, operating and maintaining (DBfOM) the new courthouse. No action was taken at the time, deferring action to this follow-on policy session.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget?

- Yes, this item is in the FY 20/21 budget. The County is executing the Phase 1 pre-planning effort using with a budget of \$2.4 million budget split 50/50 between the County and the State and governed by an approved Intergovernmental Agreement.

What is the cost?

- The cost to complete Phase 1, including the P3 Procurement Preparation effort is not to exceed the remaining Phase 1 approved budget estimated at \$1.3 million, with the county responsible for 50% or \$650,000.

What is the funding source?

State funds are coming from state general funds in the approved budget of the Oregon Judicial Department. The county funds are from the general fund budgeted in the Finance Department.

STRATEGIC PLAN ALIGNMENT:

The building of a new county courthouse is one of 12 Strategic Priorities of the county and is listed under the category **Build Public Trust through Good Government** – the project will ensure that key public safety services are safe and accessible to all residents.

LEGAL/POLICY REQUIREMENTS:

1. A P3 procurement effort will require state approval and compliance with the OCCCIF program as well as compliance with Local Contract Review Board (LCRB) rules. Previous legal review provided favorable opinions for the use of a P3 for an OCCCIF project and permissible under LCRB rules before the county contracted for the VFM analysis.
2. The County must adhere to the budget, conditions and outcomes outlined in the Phase 1 Funding Agreement with the State.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The replacement County Courthouse Project was one of the County's top two initiatives along with I-205 for the previous 2019 legislative session. Success with this priority lead to the State approving \$31.5 million for the current biennium (FY 2019/2021) representing the state share of the first \$63 million in project costs that will commence with the issuance of the RFP and run through design and early stage construction.

In addition to the State Legislature's continued involvement in this process, the project also includes participation of the Clackamas County Circuit Court, the Clackamas County Sheriff's Office, the Clackamas County District Attorney's Office, the Oregon Department of Human Services, the Association of Oregon Counties, the City of Oregon City, and additional key stakeholders throughout the community.

OPTIONS & RECOMMENDATIONS:

Option 1 – Complete Phase 1 using a P3 delivery approach

- This would result in issuance of Request for Proposals RFP(s) for a Technical Advisory Team to assist county staff in developing the materials required to procure a P3 developer to design, build, partially finance, operate and maintain the new courthouse facility. This would include drafting of the P3 Expressions of Interest (EOI), P3 Request for Qualifications (RFQ's), and ultimately the P3 RFP to include a refined project specification and affordability targets for final board approval before the issuance of the RFP
- Pros – lowest cost approach to determining building design and projected construction costs; private-sector competition will drive facility design and cost; design and construction work would be contracted by, coordinated with and overseen by the private developer; higher probability of project being completed on-time and at or under budget; project timeline and cost risk is transferred from the county to the private developer; long-term, lifecycle costs are included providing budget predictability and certainty; design and construction integrated with O&M to deliver lowest overall lifecycle costs.
- Cons – new delivery approach for the county; more complex procurement effort; contractual commitment to operations, maintenance and lifecycle costs over the contract term

Option 2 - Complete Phase 1 using the Construction Manager/General Contractor delivery approach.

- This would result in development of two possibly three RFP's; one for architectural/engineering services (A/E), one for CM/GC services, and possibly a third for a Utility Services Provider (USP) for the building systems (such as mechanical, electrical, plumbing, technology, security, etc.)
- Pros – familiar process; lowest financing costs through full faith & credit (FF&C) bonds; operations, maintenance and lifecycle costs are not contractually obligated
- Cons – Project design will be done by a single architectural firm and constructed by a separate, single construction firm; firms will be chosen based on qualifications, not competitive project design or project cost; county serves as project developer and retains risk of project delivery including cost overruns and project delays; funding required immediately; significant costs would be incurred to create final project design and establish the Guaranteed Maximum Price (GMP) of construction; design and construction may not be integrated with O&M and or focused on lowest overall lifecycle costs; deferred maintenance risk.

Option 3 – Complete Phase 1 using the Design/Build delivery approach

- This would result in development of a single RFP for a Design/Build team and require an estimated project budget and financing plan. It may also include possible development of a second RFP for a USP for the courthouse building systems.
- Pros – familiar process; lowest financing costs through FF&C bonds; design and construction work coordinated to avoid conflicts and optimize design for constructability; operations, maintenance and lifecycle costs are not contractually obligated
- Cons – Project design and construction will be done by a single design/build team; the team will be chosen based on qualifications, not competitive project design or project cost; county serves as project developer and retains risk of project delivery including cost overruns and project delays; funding required immediately; significant costs would be incurred to create final project design and

establish the Guaranteed Maximum Price (GMP) of construction; design and construction may not be integrated with O&M and or focused on lowest overall lifecycle costs; deferred maintenance risk.

Staff recommends Option 1 – Procurement preparation for a P3 project delivery.

If the Board approves Option 1, technical, legal and financial advisors will be retained as part of the Technical Advisory Team to complete Phase 1 with no commitments that their engagement will continue beyond this procurement preparation effort. Phase 1 of the courthouse project will be considered complete upon the development of the project scope, affordability, financing plan and the development of the Request for Proposals (RFP's) per this recommendation.

While it was essential to confirm for the Board that the County's financial obligations for a new courthouse are within the realm of affordability in order to move ahead with completing Phase 1, in the recommended P3 approach **the Board does not need to confirm the final project scope, project budget and affordability requirements at this time.** The P3 procurement effort requires further preparation before the county is ready to launch a Board approved procurement for a P3 developer. By initiating the P3 preparation effort now – including assembling the TAT, finalizing the scope, developing the technical specifications, refining cost estimates, and developing the P3 procurement documentation – we are targeting the third quarter of **FY 20/21 (Jan-March 2021) to return to the Board for final approval of the P3 developer procurement** to include a recommended project schedule, affordability ceiling, final project scope and P3 procurement documentation. This timing will also coincide well with our requirement to convey to the state our final estimated project costs and corresponding final OCCIF funding request as OJD prepares their 2021/2023 biennium budget request for legislative approval. This will provide the county with greater certainty of the state match funding commitment before the project is under contract with a P3 developer.

ATTACHMENT:

1. Courthouse Financing Memo
2. Clackamas County Courthouse P3 Implementation Plan
3. Board Strategic Priority – Build Public Trust Through Good Government
4. Phase 1 Funding Agreement Progress Summary

SUBMITTED BY:

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

For information on this issue or copies of attachments, please contact Mary Raethke @ 503-742-5912

Strategic Priority: Build Public Trust through Good Government

Public trust is the currency of good government. Clackamas County will design and deliver services that make a difference and measure our effectiveness in terms of results for our customers. We will listen, be accountable and deliver what we promise. When we allocate resources, they will be tied to results that matter. Updating the County Courthouse will ensure that key public safety services are safe and accessible to all residents.

Results

- By 2023, build a new County Courthouse
- By 2021, the county's budget will be 100% tied to results with transparency to the public.





Elizabeth Comfort
Finance Director, Interim

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

May 21, 2020

TO: Gary Schmidt, County Administrator
FROM: Elizabeth Comfort, Interim Finance Director
CC: Gary Barth, Project Manager
RE: Financing Options for New County Courthouse

One of the key challenges in knowing how to proceed with the Clackamas County Courthouse Replacement Project (the "Project") is having an established financial budget and plan for the Project. I understand this has been a request of the Board for a substantial period of time. This is my initial effort to outline an approach. My team has developed an upper limit to what the County can afford to help shape this conversation. It does not answer the question of how much we should pay, just what we can pay, but does set helpful parameters that will hopefully help guide our decisions.

Once we review what we can afford, we must decide how we will pay for it. We have explored a traditional design-bid-build or CM/GC ("Traditional") approach that has the county issuing revenue bonds and constructing and operating the Project ourselves, and a public-private partnership ("P3") approach that asks for a third party to construct and operate it and we lease to own. Below is a statement on our budget for the Project, and a comparison of the strengths and weaknesses of the Traditional and P3 approaches for implementing the Project from a financial planning perspective. It is my hope that after review of the below that you, myself and Gary Barth will have a collective and strong recommendation for the Board of County Commissioners on how to finance and accomplish the Project.

Affordability

To understand what the county can afford to pay for the Project, I had my team undertake an analysis of what we are paying now for other capital projects as a baseline. Currently, the general fund is paying ~\$7.4 million per year in debt service for various streams of capital. The vast majority of them will be paid off in 2029, a fact that will not change if they are refinanced to a lower interest rate as hoped this summer. We had Piper Sandler, our bond financial advisor, run a conservative model on how much the County could borrow in 2029 at the current debt service levels. This model presumed a true interest cost ("TIC") of 4%, which is higher than what AAA-rated municipal securities are selling for right now and higher than Clackamas County's historical interest rate. Therefore I feel confident that this is an achievable number.

The model estimated that, after netting out issuance expenses and related costs, that the County could borrow \$126.5 million in 2029 at the 4% TIC with a term of 30 years. This would represent the County's share of the capital contributions necessary to complete the Project, not the entirety of funds. A copy of the model is attached as an exhibit for your reference.

While the State funding for its' portion of the Courthouse expenses is on a reimbursement basis, the County should be able to handle short-term financing through several possible vehicles to manage the cash flow until the reimbursement is received from the State, which is only expected to take 30-60 days.

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The \$126.5 million in borrowing capacity represents, you might say, the County's current capacity for capital projects in their entirety, not just the Courthouse Project. Utilizing the full amount available for the Project would, unless additional capacity is created in the general fund, limit the County's ability to undertake capital projects to those that would only be supported by general obligation bonds. Therefore prudent financial management suggests we should seek to value engineer the cost of the Courthouse to a level that allows for both certainty of funding to deliver it, and meeting the specifications outlined by the State for utilization of their matching funds. A working team of you or your designee, Judge Steele, Gary Barth, and I could vet options to achieve these two goals.

The State will have certain standards of performance and maintenance that are to be built into the final agreement regarding the distribution of the state funding and lease of the building for state uses. These standards, which are currently being finalized with Multnomah County, may set a baseline threshold that we must meet for both the design and operation of the courthouse.

Project Delivery

In an effort to find ways to lower the cost, the BCC authorized the "Value for Money" review through an outside consultant, IMG Rebel. An internal advisory team was assembled and went through the assumptions and inputs used in that analysis before it was finalized. Two meaningful options emerged, the Traditional and P3 approaches, with different strengths and weaknesses. The review process also highlighted some gaps in existing County capabilities. To proceed, we need to decide on one of these approaches and address our gaps. The approaches are summarized below.

Traditional

Under the Traditional approach, the County follows the traditional process of first hiring an architect, designing the project to a sufficient level (typically at least 90% design), then requesting bids for construction. The county acts as the overall project manager of the architect and construction company, and is responsible for the delivery of the Project. The County would issue standard full faith and credit revenue bonds based on general fund tax revenues to pay for the capital construction costs. This was the process used to construct the Public Services Building and the Development Services Building. Once constructed, the County is responsible for the operation, maintenance and asset replacement (the "Operation") of the new Courthouse.

Strengths:

- This process is the most familiar to the County. Less complex than the P3 option.
- The cost of capital will be the lowest with this option; the County should be able to borrow at a lower TIC than any private partner.
- The outcome is more under our control, in that we design it directly with the architect.
- County staff would be involved during the construction process and can give direction regarding the final product when questions come up in a more direct way.
- Avoids uncertainty about the P3 process.
- Delays potentially tough budget decision on Operational costs.

Weaknesses:

- Depends on effective project management. Currently, when the County constructs a capital project, it makes it the responsibility of that portion of the County to deliver. In this case, it would be Finance's Facilities. I have deep concerns about current staff's ability to effectively manage a project of this magnitude.
- Design with the architect would be done by an internal team. We would have the State guidelines for support, but do not have experience with commercial construction or courthouse design. We would be very reliant on the architect for the product, without comparisons.
- The County assumes the risk of the entire project, including design, timing, all cost overruns, etc.
- Does not address Operational costs. Currently, Facilities has a very haphazard and short term approach to facility maintenance. Our current practice seems to rely on handling basic upkeep through facilities staff and then relying on debt issuances for significant asset replacement and renovation. We do not budget for asset replacement or refurbishment of County facilities.

P3

Under the P3 approach, the County sets a maximum price and end product requirements, and invites private partners to submit their proposals on how they would accomplish those requirements. This has been done with several courthouses recently, but is a more unknown process for the County than the Traditional. The solicitation for proposals would allow for the County to review the several proposals and select the one that best fits our combination of price and functionality goals. The private partner would be responsible for partial financing, design, construction, maximum costs for capital and annual operating payments, and overall project management, and subsequent operation, maintenance and repair of the building. The County would own the courthouse upon completion and pay the P3 partner to operate and maintain the facility for a fixed term.

The Value for Money analysis projected that the total payments for the project would be \$8.9 million per year in 2029, with inflationary growth from there to a total of ~\$11 million in the final year. This is the base case that used the cost of \$154 million for the total project, per the original application for the State matching program. Of that, \$6 million was capital and the remainder was for Operations costs. Based on recent examples found by Gary Barth, this seems an achievable range for an acceptable facility.

We will not know the pricing until proposals are received, but we can establish thresholds that would set requirements that would result in comparable costs to the estimated overall project costs of the Traditional approach. If none of the proposals meet our pricing and functionality requirements, this is an indication that the market thinks our requirements are not achievable. At that point, we would have three choices: (i) terminate the project, (ii) reduce functionality requirements to reduce costs, or (iii) increase maximum cost to obtain the desired functionality.

Strengths:

- Allows for private innovation, may realize more efficiencies than County-led design.
- Shifts risk of cost overruns and delivery to private partner. We set the negotiated price into contract, and they must deliver the facility for that price.
- Partner Project delivery team will be much more experienced and professional than County staff that would otherwise serve in the same roles.
- IMG Rebel report estimated that, if a dollar figure was assigned to risk, efficiency, etc. that it would be the lower cost option over the 30 year life of this phase of the Courthouse' life.
- Estimated cost of operations and asset management are lower in a P3 than if self-funded.
- May alleviate the need to have more Facilities staff hired to take care of the expanded courthouse facility.

Weaknesses:

- Atypical procurement process that County staff is unfamiliar with creates increased risk of transactional errors.
- Guaranteed higher expenditures per year because of incorporation of Operational costs in the annual operational payment.
- Some risk that the final product will not be optimal or match our vision since it will be under the control of the private partner.

Conclusions

Affordability: We can afford the Courthouse. The more that we can reduce its' costs, the more we will be able to afford other capital needs as well. It is highly likely that existing County facilities, including the PSB and DSB, will need refurbishment before 2059, when the Courthouse bonds will be retired. We should preserve ability to meet those capital demands by reducing the scope and per-square-foot expense of the Courthouse project. This includes not placing the DA in the Courthouse, looking at remote work for some staff to free up space for those that need to work on site, and reassigning divisions or departments within the Red Soils campus to optimize existing space for services and employees that must be on site. There has also been some discussion of utilizing the other portions of the Red Soils campus, on the other side of Beavercreek, as a means of generating revenue to support capital needs. That can be explored as part of a separate effort and be brought into harmony with the Project's financial plan at a later date.

Project Delivery: The most familiar path, from a get-it-built standpoint, is to go the Traditional route. To do so we would need to hire project management and an owner's representative to coordinate and facilitate the architect, construction company, communications, financing and overall project delivery. Right now this is a clear skill gap that exists and I have serious doubts that the County, as currently staffed, would be able to deliver the Project on time and on budget. Following the Traditional route will beg the question of what we will do with operational, maintenance and asset replacement costs. The prudent route is to fully fund those items as we go. It is unclear if the County can do so under current financial, political and operational constraints without the external discipline of a contractual obligation.



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Finance Director, Interim

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Choosing the Traditional route means we will build it, and most likely will be kicking the can down the road on Operations.

The P3 approach is both higher risk and higher reward. When priced in the IMG Rebel report, the innovation, transfer of risk, and Operations elements of the project did show a material monetary benefit to the County. This assumes that we can execute the process successfully. In my view, the uncertainty in the P3 process cancels out the potentials gains, leaving it even with the Traditional approach.

The clearest difference between the two approaches is how the Operational cost is treated. The Traditional approach leaves it for us to solve in some form down the road. The status quo is clearly not a good or sustainable approach. My fear is that budget pressures will make it difficult to set aside asset replacement and sufficient funds to appropriately operate the Courthouse. The contract with standards with the State may help us get there, but it is a real risk. The P3 approach obligates contractually the appropriate management and expenditure on Operations as well as construction. It may result in a better maintained Courthouse, but could also place strain on the general fund such that other areas have less funding.

Therefore at this point I do not have a firm recommendation between the two options. I would like to have a discussion with you about the Operational costs and your preference for how to approach them. If you prefer delaying dealing with that issue, the Traditional approach is better. If you prefer addressing our underfunded asset replacement issue, the Courthouse is an obvious place to start and the P3 approach would be better.

Coordination: Another clear need within the County is someone to coordinate and manage capital projects and competing needs. In addition to the coordination problems with the Courthouse, the need to put on hiatus the Extension Building project and the one-off nature of project management, such as the Oak Lodge/Gladstone library construction effort, clearly indicate that a County-wide perspective and guidance is needed for these disparate projects. I would suggest that would need to take place at the Director level or higher to be able to manage the competing department demands. Meeting this need could be built into the financial plan for the Project if desired.

Clackamas County Courthouse

Phase 1 Funding Agreement

Budget = \$2.4 million; \$1.2 million each from County and State

Phase Completion Date June 30, 2021

As-Of June 30, 2020

Task	Description	Percent Complete	Comments
1	Submit updated OCCCIF Application with financing plan	80%	Pending financing plan
2	Update Red Soils Master Plan and submit to City of Oregon City	90%	Update completed but awaiting submission to the city
3	Complete updated traffic analysis	0%	Not started
4	Complete National Center for State Courts program and space plan	100%	Completed early 2019
5	Conduct courthouse site analysis	100%	Completed
6	Design new surface parking lot for increased courthouse demand	90%	Conceptual design completed, final design dependent on ability to clear site from existing uses
7	Draft RFP(s) for the project design and development	0%	Not started
8	Prepare the project schedule	50%	Schedule needs to be update based on chosen project delivery approach
9	Prepare the project budget	25%	Completed rough estimate of cash flow requirements by phase based on previous costs estimates and all public delivery approach. Requires revision based on final budget and delivery approach



Clackamas County Courthouse P3 Implementation Plan

July 2020



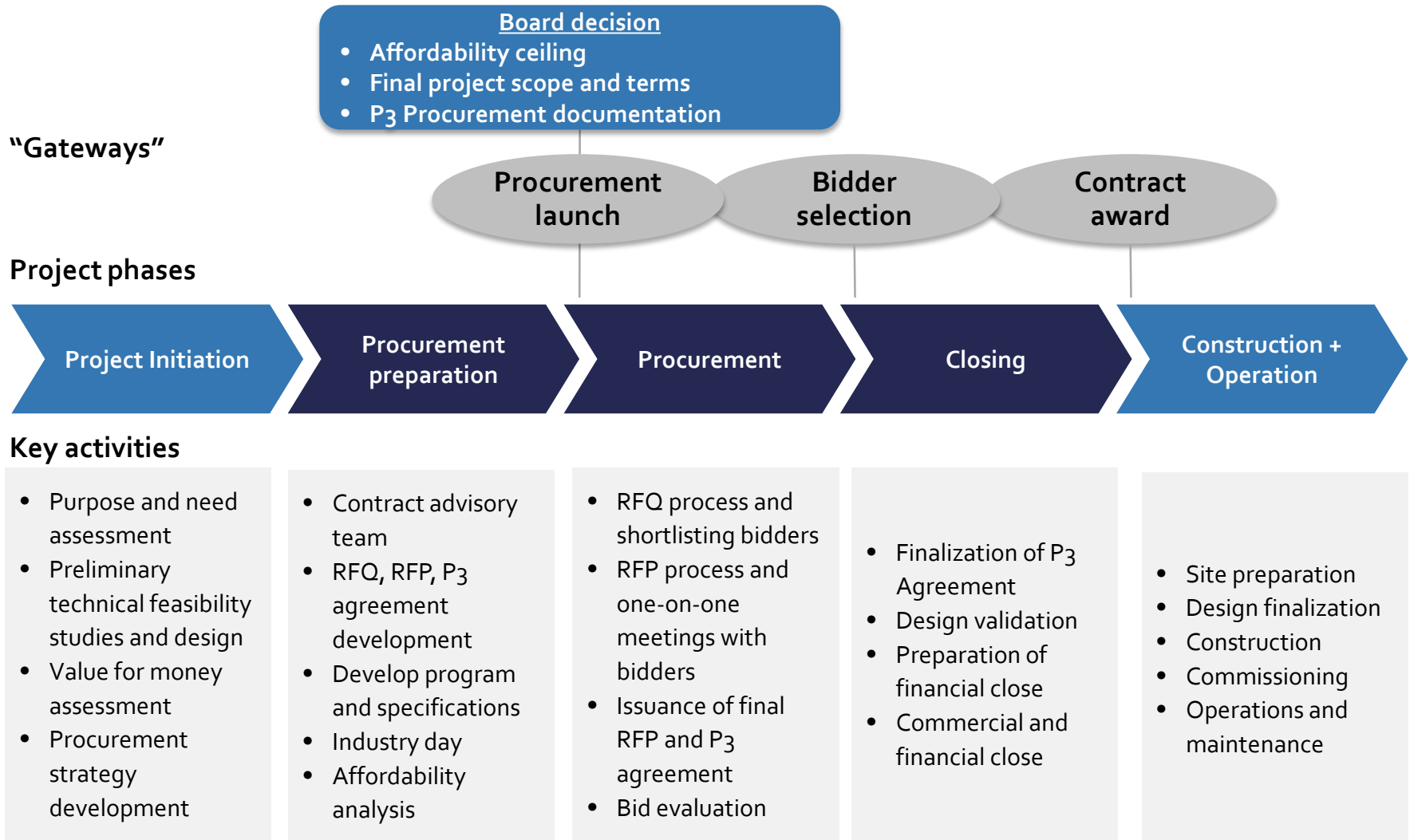
The value for money analysis confirms the Board's decision to move forward with a P3

- Last year, the Board decided to use a Public-Private-Partnership (P3) for the Courthouse Project, subject to value for money analysis. The value-for-money analysis has now been completed and confirms the Board's decision to do the Courthouse project as a P3. More specifically, it shows that a DBFM contract with partial private financing is best aligned with the County's goals.
- With the approach decided, the project scope, risk allocation and funding and financing solution will be refined in the further preparation of the project and P3 procurement.
- The County and State have authorized expenditure of \$2.4 million in the Phase 1 Funding Agreement, to fund the Clackamas County Courthouse planning efforts. The remaining funds from this authorized budget will be used to cover the further preparation of both the project and the P3 procurement that is expected to be completed by the end of the third quarter of FY 20/21. By then, the full project scope and proposed affordability ceiling, as well as draft P3 procurement documentation will be available for the Board's approval, before the launch of the P3 procurement.

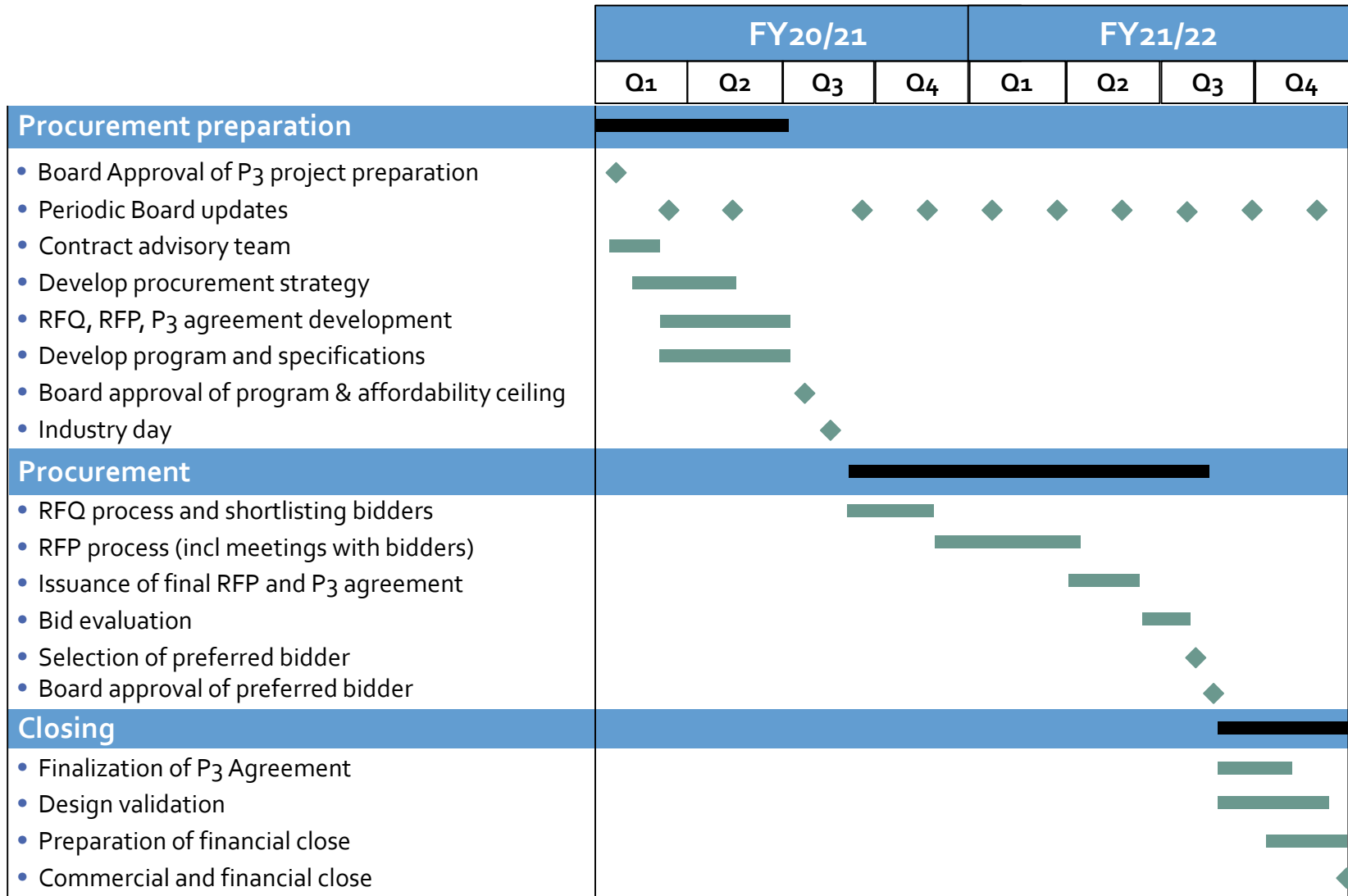
The Board's key questions and suggestions will be addressed in the further project preparation.

- Issues to be addressed in the further project and procurement preparation:
 - Develop more certainty regarding costs and funding to decide on the scope and affordability ceiling.
 - Focus on full cost of ownership, rather than focusing only on the initial capital investment and dealing with the consequences in maintenance and operations later.
 - Budgeting for Fiscal 2021/2022 and beyond requires us to have a clear picture of the cash-out for the project during that period.
- We are expecting to have a clear picture of costs and specific funding and financing approaches by the beginning of 2021 for the Board's decision on the scope, affordability ceiling and P3 procurement documentation.

Further project and procurement preparation will work towards a board decision prior to the P3 procurement



Further project preparation and P3 procurement can be completed in the next 24 months



The County's project team will be supported by experienced P3 advisors

