

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 05/11/22 **Approx. Start Time:** 11:30 **Approx. Length:** 30 minutes

Presentation Title: Oak Lodge Library

Department: Business & Community Services

Presenters: Cindy Becker

Other Invitees: Sarah Eckman, Mitzi Olson, Jason Varga, Jeff Munns

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

This Policy Session is a follow up from the December, 2021 Policy Session during which the Board directed staff to delay this project and work with library and community center stakeholders to identify options that align community priorities, design and funding.

Several meetings have been held since then staff now request direction from the Board regarding next steps in three areas of the construction of the Oak Lodge Library: 1) library design, 2) repayment of the revenue bond, and 3) options to address escalating costs.

EXECUTIVE SUMMARY:

1. Library Design

Staff held several meetings with the Concord Property and Library Planning Task Force (Task Force), North Clackamas Parks District Advisory Committee (NCPRD DAC) and the Clackamas County Library Advisory Board (Library Board) from January-March to discuss the options presented in December 2021 including:

- Option 1: Attached Library and Community Center (Master Plan)
- Option 2: Attached Reduced Size Library and Reduced Scope Community Center
- Option 3: Freestanding Library and Reduced Scope Community Center*

*Since this Policy Session is about the Library, if the Board approves Option 3, the scope of the Community Center will be handled separately with the NCPRD Board.

None of the groups supported Option 2, so the discussions focused on Options 1 and 3. Task Force members were particularly concerned with the County about the revised funding information. While the Task Force members ended up supporting Option 3, they also asked the County to design a fourth option for a Freestanding Library along Olive Street. This request, which would have cost additional time and money, was not supported by our architect or librarian and was denied by the Board Chair.

The following are formal resolutions and/or consensus agreements from the Library Board, Jennings Lodge CPO, Oak Grove Community Council, NCPRD DAC, and the Task Force all support a Freestanding Library (Option 3).

- **Task Force** (March minutes)
A motion was made at the March 15th meeting to vote on whether the buildings should be separated or connected. All in attendance voted for a detached library. This was confirmed at the March 31st meeting.
- **Library District Advisory Board** (email to BCC on 2/18)
In a unanimous vote the Clackamas County Library Advisory Board, in accordance with Board Order 85-1221, is making a recommendation that the siting of the new Oak Lodge Library be separated from the Concord school building, sustainably constructed, with a park that works in concert with the library, and with the opportunity for the Board and the community to consider options in addition to Option 3.
- **Jennings Lodge** (February meeting)
Jennings Lodge CPO recommends that the Oak Lodge Library be free-standing. It should be begun immediately based on further input from the community about style, location, sustainability and energy efficiency levels. There should also be concurrent and immediate adoption of the park design which complements the library.
- **Oak Grove Community Council** (email to BCC on 3/10)
The OGCC, in response to the desires of the Library Community, strongly recommends that the Oak Lodge Library be a separate, free-standing library built to work in conjunction with the park at the Concord site.
- **NCPRD District Advisory Council** (March minutes)
A motion was approved at the March meeting to have the DAC recommend that the Oak Lodge Library, with its independent funding, be developed right away as a freestanding building, with the park designed concurrently to complement the library.

Square Footage

The intergovernmental agreement (IGA) between the county and city of Gladstone stipulates that the Oak Lodge Library be 19,500 square feet. However, the IGA also allows for an adjustment of this size based on a feasibility study and community needs. Below is a comparison of the square footage of Options 1 and 3. While the overall square footage is lower in Option 3, Option 1 included 3,800 sq ft. of shared space which is not needed in Option 3.

Space Type	Option 1	Option 3
Functional Library Space	10,170 sf	9,320 sf
Library Support Space	5,440 sf	5,830 sf
Shared Space (with NCPRD)	3,800 sf	0
TOTAL	19,00 sf	15,150 sf

2. Revenue Bond Repayment (\$2.1 million)

The initial funding package included a revenue bond that would be repaid by County General Funds (\$7.3 million) and Oak Lodge Library operating funds (\$2.1 million). However, the Library District Master Order and Master IGA, that were approved and put in place several years ago, restrict the use of Library District funds to operations only.. Stakeholders have raised significant concerns regarding the use of Library District funds for construction for both Gladstone and Oak Lodge Libraries.

3. Construction Costs (\$2.7million)

The construction industry remains extremely volatile. Public bid, construction manager/general contractor (CMGC) design-build projects in the first quarter of 2022 routinely came in approximately 30% over estimated budgets, with some even coming in 100% over budget. The main causes of this volatility include:

- Prices of construction materials jumped more than 20% from January 2021 to January 2022, according to an analysis by the Associated General Contractors of America.
- Material shortages that were projected to be resolved during the second quarter of 2022 are now forecasted to continue.
- Labor shortages and cost increases continue in management and in the field. Labor rates have increased approximately 9% for carpenter/drywall/framing unions and others.
- Material costs are rising because of the limited availability of materials and resources.
- These material and labor challenges have resulted in extended construction schedules. A project that used to take 9-10 months to build, now takes 10-11 months to complete.
- Because of capacity limitations and an abundance of projects, subcontractors are being very selective, which reduces the number of bidders for projects and raises the cost estimates.

The attached PowerPoint displays the impact of the Replacement Revenue and Cost Escalation on the Oak Lodge construction budget using Option 3. ***However, it is critical to note that the escalation in costs shown are extrapolated from the Gladstone Library project and have not been bid for Oak Lodge.***

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES X NO

What is the cost? Depends upon the option ultimately selected

STRATEGIC PLAN ALIGNMENT:

How does this item align with your Department's Strategic Business Plan goals?

This aligns with the BCS strategic result of preserving, improving, and enhancing the quality and capacity of managed properties and facilities. The construction of the new libraries supports the Oak Lodge and Gladstone Library program so the public can access publically funded diverse materials and services to achieve their individual goals.

How does this item align with the County's Performance Clackamas goals?

This project aligns with the Vibrant Economy Goal: It provides economic development, public spaces, and community enrichment services to residents, businesses, visitors, and partners so they can thrive and prosper in healthy and vibrant communities.

LEGAL/POLICY REQUIREMENTS:

There is an IGA between County and City of Gladstone in which the County agreed to construct and manage two libraries: Gladstone and Oak Lodge.

PUBLIC/GOVERNMENTAL PARTICIPATION:

Staff convened a joint meeting in January to ensure that all three bodies had the same information before they held their respective meetings to discuss the options in more detail. Staff provided financial information, including projected costs and available funding. Each option was discussed individually and in comparison with the others. This meeting and the subsequent task force meetings were followed up with Q&A documents to respond to questions raised at the meetings.

Following the Joint meeting, the Task Force held three additional meetings. The DAC and Library Board included this project on their respective agendas in February and March. County staff were available for all of these meetings. Overall, this project was discussed in eight meetings not including the Jennings Lodge CPO and Oak Grove Community Council.

OPTIONS

Library Design

1. Proceed with Option 1: Attached library/community center
2. Proceed with Option 3: Free standing library

Revenue Bond Repayment Options

1. Amend the Master Order
2. Use County funds to pay the library portion of the bond (\$2.1M)

Construction Cost Escalation

1. Pay additional costs with County General Funds and/or explore use of County ARPA Funds
2. Reduce costs by going deeper into Value Engineering Options
3. Stop the project and pay IGA termination fee (\$360,000)
4. Proceed with necessary design work but delay construction to provide time for the market to stabilize
5. Delay the entire project (design and construction) to provide time for the market to stabilize

RECOMMENDATION Staff will share recommendations at the Policy Session

ATTACHMENTS:

Finance Powerpoint

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Jason Varga @ 503-351-4012

Attachment

Oak Lodge Library Financial Information

POLICY SESSION MAY 11, 2022



Estimated Construction Cost Increases:

Important Notes:

- The amounts below are an example as they are extrapolated from Gladstone projected increases. They would need to be bid out to subcontractors for true costs.
- The costs are based on Option 3: Freestanding Library

OPTION 3	Jan. Estimate	March Estimate	Difference
Construction	\$12 million	\$14 million	\$2 million
Indirect/Soft Cost	\$5 million	\$5.8 million	\$.7 million
Master Planning	\$.3 million	\$.3 million	\$0
Total	\$17.3 million	\$20.1 million	\$2.7 million

Construction Funding

Funding Categories: Option 3	Amount
Current County Commitment	
• General Fund Revenue Bond Repayment	\$7.3million
Additional Funding Needed:	
• Cost Escalation above available funding*	\$5.3 million
• Replace Library Operating Funds for Revenue Bond	\$2.1 million
Additional Funding Subtotal	\$7.4 million
TOTAL COUNTY FUNDS	\$14.7 million
OTHER FUNDS	
• State ARPA	\$.75 million
• Oak Lodge Beginning Fund Balance	\$.75 million
• Library District Reserves for Oak Lodge	\$2.9 million
• Library Services Capital Reserve	\$1.0 million
TOTAL OTHER FUNDS	\$5.4 million
TOTAL ALL FUNDS	\$20.1 million

*Amounts are extrapolated from Gladstone projected increases.

Operating Funds

STATUS

The Library has sufficient operating funds for several years