

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: October 22, 2019 **Approx. Start Time:** 1:30 PM **Approx. Length:** 30 min

Presentation Title: Courthouse Replacement Project - Financing Plan and Delivery Approach

Department: County Administration

Presenters: Gary Barth, *Project Director*

Other Invitees: *County Finance Director* Christa Bosserman Wolfe, Circuit Court Presiding Judge Kathie Steele, District Attorney John Foote, Sheriff Craig Roberts, Trial Court Administrator Debbie Spradley

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Requesting Board approval of a proposed financing plan and project delivery approach for the design, construction, and maintenance of the new county courthouse.

EXECUTIVE SUMMARY:

As background information, staff has included a comprehensive Progress Report which contains a timeline of critical milestone dates, followed by accomplishments to date, and a 'base-case' project summary, which have all been previously discussed with the Board.

For this briefing, the following items will be discussed and Board direction requested.

Financing Plan:

The State of Oregon has approved the replacement Clackamas County Courthouse Project as the next project to fund under the Oregon Capital Construction and Improvement Fund (OCCCIF) program. Accordingly, the State approved the County's request for \$31.5 million in initial funding for the design and pre-construction phase of the project for FY 19/21.

To access these State funds, the County is required to develop a Financing Plan for the full project costs. This Finance Plan needs to be approved before the County can proceed with the project.

Public-Private Partnerships (P3)

Many public agencies are utilizing Public-Private Partnerships to, Design, Build, Finance Operate and Maintain (DBFOM) public infrastructure projects. There are also "hybrid" variations of P3 projects that leverage the respective strengths of both the Public and Private Partners.

Recently Howard County Maryland analyzed three P3 approaches to a traditional public only approach and subsequently chose a P3 "hybrid". The private entity will finance, design, build and maintain the new Howard County Courthouse. Upon project completion and occupancy Howard County will issue GO Bonds (Maryland does not require voter approval) to pay down a portion of the private financing and enter into a 30-year lease with the private developer to pay off the remaining debt. Importantly Howard County maintains ownership of the building at all times.

Per direction from the State, County Counsel has received outside legal opinion regarding any regulatory procurement constraints or OCCCIF constraints to a P3 delivery approach and the initial opinion is that the County could utilize a P3 approach for the courthouse project. That opinion is being shared with the General Counsel of the Oregon Judicial Department for their review under the OCCCIF program.

Staff has also engaged IMG Rebel to provide a risk and financial analysis of alternative delivery options, including an all public, a P3 or a P3 Hybrid using a Value-for-Money approach. That analysis will be conducted during the fourth quarter with analysis and recommendations to the BCC provided in January 2020 for BCC direction and approval.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget?

- Total project costs have been estimated spanning multiple fiscal years through 2023. The County is currently covering the pre-planning effort through a \$2.4 million budget split 50/50 between the County and the State and governed by an approved Intergovernmental Agreement. For FY 19-21 the State has approved \$31.5 of OCCCIF funds for their 50% share of the first \$63 million in Project costs. With a Board approved Financing Plan, the County will develop a supplemental budget for FY 19/20 to reflect estimated costs anticipated in the current fiscal year. Subsequent years will be budgeted in accordance with the Financing Plan, projected timing of costs, and subsequent State match fund reimbursements.

What is the cost?

- The project cost estimate to design and build the courthouse is \$230 million*
 - Courthouse – \$190 million
 - Other \$40 million - District Attorney space in the new Courthouse, on-campus parking additions, new Loop Road, intersection signalization, Red Soils Master Plan updates
 - **Total County cost of the project** - \$135.5 million
 - **Total State Contribution** - \$94.5 million OCCCIF bonds

** Most recent cost estimate in May 2019*

What is the funding source?

The State funds are coming from the Oregon Courthouse Capital Construction and Improvement Fund (OCCCIF). Depending on Board action, the County funds will come from one of three sources:

1. Private financing from a P3 partner to be repaid through a long-term building lease arrangement
2. Full Faith & Credit (FF&C) bonds to be repaid from County discretionary funds
3. General Obligation Bonds which will require voter approval and generate new property tax revenue for repayment

Options also include a possible “hybrid” approach which would look at a combination of these fund sources to provide the optimal financing strategy for the county.

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 OCCCIF program requires that the County spend at least an equal amount of matching funds for courthouse related costs to those provided by the State OCCCIF.
2. The County must adhere to conditions and outcomes outlined in the IGA's with the State.
3. The Green Energy Technology program applies to public entities in Oregon and requires that 1.5 percent of the total cost for new construction of a public building must be spent on green energy technology, regardless of the funding source.
4. This project will be subject to Oregon City comprehensive plan and permit requirements.
5. The project will adhere to the County Green Building policy in effect as the building is being designed.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The replacement County Courthouse Project was one of the County's top two initiatives along with I-205 for the recently concluded 2019 legislative session. Success with this priority led to the State approving \$31.5 million for FY 19/21 for the State share of courthouse design and pre-construction costs. The Board also reaffirmed the new county courthouse as a top strategic goal during the recent strategic planning retreat.

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

OPTIONS & RECOMMENDATIONS:

Option 1. Proceed with the project under one of two approaches, subject to the comprehensive analysis being conducted during the fourth quarter of 2019:

- A. Utilize a P3 approach to finance, design, develop and maintain the new county courthouse. No payments would be due from the county until project completion. Continue to explore voter support for a General Obligation Bond during the four year design and construction process to reduce the amount of private financing and long-term lease payments at project completion.
- B. Proceed with a county led design-bid-build delivery approach financed with short-term financing for design and construction and permanent financing provided by Full Faith & Credit Bonds for at project completion. The intent would be for the short-term principal and interest financing be repaid by the FF&C bonds so no payments would be due until project completion. The FF&C bond would be repaid by the county general fund. Continue to explore voter support for a General Obligation Bond during the four year design and construction process to partially or completely replace the FF&C bond financing.

Option 2. Make the project dependent on a Voter-Approved General Obligation Bond. Suspend work on the project until voters approve the bonds through a ballot measure in 2020 or beyond. Advise State that the project is on hold and dependent on voter approval of a future ballot measure for GO Bonds.

Recommendation: Staff recommends Option 1A. Proceed with the project without dependence on a voter-approved GO Bond. Legal and financial analysis will be undertaken in the 4Q19 to inform a final recommendation of Option 1A, 1B or a Hybrid approach for final Board approval by early 2020.

ATTACHMENTS:

1. Clackamas County Courthouse Project Progress Report
2. Howard County Spending Affordability Advisory Committee Project Report
3. IMG Rebel Scope of Work

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

CLACKAMAS COUNTY COURTHOUSE REPLACEMENT PROJECT



October 22,
2019

Board of County Commissioners Work Session

Progress Report on the accomplishments to-date and the tasks remaining to fund, design and construct a new County Courthouse on the Red Soils Campus

Clackamas County Courthouse Replacement Project

BOARD OF COUNTY COMMISSIONERS WORK SESSION

TIMELINE

The Courthouse Replacement Project was prioritized and undertaken after the 2013 Oregon Legislative Assembly created the Courthouse Capital Construction and Improvement Fund (OCCCIF), a program where the State would contribute up to 50% of the costs of a county courthouse improvement or replacement project. A new Courthouse was planned for the Red Soils Campus with the adoption of the Red Soils Master Plan in 1998.

RED SOILS CAMPUS MASTER PLAN		
Date	Action	Purpose
1998	BCC Approves Red Soils Master Plan	To guide policy decisions regarding consolidation of county functions and facilities on the Red Soils campus over 20 years 1998-2018
2004	PSB Is Built	First Phase of Red Soils master Plan Development. Funded with Full Faith & Credit (FF&C) Bonds
2006	BCC Study Session	To authorized staff to develop a proposal for a new Adult Detention Facility to be developed after the DSB.
2006	DSB & CUP built	Second Phase of Red Soils Master Plan Development. Funded with FF&C Bonds
2008	BCC	BCC was informed that new ADF proved cost prohibitive. Planning was halted during 2008 recession
NEW COUNTY COURTHOUSE REPLACEMENT PROJECT		
Date	Action	Purpose
2013	Oregon Legislative Assembly Creates the OCCCIF	To fund up to 50% of county courthouse improvement or replacement projects
12/10/14	BCC Study Session	Authorized staff to conduct research and present a policy proposal regarding construction of a new courthouse on the Red Soils Campus
4/7/15	BCC Study Session	Request approval of \$133,500 in current FY 14/15 and a Policy Level Proposal for \$371,500 for FY 15/16 and 16/17 for a total of \$505,000 to hire outside consultant to assist staff in pursuing OCCCIF funding for a new courthouse
7/9/15	BCC Business Meeting	Approve contract totaling \$505,000 with SERA Architects as outside consultant
12/1/15	BCC Study Session	Red Soils Master Plan and New Courthouse Project Update

Clackamas County Courthouse Replacement Project

Feb 2017	OCCCIF Application	OCCCIF application submitted to Oregon Judicial Department seeking match funding to plan, design and construct a new county courthouse. County share would come from FF&C Bonds
2/14/17	BCC Study Session	Request \$1.25 million in county general funds to match \$1.25 million in State general funds for planning efforts for the new county courthouse
2/16/17	BCC Business Meeting	BCC approved request of \$1.25 million in State funding for courthouse planning to be matched by \$1.25 million from county
Aug 2017	OJD Response to OCCCIF Application	OJD provides comments on Clackamas application, states that the application is a living document to be updated throughout the planning process as more information becomes available
10/17/17	BCC Policy Session	Courthouse Replacement Project Planning Update. Total project costs estimated at \$184 million, with Courthouse \$154 million. NOTE: staff report says State approved \$1.2 million for planning, not \$1.25 million as shown in the 2/16/17 staff report
11/2/17	Project Public Event	Presentations by Elected Leaders, thank you to State Legislators, reveal of new courthouse conceptual design
6/13/18	Leadership Team Meeting	Kick-Off meeting of Leadership Team of Elected Officials; Presiding Judge, District Attorney, Sheriff, BCC Chair and one additional County Commissioner. Purpose of the Leadership Team is to advise the BCC on critical issues to assist the BCC in providing staff direction on the courthouse project
6/26/18	BCC Study Session	Project Update: Revised cost estimate of \$235 million with Courthouse costs excluding DA space at \$189 million. Outlined project organizational structure, project timeline, and results of survey for a general obligation bond measure
9/5/18	Leadership Team Meeting	Project Update: Financing options, Communications & Outreach, Polling Updates, Legislative updates, call for Leadership Team commitment to project
9/18/18	BCC Study Session	Project update. Discussed county financing under various financing scenarios, assuming GO Bond on May 2019 ballot. Discussed polling efforts to gauge public support for a GO Bond. Requested that BCC authorize drafting a Board Resolution confirming the County's commitment to the project
1/24/19	Leadership Team Meeting	Project Update: Financing discussion, adding Public Defenders as co-location agency in new courthouse per OJD request
1/29/19	BCC Study Session	Project Update; Legislative update, polling update, financing update, review of draft Resolution confirming County commitment to the project
2/14/19	BCC Business Meeting	Board adopted Resolution No. 2019-11 that states "Clackamas County is committed to funding and building a new county courthouse". Approval of Master and Phase I IGA's with State for courthouse funding.
2/25/19	Communication to City of Oregon City	County Administration sent a letter to Oregon City City Manager and Planning Director advising that the county is moving forward with constructing a new OSU Extension Building and County Courthouse as the next capital projects on the Red Soils campus as identified in the Red Soils Master Plan

3/14/19	Leadership Team Meeting	Project Update: NCSC final report, Communications Update, CLT Update
3/19/19	BCC Study Session	Project Update; National Center for State Courts concept design and space plan for new courthouse, Legislative update, communication update, cross-laminated timber update,
6/6/19	Leadership Team Meeting	Project Update: Timing of GO Bond – Nov 2019, Mar 2020, Nov 2020. Financing Options – Input needed for the BCC. Communications – Input needed for the BCC
6/18/19	BCC Study Session	Information only discussion on “Community Benefit Agreements” also referred to as Project Labor Agreements. No action taken
6/27/19	BCC Business Meeting	Approved amendment to the Phase I IGA for time extension of Phase Completion Date to July 1, 2020
10/2/19	Quarterly Budget Committee Meeting	Brief discussion on courthouse financing options. No decisions made

Initial Planning Phase - Accomplishments To-Date

Since BCC approval in July 2015 to pursue OCCIF funding for a replacement Clackamas County Courthouse the following tasks have been completed during this initial planning phase:

- Submitted OCCIF Application to Oregon Judicial Department in February 2017 which included:
 - SERA structural and space analysis of the existing courthouse demonstrating that replacement and not remodel was the only viable option
 - SERA space programming analysis and conceptual design for a new courthouse
 - Cost projections based on the SERA design provided by JMB Consulting (September 2016)
 - Financing Plan calling for issuance of Full Faith & Credit Bonds to cover county share of costs
- Reviewed the Red Soils Master Plan to confirm courthouse site location, Loop Road for on campus circulation, and new parking facilities to accommodate increased traffic to the campus
- Began relocation efforts for H3S Behavioral Health Facilities – Stewart and Hilltop – to be displaced by the new courthouse, as envisioned in the Red Soils Master Plan. [Note – a new Human Services Building was included in the Red Soils Master Plan on property north of the Development Services Building. This building was intended to be constructed before the Courthouse to house Behavioral Health and clearing the site for the future courthouse].
- Updated the cost estimates in March 2018 and March 2019
- Contracted with National Center for State Courts (NCSC) per OJD recommendation to conduct a secondary space programming and concept plan for the new courthouse.
- Updated the cost estimates in May 2019 based on NCSC analysis
- Evaluated Cross-Laminated Timber as a potential building component in the new courthouse. This initiative aligns with BCC policy direction and legislative priorities to support increased use of this sustainable building product which has the potential to revitalized the timber economy in Clackamas County. Received a \$100K Wood Innovation Grant from the USFS to further research use of CLT and other Mass Timber in the new Courthouse. Contracted with the University of Oregon School of Architecture for architectural renderings developed by the Mass Timber Courthouse Design Studio.
- Research alternative Project Delivery Approaches to finance, design, build, operate and maintain the new courthouse to include possible Public-Private Partnership models (P3).
- Held an information only session on Community Benefit Agreements (aka Project Labor Agreements)

Public Sector Comparator (PSC) = Base-Case

Details of the key elements of the Base-Case Courthouse:

- 255,000 square foot building with 16 courtrooms, consolidated District Attorney offices, and DHS and Public Defender offices as qualifying state co-location agencies to comply with 50% state match requirements
- Projected cost estimate of \$220 million as of April 2019
 - \$175 million for the courthouse split 50/50 between County and the State
 - \$27 million for the DA, all paid by the County
 - \$18 million for site work, Loop Road and Parking – TBD how much State might contribute based on proportional share of the Loop Road and Parking directly associated with the Courthouse
- County share will range from \$125.5 to \$132.5 million and State share will range from \$87.0 to \$94.5 million
- County share will be funded by Full Faith and Credit Bonds with a structured repayment schedule based on the county's ability to repay
- County will use the Construction Manager/General Contractor (CG/MC) Delivery Approach that was used to build PSB and DSB. The first contract will be issued for Architectural and Engineering Services for the building design, followed by a contract for the Construction Manager and General Contractor to construct the building.
- The design phase will last 18 months, the construction phase will be 30 months for a total project timeline of four years commencing once the Architectural firm is under contract.
- Project costs are estimated to be incurred at the following rate:
 - 2% in year 1 = \$4 million
 - 6% in year 2 = \$13 million
 - 28% year 3 = \$62 million
 - 64% year 4 = \$141million
- The State will **reimburse the County** up to \$31.5 million at the end of the FY 19/21 biennium (just approved by the 2019 Legislative Assembly). The remainder of the \$31.5 million not reimbursed in FY 19/21 plus up to additional \$63 million at the end of the FY 21/23 biennium (planned for in the OJD budget for FY 21/23) will be reimbursed to the County at the end of FY 21/23 for a total reimbursement up to \$94.5 million.

State Funding is on a reimbursement basis, after the county incurs the initial cost. The county financing plan will need to account for this timing difference.

Public-Private Partnerships (P3) and Value-for-Money (VFM) Analysis

With the Public Sector Comparator (PSC) approved by the BCC to provide certainty of project completion with state match funding, we propose that the BCC authorize staff to hire outside consultants to perform a VFM analysis that will compare the approved PSC against P3 alternatives to determine optimum “life-cycle” costs and quality for the new courthouse project.

This approach was recently used by Howard County Maryland for their new county courthouse. They looked at four options prepared by their consultants that provided analysis of project risk, VFM analysis, financial analysis, and implications on credit ratings among others. The four options were:

1. Conventional: Design, Bid, Build after which the county would Operate and Maintain (DBB+OM) This was there Public Sector Comparator similar to our Base Case above.
2. Hybrid P3-1: Design, Build, Operate & Maintain (DBOM). County provides all financing, private partner is responsible for DBOM
3. Hybrid P3 – 2: Design, Build, Partially Finance, Operate & Maintain (DBfOM). In this option, the private party finances the design and build. At project completion, the County makes a lump sum payment for ½ the costs funded by issuance of GO Bonds (which do not require voter approval in Maryland). The remaining debt is repaid over a 30-year lease agreement with the private developer, along with “availability” payments for O&M. The private party is responsible for Operating & Maintaining the building during the lease term and if any portion of the building should ever be deemed “unavailable” due to building issues the lease payment is reduced accordingly. This shifts all operating risks to the private party.
4. P3: Design, Build, Finance, Operate & Maintain. This is often referred to as the Availability Model. In this option, the entire project is finance by the private entity and their debt is repaid through lease payments from the public partner, along with availability payments for the O&M.

Howard County then scored these four options on five evaluation factors:

1. Project Risk
2. Project Cost
3. Quality (building and O&M)
4. Long-Term Cost Certainty
5. Completion Time

Based on their scoring they chose Option 3, the Hybrid P3 DBfOM as the lowest risk, least costly option with the highest certainty of long-term costs. Having completed this analysis, they felt confident in moving forward with their chosen financing and delivery approach that also addressed the long term operating and maintenance needs of the new courthouse.

Clackamas County has similarity with Howard County. Both counties are replacing very old courthouses. Both are locating new courthouses on county-owned land, but both counties have to relocate existing buildings and services to accommodate the new courthouse. The buildings are comparable in total square footage although Howard County is planning for only 5 courtrooms and much more space for other agencies. Howard County can issue GO Bonds without voter approval but must pay 100% of the costs, whereas Clackamas County

would need voter approval for a GO Bond but is getting 1/2 the cost paid for by the state so in some ways the financing is comparable as well.

Both counties need to consider ongoing Operations and Maintenance requirements of their new courthouses and plan for the operating funds necessary to fund O&M. The Howard County option analysis considered these lifecycle costs in their financial analysis and VFM analysis.

Design and Size = Cost

With the PSC approved by the BCC, providing certainty for project completion, efforts can still be undertaken during the Design phase to see if the current project costs can be reduced through design refinement. The BCC could set a goal for total project budget and an effort can be undertaken during the design phase to see if that goal can be achieved without compromising the building capabilities or quality for its projected life.

State as a Partner

The State of Oregon is a significant financial contributor to the new Clackamas County Courthouse. Intergovernmental Agreements define the Roles and Responsibilities of the County and State Agencies involved in this project, particularly staff from the Oregon Judicial Department (OJD) and Department of Administrative Services (DAS).

Any decisions made by the County relating to this project will need to be made in consultation, support and approval of the State. Project teams are in place and formal, recurring communication takes place between the County project staff and key staff from the State to ensure that efforts are coordinated and appropriate for this project.

H3S Behavioral Health Center Relocation

As shown in the adopted Red Soils Master Plan, the Stewart and Hilltop Behavioral Health Centers will need to be relocated from their current location to clear the site for the new Courthouse as outlined in the staff report for Red Soils Master Plan BCC Study Session on 12/10/14. Accordingly, this relocation is a key requirement for the new Courthouse project and must be adequately planned and financed to minimize disruption to clients and staff providing services.

**SPENDING AFFORDABILITY
ADVISORY COMMITTEE
COURTHOUSE PROJECT REPORT**



Fiscal Year 2018

Spending Affordability Advisory Committee

Steve W. Sachs, Chair of the Spending Affordability Committee

Citizen Committee Members & Representatives of Major Organizations

Alex Adler
Andrew E. Clark
Richard Clinch Ph.D.
Ryan Frederic
Lynn Coleman, Howard Community College
Christine E. O'Connor, Howard County Board of Education
Beverly Davis, Howard County Public School System
Valerie Gross, Howard County Library System
Bruce Harvey
Steve Hunt
Barbara Lawson
Larry Letow
Milton Matthews, Columbia Association
Leonardo McClarty, Howard County Chamber of Commerce
Dwight Mikulis
Steve Poynot
Scott Segrist
Sue Song
Rev. Robert Turner
Joshua Tzaker
Edward L. Waddell, CPA
James Young, Howard County General Hospital

County Government Officials

Caitlin Connors, Internal Auditor
Craig Glendenning, Howard County Auditor
Stanley Milesky, Director, Department of Finance
Lonnie R. Robbins, Chief Administrative Officer
Jahantab Siddiqui, Deputy Chief of Staff, Office of the County Executive
Holly Sun, Budget Administrator
Larry Twele, Howard County Economic Development Authority

Executive Summary

The Committee was tasked by the County Executive to make recommendations on the proposed new courthouse construction project given its size and potential consideration of P3 (public private partnerships), a relatively new project delivery approach. Further communications with County Council confirmed a similar desire for this Committee to conduct reviews and offer our advice on this project before elected officials make final decisions.

The Committee met several times in December 2016 and January 2017, listened to and discussed presentations from the honorable Lenore Gelfman, Howard County Administrative Judge, consultants and county staff and reviewed various materials. On January 18th, 2017, the Committee unanimously recommended using the following approach to deliver the new courthouse:

- The County should use a hybrid P3 approach combining public financing and private financing with design, build, operation and maintenance in a 30-year contract (Option 3. DBfOM in the four options presented by the consultants)

The Committee recommends this approach due to its multiple comparative advantages, including: shifted risks (financing, operational and lifecycle maintenance) to private partners; lowest estimated project cost in 30-year period; incentives and enforcement capacity for high performance and efficiency gain; faster project delivery; and predictable long-term operation and maintenance (O&M) cost. After carefully evaluating various delivery options, including their fiscal impact and other financial and operating pros and cons, we believe our recommendation is in the best interest of the County in the long run.

This report summarizes key analysis, findings and recommendations. Additional details can be found in the appendix - a comprehensive report by IMGRebel, the County's consultants on P3 financing. The appendix summarizes their presentations to the committee during the three meetings including indicative financial and service implications of various models and also technical details and reference materials such as case studies.

Background

The following information was provided to the committee by Judge Gelfman and County staff prior to analysis of the financing options:

- The County courthouse opened in 1843 (over 174 years ago).
- The building structure has been renovated a few times during its history.
- The redevelopment of the courthouse has been delayed numerous times over the past 20 years.
- The building does not allow for the State approved 6th judge, technology enhancements, and required Federal and State mandates for case administration and processing.
- Based on engineering studies, the existing building cannot be further renovated to solve space inadequacies.
- Current capital projects do not include advanced planning for future O&M.

- County staff has completed an architectural and engineering study that determined a new building is the only viable solution.
- Construction costs for the 227,000 square foot building and 600 space parking garage are estimated at \$138.7 million (this has been used in all modeling).
- 9250 Bendix Road, Bendix Road, Columbia MD 21045, a County-owned site with no land acquisition needs, is the proposed site.

Delivery Options

Traditionally, the County's capital projects were delivered with public financing using General Obligation (GO) bonds, and utilized competitive bidding for design, (separate) competitive bidding for construction, and usually multiple short-term contracts for operating and maintenance (O&M) needs once the building was completed and in use.

In the past two decades, public projects delivered through P3, or public private partnership, have gained increasing interest and application in the United States. P3 features a medium or long term contractual arrangement between a Public Agency and a Private Body for delivery of a public service or infrastructure for which the Public Agency remains accountable. This approach is procured through a competitive procurement process, where the required service or infrastructure is specified as an output and significant risks are transferred to the private firm, making its private investment and financial returns linked to its performance.

To identify the best options for the Courthouse project delivery, the County asked its financing consultants to provide potential options with detailed quantitative and qualitative analysis. The consultants studied and presented four models to the Committee, including conventional delivery, two different hybrid P3 approaches, and full-fledged P3 as the following:

- Option 1. Conventional Model (DBB+OM): public financing with County 30-year GO bond; traditional design and build; and multiple short-term operate and maintain contracts
- Option 2. Hybrid P3 – 1 (DBOM): public financing with County 30-year GO bond; design, build, operate and maintain
- Option 3. Hybrid P3 -2 (DBfOM): partial public financing and partial private financing tentatively assuming 50/50; design, build, operate and maintain
- Option 4. P3 (DBFOM): full private financing; design, build, operate and maintain

For each model, the consultants provided high-level risk analysis, value for money assessment, financial analysis (covering 30-year financing and O&M), and the County staff provided analysis on operating budget impact, debt indicators analysis and implications on credit ratings. The consultants also presented qualitative comparison of different delivery approaches, in term of risks allocation, quality improvement, overall project cost certainty, procurement time, procurement cost, completion certainty, and construction time. (Detailed qualitative and quantitative analysis can be found in the appendix)

Financial analysis indicated that 30-year total project cost including financing and O&M based on net present value (NPV) is projected to range from \$289 million to \$328 million, and first full year impact is estimated at \$14.4 million ~ \$16.7 million around 2022, depending on the option. County budget and finance staff noted that the projected annual costs for all four options are affordable (with full year impact representing 1.1%~1.3% of the County’s operating budget and major impact phased-in over two years), and none of the presented options would trigger changes to the County’s current AAA bond ratings, holding all other variables constant.

In analyzing and comparing those options, the Committee carefully evaluated multiple factors, such as: project cost, project completion timeframe, risk aversion/shift level, O&M quality and efficiency, predictability of future costs, performance enforcement capability, etc. The following table summarizes major findings based on key criteria used in evaluating the four project delivery options, with assigned score between 1~4 (1 indicating the most favorable result and 4 indicating the least favorable result):

Key Evaluation Factors	Note	Option 1. Conventional (DBB + OM)	Option 2. Hybrid P3-1 (DBOM)	Option 3. Hybrid P3-2 (DBfOM)	Option 4. P3 (DBFOM)
Project Risk	1=least risk	3	2	1	1
Project Cost	1=least costly	3	2	1	4
Quality (building and O&M)	1=highest quality	4	3	2	1
Long-term Cost Certainty	1=highest certainty	3	2	1	1
Completion Time	1=fastest delivery	3	1	2	2
Total		16	10	7	9

Note: “Total” is listed for illustration purpose only because factors do not carry the same weight in decision making.

Recommendation

On January 18th, the Committee discussed all the options and unanimously recommended Option 3. Hybrid P3-2 (DBfOM) based on the following reasons:

- Shifts a high level of (financing, operational and lifecycle maintenance) risks to the private partners.
- Forecasts the lowest project cost in the long run, benefiting from both relatively low interest payments from (partial) public financing and cost savings in construction and O&M from P3.
- Keeps the building in good operating condition with contracted life-cycle investment.
- Provides both incentives and enforcement ability for high performance and efficiency gain with private partners sharing part of the financing (with “skin in the game”).
- Offers ability for efficiency gain and cost savings through competitive bid and integration between building design and long-term O&M needs in one contract.
- Offers relatively fast construction delivery schedule compared to conventional model.
- Provides high certainty or least volatility on future cost.

The Committee did not recommend the conventional approach due to our concerns on: deferred maintenance, which is common for typical county capital projects; Government absorbing preponderance of all risks which causes uncertainty and often higher than planned costs in the future; and slower construction delivery.

The full P3 model DBFOM was not selected primarily due to its relatively high overall cost as a result of higher interest costs with 100% private financing, which will not likely be offset by anticipated efficiency gains and savings in O&M.

The Committee also eliminated the other hybrid model (DBOM), which uses public financing and private delivery of services. While it looks appealing on first sight, the DBOM approach implies significant risks with the County holding 100% of financing risks and also high risks in performance enforcement.

Conclusion

In summary, the Committee recommends that the County use a hybrid P3 approach with mixed public and private financing to deliver the new courthouse. This approach combines the benefits of lower financing cost from partial public financing and the benefits of optimum design, efficiency gains, high quality maintenance and risk transfers from a public private partnership.

The Committee also encourages the County to explore potential options to decrease the project's long-term cost where feasible without hurting its main purpose (e.g., replacing the 600 space garage with ground parking or utilizing revenue bonds financing; using potential proceeds from selling the existing courthouse to lower the total amount needed for financing, etc.).

We would like to thank all the Committee members for their time and effort in participating on the review and discussion of this project, providing insight and thoughtful ideas. We also want to thank all presenters, including IMG consultants and County staff for conducting complex analysis and preparing needed information in a relatively short period of time for the Committee.

We appreciate the opportunity to offer our advice for an important capital project that has long-term impact on government services to its citizens. The recommendation is a result of our due diligence and is based on information received from the above referenced sources. We hope our recommendation is of help to County decision makers.



Value for Money Assessment for Clackamas County Courthouse Replacement Project

Response to Request for Quotes (RFQ) #2019-81

September 23rd, 2019

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1 TRANSMITTAL LETTER

Mr. George Marlton / Mr. Ryan Rice
Procurement Division
Public Services Building
2051 Kaen Road
Oregon City, OR 97045

**Re: Letter of Submittal – Proposal for Value for Money Assessment for Clackamas County
Courthouse Replacement Project**

Dear Mr. Marlton, dear Mr. Rice,

We understand that Clackamas County is looking for an advisor who can help with the initial planning stages of a potential P3 delivery for the Courthouse Replacement Project, namely, conducting a value-for-money (VfM) assessment. In addition to our expertise with VfM assessments, we have also worked with clients throughout P3 transactions, from the initial feasibility stages, through procurement, to finally, commercial and financial close—and we are excited and well-positioned to do the same with you.

IMG Rebel is pleased to submit this response to the Request for Quotes regarding an analysis of alternative financing and delivery approaches for the Clackamas County Courthouse Replacement Project and advising the County on comparative advantages and disadvantages of each option based on that analysis. We appreciate this opportunity and look forward to working with the County on this project. Please feel free to contact us with any questions or for further information.

Yours sincerely,



Marcel Ham
President
IMG Rebel Advisory, Inc.

2 COMPANY BACKGROUND

2.1 Introduction to IMG Rebel

IMG Rebel is excited about the opportunity to work with Clackamas County as it is exploring delivery and financing models for the Courthouse Replacement Project. The Team has worked with many state and local governments in the U.S. on launching their P3 programs, assessing the appropriateness of P3 delivery for specific projects, assessing value-for-money, addressing project risks, deploying federal funding and financing, serving as financial and transaction advisors on P3s, and advising on smart technology.

IMG Rebel is a leading infrastructure advisory firm with extensive US and international experience in alternative financing and project delivery structures, including public-private partnerships (“P3s”). We provide a full array of financial transaction support services, from market analyses and opportunity assessments to feasibility and valuation analyses, solicitation, evaluation and negotiation assistance. IMG Rebel has provided transaction advisory services to governments and private bidders on over 75 P3 transactions in North America and Europe in every area of public-use infrastructure, from transportation infrastructure to water, waste and power utilities, social infrastructure and telecommunications.

The IMG Rebel team has served as the P3 financial and transaction advisor for Howard County, MD on its 238,000 sqft Circuit Courthouse and is serving as the P3 financial and transaction advisor for Miami-Dade County on a 600,000 sqft Civil and Probate Courthouse project. For both projects, IMG Rebel is providing financial and transaction advisory services that include: delivery model analysis, financial analysis, procurement document support, and proposal evaluation and negotiation support. Moreover, IMG Rebel is currently conducting a value for money assessment and advising the State of Delaware on the selection of the optimal delivery and financing model for a bundle of family courts and a judicial facility.

In addition to having served as transaction advisors for P3 procurements, we have also supported many public agencies in developing successful P3 policies and programs and have developed numerous knowledge products, including advanced value-for-money and risk assessment guides, a guide on the management of unsolicited proposals for the World Bank, a successful P3 practices guide, and model P3 contract guides.

2.2 Key attributes of the Team

We believe our Team is uniquely qualified to support the County, based on the following attributes:

- **Deep value for money assessment expertise** | IMG Rebel combines robust expertise in developing value-for-money and risk assessment methodologies with deep experience in applying the methodology in specific projects, in the US and globally. We have developed the *Guidebook for Value for Money Assessment* and the *Guidebook for Risk Assessment* for the federal government, so we are able to offer best practices and the most relevant techniques for use by

the County. Moreover, we have developed value-for-money assessments for more than 50 projects, so we understand the process of identifying the optimal delivery and financing model in collaboration with project stakeholders.

- **Strong Commitment and Execution Certainty** | IMG Rebel offers the resources and depth of a global, stable, full-service transaction advisory services team, combining state-of-the-art experience on a wide range of P3 transactions with all knowledge areas of a global financial institution and a highly experienced government advisor with both extensive domestic experience and a global reach.
- **Demonstrated P3 Advisory Expertise** | IMG Rebel has managed many of the first and largest US P3 infrastructure transactions, including the largest US wastewater P3, the most US water utility public-private competitions, the first major US airport P3, and many of the largest US toll road P3s. The Team has sectoral diversity, as well as diversity in terms of project size, and the size of agencies that we work with. We have carried out P3 and infrastructure finance and transaction assignments for both new and existing infrastructure assets across more than 80 countries. We do not view P3s simply as DBFOM projects, but rather, we think that there are a wide range of public-private arrangements that can be characterized as P3s, and we have worked on many of them and seek to continue to innovate and find new ways to apply P3 concepts.
- **Deep P3 Policy and Capacity Building Experience** | Not only have we served as transaction advisors during the actual procurements, but we have also supported many public agencies in developing successful P3 policies and programs and developing P3 project pipelines. We also engage in capacity building for P3 implementation and have conducted training sessions for agencies such as the Maryland Stadium Authority, Howard County, MD, the State of Florida, the State of Texas and the Commonwealth of Virginia on technical topics including the value-for-money (VfM) assessment, risk assessment and successful P3 practices. Underlying these services is not only our transaction advisory experience, but also several knowledge products that we developed for the U.S. Department of Transportation (U.S. DOT) including advanced value-for-money and risk assessment guides, a successful P3 practices guide, model P3 contract guides and a guide on the management of unsolicited proposals.
- **Understanding of 360 degrees of each P3 transaction** | We have experience working both for and negotiating with large infrastructure developers and investors. This will allow us to ensure the highest value for the County at the lowest public impact. Complementing this, several members of our Team have served as policymakers in similar transactions, having learned how to make challenging P3 transaction decisions and successfully engage in public outreach. Our Team also has significant experience advising the private sector on transactions, including advising over 20 private consortia on procurement bids and transactions. Unlike other government advisors who very rarely work with the private sector, our experience on both sides of P3 projects gives us unique insights on how to achieve the optimal transaction, utilizing an efficient process to achieve financial close.

2.3 Selection of relevant qualifications and references

We selected five recent projects that seem most relevant to your project and would be happy to provide more qualifications and references to demonstrate the wide range of sectors that we have worked in, our excitement to take on both large and small projects, and our tailored approach to each project.

Name of Organization	Howard County Government, Maryland
Project Title	Howard County Courthouse P3, Howard County, MD
Project Description	IMG Rebel served as financial advisor and overall P3 transaction advisor for Howard County's first P3 project, a 227,000-square foot courthouse. IMG Rebel conducted a high-level value-for-money assessment of four different delivery options for the courthouse and worked with Howard County staff to educate and prepare 30 members of the County's Spending Affordability Advisory Committee to develop a recommended P3 delivery option. IMG Rebel's value-for-money analysis included a high-level risk analysis, qualitative and quantitative assessments, and financial analysis. To conduct the analysis, IMG Rebel gathered capital and operating cost information from technical advisors and built a custom financial model to show cash flows for all four delivery models. After the committee's recommendation to move forward with a P3 delivery model, IMG Rebel has been working with County staff to prepare the procurement, develop the RFQ and RFP documentation, prepare the industry day and develop the draft P3 agreement. IMG Rebel has also supported the County in the shortlisting of qualified bidders, individual meetings with the shortlisted bidders, evaluation of the proposals and selection of the preferred bidder. The project reached financial and commercial close in October 2018.
Applicability to Clackamas County	<ul style="list-style-type: none"> • Social infrastructure • Value-for-Money • P3 Structuring • Financial Modeling • Transaction advisory
Period of Performance	12 / 2016 – 10 / 2018
Contact Name & Title	Nikki Griffith, Cash and Debt Management Bureau Chief, Department of Finance
Phone No	(410) 313-4063
Email Address	ngriffith@howardcountymd.gov

Name of Organization	Miami-Dade County
Project Title	Miami-Dade County Courthouse
Project Description	IMG Rebel is serving as financial advisor and overall P3 transaction advisor for Miami Dade County's first P3 project, a 600,000 square foot courthouse, with 46 finished courtrooms. After receiving an unsolicited proposal for the P3 delivery of the project, IMG Rebel conducted a high-level assessment of alternative delivery and procurement options for the courthouse and worked with Miami Dade County staff to prepare decision-making by the Board of Commissioners. After the Board's decision to move forward with a hybrid P3 delivery model, IMG Rebel has been working with County staff to prepare the procurement, develop the RFQ and RFP documentation, prepare the industry day, develop the draft P3 agreement, negotiate the P3 agreement with the shortlisted bidders and evaluate the bids. The County has selected a preferred bidder and is expected to close the project in January of 2020.
Applicability to Clackamas County	<ul style="list-style-type: none"> • Social infrastructure • P3 Structuring • Financial Modeling • Transaction advisory
Period of Performance	4 / 2018 – ongoing
Contact Name & Title	Dan Chatlos, Strategic Program Director Miami-Dade County Internal Services Department
Phone No	(305) 375-4812
Email Address	Daniel.Chatlos@miamidade.gov

Name of Organization	Delaware Supreme Court
Project Title	Delaware Family Courts
Project Description	IMG Rebel serves as financial and P3 advisor for the State of Delaware on the procurement and construction of two or three new family courthouses. IMG Rebel is responsible for developing a business case and VfM assessment to assist the State with decision-making on the preferred project delivery method for the Family Courts project.
Applicability to Clackamas County	<ul style="list-style-type: none"> • Social infrastructure • Value-for-Money • P3 Structuring • Financial Modeling • Transaction advisory
Period of Performance	11 / 2018 – ongoing
Contact Name & Title	Evelyn Nestlerode, Deputy State Court Administrator, Fiscal Policy, Administrative Office of the Courts
Phone No	(302) 255-0465
Email Address	Evelyn.Nestlerode@state.de.us

Name of Organization	USDOT Office of Innovative Program Delivery, Washington, DC
Project Title	Development of P3 Guidebooks
Project Description	<p>IMG Rebel developed various guidance documents for governments considering using P3s. The most relevant documents for this project are:</p> <ul style="list-style-type: none"> • Guidebook for Value for Money Assessment, covering the process of VfM assessment as well as a technical discussion of a range of advanced topics. The guidebook can be found at: https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_guidebook_vfm_1213.pdf • Guidebook for Risk Assessment in Public Private Partnerships, covering the process of risk assessment as well as a range of advanced topics related to risk assessment, including market-based pricing of long-term performance risk, discount rates, and a valuation of revenue risk. The guidebook can be found at https://www.fhwa.dot.gov/ipd/pdfs/p3/p3_guidebook_risk_assessment_030314.pdf • Model P3 Contract Guides for both toll concessions and availability payment (AP) P3 contracts, including key topics like completion testing, availability requirements, maintenance and handback requirements, payment mechanism, insurance, contract terms, supervening events, change in law, defaults, indemnities, federal requirements, step-in rights, and intellectual property. These can be found at: https://www.fhwa.dot.gov/ipd/p3/resources/fhwa_resources.aspx • P3 successful practices guide that covers lessons learned and best practices on P3 policy, feasibility analysis, procurement, and implementation. The successful practices guide can be found at: https://www.transportation.gov/policy-initiatives/build-america/successful-practices-p3s
Applicability to Clackamas County	<ul style="list-style-type: none"> • P3 delivery • P3 contractual issues • Revenue risk versus availability payment P3s
Period of Performance	7/2013 - 9/2016
Contact Name & Title	Patrick DeCorla-Souza, P3 Program Manager, FHWA Center for Innovative Finance Support
Phone No	(202) 366-4076
Email Address	Patrick.DeCorla-Souza@dot.gov

Name of Organization	District of Columbia, Office of Public-Private Partnerships
Project Title	Daly Building P3
Project Description	IMG Rebel is serving as financial advisor for the Daly Building P3 transaction. The District of Columbia is seeking a P3 partner to design, renovate, finance, and maintain the 600,000 sqft Daly Building—which is currently serving as the headquarters for the Metropolitan Police Department (MPD). IMG Rebel is advising the District on the transaction by: conducting financial analysis, producing a value-for-money assessment, and providing financial inputs to the procurement documents and project agreement. Currently, the District has received responses to its request for qualifications, and IMG Rebel is assisting with the shortlisting process. The District has engaged IMG Rebel to serve as the financial advisor for the entire transaction.
Applicability to Clackamas County	<ul style="list-style-type: none"> • Social infrastructure • Value-for-Money assessment • P3 Structuring • Financial Modeling • Transaction advisory
Period of Performance	09 / 2017 – present
Contact Name & Title	Seth MillerGabriel, (former) Director DC Office of Public-Private Partnerships
Phone No	(202) 724-5545
Email Address	smillergabriel@aiai-infra.org

3 APPROACH

3.1 Understanding and overall project summary

The Board has identified the new courthouse as a top priority project and adopted a board resolution in early 2019 committing to the Courthouse Replacement Project. That led to a successful effort to secure courthouse funding from the State for the FY19/21 biennium just approved in the recent legislative session. The County will now need to define the optimal project delivery and financing method for the project before year-end 2019 that addresses a current projected budget shortfall as well as covers new debt service (or availability payments) for the new courthouse, assuming no new taxes.

The purpose of the business case / VfM assessment is to assist the Clackamas County with decision-making on the preferred project delivery method for the Courthouse Replacement Project. In order to conduct this analysis, our team would conduct both qualitative and quantitative assessments of various alternative project delivery models—including the expected costs and a high-level risk assessment.

To complete the analysis, we anticipate utilizing a process that includes three facilitated workshops, and a final report summarizing the study and its findings. We anticipate using the first facilitated workshop to set the foundations of the analysis, including confirming project scope, defining project delivery methods that will be analyzed, and initial discussion of risks and risk transfer. The second facilitated workshop will focus on preliminary findings of both the qualitative and quantitative analysis. Following the second facilitated workshop, the team will produce a draft report and present it to the County's project team in the third workshop. Comments received on this draft will result in a final report.

The final report will include: (1) an overview of the delivery methods considered and their potential value-driving mechanisms, (2) each delivery method's projected capital and life-cycle costs, (3) a detailed statement of the basis for selecting the proposed project delivery method; and (4) an implementation plan for the proposed project delivery method, including project organization and expertise required, preparation and procurement process overview, timeline of activities, and approval process going forward.

In addition to the report, the County will receive a user-friendly and state-of-the-art financial model that was used for the comparative analysis of delivery models and can be used going forward to determine and update the financial implications of the project, right-size a potential milestone payment, test the payment mechanism and set an affordability ceiling in the procurement.

3.2 Workplan

Based on our experiences working on similar projects, we are expecting the following key activities.

3.2.1 Scoping and Definition

The County has already selected a site on county-owned property and has developed two space plans for the new courthouse. IMG Rebel will work closely with the technical team and the County to finalize the project scope, including the scope and term of the O&M activities considered.

In addition to the definition of the project scope, we will also define the potential delivery and financing models that the County could consider. This includes conventional project delivery – also known as Public Sector Comparator – which would likely be a traditional design-bid-build using the Construction Manager / General Contractor approach, financing through Full Faith and Credit (FFC) bonds or potentially General Obligation (GO) bonds, O&M and capital repair to be handled in-house and partially contracted out.

Among the alternative financing and delivery models will be one or more financing models that are based on 1) partial public financing through the use of milestone payments and 2) availability payments – servicing the private debt issued by the P3 developer – sculpted around the current debt obligations that mature within the next decade. We would also consider tax-exempt financing structures, based on a 63/20 corporation or 501(c)(3) organization, as well as the Preliminary Development Agreement (PDA) approach, also known as Project Development Agreement or Predevelopment Agreement. IMG Rebel will ensure that all delivery and financing models will be marketable and financeable.

IMG Rebel will start with the identification of the “universe” of delivery and financing models and then together with the County agree on a shortlist of options for a deeper dive analysis. Along with the definition of delivery and financing models, IMG Rebel will also provide a P3 101 tutorial, discussing the key features, as well as pros and cons of the various models, to make sure that all the participants on the County side have the same understanding about P3 and alternative delivery models.

3.2.2 Initial Financial Feasibility / Business Case

Once the scope and definition of project delivery models have been confirmed, IMG Rebel will conduct a high-level financial analysis to determine the overall financial feasibility of the project. IMG Rebel will work with the County to understand the County’s long-term budget and debt constraints, and what the County’s financial goals are related to this project. Our financial analysis will compare the available budget with budget needs.

This exercise will be facilitated through the development of a customized financial model that captures all key elements of the project. The Team will use state-of-the-art financial modeling techniques in developing a financial feasibility analysis for the agency, building upon experience conducting financial

analyses for over 100 local governments and agencies. We will use detailed financial tools that are compliant with world-class standards, including the FAST® modeling standard¹.

IMG Rebel's approach to financial modeling

IMG Rebel believes that financial models should be:

- 1 **User-friendly:** Our financial models contain a user-friendly dashboard. The model user is able to manage the model by using the dashboard and input sheets only. The dashboard allows the user to obtain key data without having to dig deeper into calculation sheets.
- 2 **Easily Transferable:** The user-friendliness of our financial models makes them easily understandable and transferable to the client. This would allow the agency to be: (1) less dependent on the modeler that developed the model; and (2) have a greater understanding of the financial plan and greater ownership over project structuring.
- 3 **Standardized:** We strongly believe that the quality of financial models is enhanced by a standardized methodology. Our modelers have been extensively trained in the FAST® modeling standard. The FAST® standard ensures high quality, flexible, and transparent models.
- 4 **Dynamic:** We build our financial models based on the specific requirements of our client. However, we also recognize that these requirements may change over time. We believe a financial model should not be a static calculation but rather a **dynamic calculation tool** which accompanies changes in the agency's capital plan and expected funding and financing sources.

IMG Rebel will also develop a high-level risk analysis that will help determine the key risks drivers for the project with regards to costs, schedule and funding. The risk analysis will inform the financial feasibility as well as the indicative allocation of risks in the various delivery models.

3.2.3 Comparison of delivery and financing models

IMG Rebel will conduct a comparison of delivery and financing models – the core of the Value-for-Money assessment – incorporating both qualitative and quantitative analysis.

For the qualitative analysis, we will first develop an evaluation framework that includes the criteria that matter most for the County, as well as potential value-driving features of P3s including life-cycle costing, output specifications, financial incentives, and efficient risk allocation and management. The analysis will also explicitly consider the higher complexity of alternative contracting and financing models and the associated transaction costs of legal and consultant support. IMG Rebel will lead the scoring of the delivery and financing models, in close collaboration with the County representatives. A high-level quantitative VfM assessment analyzes different delivery models utilizing projected cash flows and

¹ <http://www.fast-standard.org/>

financing terms in order to determine which is are most feasible for the County, considering its debt and budget constraints.

IMG Rebel's approach to Value for Money Assessment

The concept of Value for Money analysis is evolving in the United States and our Team Members are experts in the methodologies used here and around the world. We have also developed the Guidebook for Value for Money Assessment for the federal government, so we are able to offer best practices and the most relevant techniques for use by the County.

We strongly recommend not to overemphasize quantitative analysis in the early stages of a project, and conduct quantitative analysis only to the extent that data is available, and the results are useful. In general, we strive to avoid unnecessary complications and to minimize transaction costs. We are aware that some advisors propose to develop full-fledged project finance models – also referred to as “shadow bids” – for the purposes of value for money assessment, but we strongly believe that this can generate false precision, along with high transaction costs. As such, we suggest focusing on qualitative analysis, especially in the early stages of a project.

3.2.4 Recommendations and implementation plan

In addition to the key analyses that inform decision-making regarding scoping and structuring of the project, IMG Rebel will define – in collaboration with the County – the recommendations for decision-making and a clear path forward, including a plan to deal with roadblocks that may lie ahead. We will develop a detailed timeline for the selected delivery and financing model, and work with the County to develop a successful organizational structure, decision-making process and communications strategy.

As part of the implementation plan, we will develop an initial procurement plan. The Team – with several team members that co-authored FHWA's Guide on Successful P3 Practices – will make recommendations on the key variables of the P3 procurement, including the type and level of industry outreach prior to the launch of the procurement, the organization of bidder interaction during the procurement, and approaches to stimulating competition and innovation. In collaboration with the other project stakeholders and advisors, the Team will establish an indicative procurement process that is efficient and transparent, so as to reduce transaction costs and challenges to the process.

3.3 Timeline

Our indicative timeline for this effort is included on the next page. We look forward to working with the County on the finalization of the timeline, considering the County representatives' availability for workshops and review.

Indicative timeline

Activities	10/7	10/14	10/21	10/28	11/4	11/11	11/18	11/25	12/2	12/9	12/16	12/23	12/30
Scoping and Definition	█	█	█	█									
Workshop 1			█										
Initial Financial Feasibility / Business Case		█	█	█	█	█	█						
Workshop 2							█						
Comparison of delivery and financing models				█	█	█	█	█	█				
Recommendations and implementation plan									█	█	█	█	█
Workshop 3											█	█	█

4 STAFFING

4.1 Core Team

The following sections contains the short biographies of our the proposed core team members for this effort.

Marcel Ham, Principal (Project Leader)

Marcel Ham is co-founder and co-owner of IMG Rebel. Mr. Ham has 20 years of experience in evaluating, preparing, structuring and procuring alternative delivery contracts. Mr. Ham has been lead transaction advisor on innovative finance contracts for road, rail, and social infrastructure, including the Howard County Courthouse P3, the Miami-Dade Courthouse P3, the Washington DC Daly Building, and the \$900M DBFOM Dutch Ministry of Finance building (the first continental European social infrastructure AP P3). In these and many other P3 projects, Mr. Ham was responsible for all financial and transactional aspects from the early project preparation until contract and financial close, including value-for-money assessment, feasibility and affordability analyses, development and implementation of the procurement strategy, development of payment and risk allocation mechanisms, negotiations and bid evaluation. Currently, he is lead financial and P3 advisor to the State of Delaware on the Family Courts project and financial and transaction advisor to Miami Dade County on the Courthouse P3. He led the team that developed advanced guidelines on risk assessment and value-for-money assessment for U.S. Department of Transportation. He also co-authored the Model P3 Contract Guides and guide on Successful P3 Practices in the U.S. for U.S. DOT.

Jim Ziglar, Principal (Deputy Project Leader and Municipal Finance Expert)

Jim Ziglar is a Principal at IMG Rebel. Jim focuses on advising federal, state and local government and private sector entities on the funding, financing, procurement and operation of infrastructure assets. His experience includes Public-Private Partnerships (P3), project financings, municipal financings, project prioritization, benefit-cost analysis and long-term funding analysis, particularly in the transportation, energy and social infrastructure (government facilities) sectors. He has 25 years of experience in U.S. municipal finance, project finance, strategic consulting, and marketing and CRM consulting.

Herb Ladley, Manager (P3 and Value for Money Expert)

Herb Ladley is a manager at IMG Rebel, with nine years of experience, specializing in project finance. He has worked on numerous transactions, both as an advisor, and within a financial institution. Herb has worked on many financial aspects of P3s, including preparing shadow bids and commercial terms, developing financial models, forming business cases, undertaking market sizing, and advising on commercial structures. Currently, Mr. Ladley is the financial lead for the Daly Building P3 transaction. Prior to IMG Rebel, Mr. Ladley served as an AVP for the Project Finance Department of Mizuho Bank, and

as an infrastructure advisor at Ernst & Young. He holds a Master's in applied finance from Macquarie University in Australia, and a BA from the University of Virginia.

Zachary Karson, Senior Consultant (Financial Modeler)

Zachary Karson is a senior consultant on the IMG Rebel team with experience in project finance modeling and municipal finance. Previously, he has worked for various organizations in both the public and private sectors in the renewable energy industry. At IMG Rebel, Zachary has advised a Fortune 500 company on the business case for transit open loop payment (OLP) systems, including the evaluation of P3 delivery methods for OLP projects, which allow transit agencies and cities to achieve significant cost savings and revenue increases while contributing to smart city objectives. He has also advised the U.S. Environmental Protection agency on a \$239M loan to DeKalb County, Georgia, a \$78M loan to Brunswick County, North Carolina, and a \$18M loan to City of Cortland, New York for expanding and replacing existing drinking water and wastewater infrastructure. He completed his MBA/MPA from New York University where he specialized in Finance and Sustainable Business & Innovation.

4.2 Support Team

In addition to the core team, we have a support team available for this project, to provide specific expertise and in case additional capacity is required at specific moments in the potential next stages of our involvement. The following sections contains the short biographies of our the proposed support team members.

Sasha Page, Principal

Sasha Page is a Principal at IMG Rebel. He has over two decades of experience advising on project development and development innovative finance, and public-private partnerships (P3) in the U.S. and internationally for a variety of social and transportation infrastructure sectors. Currently, Sasha is serving as a financial advisor for the Miami-Dade Courthouse P3 project. Mr. Page has advised a number of public agencies procuring projects under an availability payment (AP) P3 approach, including GoTriangle agency in Raleigh/Durham on the \$1.5B Durham-Orange Light Rail Transit, Dallas Area Rapid Transit on the \$1.5B Cotton Belt Rail Line, and California High-Speed Rail on the \$40B line between San Francisco and Los Angeles. Mr. Page is a registered municipal financial advisor with the Securities and Exchange Commission.

Matt Gill, Principal

Matt Gill has 11 years of experience developing, financing, and advising on infrastructure public-private partnerships, with a focus on the U.S. transportation sector. He offers a unique diversity of perspectives as government adviser, private sector adviser, infrastructure developer, investor and banker. From both the public and private sides, Mr. Gill has a proven track record of successfully leading large-scale P3 projects from concept through to financial close and beyond. Mr. Gill has played key roles in a number of

projects, including as a financial advisor for the Howard County Courthouse P3 project. In that project, Mr. Gill supported all one-on-one meetings and negotiations with shortlisted bidders, and reviewed the financial proposals. He is currently working on the commercial and financial close procedures. Additionally, Mr. Gill has worked on the following P3 projects: Transform 66 Outside the Beltway (financial and commercial transaction advisor to VDOT), I-77 Express Lanes (financial and commercial transaction advisor to NCDOT), 95 Express Lanes (developer and project finance expert for Transurban), and 495 Express Lanes (financial oversight and project finance expert for Transurban).

Wim Verdouw, Senior Manager

Wim Verdouw has a combined background in economics and engineering with over 12 years of experience in financial analysis, project development and project implementation in the transportation infrastructure, renewable energy and water sectors. He leverages his experience from public and private sector infrastructure projects in the US, Africa and Asia to advise clients on critical infrastructure financing aspects and project structuring, in particular for public-private partnerships. Wim is currently advising the Washington Aqueduct on the evaluation of potential new operations and ownership options, Howard County on its Court House P3 Project, the City of San Francisco on its fiber-to-the-premises broadband P3 project, Miami Dade County on its Court House P3 and P3 Mobility on the first-of-its-kind connected vehicle P3 in Oakland County, MI. Furthermore, Wim has advised the USDOT on over \$1B in loans to a variety of infrastructure projects, ranging from the acquisition of new railcars for the Chicago Transit Authority to the I-77 HOT Lanes Project in North Carolina. Before joining IMG Rebel, Mr. Verdouw worked as a financial advisor to a renewable energy project developer in Nepal and as a water sector specialist for the United Nations in Africa.

Elisa Donadi, Senior Consultant

Elisa Donadi is an economic and financial senior consultant at IMG Rebel. Elisa specializes in building state-of-the-art economic models that capture funding and financing instruments at the municipal and state level. She has over six years of experience implementing market analysis, assisting municipal governments in carrying out financial mechanisms for city development projects. For the Miami-Dade County, Elisa conducted innovative value capture studies for six transit corridors under the \$4 billion SMART Plan. As part of this effort, she developed a user-friendly funding tool that indicates how the SMART Plan can be financed and helps identify funding trade-offs among corridors. Currently, she is advising the government of Belize in the pre-feasibility and feasibility analysis on three infrastructure projects in social infrastructure and transportation.

5 FINANCIAL PROPOSAL

We do appreciate that our estimated level of effort and indicative budget are based on our interpretation of the scope and expectations with respect to the contributions of the County team in this collaborative effort. The estimated level of effort is also informed by our expert judgment of the work that is necessary to support decision making on the financing and delivery model for the project and to form a robust foundation for the further project development and implementation. We look forward to refining the scope and expectations in further discussions with the County.

Our proposed indicative budget is \$86,800 for professional services and our reimbursable budget is \$2,500 as detailed below.

Professional Services	Level of Effort (hours)			Total
	Marcel Ham / Jim Ziglar Principal	Herb Ladley Manager	Zack Karson Senior Consultant	
Hourly Rate	\$390	\$295	\$255	
Scoping and Definition	16	16	16	48
Initial Financial Feasibility / Business Case	24	32	64	120
Comparison of delivery and financing models	24	24	16	64
Recommendations and implementation plan	24	16	8	48
Total days	88	88	104	280
Professional Services	\$34,320	\$25,960	\$26,520	\$86,800
Reimbursable expenses				\$2,500
Total budget				\$89,300

APPENDIX CLACKAMAS COUNTY CERTIFICATIONS FORM

CLACKAMAS COUNTY CERTIFICATIONS
RFQ #2019-81

Each Quoter must read, complete and submit a copy of this Clackamas County Certification with their Quote. Failure to do so may result in rejection of Quote. By signature on this Certification the undersigned certifies that they are authorized to act on behalf of the Quoter and that under penalty of perjury the undersigned will comply with the following:

SECTION I. OREGON TAX LAWS

As required in ORS 279B.110(2)(3), the undersigned hereby certifies that, to the best of the undersigned's knowledge, the Quoter is not in violation of any Oregon Tax Laws. For purposes of this certification, "Oregon Tax Laws" means a state tax imposed by ORS 320.005 to 320.150 and 403.200 to 403.250 and ORS chapters 118, 314, 316, 317, 318, 321, 323, and elderly rental assistance program under ORS 310.630 to 310.706, and local taxes administered by the Department of Revenue under ORS 305.620, all as applicable. If a contract is executed, this information will be reported to the Internal Revenue Service. Information not matching IRS records could subject Quoter to 28% backup withholding.

SECTION II. NON-DISCRIMINATION

The undersigned hereby certifies that the Quoter has not and will not discriminate in its employment practices with regard to race, creed, age, religious affiliation, sex, disability, sexual orientation, national origin, or any other protected class. Nor has Quoter or will Quoter 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 emergency small business that is certified under ORS 200.055.

SECTION III. CONFLICT OF INTEREST

The undersigned hereby certifies that no elected official, officer, agency or employee of Clackamas County is personally interested, directly or indirectly, in any resulting contract from this RFQ, or the compensation to be paid under such contract, and that no representation, statements (oral or in writing), of the County, its Commissioners, officers, agents, or employees had induced Quoter to submit this Quote. In addition, the undersigned hereby certifies that this proposal is made without connection with any person, firm, or corporation submitting a quote for the same material, and is in all respects fair and without collusion or fraud.

SECTION IV. COMPLIANCE WITH SOLICITATION

The undersigned further agrees and certifies that they:

1. Have read, understand and agree to be bound by and comply with all requirements, instructions, specifications, terms and conditions of the RFQ (including any attachments); and
2. Are an authorized representative of the Quoter, that the information provided is true and accurate, and that providing incorrect or incomplete information may be cause for rejection of the Quote or contract termination; and
3. Will furnish the designated item(s) and/or service(s) in accordance with the RFQ and Quote; and
4. Will use recyclable products to the maximum extent economically feasible in the performance of the contract work set forth in this RFQ.

Firm Name: IMG Rebel Advisory, Inc. Date: September 23, 2019
Signature: _____ Title: President
Name: Marcel Ham Telephone: 240-204-2682
Email: marcel.ham@imgrebel.com OR CCB # (if applicable): _____

Business Designation (check one):

Corporation Partnership Sole Proprietorship Non-Profit Limited Liability Company

Resident Quoter, as defined in ORS 279A.120

Non-Resident Quote. Resident State: District of Columbia

Oregon Business Registry Number: 159734699