

**To:** Gary Schmidt, County Administrator

**From:** Richard Swift, Director

**Date:** March 5, 2020

**Re:** Tigard Recovery Center

Dear Administrator Schmidt,

The Behavioral Health division has scheduled time at Issues on Tuesday, March 10<sup>th</sup> to provide a briefing on the potential disposition of County property - the Tigard Recovery Center facility. The Tigard Recovery Center (TRC) is an addictions treatment facility in Tigard that is co-owned by Clackamas County and Washington County. This memo is intended as an overview of information that will be presented on March 10<sup>th</sup>.

## **History**

The TRC was jointly developed in 1988 by Washington County and Clackamas County using Beer and Wine Tax revenue from each county. The facility has historically provided detoxification and residential treatment services to individuals with substance use disorders (the detoxification unit was recently closed and that 8-bed capacity has been converted to expand residential treatment services). The existing historical record (i.e., Board documents and contracts) does not show ownership percentages, but leadership of the respective programs have tentatively agreed to proceed based on an assumption of 50/50 ownership. A Memorandum of Understanding (MO 88-1) governed ongoing maintenance of the facility until 2008, but the agreement expired at that time and was not renewed. All facilities management has been performed by Washington County.

The TRC is currently leased to CODA, which was selected through a competitive procurement process and provides of drug and alcohol services under a certificate of approval. CODA has operated the treatment center for over 10 years. When the facility was initially developed, most treatment for the respective populations was paid for by the counties using restricted funding streams related to behavioral health services. Over the years, with changes to the behavioral health system of care, Coordinated Care Organizations now pay for most services. These changes have significantly reduced the value to Clackamas County programs of maintaining partial ownership of the facility.

## Current State

The natural lifecycle of the facility has reached a point where significant capital improvements need to be made to preserve the asset. For example, the flooring and windows need to be replaced, and the original build out of the kitchen does not meet current operational needs. The existing lease agreement with CODA is below market rate, but it has been sufficient to generate a balance of approximately \$200,000 in asset preservation and capital improvement funds. It is anticipated that the required work will exceed this amount.

## Options for Future State

If Clackamas County is to retain an ownership stake in the TRC, the two counties need to negotiate a new facilities management agreement. Such agreement would likely require that Clackamas County contribute up to 50% of all preservation and improvement costs. Given changes to the behavioral health system of care and the reduced value for Clackamas County programs of maintaining and ownership stake in the facility, disposition of the property via a buy-out from Washington County should be considered (an appraisal from 2018 valued the property at approximately \$500,000). This has been discussed with program leadership at Washington County and they are open to pursuing this option. To recap, there are two primary options:

- Option 1: Washington County and Clackamas County develop a new Memorandum of Understanding that outlines ongoing management, cost sharing for major repairs that exceed the available dedicated funding, and language for shared decision making around programming and provider selection.
- Option 2: Clackamas County sells its share of the TRC to Washington County for market rate based on an independent appraisal. The facility would then be solely owned and maintained by Washington County, but Clackamas would retain the ability to place eligible clients in programs at the facility. **This option is recommended by Health, Housing and Human Services.**
  - If this option is approved by Clackamas County leadership, Health, Housing and Human Services will work with Washington County to secure a mutually agreeable valuation via independent appraisal(s).

We look forward to discussing this matter on the 10<sup>th</sup>.



Richard Swift, Director

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF CLACKAMAS COUNTY, STATE OF OREGON

CLACKAMAS COUNTY  
**FILED**

JUN 8 1987

JOHN F. KAUFFMAN, County Clerk  
By *[Signature]* Deputy

In the Matter of an Intergovern-  
mental Agreement between Washington  
County and Clackamas County for  
Land Acquisition for Alcohol  
Detoxification and Residential  
Treatment Facility

ORDER NO. 87-604

This matter coming on at this time to be heard, and it appearing to this Board that Jono Hildner, Administrator of Clackamas County Department of Human Services, has recommended to this Board the approval of an Intergovernmental Agreement between Washington County and Clackamas County concerning land acquisition for alcohol detoxification and residential treatment facility, and the Board being fully advised;

This Board finds that it would be in the best interest of Clackamas County to authorize said Intergovernmental Agreement,

IT IS THEREFORE HEREBY ORDERED that Clackamas County authorize said Intergovernmental Agreement, a copy of which is to be placed on file in the Department of Human Services Finance Center with this Order Number affixed thereto, with the understanding that said Contract is subject to all public contracting laws and the Constitution of this State.

DATED this 28 day of May, 1987.

BOARD OF COUNTY COMMISSIONERS

*[Signature]*  
Chairman Ed Lindquist

*[Signature]*  
Commissioner Dale Harlan

*[Signature]*  
Commissioner Darlene Hooley

DA

# AGENDA

## WASHINGTON COUNTY BOARD OF COMMISSIONERS

Agenda Category SUPPORT SERVICES - PUBLIC HEARING  
Agenda Title TEFRA HEARING-ALCOHOL DETOXIFICATION/RESIDENTIAL CARE FACILITY  
QUALIFIED 501 (C) (3) CERTIFICATES AND INTERGOVERNMENTAL  
AGREEMENT WITH CLACKAMAS COUNTY  
To be presented by George Shelley, Finance Manager; Doug Olson, Facilities Manager

### SUMMARY (Attach Supporting Documents if Necessary)

Notice was published in the Hillsboro Argus on December 19, 1987 in conformance with TEFRA guidelines (notice attached). The qualified 501 (C) (3) certificates, in an amount not to exceed \$250,000, will be used to construct an alcohol detoxification and residential care facility in Washington County. The purpose of the hearing is to allow interested persons the opportunity to express their views on the proposed certificates issue.

After closing the public hearing, the Board must acknowledge the results of the public hearing and may approve the issuance of the certificates.

If the Board approves issuance of the bonds, it should adopt the appropriate R&O (see attached) and authorize the County Finance Manager to negotiate and execute the sale of the certificates to Shearson Lehman Brothers Inc. The Finance Manager shall report back to the Board the results of the negotiated sale.

In addition, County Counsel has prepared an intergovernmental agreement with Clackamas County for your review. The agreement is located in the Administration Office. The agreement provides for a sharing between the counties of the debt payment and on-going maintenance. Staff is also prepared to issue a Notice to Proceed to the contractor pending the successful placement of financing. Staff will be prepared to respond to your questions.

### DEPARTMENT'S REQUESTED ACTION:

Conduct public hearing and upon conclusion, 1) adopt R&O authorizing issuance and negotiated sale of qualified 501 (C) (3) certificates for financing the Alcohol Detoxification/Residential Care Facility, and 2) authorize Chairman to sign, on behalf of Washington County, intergovernmental agreement with Clackamas County, providing a sharing of responsibility for payment of debt incurred in construction of the facility and on-going maintenance.

### COUNTY ADMINISTRATOR'S RECOMMENDATION:

I concur with the action described above.

MO 88-1  
RO 88-8

Agenda Item No. 4a.  
Date: 1-05-88

INTERGOVERNMENTAL AGREEMENT BETWEEN  
WASHINGTON COUNTY and CLACKAMAS COUNTY  
ALCOHOL DETOXIFICATION AND RESIDENTIAL TREATMENT FACILITY

This Agreement is entered into by and between Washington County, on behalf of the Washington County Department of Mental Health, and Clackamas County, on behalf of the Clackamas County Department of Mental Health, under authority of ORS Chapter 190 concerning intergovernmental agreements.

WHEREAS, Washington and Clackamas Counties desire to construct and operate an Alcohol Detoxification and Residential Treatment Facility (hereafter "Facility") for clients of certain Department of Mental Health programs; and

WHEREAS, Washington and Clackamas Counties previously entered an Intergovernmental Agreement concerning land acquisition for Facility (such Agreement being entered in May, 1987, and have purchased, as tenants in common, certain property within the City of Tigard for construction and operation of a Facility; and

WHEREAS, Washington County has selected the architectural firm of Partin & Hill, P.C., Hillsboro, to prepare appropriate Facility specifications and to assist in the public contract bid and award process, and have selected the construction firm of Centrex Construction, Tigard, to construct the Facility; and

WHEREAS, Washington County has determined that the most appropriate financing mechanism for a project of this nature requires issuance of qualified 501(C)(3) certificates of participation by Washington County; that the initial capital budget for construction (such budget to be in Washington County Facilities Management Division, Support Services Department) shall include revenues of the certificate of participation sale, and other revenues on hand; that the continuing operating budget (such budget to be in Washington County Mental Health Department) shall include as a dedicated fund a portion of funds distributed to Washington and Clackamas Counties under HB 2145 (revenues from

State of Oregon wholesale tax on beer and wine, portions of which are distributed to each County based on population) and a portion of funds allocated by the State Department of Human Resources to Washington and Clackamas Counties for designated residential care slots (currently 12 Clackamas and 1 Washington) and alcohol detoxification slots (currently 2 Clackamas and 2 Washington); and

WHEREAS, an ongoing agreement between Washington and Clackamas Counties is needed concerning ownership, maintenance and operation of the Facility in a manner that best meets the client's needs, and it being the intent of the parties that costs related to ownership, maintenance and operation be shared equitably in proportion to funds allocated by the State to each county, the actual use of the facility, and similar factors, as negotiated biennially in the operating budget and;

The parties agree as follows:

1. Facility Ownership/First Refusal Rights/Land Transfer

a. Washington and Clackamas Counties, as tenants in common, presently own the land upon which the Facility is to be located. Washington and Clackamas Counties shall own the improvements on the land, constituting the Facility, as tenants in common. Washington and Clackamas Counties shall transfer to the Trustee in the Installment Purchase and Trust Agreement between Washington County and First Interstate Bank of Oregon, N.A., their right title and interest to the Facility for the purposes stated in Article II Section 2.03 of that Agreement. Further, the entities shall convey to Trustee a ground lease for the land on which the Facility is located; for a period not less than the term of indebtedness incurred by the Installment Purchase and Trust Agreement. The Facility and land shall be subject to reconveyance by the Trustee to Washington and Clackamas Counties as further provided in Article II Section 2.03.

b. In the event either Washington County or Clackamas County determines that the property, including land and Facility, must be sold or transferred, the county not desiring the sale of the Facility shall have the right of first refusal for purchase

of the Facility, with the purchase price to be calculated as follows: the original price of the Facility, increased by the CPI (Consumer Price Index for the Portland Metropolitan Statistical Area), decreased by the amount of any debt still owing for the construction of the Facility, shall equal the total owed for purchase price. The parties may adjust the purchase price to reflect proportion of contribution to Facility (i.e., the amount contributed would reduce the purchase price), appraised market value at time of sale, or similar factors.

c. In the event that one party does not exercise its right to acquire the Facility as provided in subsection "b" above, it shall convey its interest to the other party at a price to be determined by the procedure set out in subsection "b" above.

d. If both parties agree to sell the Facility to a third party, or the party that obtained the other's interest in the Facility pursuant to subsection b. or c. above desires to sell the Facility to a third party, the sale proceeds shall first be used to pay off any remaining debt. The remaining proceeds, if any, shall be shared equally by the parties, subject to any adjustment for sale costs or other similar factors on which the parties agree.

## 2. Contract for Payment

a. The counties shall share equally in any debt repayment obligation as set forth in the Installment Purchase and Trust Agreement between Washington County and First Interstate Bank of Oregon, subject to the Constitutional Debt Limitation of Counties, and contingent upon funds being appropriated therefor. A copy of the debt schedule for the term of financing is to be attached as an Exhibit to this Agreement. All other operating revenues and expenses shall be shared by the parties as set forth in an operating budget, which the parties shall renegotiate biennially. A copy of the operating budget for the current biennium is attached as Exhibit A.

b. Clackamas County agrees to pay to Washington County a portion of funds distributed to Clackamas County under HB 2145, or its successors for apportionment of funds, and a portion of funds allocated to Clackamas County for designated residential care and alcohol detoxification slots, for the period beginning in 1988 and ending in 2008, (such period being the term of financing by the Installment Purchase and Trust Agreement), for deposit in an operating fund for the project. For the purpose of this section, the term "portion of funds" shall mean that amount necessary to fulfill obligations of subsection "a" above. This revenue is further pledged in accordance with Section 5.07 of the Installment Purchase and Trust Agreement.

c. Washington County agrees to place all payments received from Clackamas County under this agreement in the appropriate fund for the Facility. The operating fund shall include two parts, one part being for servicing the debt assumed by Washington County by reason of the Installment Purchase and Trust Agreement and the other part being for program operation (personnel, materials and supplies including maintenance and insurance, and capital outlay).

d. The parties may agree at the time of the biennial budget negotiation that, if approved by the appropriate state agencies, payments due Clackamas County may be forwarded directly to Washington County. The entire annual payment for debt service shall be made by September 15 of each year. Payments for program operation shall be made on a monthly basis and shall be invoiced.

e. That portion of the operating fund which is for debt service shall be funded by HB 2145 funds or its successors for apportionment of funds, and each County agrees that the first monies received each year shall be used for such debt service payments.

f. Washington and Clackamas Counties agree that each County pledges general fund subject to appropriations to meet



debt service obligations for the Facility as allowed under Oregon law.

3. Maintenance and Insurance

Washington County agrees to be responsible for providing maintenance, repair and upkeep of the Facility, and for obtaining insurance property and casualty coverage (which may be either through an insurer or self-insurance program) for the land and Facility as determined necessary by Risk Management. The Counties shall share equally all costs for such maintenance, repair and upkeep.

4. Service Provider/Program Operation

a. The parties agree that the initial service provider in the Facility shall be Harmony House, Inc., a non-profit corporation.

b. Washington County agrees to enter into a contract with Harmony House, Inc. for provision of services to eligible clients as provided by State law or rule, the period of such initial contract to be for one year renewable for no more than two years and other terms and conditions being as proposed by the parties and accepted by Harmony House, Inc. Washington County agrees to consult with and obtain the concurrence of Clackamas County before entering contractual obligations with service providers.

c. The parties agree that prior to the expiration of Washington County's contract with Harmony House, Inc., Washington County shall enter a competitive request for proposal or other appropriate bid process for selection of subsequent service provider or providers, who shall be 501(c)(3) organizations. Before Washington County enters into a contract with any subsequent providers, Washington County shall consult with Clackamas County, and both counties shall agree on the selection of the providers.

d. The parties agree that in addition to such other

terms and conditions as may be required or agreed upon, the service provider shall be required to fulfill the following:

- (1) provide qualified personnel and adequate equipment to perform all required services in accordance with local, state and federal requirements;
- (2) collect all client fees, third party billings, food stamp allocations and similar payments, any excess of which may be retained by the service provider for treatment purposes;
- (3) provide adequate insurance coverage and proof of insurance with Washington County and Clackamas County as named insureds; and
- (4) pay all utility expenses for the Facility.

5. Inter-County Relations

a. A Facility Committee is hereby established, to consist of:

- (1) a representative of the Washington County Mental Health Department as designated by the Director;
- (2) a representative of the Clackamas County Mental Health Department as designated by the Director;
- (3) a representative of the Washington County Facilities Management Division, Support Services Department, as designated by the Washington County Administrator.

b. The Facility Committee shall meet on a regular basis, to review and monitor the management of the facility under this Agreement and related agreements. The Committee shall document each meeting with notes, tapes or copies of materials considered, and such documentation shall be kept by the Washington County Facilities Management Division representative.

c. The Facility Committee may prepare and enter into "Memoranda of Understanding" for the purposes of clarifying the terms of this Agreement or providing for administrative functions required under this Agreement. Such Memorandum shall be in writing and signed by each Facility Committee member.

d. The Facility Committee may recommend to each County Mental Health Department Director that amendments to this Agreement as they pertain to facility management be prepared if it is deemed advisable to change the terms of this Agreement or provide for other functions under this Agreement. The Directors may in turn present the proposed amendment for Board action. Any amendments must be in writing and signed by both parties following affirmative Board action.

e. The representatives of the Mental Health Departments designated under subsection a. of this Section shall be responsible for reviewing and monitoring provision of services and program operations under this Agreement.

f. In the event a dispute arises under this Agreement or related agreements, the parties agree that a good faith effort will be made to resolve the dispute at the lowest possible level.

(1) A dispute shall initially be brought to the Facility Committee at a regular meeting. The Committee may consult with Washington and Clackamas County staff, representatives of the service provider, and other parties as deemed appropriate to obtain information and seek resolution of the dispute.

(2) If the Facility Committee is unable to resolve the dispute, the Committee may request that the Directors of the Mental Health Departments review the matter and seek resolution of the issues.

(3) If the Directors are unable to resolve the dispute, the Directors may request that the County Administrator's Offices or Boards review the matter and seek resolution of the issues.

g. In the event a dispute cannot be otherwise resolved, the parties agree to submit the dispute to arbitration.

6. Term of Agreement

a. The term of this Agreement shall be 20 years, from 1988 to 2008, subject to renegotiation of generating budget each

biennium provided herein, and shall then automatically renew annually. Any notice of termination of this Agreement by either party prior to expiration of the initial term of the Agreement shall be in accordance with Section 1 of this Agreement.

BOARD OF COUNTY COMMISSIONERS  
FOR WASHINGTON COUNTY, OREGON

BOARD OF COUNTY COMMISSIONERS  
FOR CLACKAMAS COUNTY, OREGON

Bonnie L. Hays  
Bonnie Hays, Chairwoman

Darlene Hooley  
Darlene Hooley

Date: 1-5-88

Date Harlan  
Ed Lindquist  
Ed Lindquist

APPROVED AS TO FORM  
M. J. [Signature]  
County Counsel  
Washington County, Ore.

Date: 1-7-88

Approved as to form:

Alizia Gardner  
Assistant County Counsel  
Clackamas County, Oregon

APPROVED BY WASHINGTON COUNTY  
BOARD OF COMMISSIONERS  
RESOLUTION ORDER # 87-468  
DATE 1-5-88  
BY Jan Purhart  
CLERK OF THE BOARD