



February 7, 2019

By Messenger

Deborah Kafoury
Multnomah County Chair
501 SE Hawthorne Blvd.
Portland, OR 97214

Dear Chair Kafoury:

Recently I was made aware that the County is considering buying the Modish Building located at 333 SW Park Avenue with the intent of turning it into a treatment facility for people suffering from addiction and mental illness. While, like everyone else, I acknowledge the need for support service is dire, I am confident the Modish Building is not well suited for the facility for numerous reasons, a few of which I've listed below.

First, as you're likely aware, O'Bryant Square (aka "Needle Park") is in a state of disrepair, having been closed to the public. A group of Portlanders, in conjunction with the city, are working diligently to leverage private resources to redesign and re-energize the park. It's an ambitious effort, but one I believe is critical to the livability of downtown. With all the housing and hotels moving into the area, it is our intent to specifically program the park for children and family activities, whose safety is critical. Having a use like what the County is proposing adjacent to O'Bryant Square is unfortunately in direct conflict to the park's intended use and will have a negative impact on the fabric of the area.

Second, while I don't purport to be in a position to tell the County how to execute its real estate strategy, you should know it's not by accident that this building remains vacant. Real estate investors have analyzed the building and concluded it isn't worth anything close to what the County is paying for it. The cost to buy the building and renovate it is prohibitive (especially when considering seismic upgrades), which is why it hasn't been done to date by the current owner or another potential buyer. While I'm sure the owner is quite appreciative of your offer, I'd urge the County to be more thoughtful about how it invests in real estate.

Third, I believe there are far more logical and cost effective options to develop a facility like you're proposing elsewhere in Portland. While many property owners besides us in Portland have suitable sites, below is just one example of an opportunity we can provide that will serve the social good in a far better way than the renovation of the Modish Building.

My family owns a half block located on NW 4th between Glisan and Hoyt (Block P, Lots 1, 4, 5 & 8). It is a 20,000 square foot site with a height limit of 250' and is currently a profitable surface parking lot. We value the site at approximately \$6,000,000. We'd propose selling it to a city/county partnership for

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\$4,000,000. As it is a large site (20,000 sf compared to 6,000 at the Modish), the county can have one access point for its specific purpose and the city could have a separate entrance for affordable housing. No doubt there would be some economies of scale (especially as it relates to construction costs) by combining multiple needed uses. In return, my family would receive credit for a to-be-determined number of affordable housing units, to be used in our future apartment developments (the current Inclusionary Housing Policy makes high-rise construction uneconomic).

But regardless of your interest or lack thereof in our aforementioned site, I'd urge you to rethink your proposed use of the Modish Building. Not only does it not make fiscal sense, it will likely undermine ongoing public-private efforts to re-energize and activate the long-languishing O'Bryant Square as well as hurt the opportunity and success of development in the area.

Thank you for your consideration of my offer. I will follow-up with a phone call in a few days and look forward to a meeting between the parties to discuss next steps.

Sincerely,

Greg Goodman
Co-President

cc: Mayor Ted Wheeler
Multnomah County Commissioners
Portland Housing Bureau Director, Shannon Callahan

Potential Funding Sources for the Purchase & Renovation of the Bushong Building & Parking Lot

Remaining Proceeds from the Sale of the Courthouse

\$12.76 million

\$13.3 million used to complete construction of the new Courthouse; saves \$800,000/yr for 30 years

Considerations:

1. Potential source of funds to cover any additional Courthouse costs
2. Will require supplemental budget & Board appropriation of funds
3. Reduced ability to address other needs (see list)

Remaining Proceeds from the Sale of McCoy

\$3.92 million

\$5 million used per FAC-1 to cover debt payments; saves \$1 million/yr for 5-years

Considerations:

1. Potential source of funds to cover any additional Courthouse costs or SE Health Center
2. Will require supplemental budget & Board appropriation of funds
3. Reduced ability to address other needs (see list)

FY 2020 Funds Dedicated to County Facility Projects per Board Policy

\$7.9 million

Considerations:

1. **Most likely source of funds for SE Health Clinic Structural Fix (\$6 million)**
2. Funds not in the 'bank'; if forecast for FY 19 worsens, this number would be lower
3. Limits flexibility in adopting FY 2020 budget (note, still \$6.7 million in non-dedicated OTO)
4. Will require supplemental budget & Board appropriation of funds

Sampling of Other Needs...

Animal Services; Facilities Capital Management System, Countywide Radio Replacement; Corp. Broadband; ADA compliance; HIPPA/Cybersecurity 2.0; Emergency Operations Center; Walnut Park Redevelopment; DCJ Radio replacement; Vance Property; Other Shelter Needs/Costs; MCSO Relocation/Consolidation; Building Assessments; Corrections EMR



From: Tom Cody
Sent: Tuesday, October 9, 2018 11:16 AM PDT
To: Jerry VINCENT; Jerry VINCENT
CC: Marc JOLIN; Marc JOLIN
Subject: 333 SW Park Carrying Costs

Click with Caution! Be Suspicious of Attachments, Links, and Requests for Payment or Login Information.

Jerry:
Good morning. The carrying costs of 333 SW Park are \$900/day. Thank you.
Best,
TC

thomas cody
tom@projectpdx.com
www.projectpdx.com
503.260.3740





MEETING MINUTES

project: 18060 333 SW Park Ave (Bushong Building) **date / time:** 2.12.2019
 11:00 am

prepared and submitted by: Corey Morris

distribution (*attendees)	organization	phone	email
Matt Wickstrom	Senior City Planner, Land Use Services Division Bureau of Development Services, City of Portland		Matt.wickstrom@portlandoregon.gov
Terry Whitehall	Building Official, Bureau of Development Services, City of Portland		Terry.whitehill@portlandoregon.gov
*Toni Weiner	MultCo Facilities		Toni.weiner@multco.us
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*Andrea Matthews	CHA	503.206.3178	Andrea.matthews@carletonhart.com
*Corey Morris	CHA	503.206.3199	Corey.morris@carletonhart.com

agenda item **action by**

1.0 Corrections to meeting minutes

Please notify CHA of any omissions or corrections in this minute memo with the next seven (7) days.

2.0 New issues

Planning and Zoning Issues

- 2.1 Discussion about revising the existing Design Review approval (LU 17-124482 DZ) or starting over.
- 2.2 Approval calls out aluminum-clad wood windows. Specific brand, model or profile is not specified. Changing windows from the ones currently in the building's basement, ready for installation, is allowed if they match that description and have mullions as shown on the drawings (they look to be double-hung). The approval does not specify whether they must be operable or not.
- 2.3 Removing the penthouse from the approved design review is likely easy to do but would require a revision to the existing approval (a Type I process)

- 2.4 Additional door on the north elevation – this would probably require a revision to the approval (a Type II process)
- 2.5 Parking lot and landscaping – if a building permit is required, a new or revised design review would be required. Matt will look into whether revising the existing and adding the parking lot into it, versus a new, separate design review, makes the most sense. Matt
- 2.6 Allowed use – The second-floor areas would be considered mass shelter, allowed but subject to the 600-foot spacing rule with other shelters nearby. Matt will look at the shelter inventory and confirm whether this is an issue.

We currently show 42 mass shelter beds. The limit is 200 mass shelter beds within a 600 foot radius. It is possible that the Housing Emergency will allow the number of mass shelter beds to be increased.

The third and fourth floors would be considered transitional housing, also allowed and NOT subject to any spacing or limitations.

Building Code Issues

- 2.7 Terry reviewed the attached plans and occupancy summaries and concurred with our applications of those occupancies.
- 2.8 The mezzanine appears to be too large to fit the definition of a mezzanine. However, we can define this level as a fifth floor without issue.
- 2.9 The conference room on the mezzanine is shown as 40-occupants. Terry reminded that keeping it under 50 is important to keep the occupancy classified as "B" and not "A"
- 2.10 Sound ratings of floors and walls is important to remember, however, Terry agreed that these are not "dwelling units" and therefore the Code requirements are lessened.
- 2.11 Terry's initial assessment is that he concurs with our reading of the Code that the separations between S, A and R occupancies is one-hour floors and walls since the building will be sprinklered.
- 2.12 Additional detail is needed to confirm how the continuity of the floor rating will pass over the columns, but Terry suggested that a Code appeal to address the issue would probably be supported. Wrapping the columns, beams and floor joists with gypsum board to one-hour is one possible approach to the issue.
- 2.13 This building may or may not be going through the FPP process. The regular permitting process may have less of a backlog than it did a few months ago.

Submitted by Carleton Hart Architecture PC on 2.12.2019

Attachments
Plans with Code notes and assumptions

CURRENT STATUS

We're approaching the end of the Due Diligence period and in need of a decision on the next course of action for the Bushong Building. The following three options have been identified at this point.

1. Ask for more time to conduct further due diligence and additional analysis.
2. Move to closing and begin planning the next steps on the building.
3. Walk away from the purchase and start looking for other sites

These three options should be considered in light of the following outstanding questions and context:

Outstanding Questions: There is still uncertainty about the overall cost to renovate the building and parking lot. We are also in the early stages of conducting a wider investigation of property and buildings downtown that could also meet this need, and do not have a complete picture.

Additional context: Although we have consistently stressed over the preceding three months that we're in the process of a real estate transaction, enough details have been provided to the public and community to build support for the project at this specific location. We have gathered a number of support letters from local businesses and gained momentum, which may be difficult to regain at another location.

Revised

ANALYZING OPTIONS

Request more time

This option would have the County inform Tom Cody and Project^ that we need an additional period of time to conduct further due diligence.

ADVANTAGES	DISADVANTAGES
The project team can conduct further due diligence and get a better sense of the cost of seismic upgrades and requirements for the parking lot.	None of great significance. Potential for deteriorating relationship with Project^, but that's not a compelling reason as this is a real estate negotiation.
We can further flesh out CBRE analysis of downtown properties.	Project^ backs out
We can conduct a cost analysis on a tear down and new build.	

Next Steps Required

- Prepare to have CBRE serve as our official agent moving forward. They have served in an advisory capacity over the preceding four months.

Move to Closing

Bushong Project - Analysis of Options
February 20, 2019

Counsel would inform Tom and Project^A that we're ready to move to closing and purchase the building in mid-March.

ADVANTAGES	DISADVANTAGES
We would own the building and parking lot, and have complete control to dictate necessary steps for using the site.	Cost uncertainties make this option extremely prohibitive. If we determine the cost of renovation or a complete new build outweighs the benefits, then we're stuck as the owner without any clear options for using the site.
	Escalating costs beyond what is politically feasible and fiscally sound risks potential blowback in the community, with other Commissioners, and the budget.
	No longer in a position to negotiate over purchase price based on new information.

Remaining Questions

- Do we have enough confidence to move forward with this option?

Next Steps Required

- Have Jed prepare paperwork and documentation to send to Project^A
- Develop a timeline on further site examination.
- Compare renovation vs. tear down costs

Walk Away and Look at Other Sites

Bushong Project - Analysis of Options
February 20, 2019

We would inform Project^ that we have decided to not move forward to closing and are pulling out of the purchase. We would work with CBRE to identify other opportunities in the downtown area (if there are any) where we could place this programming.

ADVANTAGES	DISADVANTAGES
No longer tied to making the program fit within this specific site.	We lose an opportunity in the heart of the City without any clear cut alternative available.
Our earnest money is fully refunded and we are free of further financial commitments.	Potential loss or reduction of political capital among partners.
Potential to reframe as County is being fiscally sound.	Need to restart conversation at a different site (if one is identified) with different actors.

Remaining Questions

- Are we willing to move on from this site, given the political capital we've already obtained?

Next Steps Required

- Counsel would notify Project^ of exercising option.
- Communication strategy is needed immediately to explain our decision and what our next steps are.
- Engage with CBRE and facilities to identify alternative locations.



Department of County Assets

Director's Office

Bob Leek, Interim Director

March 4th, 2019

To: file

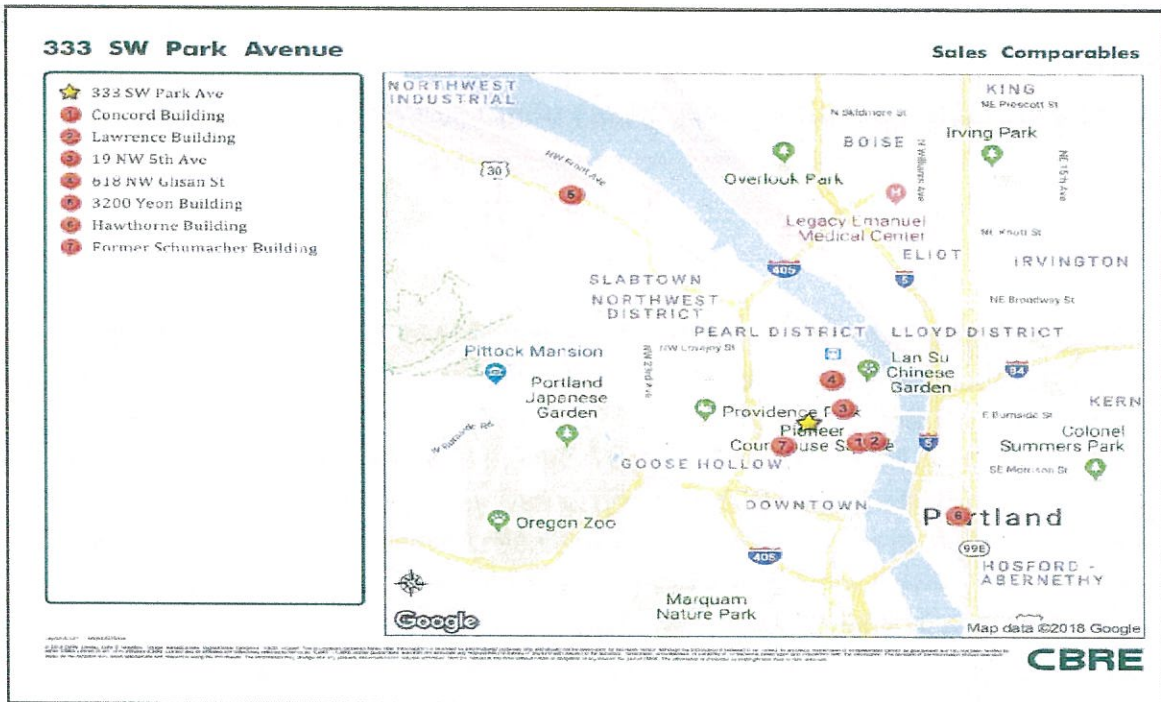
Re: considerations for a downtown Portland Mental Health Resource Center

Respectfully,

The Multnomah County Health Department, Division of Mental Health and Addiction Services, has been seeking an appropriate opportunity to establish a mental health resource center ("Center") for many years. Preliminary discussions about a potential Center in downtown Portland have focused on peer support services and transitional housing for homeless individuals expressing behavioral health issues that advocates, business owners, and law enforcement officials have identified as gaps in services available to the community. A no barrier, peer oriented drop-in day center would allow individuals to receive supportive services that would increase their ability to: locate temporary and permanent housing, receive necessary treatment services, and access alternative resources to meet their activities of daily living. Transitional housing dedicated to individuals with behavioral health issues would also ensure individuals have a short-term safe living environment that assists with formal engagement in treatment and supportive service interventions that reduce the likelihood of incarceration or hospitalization.

In August 2018, the County was approached by a downtown developer with an opportunity to obtain the property and materials already purchased by the owner, located at 333 SW Park (the "Property"). The Property currently has an existing building with approximately 30,000 square feet of potentially usable space on up to five floors. The Property owner had been working to develop the property for commercial use for over two years, and had begun the work to remodel the interior of the facility. The County allocated internal resources to begin to work with the owner and their teams to evaluate possible uses. The County team brought in contracted engineering, construction, and design personnel to assist with the County's evaluation.

The County engaged with its real estate partner CBRE on October 30th, 2018 to evaluate other properties in the downtown area in order to understand the Seller's proposed purchase price of the Property in comparison to other properties. Seven alternative locations were evaluated for comparison. The Property was found to be in the high range of comparable properties.



333 PARK AVENUE - SALES COMPARABLES

Property Name/Address	Year Built/Renovated	SIZE (SF)	Occupancy @ Sale	Submarket	Sale Date	Sale Price	Price/Sq. Ft.	Cap Rate	Buyer	Seller	Comments
Concord Building 204-212 SW Stark St	1891 / 1985	26,508	62%	CBD	7/14/2017	\$3,300,000	\$199	4.58%	Clime Advisors	New Urban Properties, LLC	Investment Sale Current Occupancy
Lawrence Building 328 SW 1st Ave	1902 / 1985	66,000	78%	CBD	5/20/2014	\$6,210,000	\$104		NFN Investments	Pacific NW Management	Investment Sale Current Occupancy
19 NW 5th Ave	1910	23,444	100%	Northwest	5/28/2015	\$2,750,000	\$117		David Gold	Columbia Brick Works, Inc.	Investment Sale Current Occupancy
618 NW Olsson St	1897	36,272	81%	Northwest	12/20/2016	\$5,600,000	\$154	5.57%	Richard A Miller Trust	Schlesinger Companies	Investment Sale (1031 Buyer) Current Occupancy
3200 NW Yeon Ave	1963	30,774	0%	Northwest	9/5/2016	\$4,100,000	\$133	5.95%	Spire-Yeon LLC	JBI Holdings II LLC	Investment Sale Vacant (lease: has 15yr tenant in law.)
Hawthorne Building 307 SE Hawthorne Blvd	1923	28,500	67%	Eastside	9/27/2018	\$6,000,000	\$211		Suzanne E Basin Trust	William O'Neill	Investment Sale Current Occupancy
Former Schumacher Building 733-739 SW 10th Ave	1922	19,000	52%	LBD	12/14/2017	\$4,020,000	\$403	3.30%	Goodwill	Rock Asset Management	Chemical Acquisition Current Occupancy
TOTAL/ AVG		215,858	63%			\$38,985,000	\$158	5.26%			

CBRE | 1300 SW 5th Ave, Suite 3000, Portland, OR 97201 | 503-221-1900

501 SE Hawthorne Ave, Suite 400 • Portland, Oregon 97212

Initial Evaluations

Over the course of approximately six weeks, beginning in mid September 2018, the teams completed their initial evaluations and at the end of October 2018 provided information for consideration by the County. In order to evaluate other properties that could serve as alternatives to the Property being considered, in early November 2018, CBRE scheduled and assisted County personnel with tours of the properties located at 2401 SW 4th Avenue Portland OR 97201 (the Travel Lodge) and at 1312 SW Washington Street Portland OR 97205 (the De Paul Treatment Centers).

Through the completion of the initial evaluations and evaluation of other locations, the Property at 333 SW Park seems to present an excellent opportunity for establishment of a Center, including: a downtown location, a four-story building with almost 30,000 square feet of usable space, and as a relatively unfinished building shell, offers tremendous flexibility to the County for program design and build-out to meet the needs of the community. Discussions at the County continued throughout December 2018. Preliminary communications have been made to surrounding stakeholders in the area. If the Property is purchased, more outreach will be conducted. The Mental Health and Addiction Services Division has also drawn up plans for outreach to community partners, and should the purchase take place, intends to hold a series of discussions to gather stakeholder input on program design.

Board Resolution

On January 17th, the Department of County Assets presented the Multnomah County Board of Commissioners a Resolution requesting approval of a Purchase and Sale Agreement (PSA) for the purchase of the real property located at 333 SW Park Avenue on terms consistent with those set forth in Exhibit 1 to the Resolution. The PSA identified a purchase price of \$4,340,000, a refundable escrow deposit of \$100,000, and an Inspection Period of 30 days from the Effective Date of January 22nd, 2019. Additionally, upon failing to notify the Seller of any intent to terminate the agreement for any reason during the Inspection Period, the Buyer would proceed to Closing, requiring an additional \$200,000 deposited into escrow for a total deposit of \$300,000. The total deposit becomes non-refundable upon the move to Closing. Additional details are included in the Exhibit and its appendices.

Inspection Period

The Inspection Period outlined in the PSA provided the Buyer, its agents and representatives, through reasonable written approval and subject to any reasonable conditions set by the Seller, to be entitled to enter the Property, to perform inspections and tests of the Property, including surveys, environmental studies, and examinations and tests of all structural and mechanical systems. The Seller's approval is also required prior to any testing or sampling or surface or subsurface soils, surface water, groundwater or any materials in or about the the Property in connection with the Buyer's environmental due diligence. If any material defects, any Hazardous Materials, or any violation of applicable laws was found with respect to the Property, the Buyer would cease all activity and notify the Seller immediately. The Buyer and Seller teams worked together to accomplish the Inspection Period activities. The County completed its preliminary analysis on Monday February 18th, 2019. The County team requested additional time to complete more thorough analysis, and negotiations with the Seller to extend the Inspection Period commenced.

During the Inspection Period, the County engaged with the Klosch Group and Charleton Hart Architecture P.C. to provide a [Zoning / Land Use and Building Code review](#). The current zoning is CX Central Commercial. Given that the planned use of the facility will include Community Service - Short Term Housing, this use is allowed in the CX zone (see 33.130.100.B.6 and 33.285 Short Term Housing from the City of Portland Title 33 Table 130-1). Based on representations from the County, the facility operations will include use as a housing shelter (an R-1 occupancy) and the program elements in a B-occupancy. This includes three key assumptions: all customers are over 18 years old, residents do not receive "custodial care" meaning they DO NOT receive assistance with day-to-day living tasks such as cooking, bathing, restrooms, or medications (OSSC 202), and that all persons are "capable of self-preservation" with means that they can respond as an individual to an emergency situation (generally considered to be the evacuation of a building on their own) (OSSC 202). OARS / Licensing was not reviewed as they are governed by programs themselves, but the team confirmed that the uses will NOT include a Community Mental Health Center, a Federally Qualified Health Center, a Hospital, or a Specialized Inpatient Care Facility.

During the Inspection Period, the County engaged with PBS Engineering and Environmental, who subsequently engaged with Solve Consulting Engineers, to conduct a [Seismic Evaluation](#) of the property. The Expected Building Performance from the analysis shows that the building does not meet the life safety performance objectives, based on a Tier 1 analysis using the procedures of ASCE 41-13. The building in its

current condition is expected to sustain substantial damage in a moderate seismic event and partial or total collapse in a high seismic event. A conceptual high-level strengthening scheme and associated estimated costs based on the findings of the report to mitigate identified deficiencies has been provided. Further, it is recommended that a more comprehensive ASCE 41 Tier 3 analysis should be performed to better understand the deficiencies and retrofit requirements, and to calculate updated estimated costs, associated with achieving an ASCE 41-BPON Improvement Standard.

During the Inspection Period, the County engaged with PBS to conduct a [Hazardous Materials Survey Report](#) of the property. The purpose of the survey was to locate, identify, and quantify accessible friable and non-friable hazardous building materials, assess the existence of lead in paint and other materials, and visually inspect for mercury and polychlorinated biphenyl (PCB) containing materials. The survey was intended to satisfy Occupational Safety and Health Administration (OSHA) hazard communication requirements as well as requirements by the Department of Environmental Quality (DEQ) to perform an asbestos inspection prior to renovation or demolition activities under Oregon Administrative Rule (OAR) 340-248-0270. Thirty-five bulk samples of building materials suspected of containing asbestos were collected and submitted. The summary of the inspections concluded that pipe insulation, fire door insulation, mastic under fiberglass radiator insulation, <1% asbestos decorative plaster molding, and silver roofing paint were either friable or would likely to be rendered friable during removal or demolition. Five paint chip samples were collected and submitted to be reviewed for lead content for the sake of hazard communication. Results show ranges from below the limits up to 5,700 parts per million. The EPA defines limits at 90 parts per million, and that above that limit, outlines worker exposure limits, personal protection equipment, and employer responsibilities for exposure assessment, training, housekeeping, and recordkeeping. Finally, a visual investigation of suspect PCB-containing light ballasts, mercury-containing vapor light tubes and mercury-containing switches was completed. A single mercury thermostat and approximately 60 mercury-containing light tubes were noted. PBS did not identify any suspect PCB ballasts.

During the Inspection Period, many additional aspects of the Property have been considered. The fire safety equipment was tested and failed completely, but a full replacement and upgrade has been accounted for in anticipated development costs for the Property. Based on planned use, the elevator and its controls and equipment will need to be significantly upgraded, and a second interior fire escape staircase and building egress will need to be built. Soil contamination under the building is assumed to be equivalent to soil contamination in the surrounding area and may require

extensive abatement. Revokable permits issued by the City of Portland to the Seller have been reviewed and are deemed to be of low overall risk. Easements for fiber optic ducts, other utilities, and telephone lines were reviewed and are not unusual for a downtown location of this age. Property line encroachments exist on multiple sides of the property but can be negotiated. Stormwater management plans need to be updated based on the planned use and conceptual designs completed to date. And finally, a formal planning review with the City of Portland for the use being considered by the County has not been completed at this time.

During the Inspection Period, the County engaged with CBRE to identify and share a list of available vacant buildings on the market or vacant land sites in the downtown core. The County received a list of four vacant properties and thirty-six vacant land sites. Based on a review of the information provided, three of the vacant properties are significantly smaller than the Property under consideration, and the other property is on the market at almost three times the proposed purchase price of the Property under consideration. Consideration of building on vacant land as an alternative to the purchase of the Property under consideration has not progressed sufficiently to provide meaningful alternatives other than market-estimated building costs at this time.

Options Analysis

Based on the work completed since October 2018, the following options are submitted for consideration:

Note: these options focus on the Property and do not include consideration of the adjacent parking lot and improvement work required, estimated at \$1.8M in addition to the estimates below

Option A: *Proceed to Close, Buy and Hold:*

-- **estimated at \$4.3M**

Purchase the Property at this time and continue to evaluate development options or other options for the site and the building

Option B: *Proceed to Close, Buy and Develop:*

-- **estimated at \$16.5M to \$21.5M**

Purchase the Property at this time and using the preliminary work completed to date, finish a detailed effort to arrive at final estimates and contingencies for the development costs associated, per the designs, programming input, and other considerations evaluated to date, and choose a development partner

Option C: *Proceed to Close, Buy and Tear Down, then Develop:*

-- **estimated at \$20.8M to \$24.2 (includes \$1.3M to \$1.9M for removal and site prep)**

Purchase the Property at this time and using the preliminary work completed to date, finish a detailed effort to arrive at final estimates and contingencies for the development costs associated, per the designs, programming input, and other considerations evaluated to date, remove the existing building, and choose a development partner

Option D: *Do not proceed to Close, build in an alternative location:*

-- **estimated at \$16.7M to \$23.2M for site and building for 30,000 sq. ft. facility**

Continue to work with CBRE using program specs developed through the preliminary work completed to date, find an alternative site (estimated at \$1.5M to \$5M depending on location), and build a facility to meet the program spec (estimated at \$500 - \$600 per sq. ft.)

Option E: Do not proceed to Close, purchase an alternative building:

-- **estimates TBD**

Continue to work with CBRE using program specs developed through the preliminary work completed to date and find an alternative building that will meet the specs



Background

The Bushong Building is a 4-story building located at 333 SW Park. Multnomah County is considering purchasing the structure along with the adjacent northern parking lot to use for houseless individuals with serious mental health issues who are cycling in and out of jail and emergency/crisis services.

Estimated Capital and Operating Costs

Capital Costs: Current estimates range between \$16 and \$21 million for purchase and renovation of the Bushong Building and the neighboring parking lot. No specific sources of funding have been identified, but could include some mixture of the following:

- County one time only funding
- City one time only funding
- A commitment from community partners and the business community

Determining capital contributions is of more immediate need than identifying ongoing operational. Since the County is working on a purchase and sale agreement, with a potential closing date in Mid-March, we should decide on our course of action with capital funding no later than Mid-January.

Operating Costs: Current estimate for ongoing operations is roughly \$5 million. The following sources of funding (totaling \$2.5 million) have been identified by the Mental Health and Addiction Services Division at this point:

- \$1,000,000 in state general fund crisis service dollars
- \$800,000 in Multnomah Mental Health General Fund and Medicaid funding
- \$400,000 in State general fund/Choice Model and Aid and Assist;
- \$300,000 from Care Oregon community grants

Other potential sources of ongoing funding include:

- Additional behavioral health system community grants from health system stakeholders.
- City of Portland

Since the building will not open, at the earliest, until March or April of 2020, there is time to determine revenue sources

Financing Options - Capital

Option 1 - Significant Public/Private Partnership: This would entail a 2:1 funding mix from government (County and City) and the private sector.

Strengths

Politically, this option demonstrates that solving our mental health crisis requires a financial commitment from multiple sectors, including the County, City, and private business. For the County, this would limit the amount of one-time-only funding that's needed for this project.

Weaknesses

We will also be asking the City to contribute ongoing funding for operational costs, and asking them to provide capital funding is likely to diminish the amount of money they'd give for that pot of money. There is also the ongoing Nav Center conversation which is front and center for many potential private contributors to homeless services, as well as the ongoing VDF negotiations.

Option 2 - Public Partnership Purchase: This option would combine City funding with the County.

Strengths

This option provides a more reliable capital funding stream, since both the City and County can allocate the money in their Fiscal Year 20 budgets without having

to rely on the unknown of a private capital campaign. This also gives us flexibility with our ask to the City, since we could simply ask for a small portion of capital (A few hundred thousand dollars to a couple a million) or all the way up to half.

Weaknesses

The weaknesses identified in option 1 for the City are the same here. This also fails to take into account the potential for private contribution.

Option 3 - County/Private Partnership: This option mixes County funding with private contributions to help in the renovation.

Strengths

The County would serve as the primary funder and remain in control of identifying the sources of funding without having to rely on negotiations with the City in a condensed time frame. This also brings to bear Tom's willingness to seek out private dollars.

Weaknesses

Uncertainty over the total private contribution remains, and the fundraising will take place in a relatively short time frame. While a goal could be set, there is no guarantee of any funds at this point.

Financing Options - Operations

Option 1 - City and County 50/50 split (\$2.5 million apiece)

Strengths

Demonstrates a strong City-County partnership to address the behavioral health crisis in the community. It also allows the City to inform the US Department of Justice that they're abiding by Item 88 in their settlement agreement.

Weaknesses

Relies on City funding for a significant contribution, and their commitment to funding BH services has been tepid.

Option 2 - City Funds Day Center/County Funds remainder (\$1.6 million from the City)

Strengths

Same as above.

Weaknesses

Doesn't take full advantage of the City's position to invest in a large scale project that's responding to the behavioral health crisis.

Proposed Programming

16- hour/day Drop-In-Drop-Off Center (First Floor) - A peer run drop-in center that offers a variety of resources, including day shelter, a free meal program, behavioral health treatment, physical health care and dental care. The program would operate from 6AM to 10PM On site basics include:

- meals (such as cereal, PB&J, fruit and other food bank basics)
- showers,
- computer access,
- mail boxes,
- support in locating resources to assist in receiving emergency, transitional and permanent housing supports, and
- Referral to MH Urgent Walk-In Clinic, MH Shelter, Respite and sub-acute programming

Estimated operations cost: 1.5-2 million.

Funding Resource: not identified at this time.

Mental Health Shelter (Second Floor) - A dedicated 42 bed MH shelter for individuals referred through crisis system, including hospital EDs, BHU, DCJ, MCDC and Multnomah mental health crisis programming. The shelter would operate 24/7, and admissions based on referrals from noon to 10PM.

Estimated operations cost: \$2 million.

Funding Resources: (\$1.4 million identified) - \$700,000 in state general fund crisis services; \$500,000 in Multnomah Mental Health/Medicaid funding; \$200,000 from a Care Oregon community grant.

MHASD is pursuing additional behavioral health system community grants as interest expressed by stakeholders.

Brief Stay Transitional Housing/ARCH Program (Third and Fourth Floors) - Up to 20 units of SRO/like units on each floor. Stabilization and functional assessment support services for those willing to engage in services. Focus on referring to the correct level of housing placement, recommended behavioral health treatment, and physical health services. Program operates 24/7 with intakes between 10AM-6PM.

Estimated operation cost: \$1 to \$1.2 million

Funding Resources: \$300,000 in state general fund/ crisis services; \$400,000 in State general fund/Choice Model and Aid and Assist, \$300,000 in Multnomah Mental Health/Medicaid; \$100,000 in Care Oregon community grant

Pursuing additional behavioral health system grants as interest expressed by stakeholders.

Mezzanine- Offices and conference room for programming. A minimum of 4 offices and a conference room that can support up to 20 participants.

*Seismic Evaluation
of
Bushong Building
333 SW Park Ave, Portland OR*



Prepared for:
PBS Engineering and Environmental

Prepared by:
Solve Consulting Engineers

February 26, 2019

Solve Project No. 201905.00

Acknowledgments

This report is part of an effort to assist Multnomah County as they consider the Bushong Building for purchase. At the request of PBS Engineering and Environmental Inc (PBS), Solve Consulting Engineers, LLC (Solve) has evaluated the building for potential seismic deficiencies and developed corresponding conceptual designs for seismic retrofit. The author would like to thank the following people, for their assistance in providing information presented in this report:

Toni Weiner	Strategic Project Manager/Multnomah County
Dennis Terzian	Senior Geotechnical Engineer/PBS
Ryan White	Geotechnical Engineer/PBS
Corey Morris	Senior Associate/Carleton Hart Architecture PC
Bryan Grey	Senior Consultant/PlanB Consultancy

