
From: Tom Cody
Sent: Wednesday, September 12, 2018 6:58 AM PDT
To: marc.jolin@multco.us
Subject: Draft for Discussion
Attachments: Bushong Services Center 09.11.18.pdf

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MJ:

Good morning. I hope you are seeing some daylight. Congratulations on the Old Town situation! I promised you this follow up and here it is. Formative and looking for guidance on what is most suitable for you. Here are the highlights:

- 1) Again, NO PROFIT to project^ or any profit on building sale to City.
- 2) Project^ will help to raise awareness and philanthropic funding to offset costs.
- 3) Can tailor/deliver the building to your desired specifications: fast and furious for this winter or more extensive upgrades...
- 4) Low price per bed with the ability to have support/mental health services, day center, and shelter together (depending on your priorities).
- 5) Long term residual value in terms of City ownership- a good investment.
- 6) Relatively non-controversial location and trusted/established relationships for streamlined delivery.

We do need to move quickly if we are going to seriously look at this. Please let me know your thoughts and thank you.

Best,
TC

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

To: Marc Jolin / JOHS
From: Tom Cody, project^
Date: September 11, 2018
Subject: **DRAFT** 333 SW Park Ave ("Bushong Building"): Homeless Services Center

Background

The Modish Building is located on the Park Blocks at 333 SW Park Avenue. The building itself is situated mid-block in the West End neighborhood, one block away from West Burnside and one block away from Southwest Broadway, both major streets in Downtown. The site is zoned CXd and the building area is approximately 27,000 SF. Residential is an allowed use in this zone. Please see Exhibit A for location.

The building was donated by project^ as a temporary emergency shelter. The shelter use opened Thanksgiving 2016 and closed in June 2017. The partnership was a success with project^, City, County, JOHS and TPI all pleased with the outcome: efficiently and economically sheltering just under 100 men, mostly seniors and mostly veterans, through some of the worst weather in recent memory.

The project is ideally located for both office and shelter uses- immediately adjacent to services, partners, transit and employment opportunities. The opportunity to acquire land and buildings such as this, in the core of the City, are very rare. With close proximity to the Joyce Hotel, Bud Clark Commons, and Central City Concern, this is an ideal location for homeless services.

Current Status

A building permit for a complete renovation of the building was submitted (by project^) to the City of Portland June 30, 2017. That permit (in process) includes a complete seismic upgrade, re-fitting of the building for creative office uses, and the addition of a partial 5th level. The existing permit could be amended to account for specific program needs. Given the land and building are acquired, due diligence completed, construction documents complete, and permitting nearly complete, this presents a near term opportunity to deliver shelter and/or services extremely quickly and at a very attractive cost.

Strategy to leverage existing permit

Opportunity

There was previous interest in JOHS having offices on the top of the building with shelter and/or a day center (hygiene, storage, etc) in the bottom of the building. This would also be an ideal location from which to deliver mental health services.

Regardless of the program (shelter/offices/support services), desperately needed beds and supportive services could be fast tracked at this location with project^ providing a "turn key" solution- shouldering the development and construction risk and delivering the project at a guaranteed price. Project^ would do this on an open book basis with no profit to project^. Please see Exhibit B for an outline of costs.

EXHIBIT A
Location Map



Map Showing the Building Location at 333 SW Park Avenue

EXHIBIT B
DRAFT Outline of Estimated Costs¹

Buyer / Tenant Metrics

Building Acquisition	\$4,000,000
Various Repairs for Occupancy	\$700,000
Architecture / Engineering to Date	\$100,000
New Windows	\$100,000
Design / Permitting Allowance	\$100,000
Sub Total	\$5,000,000
10% Contingency Allowance (returned if unused)	\$500,000
Total Project Cost	\$5,500,000
Cost per Bed (assuming 150 beds on floors 1 & 2)	\$36,667
Cost per GSF	\$203.70

Seller / Landlord Metrics

333 SW Park LLC Costs Spent to Date	\$4,900,000
Less Building Sale	(\$4,000,000)
Less Architecture / Engineering to Date	(\$100,000)
Less New Windows	(\$100,000)
Loss to Seller	\$700,000

¹ This draft budget is a schedule of the basic costs of repair for the building only. Depending on the desired program, more may be necessary or desired.

EXHIBIT C
Before and After Images



Existing Building View Looking Northwest on Park Avenue



Image of Building from SW Park Ave. after Renovation

From: Jerry VINCENT
Sent: Friday, November 9, 2018 8:28 AM PST
To: Bob LEEK; Marc JOLIN; Liam FROST; Adam RENON; Jed TOMKINS; Neal Rotman; Bob LEEK; Marc JOLIN; Liam FROST; Adam RENON; Jed TOMKINS; Neal Rotman
Subject: Latest Bushong Update

All,

We had a very good programming meeting with our team and the Project PDX team yesterday. They are a well-engaged thought partner and I am currently impressed with their efforts. In fact, I feel we are actually ahead of where I thought we would be, but there is so much more to accomplish in the upcoming weeks.

To that end, Stephen from Project PDX shared that they gave a number for the full build out to "the 6th Floor" last week. I was dismayed to learn this. I was hired, among other things, to help break the cycle of "early numbers now, disappointment later". In my opinion, there is approximately \$2-\$3 million dollars (on top of the shared \$12.6m) that needs to be substantiated. In addition to that, if we are successful in procuring the northern parking lot, that acquisition is anywhere from \$2m - \$5m dollars.

Let's please erase the \$12.6m from our collective databases and allow us to get to the end of the month. I would surely appreciate it!

Have a great weekend!,

Jerry

From: Jerry VINCENT
Sent: Tuesday, November 13, 2018 11:21 PM PST
To: Stephen Gomez; Stephen Gomez
CC: Scott CHURCHILL; Christa JONES; nong@beebeskidmore.com; doug@beebeskidmore.com; abram@kloshgroup.com; Corey Morris; Tom Cody; Neal Rotman; Marc JOLIN; Jeff Caldwell; david@kloshgroup.com; Scott CHURCHILL; Christa JONES; Corey Morris; Tom Cody; Neal Rotman; Marc JOLIN; Jeff Caldwell
Subject: Re: Multnomah County @ Modish November 8th meeting notes

Hi Stephen,

I am just getting to the meeting minutes now. I apologize. Some of my comments are directly from the meeting and others are a little more insight to what I was saying/trying to say. So you don't need to change the minutes necessarily, but we do need to address all of these things (and I am sure there are some more) in the upcoming weeks.

Thank you for adding the prevailing wage, RACC and Energy comments. However, I just want to be clear, there were numerous items that the \$12.64m did not cover...and I mentioned many of them, not just escalation (which is big!). We mentioned early on that the elevator would need to go to the basement (not priced yet). Also, the diligence for the full seismic costs still need to be vetted by us (that's a huge one for me)...I am uncomfortable with the current number..I think others are too. Then there's the camera layout/equipment/pricing and data layout/equipment/pricing (\$500k- \$750k?, more?), "our" FF&E costs vs. a plugged number (another \$250k or more?), many other County soft costs, consultants, and other County Division charge-back costs missing, not just the team performing this diligence (like possible move-in comp time, moving company, I.T. set-up and training, maintenance and facilities costs, signage, possible fees, just to name a few). In addition, we all need to agree in the end to a project contingency percent. Then there is the assumption in your figures that your firm would get the asking price you desire. Many of the above-stated costs have to be done by our teams no matter what/who the Construction delivery method ends up being.

Which is why I would have been "fine" with the \$12.64m being mentioned with our group. It is a jumping off point that we all want to build on/verify/clarify throughout this month. But your firm mentioned that number to the "6th Floor"...and that's problematic because there is so much more to go. If for no other reason, we only had one program meeting when the number was shared (it'll be three this week), and so much more is known (cost) just from those.

It placed me in a position that I felt I had to tell the "6th Floor" that in my opinion, there is around \$2m-\$4m beyond the \$12.64 that needs to be substantiated. In the end, it might be \$12.64m (or less)...but we got to get there. The Chair deserves our "best thinking" in order to make the most informed decision possible. We have disappointed the Chair before with sharing numbers too soon and/or without full diligence...and I am determined to break that cycle.

I am looking forward to our teams continuing to share information and figure this thing out.

Be Well,

Jerry

On Fri, Nov 9, 2018 at 3:44 PM Stephen Gomez <stephen@projectpdx.com> wrote:



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Attached are meeting notes from yesterday—please advise if I missed or have something wrong in the notes.

Jerry: I don't have Sally Erickson's contact so would you please forward to her?

Thank you,

Stephen Gomez

www.projectpdx.com

mobile: 503 819-8268



Multnomah County This email was encrypted for your privacy and security

From: Mental Health Association
Sent: Tuesday, December 4, 2018 11:25 AM PST
To: adam.renon@multco.us; Neal ROTMAN; Neal ROTMAN
Subject: Fwd: Wheeler meeting



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FYI

----- Forwarded message -----

From: **Mental Health Association** <info@mentalhealthportland.org>
Date: Tue, Dec 4, 2018 at 11:16 AM
Subject: Wheeler meeting
To: Mental Health Alliance members

Good meeting this morning with Ted Wheeler. I talked about the PCCEP and ITEM 88 in the settlement agreement, specifically the city co-funding a Walk In Center with Multnomah County. Also in the meeting were Berk Nelson, Wheeler's liaison to housing and homelessness issues, and Nicole Grant liaison to the police and PCCEP. I complimented Nicole for the peer support PCCEP members are receiving, and mentioned we were concerned about the BHUC being a closed meeting. Wheeler asked if we would object if the meeting were opened and held an executive session if medical information needed to be discussed, and I said no. Otherwise he seemed inclined to open the BHUC meeting to the public.

About the Walk In Center he was quite warm to the idea. We discussed the difference between Rotman's plan and Unity, and that Dr. Eisen is writing a clarifying letter for the court. He did not know the County has scouted a location. Berk Nelson has toured similar Walk Ins in Chicago and other cities - and was keenly interested. Wheeler said he had had several recent meetings with Kafoury, but the subject had not come up. He has the impression the county has sufficient funding for the project. He wants to know more - Berk will follow up with the Chair's staff.

--

Jason Renaud
[Mental Health Association of Portland](#)
[Northwest Law & Mental Health Conference](#)
[Oregon Housing Conference](#)
[Mental Health Alliance](#)
[@renaud_pdx](#)

Walk In Center

Letter for Ted Wheeler and Nicole Grant to be delivered by hand December 4

Providing a safe sanctuary for people in crisis with mental illness, alcoholism and addiction has been a challenge for both Portland mayors and Multnomah County chairs for generations. From the County's first "drunk tank" in 1967 to the Ryles Center to the Unity Center, we've struggled together to find an alternative to jails and emergency rooms.

In 2009 you kept a promise to open a place where James Chasse could have been taken - or gone on his own initiative - the CATC. Mark Chasse sat with me last Monday night in a PCCEP study group on the settlement agreement and reminded me there is another outstanding promise to be kept.

The authors of the Settlement Agreement included ITEM 88 to address this challenge.

ITEM 88. The United States expects that the local CCOs will establish, by mid 2013, one or more drop off center(s) for first responders and public walkin centers for individuals with addictions and/or behavioral health service needs. All such drop off/walk in centers should focus care plans on appropriate discharge and community-based treatment options, including assertive community treatment teams, rather than unnecessary hospitalization.

In 2013 in participation with the Mayor's office I organized a workgroup to sketch out how one part of ITEM 88 might function. The workgroup included state and county mental health experts, including Neal Rotman, now Interim Deputy Director of the County's mental health division, experts from parole and police, from private agencies and the housing authority. We created a plan for a WALK IN CENTER which would be voluntary, non-medical, street-level, and peer managed. It had a first year capital and operating budget of \$3 million. The plan advised on siting, staffing, safety, training, public relations, and traffic (intake and discharge). The plan was not accepted by the police because it did not include the chain of custody "drop off" component of ITEM 88. The plan was not accepted by the Mayor because he was busy firing police liaison Baruti Arthuree - one of the workgroup members.

2013
recap

The workgroup's plan has floated around quite a bit and is now the foundation of a new plan by Neal Rotman and the County to create a "mental health shelter". -new plan

Call

What exactly "walk in" and "drop off" mean is unclear in the Settlement Agreement. The Mental Health Alliance - the new amicus to **US DOJ v. City of Portland** - is preparing a letter for Judge Simon which will expertly define both meanings within the context of community mental health providers. The letter is authored by Jeffrey Eisen, medical director of Cascadia Behavioral Healthcare, and letters of support for Jeffrey's letter will come from Maggie Bennington Davis, now CEO of Health Share, and Mike Esparza, medical director of Cedar Hills Hospital.

The Unity Center has been penciled in as the full response to ITEM 88.

Support getting

Dr. Eisen's definition of a walk in matches Neal Rotman's plan. Rotman's mental health shelter is a walk in center. Further - the county has identified and is in negotiations for a sizable location which is in the central city and on a transit route. Kafoury's office supports Rotman's plan, as do other Commissioners. I have met with former and current US DOJ attorneys - they are all supportive. The AMAC is supportive. I have briefed the PPB and asked for their support.

Unity is not a walk in center. It's purpose is to maintain hospitalization levels - not decrease them. Because of staffing issues, Unity Center is struggling now to maintain itself as the definition of a drop off center. But that's another issue.

My suggestion is you meet with Deborah Kafoury as soon as possible and discuss matching funds to fulfill ITEM 88 of the Settlement Agreement with Rotman's plan. The precedent of the Joint Council shows the City and County can work together on shared and seemingly intractable problems through good will and clear contracts. Mental illness is very much the concern of the City of Portland, and equal participation in this effort would show that concern being met with action.

Jason Renaud
December 4, 2018

Background

Multnomah County is considering purchasing the Bushong & Co. Building, at 333 S.W. Park in Portland as part of a long-term strategy to provide improved behavioral health resources downtown.

The County's Mental Health and Addiction Services Division has long sought an appropriate location for a resource center in the central city. Mental Health advocates, public safety officials, downtown businesses, hotels, and other stakeholders have expressed the need for a response to individuals they encounter daily who are experiencing homelessness and mental health issues.

The Board of County Commissioners will consider a purchase and sale agreement on Thursday, Jan. 17, to begin formal negotiations to buy the four-story building. If the Board approves the agreement, the County would have 30 days to conduct due diligence evaluations and an additional 30 days to close on the estimated \$4.34 million sale.

\$ 5.8M in
WJW

Recent Work and Next Steps

The County began to assess the building's potential suitability for a behavioral health resource center in late 2018. At the same time, the County engaged CBRE to identify other potential sites in the downtown area.

Based on initial evaluations of the Bushong Building's location, structure and the pressing need to increase behavioral health resources downtown, the County is exploring its potential use as a multi-use facility.

The property negotiations are the critical first step in developing a resource center that could address critical gaps in the regional mental health system that consumers, advocates, businesses and law enforcement have identified in downtown Portland in multiple reports and studies.

If the negotiations proceed, Multnomah County Mental Health and Addiction Services would begin holding community conversations on specific programming for peer-supported services, and transitional housing for those in greatest need.

community
conversations

Building History

The Breske Building was built on the corner of Oak and Park streets in 1908 and housed *Pacific Monthly* periodical and later *Sunset* Magazine. The lower floors housed the lithograph and printing machines of Bushong & Company.

When Bushong & Company relocated to North Portland in the 1950s, Modish Coat and Suit Company moved in to sell women's fashion. Most recently, the building housed a nightclub.

The building was vacant when the real estate development firm, Project^, bought the property in 2016 with a plan to develop creative, open office space.

While construction permits were pending, the company offered the space to the Joint Office for Homeless Services as a winter shelter for older men, veterans or men with a disability in 2016.

Links:

[Multnomah County Mental Health System Analysis](#)

[2012 USDOJ Settlement agreement with the City of Portland](#)

[2015 Multnomah County Mental Health Jail Diversion Feasibility Study](#)

~PUM

From: Bob LEEK
Sent: Wednesday, January 2, 2019 9:21 AM PST
To: Michael JASPIN; Michael JASPIN
Subject: Fwd: Bushong Updates

Should we get together today / tomorrow morning to discuss how we want to present the funding information? Liam let me know that you and he talked, but I haven't seen anything yet regarding how the funding will work for the parking lot, building, construction, or programming. Thanks!

Bob

----- Forwarded message -----

From: <liam.frost@multco.us>
Date: Fri, Dec 28, 2018 at 4:02 PM
Subject: Bushong Updates
To: <adam.renon@multco.us>, <marissa.d.madrigal@multco.us>, <neal.rotman@multco.us>, <bob.leek@multco.us>, <michael.d.jaspin@multco.us>, <marc.jolin@multco.us>, <brian.r.smith@multco.us>, <renee.huizinga@multco.us>, <jed.tomkins@multco.us>, <mark.campbell@multco.us>

Since we don't have Tuesday, and I assume many folks are out Monday, I wanted to give everyone a heads up for the focus of our Bushong check-in next Thursday at 1pm. Since we only have 30 minutes with the Chair, I'd like to have Adam and I brief her separately on current status and outreach. That way, we can focus on risk factors ahead of signing the PSA, and funding options. On the risk front, Bob is collating a list; please feel free to call Bob if you have input.

Internal Advisory

On the programming side, Neal has already done much of this.

Please be prepared to bring materials to the meetings. I'll be here all day Monday if anyone needs any further information.

Thank you, all.

Liam

Bushong Updates

Description: Call In Number: (877) 336-1831
Participant Code: 4075874
Host Code: 5313314

When Thu Jan 3, 2019 1pm – 1:30pm Pacific Time - Los Angeles

Where MULTNOMAH-6th Flr-Board Rm 635 (25 seats) @ 45.51271, -122.66032 ([map](#))

Who

- deborah.kafoury@multco.us - organizer
- allison.conkling@multco.us - creator
- brian.r.smith@multco.us
- renee.huizinga@multco.us
- marissa.d.madrigal@multco.us
- adam.renon@multco.us
- bob.leek@multco.us
- marc.lolin@multco.us
- liam.frost@multco.us
- neal.rotman@multco.us
- jed.tomkins@multco.us



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Bob C. Leek | Interim Director, Department of County Assets and Chief Information Officer | Multnomah County | **503-988-7351 (office)** | **971-409-8956 (cell)** | bob.leek@multco.us
Inclusive Workplace. **Creative Synergies. Innovative Technologies. Sustainable Practices.**

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: Mike Jaspin
Sent: Wednesday, January 23, 2019 7:38 PM PST
To: Mark Campbell; Eric ARELLANO; Mark Campbell; Eric ARELLANO
Subject: Fwd: 333 SW Park Ave --> Purchase

Before replying back to Lisa, I wanted to be sure you are ok with the accounting. The funds for the purchase and the escrow amount Lisa is asking about below will come from the proceeds of the Courthouse sale (which are currently in the General Fund, but not appropriated). When we close on the building, does it matter what fund the proceeds come from for capital asset accounting? Or maybe better put, do we need the asset tied to a particular fund?

Absent any accounting requirement, I plan to tell Lisa to make the escrow payment from the Facilities fund. When we appropriate the funds in March, we will move them to the Facilities Fund for the purchase and to make the Facilities fund whole for the escrow payment. Sound reasonable?

Please keep in mind that if this goes through, there will be \$15 million or so renovations at some point. There is also a parking lot that will be purchase. I know Workday can be particular about capital assets and a single fund, so let me know what works best.

-Mike

----- Forwarded message -----

From: Lisa Whedon <lisa.whedon@multco.us>
Date: Wed, Jan 23, 2019 at 2:40 PM
Subject: Re: 333 SW Park Ave --> Purchase
To: michael.d.jaspin <michael.d.jaspin@multco.us>
Cc: Patrick WILLIAMS <patrick.williams@multco.us>, Naomi BUTLER <naomi.butler@multco.us>, Mark CAMPBELL <mark.campbell@multco.us>, Bob LEEK <bob.leek@multco.us>, Scott CHURCHILL <scott.churchill@multco.us>, Jerry VINCENT <jerry.vincent@multco.us>

Hi Mike,
Would you be able to share the funding source for this purchase? Lisa
Lisa A Whedon, MBA
Budget & Planning Finance Manager, DCA Hub
Multnomah County
lisa.whedon@multco.us
(503) 988-7580 - Office
(971) 409-0482 - Mobile



On Wed, Jan 23, 2019 at 11:39 AM Jed Tomkins <jed.tomkins@multco.us> wrote:
All,

The County has entered into an agreement to purchase the building/land at 333 SW Park Ave. I have opened [this Google Folder](#) and will drop relevant documents into it. For now you can find the Purchase and Sale Agreement and the Board Approval APR, indicating that source of funding is TBD.

Importantly, on or before Monday, Jan 28, 2019, the County must deposit \$100,000.00 into Escrow. I do not have the escrow wiring instructions yet, but will provide as soon as I have them.

I believe everyone who might have input into the source of the \$100k deposit is on this email and I leave that to you all :-)

Jed

Jed Tomkins

Senior Assistant County Attorney
Office of Multnomah County Attorney
501 SE Hawthorne Blvd., Suite 500
Portland, OR 97214
Ph: (503) 988-3138
Fx: (503) 988-3377

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On Wed, Dec 12, 2018 at 5:44 PM DCA Admin Hub - Finance
<dca.adminhub.finance@multco.us> wrote:

Hello.

Thank you for this information. I will reach out to the appropriate people to identify the fund for the deposit of the proceeds and posting of the expenses associated with the sale (commission, title search, etc.).

Pat

On Wed, Dec 12, 2018 at 8:27 AM Jed TOMKINS <jed.tomkins@multco.us> wrote:
Finance Team,

The County's sale of the McCoy building to 408 5TH AVE PORTLAND LLC is scheduled for Closing next Wednesday, 11/14/18.

In this folder, you will find:

- Estimated Seller's Statement reflecting the (amended/reduced) purchase price of \$9,850,000 and estimated net proceeds;
- Purchase Agreement and First Amendment; Lease Agreement
- Board Actions - surplus; sale/lease approval

NOTES:

- Although we are leasing the property back as we did with the Courthouse, **there is no security deposit** in this instance; so County will not be wiring any funds to escrow this time;
- I leave it to you, Finance and Facilities, to identify the proper fund for deposit of the proceeds; however, please note that the APR for approval of the sale identifies a need to reimburse "Facilities and Property Management Fund 3505" for costs arising from this transaction.

Please let me know what else you need from me.

Thanks,

Jed

Jed Tomkins

Senior Assistant County Attorney
Office of Multnomah County Attorney
501 SE Hawthorne Blvd., Suite 500
Portland, OR 97214
Ph: (503) 988-3138
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From: Mike Jaspin
Sent: Thursday, January 24, 2019 12:44 PM PST
To: Lisa Whedon; Lisa Whedon
CC: Patrick WILLIAMS; Naomi BUTLER; Mark CAMPBELL; Bob LEEK; Scott CHURCHILL; Jerry VINCENT; Eric ARELLANO; Patrick WILLIAMS; Naomi BUTLER; Mark CAMPBELL; Bob LEEK; Scott CHURCHILL; Jerry VINCENT; Eric ARELLANO
Subject: Re: 333 SW Park Ave --> Purchase

Hi Lisa,

The funds for the purchase of the building (and parking lot) will ultimately come from the General Fund. For the \$100,000 escrow deposit noted below, please use the Facilities Fund. When the Board appropriates the funds for the purchase (currently scheduled for March 21st) we will move them to the Facilities Fund so that the fund is whole for the purchase and escrow amount.

If this project continues to move forward, we will want to consider establishing a separate fund for the capital improvements.

-Mike

On Wed, Jan 23, 2019 at 2:40 PM Lisa Whedon <lisa.whedon@multco.us> wrote:

Hi Mike,

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Lisa A Whedon, MBA

Budget & Planning Finance Manager, DCA Hub

Multnomah County

lisa.whedon@multco.us

(503) 988-7580 - Office

(971) 409-0482 - Mobile



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Senior Assistant County Attorney

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Senior Assistant County Attorney

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501 SE Hawthorne Blvd., Suite 500

Portland, OR 97214

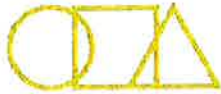
Ph: (503) 988-3138

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MEETING MINUTES

project: 18060 333 SW Park Ave (Bushong Building) **date / time:** 2.7.2019
4:00 pm

prepared and submitted by: Corey Morris

distribution (*attendees)	organization	phone	email
*Christa Jones	MultCo Health		Christa.jones@multco.us
*Neal Rotman	MultCo Health		Neal.rotman@multco.us
Marc Jolin	MultCo Joint Office of Homeless Services		Marc.jolin@multco.us
*Jerry Vincent	MultCo		Jerry.vincent@multco.us
*Toni Weiner	MultCO Facilities		Toni.weiner@multco.us
*Scott Churchill	MultCo Facilities		Scott.churchill@multco.us
*Abram Jenks	KLOSH Group	503.729.0566	abrahm@kloshgroup.com
*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

2.1 Proposed uses on each floor, as indicated on the attached floor plans, were reviewed and confirmed. Related building code definitions and requirements were discussed. Christa and Neal confirmed the following: None

Fifth Floor (Mezzanine)

- The entire floor is "B" occupancy office-type use – no residential uses.
- The Nuse/Medical Station is intended as an office, although residents could come up to this floor if the program wants to allow that function

Fourth, Third and Second Floors

- Entire floor is "R-1" residential occupancy, meaning "sleeping units where the occupants are primarily transient in nature" and where "residents share bathroom and/or kitchen facilities".
- Meals will be provided by an outside agency such as Meals on Wheels
- Confirmed all residents will be over 18 years old
- Residents will not receive "custodial care" which means that they will NOT receive assistance with day-to-day living tasks such as cooking, bathing, restroom or medications. (OSSC 202)

- All persons will be “capable of self-preservation” which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).
- This is NOT a Detoxification Facility as defined by building code. Residents will be transferred to other facilities such as the Hooper Center.
- This is NOT a Psychiatric Hospital as defined by building Code
- This is NOT a Residential Treatment Facility or Alcohol and Drug Center, as defined by building code
- Occupants will be NOT restrained to prevent self-harm. Anti-ligature accessories may be provided in the facility as secondary prevention, but occupants with self-harm concerns will not be housed here and will be transferred to other facilities.

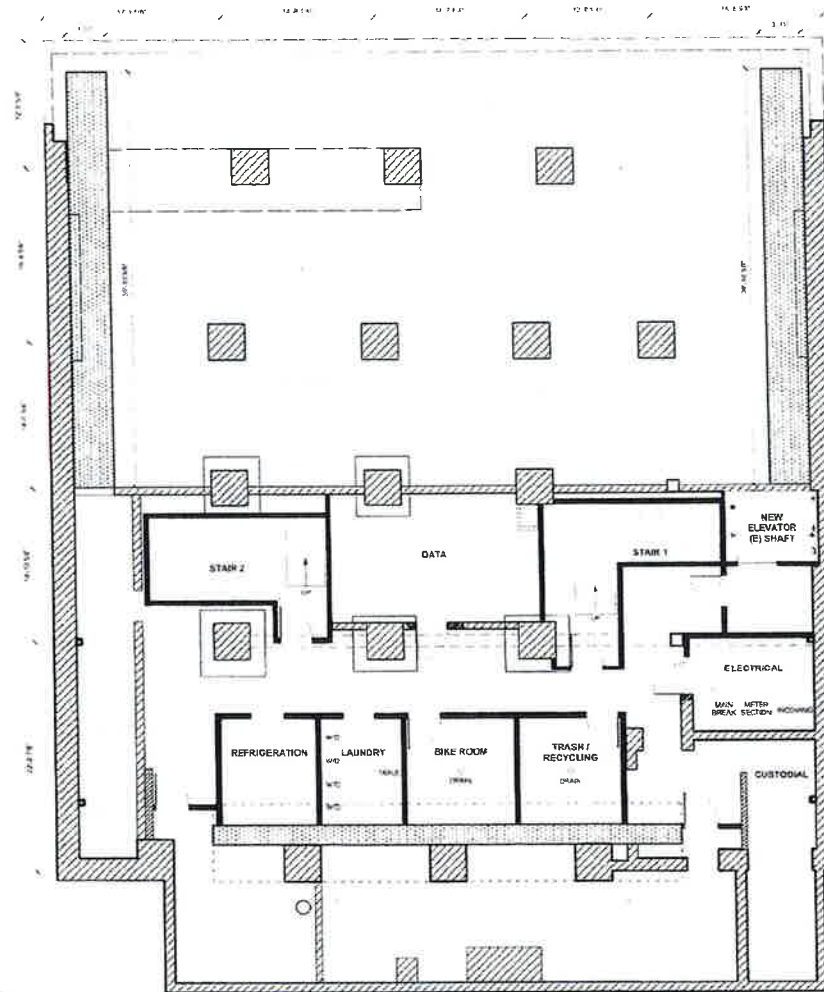
First Floor

- Entire floor is “A-3” occupancy, meaning gatherings of numerous people such as community halls
- No residential occupancy on this level
- All persons will be “capable of self-preservation” which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).

- | | | |
|-----|--|------|
| 2.2 | Reviewed Oregon Administrative Rules and licensing requirements. Neal confirmed that no provider-based services that would involve reimbursement (such as Medicare reimbursement) are planned. Adding those services in the future would require State Facility Licensing, which would likely trigger changes to the building. | None |
| 2.3 | Zoning and land use requirements were discussed. The property is currently zoned CX and the proposed use is “Community Service – Short Term Housing” which is allowed outright. | None |
| 2.4 | A meeting with City of Portland Building and Planning representatives is scheduled for February 12 at 11:00 am to confirm building code and zoning code assumptions. | CHA |

Submitted by Carleton Hart Architecture PC on 2.11.2019

DRAFT



DUE DILLIGENCE CODE ASSUMPTIONS:

Floor is "B" and "S" occupancies as defined by OSSC (general and storage uses)

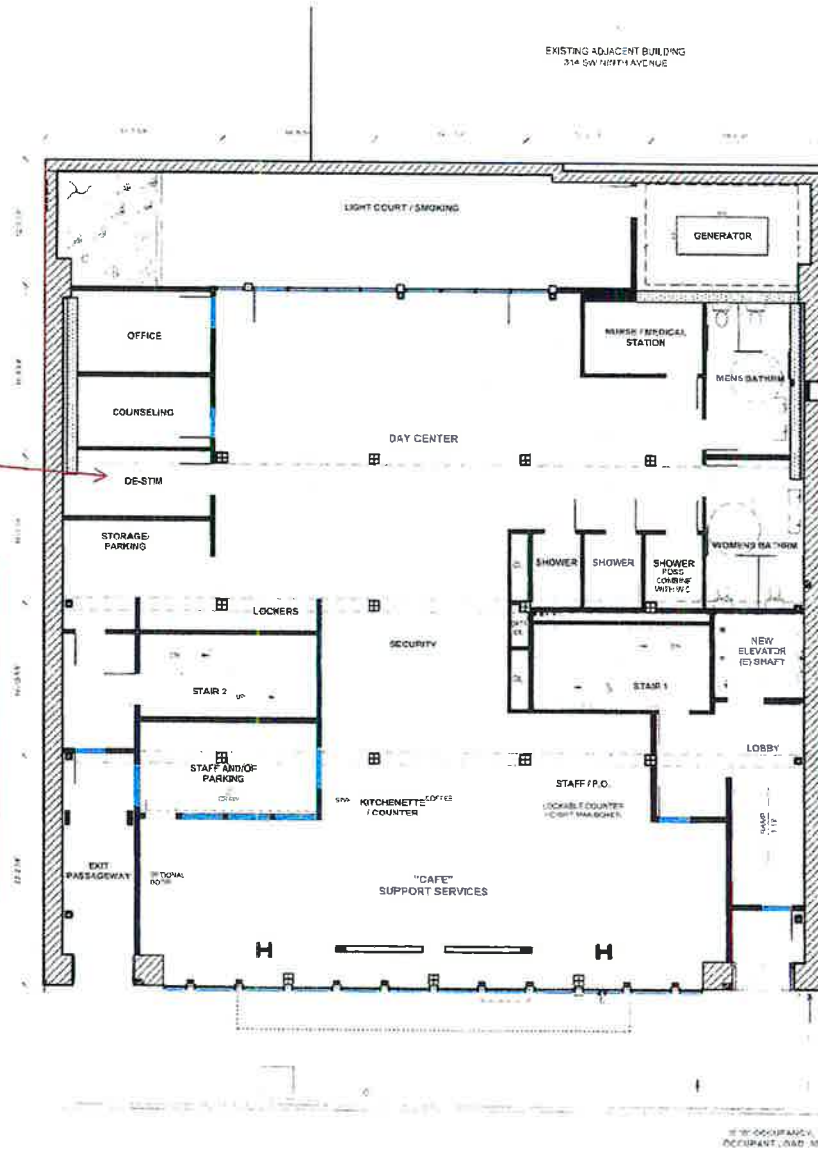
311.1 Storage Group S. Storage Group S occupancy includes, among others, the use of a building or structure, or a portion thereof, for storage that is not classified as a hazardous occupancy.

333 SW PARK AVE
MENTAL HEALTH SERVICES
SCHEMATIC TEST FIT



BASEMENT PLAN
SCALE: 3/32" = 1'-0"

**BEE-
BE-
SKID-
MORE** ARCHITECTS
NOT FOR CONSTRUCTION
NOV 15 2018 / VERSION 2



DUE DILLIGENCE CODE ASSUMPTIONS:

Entire floor is "A-3" occupancy as defined by OSSC

303.4 Assembly Group A-3. Assembly uses intended for worship, recreation or amusement and other assembly uses not classified elsewhere in Group A including, but not limited to:

- Amusement arcades
- Art galleries
- Bowling alleys
- Community halls
- Conventions
- Dance halls (not including food or drink consumption)
- Exhibition halls
- Federal parlors
- Gymnasiums (without spectator seating)
- Indoor swimming pools (without spectator seating)
- Indoor tennis courts (without spectator seating)
- Lecture halls
- Libraries

1) No residential occupancy on this floor level

2) Assume that all persons are "capable of self-preservation" which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).

• This means occupants are NOT restrained to prevent self-harm

Occupancy Separations - Per table 508.4

S to A2/A3 - No separation required in sprinklered building
 A2/A3 to R1 - 1-hour in sprinklered building
 R-1 to B - 1-hour in sprinklered building

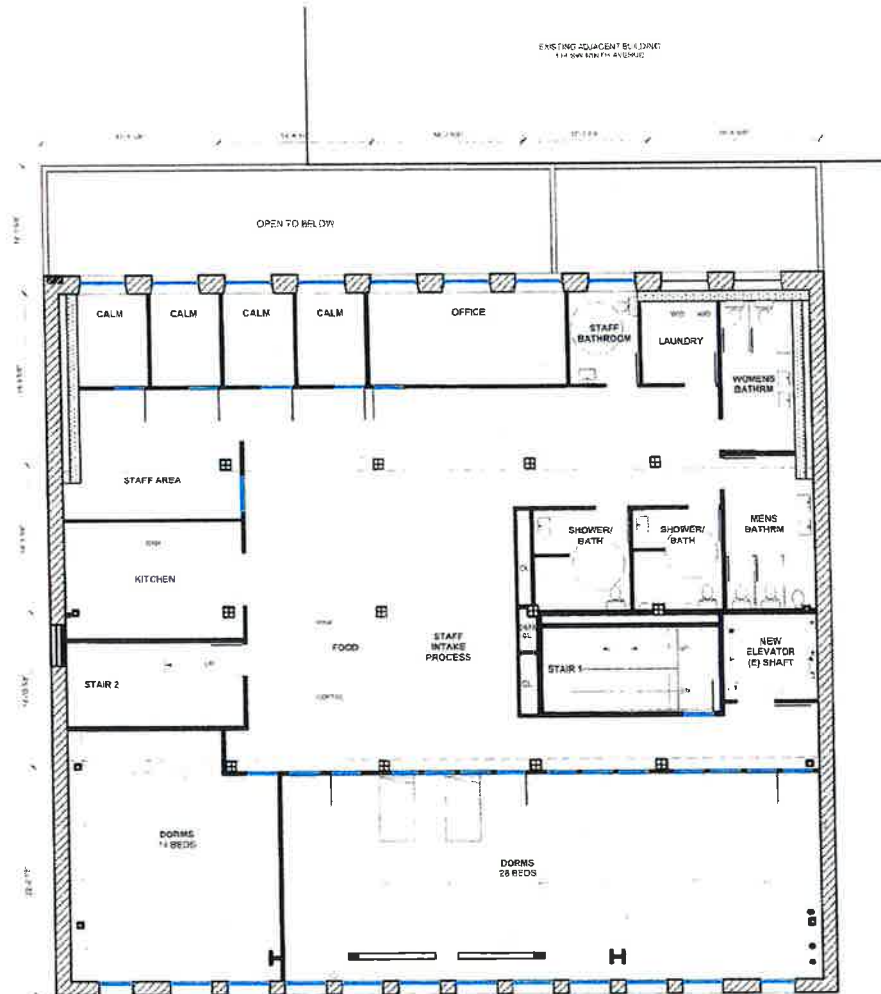
OCCUPANCY	REQUIRED SEPARATION OF OCCUPANCIES (HOURS)											
	A-1	A-2	A-3	B	R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8
A-1	0	0	0	0	0	0	0	0	0	0	0	0
A-2	0	0	0	0	0	0	0	0	0	0	0	0
A-3	0	0	0	0	0	0	0	0	0	0	0	0
B	0	0	0	0	0	0	0	0	0	0	0	0
R-1	0	0	0	0	0	0	0	0	0	0	0	0
R-2	0	0	0	0	0	0	0	0	0	0	0	0
R-3	0	0	0	0	0	0	0	0	0	0	0	0
R-4	0	0	0	0	0	0	0	0	0	0	0	0
R-5	0	0	0	0	0	0	0	0	0	0	0	0
R-6	0	0	0	0	0	0	0	0	0	0	0	0
R-7	0	0	0	0	0	0	0	0	0	0	0	0
R-8	0	0	0	0	0	0	0	0	0	0	0	0

1. Not for use in...
 2. Not for use in...
 3. Not for use in...
 4. Not for use in...

**333 SW PARK AVE
 MENTAL HEALTH SERVICES
 SCHEMATIC TEST FIT**

GROUND FLOOR PLAN
 SCALE: 3/32" = 1'-0"

SKIDMORE ARCHITECTS
 NOT FOR CONSTRUCTION
 NOV 15 2018 / VERSION 2



42 BEDS

IF OCCUPANCY
OCCUPANT LOAD 25
PER CODE (S.F.)
POSSIBLY MORE PER
ACTUAL FIT

DUE DILLIGENCE CODE ASSUMPTIONS:

Entire floor is "R-1" occupancy as defined by OSSC

310.3 Residential Group R-1. Residential occupancies containing sleeping units where the occupants are primarily transient in nature, including:

- Boarding houses (transient) with more than 10 occupants
- Congregate living facilities (transient) with more than 10 occupants
- Hotels (transient)
- Motels (transient)

CONGREGATE LIVING FACILITIES. A building or part thereof that contains sleeping units where residents share bathroom and/or kitchen facilities.

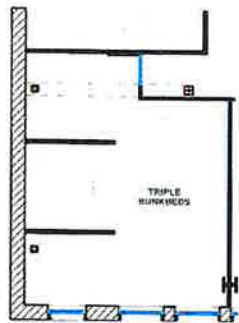
- 1) Assume all customers are over 18 years old. Juvenile services may be classified differently
- 2) Assume residents do not receive "custodial care" which means that they DO NOT receive assistance with day-to-day living tasks such as cooking, bathing, restroom or medications. (OSSC 202)
- 3) Assume that all persons are "capable of self-preservation" which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).

- This means this is NOT a Detoxification Facility as defined by building code, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type
- This means this is NOT a Psychiatric Hospital, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type
- This means this is NOT a Residential Treatment Facility or Alcohol and Drug Center, which would be an I-1(2) occupancy and may be allowed in this construction type after significant fire life safety upgrades
- This means occupants are NOT restrained to prevent self-harm

**333 SW PARK AVE
MENTAL HEALTH SERVICES
SCHEMATIC TEST FIT**

SECOND FLOOR PLAN
SCALE: 3/32" = 1'-0"

BEEBE SKIDMORE ARCHITECTS
NOT FOR CONSTRUCTION
NOV 15 2018 / VERSION 2



OPTIONAL TRIPLE
(TOTAL BEDS: 20)



18 BEDS PER FLOOR

R OCCUPANCY
OCCUPANT LOAD 26

DUE DILLIGENCE CODE ASSUMPTIONS:

Entire floor is "R-1" occupancy as defined by OSSC

310.3 Residential Group R-1. Residential occupancies containing sleeping units where the occupants are primarily transient in nature, including:

- Boarding houses (transient) with more than 10 occupants
- Congregate living facilities (transient) with more than 10 occupants
- Hotels (transient)
- Motels (transient)

CONGREGATE LIVING FACILITIES. A building or part thereof that contains sleeping units where residents share bathroom and/or kitchen facilities.

- 1) Assume all customers are over 18 years old. Juvenile services may be classified differently
- 2) Assume residents do not receive "custodial care" which means that they DO NOT receive assistance with day-to-day living tasks such as cooking, bathing, restroom or medications. (OSSC 202)

3) Assume that all persons are "capable of self-preservation" which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).

*This means this is NOT a Detoxification Facility as defined by building code, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type

*This means this is NOT a Psychiatric Hospital, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type

*This means this is NOT a Residential Treatment Facility or Alcohol and Drug Center, which would be an I-1(2) occupancy and may be allowed in this construction type after significant fire life safety upgrades

*This means occupants are NOT restrained to prevent self-harm

**333 SW PARK AVE
MENTAL HEALTH SERVICES
SCHEMATIC TEST FIT**



THIRD / FOURTH FLOOR PLAN
SCALE: 3/32" = 1'-0"



BEEBE SKIDMORE ARCHITECTS
NOT FOR CONSTRUCTION
NOV 15 2018 / VERSION 2

DRAFT



OFFICE OR TREATMENT?

DUE DILLIGENCE CODE ASSUMPTIONS:
 Entire floor is "B" occupancy as defined by OSSC (office uses)

**SECTION 304
 BUSINESS GROUP B**

304.1 Business Group B, Business Group B, occupancy includes, among others, the use of a building or structure, or a portion thereof, for office, professional or service-type transactions, including storage of records and accounts. Business occupancies shall include, but not be limited to, the following:

- Airport traffic control towers
- Ambulatory care facilities
- Animal hospitals, kennels and pounds
- Banks
- Barber and beauty shops
- Car wash
- Civic administration
- Clinic, outpatient
- Dry cleaning and laundries; pick-up and delivery stations and self-service
- Educational occupancies for students above the 12th grade
- Electronic data processing
- Laboratories, testing and research
- Motor vehicle showroom
- Post offices
- Print shops
- Professional services (architects, attorneys, dentists, physicians, engineers, etc.)
- Radio and television stations
- Telephone exchanges
- Training and skill development not within a school or academic program

304.1.1 Definitions. The following terms are defined in Chapter 2:

**AMBULATORY CARE FACILITY,
 CLINIC, OUTPATIENT.**

**333 SW PARK AVE
 MENTAL HEALTH SERVICES
 SCHEMATIC TEST FIT**



FIFTH FLOOR PLAN
 SCALE: 3/32" = 1'-0"

BEEBE SKIDMORE ARCHITECTS
 NOT FOR CONSTRUCTION
 NOV 15 2018 / VERSION 2



MEMORANDUM

project: 18060 – The Bushong Building Assessment **date:** 1.29.2019
to: David Dwyer **cc:** Scott Churchill, MultCo
KLOSH Group
4931 SW 76th Ave #104
Portland, Oregon 97225
Abram Jenks, KLOSH
from: Corey Morris

In November 2018, CHA provided KLOSH Group with due diligence efforts related to Multnomah County's consideration to purchase the property located at 333 SW Park, also known as the Bushong Building, for use by the County's Health Department as a mental health resource center for a developer-lead turn-key delivery method. Conceptual plans were developed by an architect through the property Owner's developer, ProjectPDX. Carleton Hart and KLOSH provided a code review and a high-level project budget review and comparison based on ProjectPDX's cost estimate. The scope of the code review was to backcheck ProjectPDX's assumptions so as to provide Multnomah County advice on whether or not ProjectPDX had made the appropriate assumptions for their intended project.

The following outlines the zoning, land use, building and health licensing assumptions that are the basis of that assessment effort. These should be very carefully considered as the design team refines the functional program for the project.

These assumptions are critical as they define the boundary conditions for the due diligence. Moreover, any changes to the program that go beyond these assumptions will cause significant impacts to the project with respect to cost and schedule.

ZONING / LAND USE

City of Portland – Zoning and Land Use (City of Portland Title 33 Table 130-1)

The current zoning is CX Central Commercial

Current assumption is that the use classification "Community Service – Short Term Housing" applies to the project, and this is an allowed use in the CX zone (see 33.130.100.B.6 and 33.285 Short Term Housing)

The use classification "Medical Centers" is also allowed in this zone and would include detoxification facilities or psychiatric hospitals.

BUILDING CODE

Based on presentations by Neal Rotman and Marc Jolin of Multnomah County, the current understanding is that the facility will operate as a housing shelter (an R-1 occupancy) and the program elements in a B-occupancy.

This includes three key assumptions:

- 1) Assume all customers are over 18 years old. Juvenile services may be classified differently
- 2) Assume residents do not receive "custodial care" which means that they DO NOT receive assistance with day-to-day living tasks such as cooking, bathing, restroom or medications. (OSSC 202)

- 3) Assume that all persons are "capable of self-preservation" which means that they can respond as an individual to an emergency situation (generally considered to be evacuation of the building on their own) (OSSC 202).
- This means this is NOT a Detoxification Facility as defined by building code, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type
 - This means this is NOT a Psychiatric Hospital, which would be an I-2 Occupancy and not allowed in a four-story building of this construction type
 - This means this is NOT a Residential Treatment Facility or Alcohol and Drug Center, which would be an I-1(2) occupancy and may be allowed in this construction type after significant fire life safety upgrades
 - This means occupants are NOT restrained to prevent self-harm

OARS / LICENSING

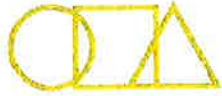
OAR 309, 415 and others govern the programs themselves and were NOT reviewed

The Oregon Health Authority's Health Facility Licensing and Certification Program (HFCLC) governs the following facility types. The current assumption by Multnomah County Health Department staff is that none of these definitions apply to the proposed program. HFCLC requirements might require more stringent fire and life safety upgrades, addition of certain program elements such as soiled utility rooms, or other requirements.

The due diligence team is working with the confirmation that the project is NOT a:

- Community Mental Health Center - Provide outpatient mental health services, 24-hour emergency care services, day treatment or other partial hospitalization, and screening for patients being considered for admission to state mental health inpatient facilities (for CMS Medicare certification)
- Federally Qualified Health Center - Provide outpatient primary care to medically-underserved populations and areas (for CMS Medicare certification)
- Hospital - Provide medical and surgical treatment and nursing care for sick or injured people, including Psychiatric Hospitals.
- Specialized Inpatient Care Facility - Provide inpatient care in specialized settings such as rehabilitation centers, college infirmaries, chiropractic facilities, freestanding hospice facilities and others.

End



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
*Abram Jenks	KLOSH Group	503.729.0566	abrahm@kloshgroup.com
*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^ 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^
- 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.

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.

Director's Office

Bob Leek, Interim Director

March 4th, 2019

To: file

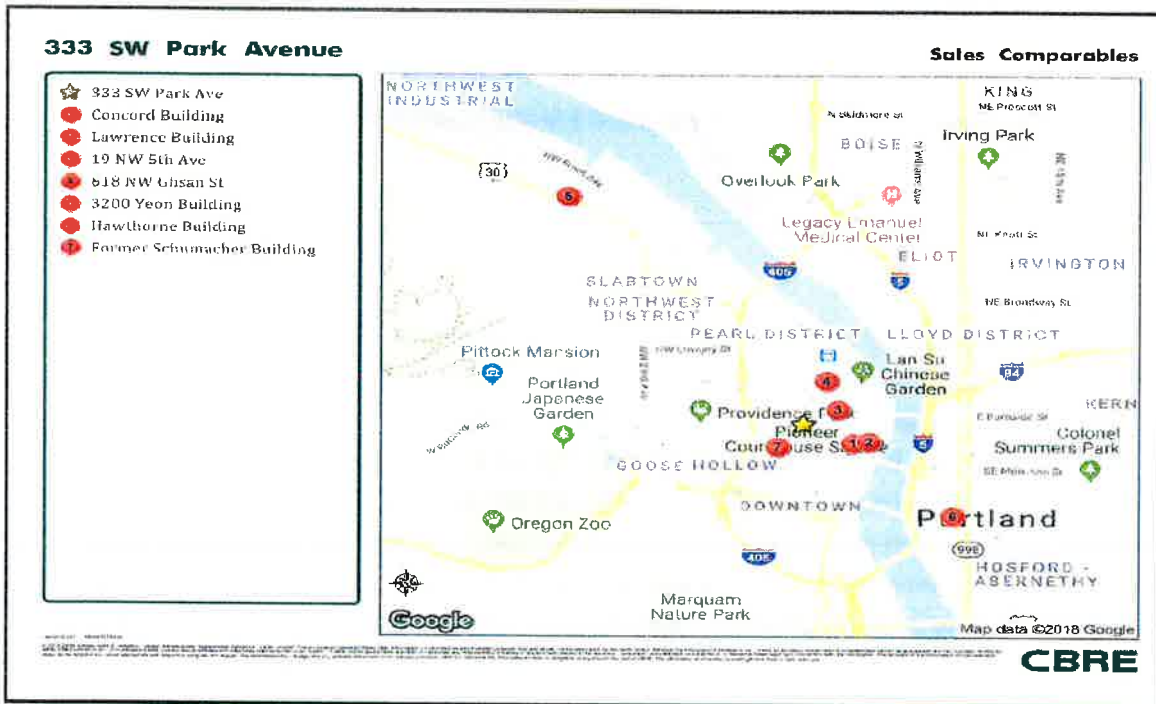
Re: considerations for a downtown Portland Mental Health Resource Center

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.



Property Name/Address	Year Built/Renovated	SIZE (SF)	Occupancy @ Sale	Subarea/lot	Sale Date	Sale Price	Price/Sq. Ft.	Cap. Rate	Buyer	Seller	Comments
Concord Building 204-212 SW Stark St.	1891 / 1985	26,506	02%	CBD	7/14/2012	\$ 300,000	\$199	4.58%	Clavin Allkrist	New Urban Properties, LLC	Investment Sale Current Occupancy
Lawrence Building 306 SW 1st Ave	1902 / 1985	60,000	78%	CBD	5/20/2014	\$6,210,000	\$104		HHH Investments	Pacific NW Management	Investment Sale Current Occupancy
19 NW 5th Ave 19 NW 5th Ave	1910	29,444	100%	Northwest	5/28/2015	\$2,750,000	\$117		David Gold	Columbia Rick Works, Inc.	Investment Sale Current Occupancy
618 NW Ghisan St 618 NW Ghisan St	1897	36,272	81%	Northwest	12/30/2016	\$5,600,000	\$154	5.57%	Richard A Miller Trust	Schlesinger Companies	Investment Sale (1031 Buyer) Current Occupancy
3200 Yeon Building 2200 NW Yeon Ave	1963	30,774	0%	Northwest	9/5/2016	\$4,100,000	\$133	5.75%	Spire Yeon LLC	JBI Holdings II LLC	Investment Sale Vacant (through June 15th Renovation)
Hawthorne Building 307 SE Hawthorne Blvd.	1923	28,500	67%	Eastside	9/27/2018	\$6,000,000	\$211		Suzanne E. Basin Trust	William O. Nell	Investment Sale Current Occupancy
Former Schwmacher Building 723-737 SW 11th Ave	1922	19,000	52%	CBD	12/4/2011	\$4,020,000	\$483	0.30%	Goodell	Koch Asset Management	Owner/Officer Acquisition Current Occupancy
TOTAL/AVG		215,550	62%			\$33,985,000	\$158	5.28%			

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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

