

RESOLUTION No. 36880 As Amended

Commit to pursue a mutually agreeable partnership with the Oregon University System for constructing the Oregon Sustainability Center, direct the Bureau of Planning and Sustainability, the Portland Development Commission and the Office of Management and Finance to finalize construction design and negotiate a final Disposition and Development Agreement with the Oregon University System which would enable building the Oregon Sustainability Center (Resolution)

WHEREAS, in September 1999, through Resolution No. 35817, the City Council directed the development of a Green Building Action Plan based on recommendations from the Sustainable Portland Commission's Green Building Options Study; and

WHEREAS, in January 2001, through Resolution No. 35956, the City Council directed City bureaus to adopt and implement Portland LEED Green Building Rating System and other approaches identified in the City's Green Building Policy pertaining to design and construction of new City facilities or City-funded projects; and

WHEREAS, in April 2005, through Resolution No. 36310, the City Council amended the City's Green Building Policy as binding policy and directed all City bureaus and the Portland Development Commission (PDC) to require certain sustainable and green standards in construction, operation and maintenance of City buildings; and

WHEREAS, in July 2009, through Resolution 36714, the City Council adopted the City of Portland Economic Development Strategy - A Five Year Plan for Promoting Job Creation and Economic Growth, setting the objective for continuing Portland's leadership in green building by creating the next generation built environment, through the establishment of the Oregon Sustainability Center (OSC) to foster the next wave of innovation in sustainable building and living, and directed coordination with PDC regarding implementation of the actions identified in the Strategy; and

WHEREAS, in October 2009, through Resolution 36748, the City Council adopted the Climate Action Plan, setting the goal for reducing carbon emissions by 80% by 2050, and established interim building and energy objectives to achieve zero net greenhouse gas emissions in all new buildings and homes and to ensure that new buildings can adapt to the changing climate; and

WHEREAS, in August 4, 2010, through Resolution 36808, the City Council committed to pursuing a mutually agreeable partnership in the development of the OSC with OUS dependent on the outcome of schematic design and further analysis to determine whether the development of the OSC can reasonably and economically achieve the stated policies and goals of the City; and

WHEREAS, the City of Portland is in the process of developing the Portland Plan, a strategic and comprehensive plan for the future growth and development of the city over the next 30 years, which will strongly influence the region's ability to prosper without relying on carbon based energy; and

WHEREAS, reducing disparities and advancing equity are essential to a successful city, and major projects such as the Oregon Sustainability Center must provide pathways to prosperity for all workers; offer competitive wages that lead to a lasting career-track; involve stakeholders and community members in developing and enacting policies and processes; and drive accountability and continuously evaluate performance towards goals, and

WHEREAS, in 2009, the PDC as the City's urban renewal and redevelopment agency selected Gerding Edlen Development to prepare a feasibility analysis for the OSC to determine whether the world's first high-density, multi-use, net zero energy, water, and wastewater building that meets the requirements of the International Living Future Institute's Living Building Challenge could be constructed to meet the most advanced measures of sustainability in the built environment; and

WHEREAS, the City and the Oregon University System (OUS) wish to jointly develop and own the OSC, to be located on the PDC owned property adjacent to the Portland State University (PSU) campus at the intersection of SW Fourth Avenue and SW Montgomery Street; and

WHEREAS, the Oregon University System is seeking reinstatement of both the project and bond limitations from the Interim Joint Committee on Ways and Means in September 2011. The total project cost is estimated to be \$61.7 million of which OUS is seeking bond authorization of \$37 million. OUS has received contingent tenant commitments from universities within the OUS system as well as partner non-profit and business tenants needed to support the state General Obligation bonds. The schematic design phase for the OSC is now complete and OUS is seeking the City's commitment to move forward with constructing the OSC; and

WHEREAS, the City, OUS and PSU desire that the OSC would be able to deepen Oregon's green building expertise, develop a competitive workforce, create near term and long term jobs, and to expand the understanding of the integral relationship between people and the buildings they occupy and operate; and

WHEREAS, the City and OUS desire that the OSC would be the home to sustainability-focused businesses, non-profits, and researchers, making the OSC a center for sustainability, research, education, businesses activity and public service, and forging connections to Oregon's sustainable businesses by showcasing green building features and innovations;

NOW, THEREFORE, BE IT RESOLVED, the City Council directs the Office of Management and Finance to finalize an IGA with the PDC to convey ownership of the PDC owned property for the development of the OSC for presentation to City Council. Revenue from the South Park Blocks Urban Renewal Area will also be conveyed to the City for TIF-eligible expenses, along with a cash transfer of \$4.2 million in TIF funds which will partially be used for the design development and construction documents phase; and

BE IT FURTHER RESOLVED, the City Council directs the Office of Management and Finance to finalize an IGA with the OUS for presentation to City Council to equally share the development and construction costs of the OSC project to obtain design development and 50% construction documents phase which is estimated to cost approximately \$2.5 million. Final project cost excluding the cost of land and related finance cost is estimated not to exceed \$434 per square foot. Implementation of the IGA is contingent on OUS commitment to pay for its share of the costs; and

BE IT FURTHER RESOLVED, the City endorses the efforts of private companies to achieve the aspirational goals set forth in the Construction Equity Agreement in a form substantially in accordance with the agreement attached hereto as Exhibit A to create local jobs and to promote equity by creating economic opportunities and career pathways; and

BE IT FURTHER RESOLVED, the Office of Management and Finance in accordance with Resolution 36808 analyzed the fiscal impact of entering into a final commitment and has provided an in-depth analysis attached as Exhibit B which describes the joint public ownership, including construction and development costs, square footage, financial assumptions, long term tenancy, ownership and financial risks for the City; and

BE IT FURTHER RESOLVED, the City and OUS will have public ownership in the OSC. Based on the current schematic design (attached as Exhibit C), the City ownership will be approximately 33,475 gross square feet of space to accommodate the needs and uses of the Bureau of Planning and Sustainability, while the OUS and PSU to have ownership of 96,658 gross square feet with the City and OUS to equally share financial responsibility for 52,012 gross square feet which is a subset of the OUS ownership share; and

BE IT FURTHER RESOLVED, the City Council instructs the Bureau of Planning and Sustainability, the Portland Development Commission and the Office of Management and Finance (OMF) to negotiate a Disposition and Development Agreement (DDA) with OUS with terms substantially similar with those specified in the accompanying OMF Financial Analysis and recommendations, the IGA with OUS and the IGA with PDC. In addition, this DDA will be dependant on the following: 1) approving the City's bonding authority to approximately \$8,247,000 for project proceeds; 2) OUS receiving bond authorization for \$37 million; 3) OUS contributing \$3 million in cash towards their project cost; 4) limiting the City's financial risk of leasable office and retail space to no more than 50% (based on current space allocation representing approximately 52,012/gsf); 5) annually reconcile the net building expenses and revenues and periodically adjust building ownership to reflect the City's contribution should the City make a financial contribution towards covering the financial risks shared with OUS; 6) the pro forma currently carries a modest building replacement reserve and the City and OUS agree to seek additional resources through savings indentified during design development, interest rate savings or other identified project savings to increase the reserve; 7) 90% of available office space will have lease commitments prior to construction with the intent that 100% of the office and retail space be leased upon project completion; and, 8) the OSC will be designed and constructed to meet the International Living Future Institute's Living Building Challenge and the U.S. Green Building Council's LEED Platinum designation.

BE IT FURTHER RESOLVED the City Council will allocate up to \$3.6 million in funding resources towards the cost of moving the Bureau of Planning and Sustainability (BPS) into the OSC. These funds are intended to cover tenant improvements, project management, technology upgrades, IRNE connectivity, space planning and other furniture, fixtures and equipment. Additionally BPS rent rates will be adjusted to establish reserve accounts to cover ongoing cost of operation, major maintenance replacement, repairs and other tenancy related risks.

BE IT FURTHER RESOLVED, that BPS, the Office of Management and Finance, PDC and the project team are directed to return to City Council in early 2012 to seek consideration of the final Disposition and Development Agreement and the final bond authorization for the OSC.

BE IT FURTHER RESOLVED, City Council will not consider the final disposition and development agreement without a guaranteed maximum price on the construction costs of the OSC.

BE IT FURTHER RESOLVED, No costs associated with the design and construction of the OSC will be allowed from Tax Increment Financing from a potential future Urban Renewal District.

Adopted by the Council: **SEP 21 2011**

Mayor Sam Adams
Prepared by: Peter Parisot
Date Prepared: 9/16/11

LaVonne Griffin-Valade
Auditor of the City of Portland
By *Gayla Jennings*
Deputy

Agenda No.
RESOLUTION NO. 36880 As Amended
 Title

Commit to pursue a mutually agreeable partnership with the Oregon University System and Portland State University for constructing the Oregon Sustainability Center, direct the Bureau of Planning and Sustainability, the Portland Development Commission and the Office of Management and Finance to finalize construction design and commit to building the Oregon Sustainability Center (Resolution)

INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams	CLERK USE: DATE FILED <u>SEP 16 2011</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Adams <i>[Signature]</i>	LaVonne Griffin-Valade Auditor of the City of Portland
Position 1/Utilities - Fritz	By: <u><i>[Signature]</i></u> Deputy
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Leonard	
BUREAU APPROVAL Bureau: Mayor's Office Bureau Head: Mayor Sam Adams	ACTION TAKEN:
Prepared by: Peter Parisot Date Prepared: 9/16/2011	
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Council Meeting Date 9/21/2011	
City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan	

AGENDA
TIME CERTAIN <input checked="" type="checkbox"/> Start time: 9:30
Total amount of time needed: 1 hour (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz	✓
2. Fish	2. Fish	✓
3. Saltzman	3. Saltzman	✓
4. Leonard	4. Leonard	✓
Adams	Adams	✓