



Oregon Sustainability Center

*Portland can lead the emerging global
clean economy revolution*



We have the opportunity to create jobs by making a catalytic investment in our sustainable economy

*“The OSC project is a **catalyst for leading technological innovation in our regional economy** that will have long-term positive results for **employment and business growth opportunities** while providing opportunities to educate Oregonians on sustainable practices.”*

Justin Rattner, Chief Technology Officer
Intel Corporation



*“The OSC will provide Sanyo a chance to **display our leadership** in solar panel efficiency, manufactured here in Oregon. We will **participate in ongoing research and development** of new applications, products and systems for energy efficiency, production and storage.”*

Kuniaki Saito, Director of Energy Products,
Sanyo North America

The Sanyo logo, consisting of the word "SANYO" in a bold, red, uppercase, sans-serif font, set against a white rectangular background.

WHY SHOULD THE CITY INVEST IN THE OSC?

The Oregon Sustainability Center will grow jobs and promote innovations in green building and clean tech industry

- Establish Portland as the leader in next generation urban development and performance
- Create immediate market for Oregon products and services
- Position Oregon firms and workers for the economy of tomorrow
- Incubate new products and services for commercialization and export





“Just as the Ecotrust Building helped catalyze green building in Oregon by broadening our thinking about what is possible, the OSC can be the game changer that marks Oregon at the forefront, leading the nation toward a new way of thinking about how to live, work and build communities.”

– Jim Winkler, Winkler Development Corporation

- Climate change
- Land use planning & transit
- Green building & energy alternatives
- Environmental stewardship

OREGON SUSTAINABILITY CENTER: NEXT STEPS

STATUS

- Feasibility study and peer review completed
- Schematic design completed
- Project gap closed
- Tenant commitments
- State bonding/budget note request



NEXT STEPS

- Pursue 50% construction documents
- Outcomes:
 - Refined building design
 - Guaranteed Maximum Price
 - Lease commitments
 - Negotiated OUS-City development agreement

ACTIONS NEEDED

- **September 21: City Council** approves contingent commitment for City as co-owner of OSC
- **September 22:** OUS presents draft budget note response to **Ways & Means subcommittee** and seeks support to move forward with up to \$1.5 million for 50% construction documents
- **October 12: PDC** approves disposition and development agreement with City , including up to \$1.5 million City match for 50% construction documents

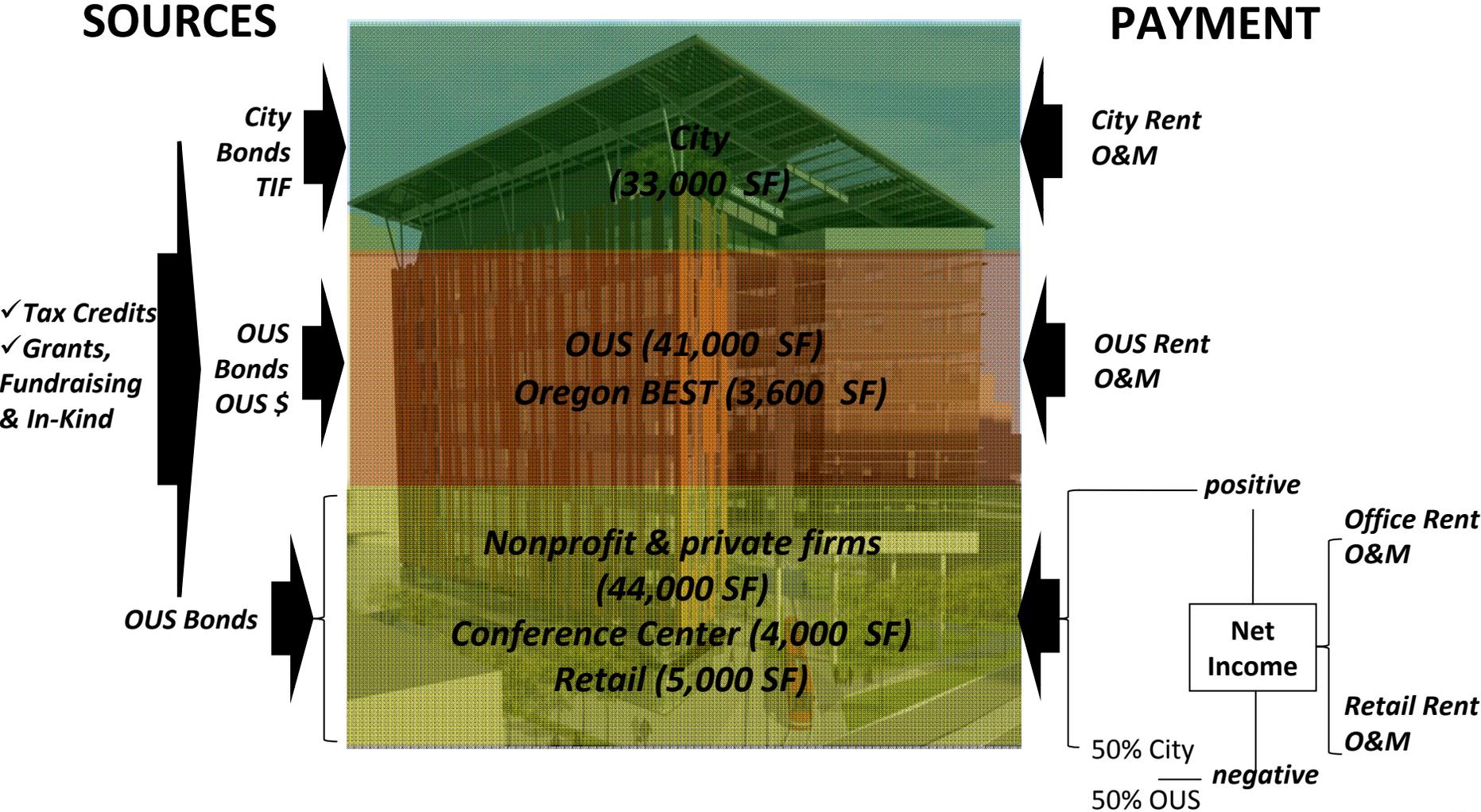
REQUIRED INVESTMENT

Medium Confidence Estimate

COSTS	
Land	\$3,800,000
Construction Hard Costs	\$38,700,000
Construction Soft Costs	\$17,900,000
Financing Costs	\$1,300,000
TOTAL	\$61,700,000

SOURCES	
OUS Bonds	\$36,200,000
OUS Funds	\$3,000,000
City Bonds	\$8,300,000
PDC SPB URA Tax Increment Financing	\$4,900,000
PDC Land Contribution	\$3,800,000
New Markets/Energy Trust	\$2,500,000
Grants/Fundraising	\$3,000,000
TOTAL BUILDING	\$61,700,000

JOINT OWNERSHIP STRUCTURE



CITY OF PORTLAND INVESTMENT

- The contingent ownership commitment by the City of Portland is for approximately 33,475 gross square feet of the 130,000 square foot building to be tenanted by the Bureau of Planning & Sustainability (BPS).

ONE-TIME COSTS (low confidence estimates)			
	Low	High	Notes
Move	\$64,000	\$86,000	
Furniture, Fixtures & Equipment	\$1,800,000	\$3,000,000	In excess of project capital budget
Project Management & Space Planning	\$149,000	\$201,000	
Technology	\$639,000	\$1,225,000	Includes 50% contingency
TOTAL	\$2,652,000	\$4,512,000	
ON-GOING COSTS (annually)			
Debt Service (\$8.3M), Operations & Facilities surcharges	\$1,008,000	\$1,008,000	
Annual BPS budget	(\$876,000)	(\$876,000)	
DIFFERENCE	\$132,000	\$132,000	
South Park Blocks URA Loan Revenue	(\$176,000)	(\$99,000)	
TOTAL	--	\$33,000	

CITY RISK SHARE EXPOSURE

Partnering to Lead

- Financial responsibility would be shared between the City and OUS for the 52,000 square feet used by office and retail tenants and for a conference center.

ON-GOING POTENTIAL COSTS (annually)				
	Low	Medium	High	Notes
Rents/Vacancy	\$0	\$50,000	\$130,000	Low = 0% vacancy Medium = 10% vacancy High = 22% vacancy
Conference Center operations	\$42,000	\$42,000	\$63,000	<i>Known cost</i> Low /Medium = based on PSU use projections High = 50% lower usage
Non-profit tenancy	\$0	\$20,000	\$86,000	Medium = 10 year leases vacate in year 6 High = no non-profit leases signed
Capital replacement	\$0	\$0	\$0	Full replacement study recommended
TOTAL	\$42,000	\$112,000	\$279,000	

OSC: WHERE PEOPLE LIVE INNOVATION

A place to apply research, integrate design, incubate clean technologies & engage the public

Retail	4,800 SF
Conference Center	3,900 SF
OUS	6,300 SF
PSU Office & Classroom	34,800 SF
Oregon BEST/Research	3,600 SF
City of Portland	33,500 SF
Private & Nonprofit	43,300 SF
Total	130,200 Sq Ft

Sustainability's Front Door

Interactive exhibits and training opportunities available to everyone



GROWING OREGON SKILLS, EXPERTISE AND JOBS



Jobs and Training in high tech, design, engineering, and high performance construction

- Creating a **well trained workforce** with first-hand experience in an innovative prototype building
- Examples:
 - InSpec (Portland, OR) install solar
 - Orenco Systems (Sutherlin, OR) water reclamation systems

Business Growth: clean tech and sustainable industries

- **Showcase products** and services to gain access to markets outside Oregon
- Examples:
 - Solar manufactured by Sanyo (Salem, OR)
 - Inverters manufactured by PV Powered (Bend, OR)



DEMONSTRATING ADVANCEMENT OF EQUITY

Ensure that women, people of color, and other historically disadvantaged or underrepresented groups have equal access

Construction Subcontracting

- Achieve an overall **25% utilization** of State of Oregon certified M/W/ESB firms based on current PDC procedures

Workforce Training & Hiring

- A minimum of **20% of labor hours in each apprenticeable trade** performed by the contractor and subcontractor will be by state-registered apprentices

Professional Services

- **Increased opportunities** for minority-owned and women-owned firms to be involved in the project



GROWING OUR COMPETITIVE ADVANTAGE

Knowledge and products to pursue net zero energy, net zero water, and use local green materials



Research Agenda: world class universities, faculty & students

- Determine best fit technologies and innovations for the Center with **valuable R&D** opportunities
- Find hands-on experience for students



Brand Portland: the leader in sustainability

- Symbolic & tangible center of sustainable leadership

RESEARCH CONSORTIUM

INDUSTRY ADVISORY BOARD



TIMELINE

