

**Priority:** Accountability **Lead Agency:** County Management  
**Program Offer Type:** Innovative/New Program **Program Contact:** Doug Butler  
**Related Programs:** 72049  
**Program Characteristics:** One-Time-Only Request

**Executive Summary**

The Facilities Division previously proposed the sale of the McCoy Building and relocation of the Health programs in it to leased space. The Board had several concerns with the proposal and both Facilities and Health have been working to address those concerns. This one-time Program Offer provides the essential re-investment in the current facility that is required if it is not possible to relocate and dispose of it in the near term. The proposed funding addresses the pending exterior capital needs required to keep the building weather tight. There are no operating program improvements included in this one time offer.

**Program Description**

For the last year the Facilities Division has been working on the potential disposition of the McCoy Building as provided in the County's Consolidation and Disposition Strategy. The building's lengthy and expensive list of deferred maintenance/seismic projects, substantial debt, and inefficient layout make it a good candidate for disposition.

Though work continues to negotiate appropriate terms for a replacement facility and to answer questions about the long-term health care delivery plan, it is not currently clear whether an acceptable strategy will be approved. This offer will buy a new \$900,000 roof and \$2.3m worth of exterior upgrades to alleviate any further degradation of the building due to weather damage. The exterior upgrades include removing asbestos material on the South wall which will require full containment. Exterior projects also include replacing windows; repairing, patching, flashing, and replacing existing sky lights; and exterior waterproofing. It will not address any seismic, interior deferred maintenance, or operational issues within the facility.

A preliminary review of City of Portland Building Codes indicates that this work will not trigger seismic upgrades. However, as improvements are made to the building a decision must be made on whether to commit to seismic improvements. A rough estimate of the cost of seismic upgrades is \$5.5 million. The seismic work would be a multi-year undertaking and would require massive shifting of building occupants. The construction impacts to the operating programs would be significant. Operational funding to address program needs during construction would require additional funding also.

**Program Justification**

This funding is a stop gap measure to keep the building from further deterioration and to permit its continued use for the short term only. Additional funding of another \$3.5 million is required to fully address the building's other deferred maintenance issues for HVAC, Plumbing and Electrical upgrades.

If a decision were made to vacate the building prior to spring 2008 when the exterior work is executable this funding could be used to address other deferred maintenance and capital projects in other Tier II facilities.

**Performance Measures**

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	Installation of new roof	0.0%	0.0%	0.0%	100.0%
Outcome	Completion of Exterior upgrade projects	0.0%	0.0%	0.0%	100.0%

**Performance Measure - Description**

Because these are exterior upgrade projects, there will be some carry-over for project completion due to weather constraints into FY09.

Outcome measure relates to both the roof and the exterior upgrade projects.

**Legal/Contractual Obligation****Revenue/Expense Detail**

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2007	2007	2008	2008
<b>Program Expenses</b>				
Capital Outlay	\$0	\$0	\$0	\$3,200,000
Cash Transfer	\$0	\$0	\$3,200,000	\$0
Subtotal: Direct Exps:	<b>\$0</b>	<b>\$0</b>	<b>\$3,200,000</b>	<b>\$3,200,000</b>
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Total GF/non-GF:	<b>\$0</b>	<b>\$0</b>	<b>\$3,200,000</b>	<b>\$3,200,000</b>
Program Total:	<b>\$0</b>		<b>\$6,400,000</b>	
Program FTE	0.00	0.00	0.00	0.00
<b>Program Revenues</b>				
Other / Miscellaneous	\$0	\$0	\$0	\$3,200,000
Program Revenue for Admin	\$0	\$0	\$0	\$0
<b>Total Revenue:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,200,000</b>

**Explanation of Revenues**

General Fund cost is \$3.2 Million (General Fund Cash Transfer to Capital Improvement Fund).

Additional one-time funds totalling \$3.5 million for Heating Ventilation and Air Conditioning (HVAC), Plumbing and Electrical upgrades will be needed as one-time funds in FY'09 or FY'10.

In addition, the needed seismic improvements should be considered as well if the County decides that it will retain this building in the portfolio of the long-term.

**Significant Program Changes****Last year this program was:**

One Time Only program offer for 2008.