



Home of the Tualatin River National Wildlife Refuge

URBAN RENEWAL AGENCY MEETING PACKET

FOR

Tuesday, December 18, 2012

**Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

6-7pm URA Board Work Session

URA Board of Directors Regular Meeting

(Following the City Council Meeting)

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING AGENDA**

Tuesday, December 18, 2012

**6-7:00PM Board Work Session
Regular Board meeting (following the City Council meeting)**

City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon

6-7pm WORK SESSION

REGULAR URA MEETING

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT

A. Approval of December 4, 2012 URA Board Meeting Minutes

4. NEW BUSINESS

A. URA Resolution 2012-025 Authorizing the City Manager to award a construction contract for the Downtown Streetscapes Phase 2 Improvements Project (Jason Waters, Civil Engineer)

B. URA Resolution 2012-026 Approving City Manager recommendation to demolish the structure known as the Machine Works Building and terminate the CMGC process and construction agreements or contracts related to the renovation of the existing building (Joe Gall, City Manager)

5. PUBLIC HEARING

A. URA Resolution 2012-027 Adopting a Supplemental Budget and making appropriations (Craig Gibbons, Finance Director)

6. STAFF REPORTS

7. ADJOURN

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, December 4, 2012
22560 SW Pine Street, Sherwood, Oregon 97140**

REGULAR MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the meeting to order at 8:10 pm.
2. **BOARD PRESENT:** Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, Linda Henderson and Krisanna Clark.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, Police Chief Jeff Groth, Community Services Director Kristen Switzer and Agency Recorder Sylvia Murphy.

Chair Mays addressed the consent agenda and asked for a motion.

4. **CONSENT AGENDA:**

A. Approval of November 14, 2012 URA Board Meeting Minutes

MOTION: FROM DAVE GRANT TO APPROVE THE CONSENT AGENDA, SECONDED BY MATT LANGER. MOTION PASSED 7:0, ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

5. **NEW BUSINESS:**

A. URA RESOLUTION 2012-024 Approving a Façade Grant for the building at 22495 SW Ash Street in Sherwood

Chair Mays stated that the resolution would approve a façade grant for the building at 22495 SW Ash Street and asked for questions from the Board, with no questions he asked for a motion:

MOTION: FROM MATT LANGER TO ADOPT URA RESOLUTION 2012-024, SECONDED BY BILL BUTTERFIELD.

Prior to receiving the vote, Ms. Folsom noted that the resolution contains two proposals and asked which proposal they are approving. Tom Pessemier confirmed that the Proposal #2 (#1820), which contains HardiPlank material, is being considered. Ms. Folsom asked if the grant is to improve the back side of the building to match to the street side. Tom confirmed.

Ms. Henderson asked if other Façade Grants have been granted at this location and or the location of the Railroad Antique Mall. Tom replied that this location has not received a Façade Grant, but the Railroad Antique Mall received a fairly small grant at one time to improve the backside of the building.

Mr. Langer followed up on Ms. Folsom's question by stating that SURPAC discussed the issue and concluded that although the improvement would be made to the back side of the building, from the street, that side is very visible.

Ms. Henderson asked whether the resolution specifies the approval of Proposal #2 (#1820). Tom responded that under a **Whereas** the resolution approves the HardiPlank option.

With no other comments, the following vote was received.

VOTE: MOTION PASSED 7:0, ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

6. STAFF REPORTS: None

7. ADJOURN:

Chair Mays adjourned the meeting at 8:15pm and convened to a work session.

WORK SESSION:

1. CALL TO ORDER: Chair Keith Mays called the work session to order at 8:20 pm.

2. BOARD PRESENT: Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, and Linda Henderson. Krisanna Clark was not in attendance for the work session.

3. STAFF PRESENT: City Manager Joe Gall, Assistant City Manager Tom Pessemier, Police Chief Jeff Groth, Community Services Director Kristen Switzer and Agency Recorder Sylvia Murphy.

4. TOPICS DISCUSSED:

A. Sherwood Main Street Program funding: The Board discussed current remaining funds that support the program and funds running out in March 2013. Discussion occurred regarding future funding of the Program, amount of funding and the program coordinators seeking SURPAC support for funding. Discussion occurred regarding the program benefits, Chamber partnership and Chamber coordination with the program coordinator.

B. Community Center Project Status: The Board discussed the condition of the Machine Works building and future staff recommendations to come before the URA Board on December 18th. Brief discussion occurred regarding the desires of the Board and seeking their direction for the Center in 2013. Discussion occurred regarding a future work session and possibly including the Steering Committee members.

5. ADJOURN: Chair Mays adjourned at 9:05 pm.

Submitted by:

Sylvia Murphy, CMC, Agency Recorder

Keith S. Mays, Chair

TO: Urban Renewal Board of Directors

FROM: Jason Waters, Civil Engineer

THROUGH: Bob Galati, City Engineer & Julia Hajduk, Community Development Director

SUBJECT: URA RESOLUTION 2012-025 AUTHORIZING THE URA MANAGER TO AWARD A CONSTRUCTION CONTRACT FOR THE DOWNTOWN STREETSCAPES PHASE 2 IMPROVEMENTS PROJECT

ISSUE: The infrastructure along SW Railroad St, SW Washington St and the alleys between SW Main St & SW Pine St in Old Town are in poor condition and in need of improvements.

BACKGROUND: In 2006 the City completed the first phase of the Downtown Streetscapes Improvements. That phase reconstructed the underground utilities and installed curbless style concrete streets, streetlights and fixtures along SW 1st St, SW Main St, and SW Pine St. The current Phase 2 project will complete the utility and roadway improvements, plus resurface the alleyways bounded by the aforementioned streets and railroad tracks.

The Phase 2 project will be identical to the 2006 project with the exception of small mountable curbs being added and the sidewalk along the building side of SW Railroad St being widened by 4 feet. Curbs are being introduced to improve drainage, reduce the amount of leaves & debris accumulating on the sidewalks and against buildings, and to better delineated parking. The smaller mountable curbs were introduced along SW Pine Street (south of the railroad tracks) during the Cannery Improvements Project in 2011. Since there are no buildings along the railroad track side of SW Railroad St, the sidewalk along that side will be 8 feet wide and the building side increased to 16 feet wide. This will provide more space for businesses to function with through traffic on the sidewalks. On-street parking and traffic patterns will remain the same.

The alleyway is the utility backbone through Old Town, containing storm, sanitary, water, all franchise utilities, and utility connections to the buildings. Much of the utility infrastructure is shallow, but after a substantial amount of subsurface exploration, the City's design consultant is confident the alleys can be resurfaced without major utility relocation and reconstruction. Once the aboveground pedestals and bollards are placed underground and/or removed, and City utilities rehabilitated, the alleys will be resurfaced with 4 inches of asphalt over 4 inches of aggregate base.

This summer and fall, staff worked with the City's design consultant to complete final construction plans and recently prepared bid documents to solicit contractors using a competitive bidding process following the provisions of ORS 279C and OAR 137-049. The project was advertised for bid on November 27th and 29th, 2012 with a mandatory pre-bid meeting occurring on December 4th, 2012. Bid proposals were opened on Tuesday, December

18th, 2012 at 2pm, after which staff and the consultant worked diligently to identify the lowest responsive bidder and recommend a contract be awarded following the 7-day bid protest period.

Since the City desires to have the project substantially complete by the Cruisin Sherwood event, staff recommends URA Board grant the URA Manager authority to award a construction contract following completion of the protest period. This will expedite contract execution and bonding so that work can begin in January 2013. Since at publication of the staff report and legislation the apparent low bidder was not known, the name of the company submitting the lowest responsive bid and the base-bid amount will be read aloud and entered into the record during the December 18th, 2012 URA Board meeting.

Staff is recommending a 10% construction contingency to mitigate construction issues during the project, specifically underground utility infrastructure in the alleys and potential for underground storage tanks; plus, an 8% owner contingency for additional work discovered and deemed necessary during the project, including, but not limited to the potential for additional work performed by the City that might otherwise be performed by franchise utility providers and billed to the City after the project.

In addition, during the solicitation of design consultant services in early 2012, City staff included construction management and inspection services in the scope of work requested, with the intent that City Council would award a contract to the same consultant to manage construction and inspect the project on behalf of the City. Therefore staff recommends granting the URA Manager authority to award a contract to Murray Smith & Associates for a fee not-to-exceed 12% of the base-bid amount for construction management and inspection services.

Therefore, staff requests that the Sherwood URA Board grant the URA Manager authority to award a construction contract to the apparent low bid contractor in an amount equal to the base-bid submitted. In addition, staff recommends the URA Manager be granted authority to increase the low bidder's contract by up to 10% of the base-bid amount to mitigate construction issues and the authority to execute additional construction contracts with the low bid contractor or other contractors as needed for a total amount not-to-exceed 8% of the base-bid for services related to the construction of the Downtown Streetscapes Phase 2 Improvements Project, plus the authority to award a construction management and inspection services contract to Murray Smith & Associates in an amount not-to-exceed 12% of the original base-bid amount.

FINDINGS: By passing this resolution the URA Manager can execute the contracts necessary to complete the streetscape improvements in a timely manner.

RECOMMENDATION: MOTION TO ADOPT URA RESOLUTION 2012-025 AUTHORIZING THE URA MANAGER TO AWARD A CONSTRUCTION CONTRACT FOR THE DOWNTOWN STREETSCAPES PHASE 2 IMPROVEMENTS PROJECT.



URA RESOLUTION 2012-025

A RESOLUTION AUTHORIZING THE URA MANAGER TO AWARD A CONSTRUCTION CONTRACT FOR THE DOWNTOWN STREETSCAPES PHASE 2 IMPROVEMENTS PROJECT

WHEREAS, the City wishes to complete streetscape improvements and improve the alleys in Old Town; and

WHEREAS, the City has budgeted funds to complete the design and construction of SW Railroad St. between SW Main & SW Pine St, SW Washington St. between SW Railroad St. & SW 1st St, and the alleys south of SW 1st St. between SW Main St & SW Pine St.; and

WHEREAS, the City completed the design and produced bid documents to solicit contractors using a competitive bidding process meeting the requirements of local and state contracting statutes and rules (ORS 279C, OAR 137-049); and

WHEREAS, in March 2012 the City solicited a design consultant and included construction management and inspection services in their scope-of-work; and

WHEREAS, the City opened bids on December 18, 2012, reviewed all bid proposals and identify the lowest responsive bidder; and

WHEREAS, City staff recommends Urban Renewal Board grant the URA Manager the authority to award a construction contract to **the lowest responsive bidder** in an amount equal to their base-bid of **\$2,000,000.00**; and

WHEREAS, City staff recommends a 10% contractor contingency to mitigate unforeseen issues during the project associated with, but not limited to underground utilities and the possibility of encountering underground storage tanks, plus, a separate 8% owner contingency for additional work discovered and deemed necessary during the project.

NOW, THEREFORE, THE SHERWOOD URBAN RENEWAL AGENCY BOARD RESOLVES AS FOLLOWS:

Section 1: Upon completion of the mandatory seven (7) day bid protest period, the URA Manager is hereby authorized to award a contract to **the lowest responsive bidder** in an amount equal to **\$2,000,000.00** for the completion of the Downtown Streetscape Improvements Phase 2 Project.

Section 2: Subject to the limitations of local and state contracting rules, the URA Manager is hereby authorized to execute contract change orders for a total amount not-to-exceed 10% of the original award.

Section 3: Subject to the limitations of local and state contracting rules, the URA Manager is hereby authorized to execute additional construction contracts with the low bid contractor or other contractors as needed for a total amount not-to-exceed 8% of the original award.

Section 4: The URA Manager is hereby authorized to execute a contract with Murray Smith & Associates for construction management and inspection services for a total amount not-to-exceed 12% of the original amount awarded to the general contractor.

Section 5: This Resolution shall be in effect upon its approval and adoption.

Duly passed by the Sherwood Urban Renewal Board this 18th day of December 2012.

Keith S. Mays, Chair

Attest:

Sylvia Murphy, CMC, Agency Recorder

TO: Sherwood Urban Renewal Agency Board

FROM: Tom Pessemier, Assistant City Manager

SUBJECT: A RESOLUTION APPROVING CITY MANAGER RECOMMENDATION TO DEMOLISH THE STRUCTURE KNOWN AS THE MACHINE WORKS BUILDING, TERMINATE THE CMGC PROCESS AND CONSTRUCTION AGREEMENTS OR CONTRACTS RELATED TO THE RENOVATION OF THE EXISTING BUILDING

Issue

Should the URA Board approve the recommendation from the City Manager to demolish the machine works building? Should the URA Board terminate the CMGC process and construction agreements/contracts related to the renovation of the existing building? Should Staff begin work to bring new design-bid-build Contracts to the URA Board for the construction of a new building to serve as the Community Center?

Background

The Urban Renewal Agency (URA) approved a community center project through a number of resolutions over the past three years and set limits on the amount to be spent on renovating the existing Machine Works building for that purpose. Over time it became apparent that renovating the Machine Work Building was going to be more expensive than anticipated and would rival the cost of a new building. The costs also exceeded the amount set by the URA Board. At that point URA Staff began an analysis on what the costs of retrofitting the Machine Works Building would be relative to a new building. While a design of a new building has not been completed at this point the best estimate of the difference in price is \$600,000.

Sometime in the past few months a damaged truss in the building failed. This failure was noticed during a visit to the building and the truss was supported with towers from below. Subsequent detailed inspections noted that the failure put additional loads on the adjacent trusses and they are showing signs of damage. Additional shoring of these trusses and the walls will be necessary. Costs for reconstructing the existing trusses that are near the end of their design life will be costly and an analysis has not been completed since if this resolution is passed they will be demolished.

The City Building Inspector has determined that this building is dangerous and has ordered that efforts be taken to repair, vacate or demolish the building. The building is currently vacant and additional efforts to shore the structure are necessary.

The overall project cost is in excess of \$6 million and therefore the anticipated difference between a retrofitted building and a new building is less than 10% of the project.

Given the relatively small difference in costs, the unknown issues and liability with the dangerous building the City Manager is recommending demolition of the building.

Demolition of the building would change the execution of the project so this resolution also puts into place a way to terminate the existing agreements and contracts regarding retrofitting of the Machine Works building and set up a new process to begin design efforts for a new building to be a community center.

Financials

Estimated difference between a retrofitted building and a new building is approximately \$600,000 or less than 10% of the project costs. With the list of committed projects recommended by SURPAC a new building would reduce the remaining Maximum Indebtedness to about \$400,000.

Recommendation

The City Attorney's office has reviewed the legislation and has no issues with it. City Manager and URA Staff recommend approval of URA Resolution 2012-026.



URA RESOLUTION 2012-026

A RESOLUTION APPROVING CITY MANAGER RECOMMENDATION TO DEMOLISH THE STRUCTURE KNOWN AS THE MACHINE WORKS BUILDING, TERMINATE THE CMGC PROCESS AND CONSTRUCTION AGREEMENTS OR CONTRACTS RELATED TO THE RENOVATION OF THE EXISTING BUILDING

WHEREAS, the vacant building known as the Machine Works Building is located at the intersection of Columbia and Pine Streets in Old Town Sherwood, Oregon; and

WHEREAS, the building is currently owned by the Sherwood Urban Renewal Agency; and

WHEREAS, the building was being planned to be renovated into a new Community Center as part of the Sherwood Urban Renewal Plan; and

WHEREAS, structural damage to a number of the wooden roof trusses over the past month has occurred and the building has been declared Dangerous by the City's Building Official; and

WHEREAS, since July 2012, City staff and the Urban Renewal Agency Board have been studying whether to re-invest in renovating this existing building or invest in a new building; and

WHEREAS, after considerable analysis and financial projections, the City Manager is recommending that the URA Board approve the demolition of the existing building due to its continuing deterioration and the additional costs associated with renovation.

NOW, THEREFORE, SHERWOOD URBAN RENEWAL AGENCY BOARD RESOLVES AS FOLLOWS:

Section 1. That the Sherwood Urban Renewal Agency Board approves the City Manager recommendation to demolish the existing Machine Works Building with the stipulation that the property remains in the ownership of the Urban Renewal District and shall continue to be designated as the future site of the Community Center project.

Section 2. The Sherwood Urban Renewal Agency Board authorizes the Urban Renewal Manager to enter into contracts to demolish the existing Machine Works Building as soon as possible.

Section 3. Urban Renewal Agency staff shall work in earnest to terminate the CMGC process and all construction related agreements and contracts related to the renovation of the existing building. This shall include all agreements or contracts related to R&H Construction.

Section 4. Staff shall prepare design-bid-build contracts, for the consideration of the Urban Renewal Board, for a new Community Center building on this site.

Section 5. This Resolution shall be effective upon its approval and adoption.

Duly passed by the Sherwood Urban Renewal Board this 18th day of December 2012.

Keith S. Mays, Chair

Attest:

Sylvia Murphy, CMC, Agency Recorder

TO: Sherwood Urban Renewal Agency Board

FROM: Craig L. Gibons, Finance Director
Through Joe Gall, City Manager

SUBJECT: FY12-13 URA Supplemental Budget Resolution

ISSUE

Adoption of URA Resolution 2012- 027, A Resolution Adopting a Supplemental Budget and Making Appropriations.

BACKGROUND

The Agency has five situations which require additional appropriations.

1. The URA refinanced two loans at a lower interest rate, saving the agency approximately \$700,000 in interest charges. This supplemental is to recognize the payoff of the old loans offset by the proceeds from the new bonds issued.
2. Personal Services expenditures are exceeding budget due to the involvement of more City staff in Agency projects and Cannery development contract changes (\$70,000).
3. Legal costs are also higher due to the Cannery development contract changes and carryover work from the storm water facility project (\$70,000).
4. In FY11-12 the Agency took an opportunity to purchase real property when it came on the market unexpectedly. The property had been earlier identified as the location of a future storm water treatment facility. The portion of the property that is not being used for a storm water facility will be sold following subdivision and the proceeds accrued to the Agency. The subdividing of the property was scheduled to be complete by June 30, 2012 but carried over into FY12-13 (\$40,000).
5. Loan funds cannot be used for personal services costs for the URA capital projects, therefore a transfer from the URA operations fund is needed to cover the personal services costs related to the cannery and community center projects (\$60,000).

The attached resolution transfers contingency appropriation and loan proceeds to the appropriate expenditure category for these purchases.

RECOMMENDATION

Staff recommends the Board adoption of URA Resolution 2012-027, A Resolution Adopting a Supplemental Budget and Making Appropriations.



URA RESOLUTION 2012-027

A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET AND MAKING APPROPRIATIONS

WHEREAS, supplemental budgets are required:

- when a government receives revenue it did not plan for in its budget and wishes to spend the extra revenue, or
- occurrences or conditions which were not known at the time the budget was prepared require changes in financial planning

WHEREAS, the following events have occurred:

- Additional staff time and legal costs were needed for the URA operations than was originally budgeted.
- Recognition of the refinancing of debt.
- Loan funds cannot be used for staff time related to capital projects, therefore the operations fund needs to fund the staff time.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY BOARD RESOLVES AS FOLLOWS:

Section 1. Appropriations for the 2011-12 fiscal year are increased (decreased) in the following amounts:

Urban Renewal Operations Fund	
Resource	Amount
Bond Proceeds	\$5,172,447
Revised Total Resources	\$10,721,151
Expenditure	
Personal Services	\$70,000
Materials & Services	70,000
Transfers Out	100,000
Debt Service	5,172,447
Contingency	(240,000)
Revised Total Requirements	\$10,721,151

Section 2. This Resolution shall be effective upon its approval and adoption.

**Duly passed by the Sherwood Urban Renewal Board this 18th day of
December 2012.**

Keith S. Mays, Chair

Attest:

Sylvia Murphy, CMC, Agency Recorder

Urban Renewal Board Meeting

Date: Dec 18, 2012

List of Meeting Attendees:

Request to Speak Forms:

Documents submitted at meeting:

Work Session

A) Community Center, Exh A.



Home of the American Soccer National Waterpark & Spa

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Memorandum

December 14, 2012

Mayor
Keith Mays

To: Joseph Gall, City Manager/URA Manager

Council President
Dave Grant

From: Tom Pessemier, Assistant City Manager

Councillors
Linda Henderson
Robyn Folsom
Bill Butlerfield
Matt Langer
Krisanna Clark

RE: Community Center Construction Financial Evaluation

The Community Center project has been on hold to evaluate financial information regarding this important project. This report will provide information for decision makers to consider regarding how to move this project forward.

City Manager
Joseph Gall

Introduction:

The financial considerations for this project break into two fundamental areas. The first consideration is the cost of the building at the proposed functional level. The second consideration is the amount of monies available in the Urban Renewal District to complete this project and future projects identified in the Urban Renewal Plan. This report will address both of these items.



2009 Top Ten Selection



2007 18th Best Place to Live

The current functionality of the proposed facility has been discussed and presented in the past. The monetary figures shown in this report are based on the previous discussions of functionality. A separate consideration regarding the ongoing operations of the facility after construction has also been identified and will be addressed separately.



Dec 18, 2012
Date

URA Board
Gov. Body

Work Session
Agenda Item

A
Exhibit #

Community Center Project Costs

Expected Construction costs for the building as proposed is \$3.75 million. This estimate is based on the last proposal by R&H Construction which was based on actual bids. In addition the City requested an independent estimate from Architectural Cost Consultants, LLC who has done extensive cost estimating for similar projects in the region over the past decade. They based their estimate on the final Construction plans and their estimated cost was very close to the final proposal from R&H Construction.

Using both of these estimates the expected Project Costs to remodel the existing building as proposed is as follows:

Remodel Existing Building	
\$ 585,000	Design
\$ 3,750,000	Building Construction
\$ 375,000	Building Construction Management
\$ 100,000	Eliminate CMCG Process (R&H)
\$ 50,000	Equipment and Fixtures
\$ 95,000	Permits and Fees
\$ 250,000	Railroad Property Acquisition
\$ 165,000	Parking Lot Construction
\$ 175,000	Co-location Facility
\$ 380,000	Future Tenant Improvements (Retail)
\$ 375,000	Contingency
\$ 6,300,000	Total Project Cost

New Building Alternative

An alternative to construct a new building has been discussed as the total project costs to remodel the existing building went up. There are advantages and disadvantages to doing this other than price. A couple of the major advantages are regarding the overall lifespan and physical operations of the building. We recently were informed that the bow string roof structure has a limited design life expectancy. The roof structure has nearly reached the design life and one of the truss structures has failed. It can be repaired but it is likely over the next 50 years additional work will need to be done to the other truss structures to prevent a similar failure. Early on in the project replacement of the roof structure was looked at but was cost prohibitive. A new structure would resolve the roof structure longevity issues. A new building would be less expensive to operate since new materials and construction practices make for more efficient buildings. A new building would have a flat roof structure and would allow mechanical units and other machinery to be placed on the roof. There could be adjustments in the shape of the building since a new foundation would be required and could be adjusted. These are some of the advantages to a new building and if requested we can do a more detailed analysis of the advantages and disadvantages to the new building option.

Since the building has not been designed there is a risk that the final cost estimates for the new building would be greater than the amount shown below. If any major modifications to the functionality of the building were proposed that would also affect the costs of what was constructed. There would also be a significant delay in the construction schedule (8- 12 months) to prepare new drawing, have the permits finished and modifying the site plan approval.

The City requested an estimate to determine the cost of a new building with the same features as the existing proposal. This work was performed by Architectural Cost Consultants, LLC after they did a complete estimate based on the final construction plans of remodeling the existing building. Based on this information the costs for a new structure based on what we know today are shown below.

New Building	
\$ 840,000	Design
\$ 4,000,000	Building Construction
\$ 400,000	Building Construction Management
\$ 100,000	Eliminate CMCG Process (R&H)
\$ 50,000	Equipment and Fixtures
\$ 105,000	Permits and Fees
\$ 35,000	Addl. Land Use Application
\$ 250,000	Railroad Property Acquisition
\$ 165,000	Parking Lot Construction
\$ 175,000	Co-location Facility
\$ 380,000	Future Tenant Improvements (Retail)
\$ 400,000	Contingency
\$ 6,900,000	Total Project Cost

The difference between remodeling the existing building and constructing a new building is estimated to be **\$6.9M-6.3M = \$600,000**

Available Urban Renewal Funds

The second financial consideration for this project is the amount of funds available to the Urban Renewal Agency. The funds available from the Urban Renewal District are constrained by the Maximum Indebtedness described in the Urban Renewal Plan. The total amount of Maximum Indebtedness approved is about \$45 million. The chart below show how this money has been spent in the past and the future obligations against funds available. It also shows how the funding for the Community Center will impact the funds available for future projects in the Urban Renewal District.

Calculation of Uncommitted Maximum Indebtedness		
Maximum Indebtedness (Ord 2012-005)		\$ 45,133,469
Project Expenditures as of Jan 31, 2012*		(33,195,402)
Adjust E. Howard Report for Comm Ctr Bldg Expenses**		207,201
Add Program Revenue (Net proceeds from Nov 2012 sale of two lots)		528,820
Committed Future Costs:		
Downtown Streetscapes Phase 2		3,031,028
Cannery Site Development	(completed)	58,044
Community Center		6,321,612
Plaza	(completed)	324,946
Columbia Street Property		107,292
Cedar Creek Trail Design		103,431
Century Drive Extension		500,000
Administration		<u>1,200,000</u>
Total Committed Project Budgets		<u>(11,646,353)</u>
Uncommitted MI		\$ 1,027,735
* see Ord 2012-005, E. Howard Report p. 2		
** removes CC Bldg expenses through Jan 2012		

This chart shows at the current expected cost for the building there will be about \$1.0 million for of uncommitted Maximum Indebtedness for future Urban Renewal Projects. There are two large projects yet to construct (Downtown Streetscapes and Community Center) and both of these projects need adequate contingencies for unforeseen circumstances. It would seem reasonable to make delay any commitments against these remaining funds until the projects are near completion.

If a new building was constructed the uncommitted maximum indebtedness would decrease by \$600,000 to \$427,000. There are two large projects yet to construct (Downtown Streetscapes and Community Center). Both of these projects need adequate contingencies for unforeseen circumstances. With a new building it would be necessary to delay any commitments against these remaining funds until the projects are near completion.

New Building Uncommitted Maximum Indebtedness = \$427,000

By State Statute the City cannot go over the current Maximum Indebtedness without a major amendment to the Urban Renewal Plan. The ability to complete a major plan amendment would be long and difficult. If the URA was to exceed the approved Maximum Indebtedness for any reason the monies would have to be re-paid from the General Fund.

The amounts above also represent the amount of monies to do other projects in the Urban Renewal Agency over the remainder of the District as shown in the chart below. This chart shows future projects on the uncommitted projects list recommended by SURPAC. The funding shortfall based on the existing plan and the new building proposal is shown in the two columns on the right of this chart.

Future Project List: Uncommitted Projects Prioritized by SURPAC on 6-14-12			
		Existing Plan	New Bldg.
	Project Budget	Remaining MI	Remaining MI
Uncommitted MI		\$ 1,027,735	\$ 427,735
Planned but Uncommitted Projects:			
Façade Grants	\$ 200,000	\$ 827,735	\$ 227,735
Cedar Creek Trail Construction	\$ 400,000	\$ 427,735	\$ (172,265)
Sidewalk Improvements in Old Town	\$ 100,000	\$ 327,735	\$ (272,265)
Property Acquisition	\$ 260,000	\$ 67,735	\$ (532,265)
Old Town Branding/Signage	\$ 100,000	\$ (32,265)	\$ (632,265)
Old Town Alley conversion to walk ways	\$ 400,000	\$ (432,265)	\$ (1,032,265)
Traffic Re-routing Study/Plans for Old Town	\$ 100,000	\$ (532,265)	\$ (1,132,265)
Main Street Program	\$ 100,000	\$ (632,265)	\$ (1,232,265)
Oregon Street Improvements	\$ 3,290,000	\$ (3,922,265)	\$ (4,522,265)
Lincoln Street	\$ 734,000	\$ (4,656,265)	\$ (5,256,265)
Parking Study	\$ 50,000	\$ (4,706,265)	\$ (5,306,265)
Redevelopment of Public Land into Parking Lots	\$ 221,000	\$ (4,927,265)	\$ (5,527,265)

Sale of URA assets would be available to fund uncommitted projects. However, URA assets are not liquid and it is not a good real estate market to divest assets in.

Alternatives:

After reviewing all of the information there are two viable alternatives for moving forward.

- 1) Continue with existing design and re-bid this project with a Qualification Based bid.
- 2) Re-design and construct a new building.

There are many unknowns with the second alternative including significant cost increases that would push the project near or over the Maximum Indebtedness and prevent any future expenditure by the Urban Renewal Agency until assets are sold.

Retaining the existing structure and re-bidding the project has the lowest cost, least risk and will get the project finished with acceptable results. The structure will be more expensive to operate and it will cost more maintain the building.

The second alternative is also viable and if the URA Board does decide to move forward with the new building alternative the risk could be managed by reducing functionality/cost inside the building to keep the overall costs under a limit set by the URA Board. The Board would need to recognize that functionality of the building may have to be reduced during the design or construction process in order to stay within the Maximum Indebtedness allowed.

Approved Minutes

SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, December 18, 2012
22560 SW Pine Street, Sherwood, Oregon 97140

WORK SESSION:

1. **CALL TO ORDER:** Chair Keith Mays called the work session to order at 6:05 pm.
2. **BOARD PRESENT:** Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, Linda Henderson and Krisanna Clark.
3. **STAFF PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, City Building Official Scott McKie, City Engineer Bob Galati, Public Works Director Craig Sheldon, Community Development Director Julia Hajduk, Finance Director Craig Gibons, Police Chief Jeff Groth, Community Services Director Kristen Switzer, Administrative Assistant Colleen Resch and Agency Recorder Sylvia Murphy.

4. TOPICS DISCUSSED:

- A. **Sherwood Community Center/Machine Works Building:** City Engineer Bob Galati briefed the Board on the current condition of the building and failing trusses. Discussion occurred and City Building Official Scott McKie answered Board questions. Mr. Galati explained shoring-up of trusses and associated costs. Mr. Galati explained the teardown process, building contaminates and costs associated with teardown. Discussion occurred with timeline for demolition of building. Brief discussion occurred regarding the condition of other potentially dangerous city owned buildings, Building Official McKie indicated he was not aware of any.

Assistant City Manager Tom Pessemier provided information (see record, Exhibit A) on options to remodel existing building and associated cost estimates and briefed on costs associated with a new building. Tom explained the URA maximum indebtedness and recapped URA projects and costs associated with those projects. Discussion followed.

City Engineer Bob Galati provided information on bid estimates received today for the Down Town Streetscape Project and lowest bid received in comparison to Engineers estimate. Discussion followed.

Tom Pessemier recapped SURPAC's project priorities as listed in the handout (Exhibit A). Discussion followed.

5. ADJOURN:

Chair Mays adjourned the work session at 6:55 pm and convened to a City Council meeting, followed by a regular URA Board session.

REGULAR URA BOARD MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the meeting to order at 7:45 pm.
2. **BOARD PRESENT:** Chair Keith Mays, Dave Grant, Bill Butterfield, Matt Langer, Robyn Folsom, Linda Henderson and Krisanna Clark.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, City Building Official Scott McKie, City Engineer Bob Galati, Public Works Director Craig Sheldon, Community Development Director Julia Hajduk, Finance Director Craig Gibons, Police Chief Jeff Groth, Community Services Director Kristen Switzer, Civil Engineer Jason Waters, Accounting Manager Julie Blums, Public Works Director Craig Sheldon, Administrative Assistant Colleen Resch and Agency Recorder Sylvia Murphy. City Attorney Paul Elsner.

Chair Mays addressed the Consent Agenda and asked for a motion.

4. CONSENT AGENDA:

A. Approval of November 14, 2012 URA Board Meeting Minutes

MOTION: FROM LINDA HENDERSON TO APPROVE THE CONSENT AGENDA, SECONDED BY ROBYN FOLSOM. MOTION PASSED 7:0, ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

5. NEW BUSINESS:

A. URA Resolution 2012-025 Authorizing the City Manager to award a construction contract for the Downtown Streetscapes Phase 2 Improvements Project

Civil Engineer Jason Waters came forward and informed the Board that staff received and opened 9 bids this afternoon and said all are fairly lower than the engineers estimate of \$1.7 million and after review of the bids staff selected K&E Excavating Inc. of Salem, which was the lowest responsive bidder at \$1,186,156.50. Jason stated the next lowest responsive bid was Kerr Construction with a bid difference of approximately \$120,000. Jason informed the Board that K&E has completed several similar sized projects and some larger projects and offered to name the projects. Jason informed the Board that the allotted budget, which is in the adopted budget, is \$1.7 million without contingency and up to \$2.1 million with contingency. Jason stated the project is funded through a URA loan and street funds and said the general idea is that the street and utility funds would reimburse the URA loan as they become available. Jason stated if the resolution is adopted today staff expects to have the contracts executed in early January and expects to issue the notice to proceed around January 21st and expects to have substantial completion in time for Cruis'in Sherwood. Jason explained "substantial completion" does not mean 100% complete, it means usable by the public. Jason stated punch list repairs will occur in June with wrap up in July and hopes to have final acceptance by the end of July 2013.

Jason stated staff is recommending approval of the resolution after amending the resolution to include the name of the contractor and their base bid amount and said the areas to be amended are highlighted in yellow. Jason stated the amendment would be to add the contractor name of K&E Excavating Inc., with a base bid amount of \$1,186,156.50. Jason stated staff is also

recommending a 10% contingency for construction mitigation and another 8% for extra work that's deemed necessary during the project. Jason stated an 18% contingency is appropriate for reconstruction in an old town area as there are a lot of unforeseen subsurface issues. Jason stated the 8% is also intended for franchise utilities as sometimes they like to do their own work and it speeds the project up if our contractor can do the work. Jason stated staff is also recommending the design consultant Murray Smith and Associate represents the city as the construction manager and the owner inspector. Jason stated because we just opened the bids we did not negotiate a scope of work and fee as we did not know what the base bid was nor how many hours they would be working on the project, so the 12% we are recommending of the base bid is our assessment for a full time inspector and a part time construction manager. Jason stated this is an industry standard and staff's experience in order to have someone out there full time. Jason offered to answer questions.

Ms. Folsom asked regarding the engineers estimates that originally set the bids and asked where are we significantly different from what the lowest bidder provided. Jason replied staff went over their bid items and they were in line with several of the others and they may have cut out profit in certain locations and said the high bid was at about \$1.7 million and the average bid was \$1.4 million and said there wasn't as much discrepancy as we had on the Oregon-Adam's Ave. project. Jason gave an example of a project in Tigard being half as much as the engineers estimate and said this one is a bit closer to the engineers estimate.

Ms. Folsom asked regarding the loan to the URA being repaid from funds when they become available.

Tom Pessemier replied the money for this project is coming from a loan, he believes a 2006 OECD loan and all the moneys will be transferred into the street fund and paid from the street fund and the loan commitment is paid back from the Urban Renewal and the tax increments that comes into the city through that. Tom stated there are some other small funds from sewer and storm work, but virtually all the money is coming from the Urban Renewal Agency.

Mr. Butterfield stated the percentages didn't look right to him with 10% for construction and another 8% in case of, and then we are paying 12% to an engineering firm to do our construction management, design and engineer the project. Mr. Butterfield stated he doesn't understand why we did not go out for a design-build. Jason replied design-build requires an exemption for public contracting law, we typically design the project and bid the project and build the project and said there's other options we can do; construction manager, general contractor, but we typically do that on building projects and said this is the manner in which we've done every transportation project he has been involved with here at the city.

Mr. Butterfield stated he is concerned that we are not going to be doing what our intent is by staying involved and staying in charge of the project. Jason replied we work hand-in-hand with the construction manager and said he is still the project manager at the front line and these are the guys that put together the paperwork and process change orders, and we approve everything that is coming through and are at every meeting. Jason said he cannot dedicate 40 hours a week to this project, and said we could hire someone but that would take another year, that's why we hire consultants and said we did this on the Phase A project.

Mr. Butterfield stated he just sees an extra layer of management payments that he does not understand. City Engineer Bob Galati came forward and said the way we have this setup is similar to Adam's Ave., we hired a consultant engineer to run the project as our eyes and ears on the ground during the construction project that is what they are geared for. Bob stated the overall responsibility, the control, the authority to make things happen, to make changes, stays with us. Bob stated they are the middlemen who takes the information that comes in and hands it off to us on what's happening on a day to day basis and provides their recommendation and we make the decision. Bob stated we don't have the staff to do a project like this when we have other projects in house and said we've done this in the past with Adam's Ave and the ARRA project which was the paving of Sherwood Blvd.

Tom Pessemier added that a number of years ago it was decided, as almost all cities in the areas have, is not to keep on staff a lot of extra engineering people because we do a lot of diverse types of projects and to cut down to a minimum the amount of engineer staff we need to get the project going and when we have a large construction project we then backfill with outside services. Tom stated it's more expensive for that particular project but you get a more specialized set of skills for that project as well as you're not paying staff time when projects aren't going on that they don't have the expertise in. Tom stated he believes the County retains engineers on staff and most other jurisdictions do it the way we do.

With no other questions or discussion, Chair Mays asked for a motion.

MOTION: FROM MS. LINDA HENDERSON TO ADOPT URA RESOLUTION 2012-025, SECONDED BY MR. MATT LANGER

Mr. Butterfield added he wants to make sure we maintain control of the project.

The City Recorder reminded the Board of the need to amend the resolution to include bidder name and dollar estimate of bid.

Ms. Henderson withdrew her motion and Mr. Langer withdrew his second.

Chair Mays asked for a motion to amend URA Resolution 2012-025.

MOTION TO AMEND: FROM LINDA HENDERSON TO AMEND URA RESOLUTION 2012-025, TO READ ON THE LAST WHEREAS TO INCLUDE K&E EXCAVATING INC. AND THEIR BASE BID OF \$1,186,156.50 AND AMEND THIS INFORMATION UNDER SECTION 1, SECONDED BY MR. MATT LANGER. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.

Chair Mays asked for a motion on the amended resolution.

MOTION: FROM LINDA HENDERSON TO ADOPTED URA RESOLUTION 2012-025 AS AMENDED, SECONDED BY MR. DAVE GRANT. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

B. URA Resolution 2012-026 Approving City Manager recommendation to demolish the structure known as the Machine Works Building and terminate the CMGC process and construction agreements or contracts related to the renovation of the existing building

City Manager Joe Gall stated he would explain his recommendation and then ask Tom Pessemier to provide information on the CMGC process. Mr. Gall stated approximately three weeks ago he had an opportunity to tour the building for the first time along with Tom Pessemier and City Engineer Bob Galati and while in the building they noticed major structural damage to one of the wooden trusses, something they had not seen before, not a new issue that was present when the building was purchased and something that has occurred in the last few months. Mr. Gall stated we immediately got the truss shored-up so the roof would not cave in. Mr. Gall stated earlier last week City Engineer Galati was in the building and noticed two additional trusses were also starting to deteriorate and said with the one major truss breaking there was an additional load on the other trusses in the building. Mr. Gall stated the trusses are approximately 45-50 years old and the life span of a truss is about 45-50 years and said we don't know what caused this and could speculate water damage, rot, or the life span of the wooden trusses. Mr. Gall stated as the Board is aware we have been evaluating anyway, regardless of the structural damage, whether or not it still made sense to renovate this building or to demolish it and start from scratch with a new building. Mr. Gall stated this is the decision we were going to look at next month in terms of what direction we wanted to go. Mr. Gall stated the fact that the building is deteriorating more rapidly and the Building Official did declare the building as dangerous and said he (the building official) informed him, the City, as the property owner that we have to repair the structure or demolish the structure.

Mr. Gall stated his recommendation to the Board is to demolish the building and terminate the CMGC and said Tom Pessemier can answer questions regarding this process and said basically we are taking a new direction with this project and we are still committed to the Community Center and said he doesn't think it makes sense professionally to continue to put money into a building that is probably going to cost more money, both in the short term and long term and it has probably exceeded its life span.

Assistant City Manager Tom Pessemier stated if a decision is made based on the recommendation to demolish the building, the CMGC process would not be necessary to follow through with. Tom stated the Construction Management General Contractor process which was previously approved to reconstruct the building, staff would be looking to finish up that process and work with R&H Construction on any outstanding contracts we have with them or anything else with regards to that project. Tom stated it would also make sense to start putting together the next phase of the Community Center which would be the design of a new building and things associated with that. Tom stated also in here is the authorization to start with that and working on contract stuff for a new building to serve as a Community Center.

Chair Mays stated he appreciates staff bringing this to the Board and commented regarding the timeline and costs of a center coming in differently than expected, and deciding what is better, to remodel or rebuild. Chair Mays stated this process took time and explained the various obstacles of hiring a new City Manager and dealing with the weather and now taking this step as recommended by the City Manager. Chair Mays stated as indicated in the work session, if we are able to get a new building for a less than 10% difference from a remodeled building it will benefit the community for a much longer period of time and with lower maintenance risk to the structure.

Chair Mays asked for other questions or comments from the Board.

Mr. Butterfield stated he concurs with the staff recommendation to demolish the building and said he has been in favor since day one.

Ms. Folsom thanked staff, Tom Pessemier and City Manager Gall, and stated she wanted the citizens to know we are working very hard to do it right and although it's frustrating due to the time involved, but it's better than doing it wrong. Ms. Folsom thanked Mr. Butterfield for volunteering his expertise and time to help understand this project better.

Ms. Henderson asked City Manager Gall what will the process be like if the Board authorized him to move forward with the demolition. City Manager Gall replied, the process to demolish due to the nature of the building and the damage, as we currently have a safety issue, we've been working with structural engineers and a consultant to shore-up the building. Mr. Gall stated the building has asbestos and other things that need to be dealt with properly and there are safety issues for whoever ends up being the contractor that demolishes the building. Mr. Gall stated its likely that it will not be able to be demolished for 1-2 months and the immediate need is to shore-up the building, and this process was started today. Mr Gall stated security fencing will go up around the building to keep the public away and hopes this will be done by this Saturday to make the building safe. He stated once it is safe the demolition process will begin. He stated the public will see construction to shore-up the building and commented about recent snowy weather and not wanting the building to collapse under the weight.

Chair Mays commented regarding the 3 feet of snow we received a few years back and the potential damage of this weight.

City Manager Gall stated once the building is stabilized we can move forward in the proper manner to demolish.

Chair Mays confirmed that staff will bring back information to the new council on the next steps for the design. Mr. Gall confirmed.

With no other comments or questions the following motion was received.

MOTION: FROM LINDA HENDERSON TO ADOPT URA RESOLUTION 2012-026, SECONDED BY MS. ROBYN FOLSOM. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item and asked the City Recorder to read the public hearing statement.

6. PUBLIC HEARING

A. URA Resolution 2012-027 Adopting a Supplemental Budget and making appropriations

Finance Director Craig Gibons explained this is the second half of the supplemental budget as the City has worked on the first half. He stated it contains changes in appropriations for five purposes and explained them as: 1) It creates revenue and expenditure appropriations to support the bond refinancing that we did earlier this year, adds \$5 million in revenues and \$5 million in expenditures for that transaction; 2) It increases personal services in the URA, primarily due to the involvement of more staff on the issues we have been dealing with for the past 6 months; 3) legal costs due to

the issues we have been dealing with, increasing authorizing for legal expenditures; 4) A transfer to the Storm System Fund to fund the capital project that was budgeted for last year but not completed and is now being completed this year; 5) we need to transfer fund balance from the General Fund of the Agency to the Construction Fund of the Agency, so we can pay for things that are not reimbursable by the loan that we have for the Cannery Project.

Chair Mays opened the hearing to receive testimony. No testimony was received and Chair Mays close the hearing.

Chair Mays asked for Board questions and stated it is straightforward and commented regarding reviewing it in detail with the budget committee and having their support in advance of tonight.

With no other comments received the following motion was stated.

MOTION: FROM KRISANNA CLARK TO ADOPT URA RESOLUTION 2012-027, SECONDED BY ROBYN FOLSOM. MOTION PASSED 7:0, ALL MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

7. STAFF REPORTS: None

8. ADJOURN:

Chair Mays adjourned the meeting at 8:20 pm.

Submitted by:



Sylvia Murphy, CMC, Agency Recorder



~~Keith S. Mays, Chair~~
Linda Henderson, vice chair