

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

RESOLUTION NO. 123

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE AUTHORIZING EXECUTION OF A LETTER OF INTENT WITH SPECHT DEVELOPMENT, INC., REGARDING POTENTIAL LAND ACQUISITION AND CITY HALL DESIGN AND CONSTRUCTION TO PREPARE FOR, AND ULTIMATELY SUBJECT TO, A MAY 2005 BALLOT MEASURE.

WHEREAS, Section 44 of the Charter of the City of Wilsonville was added November 5, 2002 following approval by a majority of qualified City voters in a regular election; and

WHEREAS, Charter Section 44 requires voter approval before City expends resources to construct any new City Hall building; and

WHEREAS, in June 2003 the City Council formed a nine member Office Space Task Force who met twelve times over a four month period; and

WHEREAS, the Task Force reviewed a total of twelve alternatives including six existing buildings and six new construction options; and

WHEREAS, the Task Force September 2003 Report to the Mayor and City Council recommended purchasing and expanding the Legacy Health building on Town Center Loop West conditioned on certain issues related to due diligence; and

WHEREAS, the City entered into a Memorandum of Understanding with Legacy Health System for due diligence activities; and

WHEREAS, based on findings of due diligence reports the City Council declined to proceed with acquisition of the Legacy Building; and

WHEREAS, a Council subcommittee was established to re-evaluate available buildings and sites for City office space; and

WHEREAS, Specht Development, Inc., has optioned a 7.24 acre parcel of land on the west side of Town Center Loop East (the "site"), formerly identified as the southern portion of the Kaiser property; and

WHEREAS, this site is proximate to the existing City Hall and other civic functions; and

WHEREAS, Specht Development, Inc. proposes to design and construct for City ownership a 30,000 square foot building on a portion of the site (the "project") to meet City office and public meeting space needs; and

WHEREAS, a surplus parcel of approximately 2.34 acres of land will result from this project; and

WHEREAS, Specht Development, Inc. has proposed a project budget that is cost-effective and a schedule that allows a May 2005 ballot measure for City voter consideration; and

WHEREAS, both the Urban Renewal Agency of the City of Wilsonville and Specht Development, Inc. desire to enter into a Letter of Intent to further develop the project as required to meet City Charter Section 44 requirements for ballot measure detail.

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

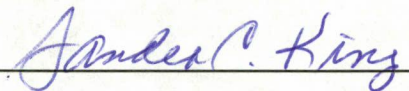
1. The Urban Renewal Agency Board authorizes the Agency's Executive Director to enter into and execute on behalf of the Urban Renewal Agency a Letter of Intent between Specht Development, Inc. and the Urban Renewal Agency of the City of Wilsonville identified as Exhibit 1, attached hereto and incorporated herein by this reference, relating to acquisition of property and design and construction of a 30,000 square foot City Hall building and related site and off-site improvements.
2. Staff shall coordinate with the City Attorney's office to prepare draft ballot measure language for Agency Board review and to present to the City Council prior to the Clackamas County Elections Division March 17, 2005, deadline for May 2005 ballot submittal.

ADOPTED by the Urban Renewal Agency Board at a regular meeting thereof this 18th day of January and filed with the Wilsonville City Recorder this date.



CHARLOTTE LEHAN, CHAIR

ATTEST:



Sandra C. King, CMC, City Recorder

SUMMARY OF VOTES:

CHAIR Lehan	Yes
Board Member Kirk	Yes
Board Member Holt	Yes
Board Member Scott-Tabb	Yes
Board Member Knapp	Yes

Wilsonville City Hall

This Letter of Intent ("LOI") outlines the basic terms under which Specht Development, Inc., ("Specht") or an affiliated entity, is prepared to design, construct and sell to The Urban Renewal Agency of the City Of Wilsonville, Oregon (the "Agency") a 30,000 sf City Hall (the "Project"). The general description of the Project and certain business terms of the proposed transaction are detailed below.

THE SITE:

The Project will be located on a portion of a 7.24 acre parcel of land on the west side of SW Town Center Loop East in the City of Wilsonville. The budget attached to this LOI include the entire land area.

BUILDING DESIGN AND PARKING:

The building will total approximately 30,000 rentable square feet, will consist of two stories, and will be constructed to reflect the image and quality required by the Agency, but shall generally be constructed and finished in the manner of a "Class A" suburban office building. We have prepared two different design concepts for the Agency's consideration, both of which have the possibility to be expanded by 10,000 sf in the future. The actual design, location and budget for the Project will be mutually agreed upon. The Project shall also contain approximately 166 parking stalls for City officials, employees and guests.

CLOSING DATE:

The Sale of the Project will take place (the "Closing") upon the later to occur of the dates on which (i) Specht obtains a temporary certificate of occupancy for the Project (or its functional equivalent), (ii) the mechanical, electrical and plumbing services serving the Project are installed in good working order, (iii) access to the Project is substantially complete and all site work is complete (subject to punch list items), (iv) those Tenant Improvements, which are the responsibility of Specht, are substantially complete (subject to punch list items), so as to enable the Agency to take possession and install furniture, fixtures and equipment and (v) Specht delivers to the Agency a Certificate of Substantial Completion from the Project Architect for the Project.

Specht has developed a budget for a brick and steel shell. A budget summary is Attachment 1 to this LOI.

The budget includes several Allowances, which will be used by Specht and the Agency to insure that the final design and specifications will be within the accepted Project budget.

Exhibit 1 to the Resolution

ALLOWANCES:

Allowances	Building and on-sites
Land	\$3,000,000
Shell and Sitework/ S.F.	\$110/SF
Tenant Improvements/S.F.	\$50/SF
Architect & Engineering	\$382,000
Permits and Fees	\$257,100
Contingency	\$520,000

Seismic upgrade for the proposed City Hall to meet Emergency Operations Center Standards will be evaluated during the design process. The parties understand that seismic upgrade is currently estimated in the range of \$200-300,000 and is not included in the above allowances.

It is the Agency's intent to further provide an allowance of \$350,000 for fixtures, furnishings and equipment.

The Allowances are an integral component of this Letter of Intent. In the event the Allowances are exceeded, the excess will be paid by the Agency. Any savings in any Allowance line item will be passed through in full to the Agency. All construction work on the Project shall be performed with 100% union labor.

PROJECT SCHEDULE:

A preliminary Project Schedule is detailed below.

Sign Letter of Intent	January 18, 2005
Complete Schematic Design	January 31, 2005
Complete Public Notice Package	March 15, 2005
Sign Agreement of Sale *	May 17, 2005
Complete Design Development	June 17, 2005
Complete Construction Documents	August 17, 2005
Apply for Building Permits	August 22, 2005
Commence Construction	September 22, 2005
Complete Construction/Closing	May 2006

* The parties understand Agency's obligation is contingent upon voter approval of this new City Hall at the May 2005, election.

It is the intent of the Parties that the formal contract for acquisition of land and construction of City Hall qualify as a sole source exempt contract under the public contracting laws.

Exhibit 1 to the Resolution

PROJECT TEAM:

General Contractor

Skanska USA, Inc.
Ross Vroman, Area General Manager
Gordon Childress, Project Manager

Architect/Structural/Civil Engineering

Group Mackenzie
Jeff Reaves, President
Jeff Humphreys, Project Principal

COST RECOVERY:

In the event that, through no fault of Specht, such as failure of the ballot measure, after expending good faith efforts, a sale agreement is not executed as contemplated by this Letter of Intent, the Agency shall be obligated to repay all of Specht's out of pocket third party costs, up to a maximum of \$100,000.

BROKERAGE:

A brokerage fee will be paid by the seller of the land upon acquisition of the Property by Specht. Otherwise, no brokerage fees will be paid as a part of this transaction.

LEGAL ACCEPTANCE:

Except for the Cost Recovery obligation of the Agency detailed above, this Letter of Intent is non-binding upon the parties, however, both Specht and the Agency agree to work in good faith to further define the Project towards the goal of entering into a Purchase and Sale Agreement pursuant to the Performance Schedule detailed in this Letter of Intent.

Specht Development, Inc.

The Urban Renewal Agency of the City of
Wilsonville

By: Gregory L. Specht

By: Arlene Loble

Date: _____

Date: _____

**KAISER PROPERTY CITY HALL
PRELIMINARY COST ESTIMATES AS OF JANUARY 10, 2005**

	Specht Proposal - (30,000 gsf) Letter of Intent 1/18/05	Specht Proposal - (30,000 gsf) Apportionment for Ballot Measure
Market Value of Land (*1)	\$ 3,000,000	\$ 1,680,000
Design	\$ 382,000	\$ 382,000
Preconstruction	\$ 87,000	\$ 87,000
Construction Mgmt./Developer's Fee	\$ 914,386	\$ 914,386
SDCs	\$ 250,000	\$ 250,000
Permits	\$ 7,100	\$ 7,100
Building Costs	\$ 4,775,000	\$ 4,775,000
Landscape Costs	Included in Building Cost.	Included in Building Cost.
Access Costs/Offsites (*2)	\$ 755,000	\$ 411,875
Parking Costs	Included in Building Cost.	Included in Building Cost.
Special Inspections	\$ 35,000	\$ 35,000
Other Soft Costs thru Construction	\$ 197,040	\$ 197,040
Contingency (10% Construction)	\$ 520,000	\$ 520,000
Fixtures, Furnishings, Equipment	\$ 350,000	\$ 350,000
EOC Seismic Upgrade (*3)	\$ 200,000	\$ 200,000
PRELIMINARY PROJECT TOTAL	<u>\$ 11,472,526</u>	<u>\$ 9,809,401</u>
Interest (5% over 15 years; for costs to be incurred). (*4)		\$ 5,000,000
Bond Costs		\$ 175,000
BOND & INTEREST TOTAL		<u>\$ 5,175,000</u>

1* = Kaiser property price of \$9.51 per sq.ft; apportioned for City Hall Kaiser project = 4.052 acres; Kaiser property including excess acreage 7.24 acres. Total cost including excess property \$3,001,376.

2* = East/West collector \$755,000 and frontage improvements on Town Center Lp E. City Hall proportional share \$411,875.

3* = Seismic Upgrade Preliminary estimate \$7.00/square foot.

4* = Interest and Bond Costs are City's estimates.



Date: January 18, 2005
To: Agency Board Chair and Members
From: C.J. Sylvester, Economic Development Director
Subject: Specht Development Inc. Proposal for City Hall

Recommendation:

Staff recommends the Urban Renewal Agency Board adopt resolution No. 123 authorizing execution of a Letter of Intent (LOI) with Specht Development Inc. to determine a guaranteed maximum price for the construction of a new City Hall to be referred to the voters at the May 2005 election.

Attached is an exhibit detailing the preliminary cost estimates for both the Ballot Measure and the Letter of Intent.

Background:

Specht Development has proposed a solution to the City's immediate and long-term office and public meeting space needs. Specht has optioned a 7.24-acre parcel on Town Center Loop East just north and west of the existing City Hall. They propose to design and build a 30,000 square foot brick façade building and related site improvements on 3.2 acres, off-site roadway improvements, and provide a surplus parcel of 2.34 acres.

Their "build to suit" proposal is strong for several reasons:

- 1) The site is proximate to the existing City Hall and other civic buildings and parks. It is unique in that regard.
- 2) Specht Development is the owner and developer of over 500,000 square feet of industrial space in Wilsonville and will complete development of the Hillsboro City Hall in the first quarter of 2005.
- 3) Specht Development is proposing shell and site work costs at \$110/square foot and tenant improvements at \$50/square foot. Seismic upgrade for Emergency Operations and fixtures, furnishings and equipment are additional.
- 4) The site allows for a future 10,000 s.f. addition to the building.

- 5) The design team will be led by Group Mackenzie, whose most recent work in Wilsonville includes the InFocus building.
- 6) The land price of \$9.51/square foot is reasonable and more cost-effective than other parcels considered for this project.
- 7) The surplus parcel can be retained by the Agency for future development opportunities.
- 8) Specht Development has proposed a schedule that will accommodate a March 17, 2005, ballot measure submittal deadline for the May 2005 regular election.

C.J. Sylvester
Economic Development Director

Date

CJS:bgs

cc: Subject File