

**Board of Commissioners Discussion
Courthouse and District Attorney Project Options
July 5, 2023**

Current Situation

With the successful sale of Benton County tax-exempt bonds and the completion of the 2023 State Legislature, there is now a clear picture of the committed resources for the construction of a new courthouse and district attorney's office. Over the last several months, the county has conservatively estimated revenues and expenses due to so many uncertainties in both the bond market and the state legislative session. In using these conservative estimates, the County has communicated to the Oregon Judicial Department (OJD) that the cost estimates for the assumed square footage of the building would exceed the amount of committed resources by both the county and the state. As a result, the project team has worked diligently to identify a footprint that can meet the expected standards of both the state and the county, while working to keep the estimated cost within the amount of resources committed.

Unfortunately, the discussions with the OJD over the last several months have not rendered any form of reduced square footage but conversely have resulted in additional square footage identified by the OJD as needed for the courthouse. The total square footage identified is 37,500, which is 1,818 square feet more than what was originally estimated at 35,682. In addition to this increase in footprint, the delay on agreeing to a financially viable footprint has resulted in push the start of construction from Fall 2023 to Spring 2024. This, along with land use, permitting, and site challenges has resulted in an increase in the estimate due to cost escalation for approximately 6-9 months of the delay; fee increases necessary for redesign on what OJD is suggesting is required, and additional contingencies proposed by Project Manager (OTAK) to mitigate the increased risk due to delay and additional risk associated with the site and the possibility of increased cost associated with fiber.

Based on these factors, Table 1 below shows the estimated cost to construct the Courthouse and District Attorney Office assuming square footage of 37,500 for the Courthouse and 8,000 for the district attorney office. This estimate results in a shortage of current committed resources of approximately \$4.2 million of which the county portion represents \$3.3 million, and the state is \$900K. The state has suggested that it can identify and commit the resources needed for their portion, however, the county does not have the additional \$3.3 million.

Table 1 – Co Location Based on State Represented Need

Courthouse and DAO, Total Courts Program Area (Minor Redesign, Budget Unbalanced)						
Program / Cost Category	SqFt	Cost / SqFt	Total	County Cost Share	OJD Cost Share	%
Courthouse	37,500	\$ 885.56	\$ 33,208,500.00	\$ 16,604,250.00	\$ 16,604,250.00	50/50
District Attorney Office	8,000	\$ 885.56	\$ 7,084,480.00	\$ 7,084,480.00	\$ -	100/0
Site			\$ 12,998,432.00	\$ 6,499,216.00	\$ 6,499,216.00	50/50
Cost Escalation: Oct 2023 - June 2024		\$150K/month	\$ 1,200,000.00	\$ 600,000.00	\$ 600,000.00	50/50
Subtotal: Direct Construction Cost			\$ 54,491,412.00	\$ 30,787,946.00	\$ 23,703,466.00	
Re-Design Fees			\$ 638,000.00	\$ 319,000.00	\$ 319,000.00	50/50
Master Planning			\$ 481,886.00	\$ 240,943.00	\$ 240,943.00	50/50
Land Acquisition			\$ 5,500,000.00	\$ 4,750,000.00	\$ 750,000.00	Other
Professional Services			\$ 7,629,888.00	\$ 4,501,633.92	\$ 3,128,254.08	59/41
Incidental			\$ 10,500.00	\$ 6,195.00	\$ 4,305.00	59/41
Jurisdictional			\$ 3,068,693.24	\$ 1,810,529.01	\$ 1,258,164.23	59/41
Other Construction Costs			\$ 1,158,000.00	\$ 683,220.00	\$ 474,780.00	59/41
FFE			\$ 2,114,000.00	\$ 2,114,000.00	TBD	Other
Project Contingency (10%)			\$ 5,449,141.20	\$ 3,214,993.31	\$ 2,234,147.89	59/41
Total Project Cost			\$ 80,541,520.44	\$ 48,428,460.24	\$ 32,113,060.20	
Total Project Funding (as of 6/28/23)			\$ 76,364,209.00	\$ 45,149,186.00	\$ 31,215,023.00	
Total Additional Funds Needed			\$ 4,177,311.44	\$ 3,279,274.24	\$ 898,037.20	

Options for Consideration

Considering the current situation, staff are seeking guidance from the Board of Commissioners on how best to proceed. Below are listing of three most viable options to proceed forward, along with a listing of what are deemed as the pros and cons of each. Option 1 represents what staff feel are the best option for proceeding, but up to this point, OJD has identified has unacceptable.

Option 1 – Continue current plan to co-locate courthouse and district attorney’s office.

To bring current sources and uses in balance, OJD would need to reduce what it has suggested is need by 6,000 square feet. This would bring the courthouse to 31,500 square feet. The district attorney’s office has already made their concessions over the last several months to contribute to bringing the cost down. This represents a reduction of 4,182 square foot from the original proposed square footage for the courthouse. Through this option, there would be sufficient resources for the County and surplus resources from the state.

Option Pros

- Balances sources and uses to current committed resource by both the county and state.
- Maintains best practice of district attorneying and court in a co-location.
- Removes both county and state staff from their current inadequate facility.
- Leaves surplus resources for the state for either other state court needs, or perhaps if willing and able, the ability to increase to proportionate 50% of resources to perhaps add additional items or accommodations to the courthouse.

Option Cons

- Doesn’t meet what state has described as necessary to meet their needs.

Table 2 – Summary of Option 1

(Minor Redesign, County Budget Balanced)						
Program / Cost Category	SqFt	Cost / SqFt	Total	County Cost Share	OJD Cost Share	%
Courthouse	31,500	\$ 885.56	\$ 27,895,140.00	\$ 13,947,570.00	\$ 13,947,570.00	50/50
District Attorney Office	8,000	\$ 885.56	\$ 7,084,480.00	\$ 7,084,480.00	\$ -	100/0
Site			\$ 12,998,432.00	\$ 6,499,216.00	\$ 6,499,216.00	50/50
Cost Escalation: Oct 2023 - Mar 2024		\$150K/month	\$ 750,000.00	\$ 375,000.00	\$ 375,000.00	50/50
Subtotal: Direct Construction Cost			\$ 48,728,052.00	\$ 27,906,266.00	\$ 20,821,786.00	
Re-Design Fees			\$ 638,000.00	\$ 319,000.00	\$ 319,000.00	50/50
Master Planning			\$ 481,886.00	\$ 240,943.00	\$ 240,943.00	50/50
Land Acquisition			\$ 5,500,000.00	\$ 4,750,000.00	\$ 750,000.00	Other
Professional Services			\$ 7,629,888.00	\$ 4,501,633.92	\$ 3,128,254.08	59/41
Incidental			\$ 10,500.00	\$ 6,195.00	\$ 4,305.00	59/41
Jurisdictional			\$ 2,953,426.04	\$ 1,742,521.36	\$ 1,210,904.68	59/41
Other Construction Costs			\$ 1,158,000.00	\$ 683,220.00	\$ 474,780.00	59/41
FFE			\$ 2,114,000.00	\$ 2,114,000.00		TBD Other
Project Contingency (10%)			\$ 4,872,805.20	\$ 2,874,955.07	\$ 1,997,850.13	59/41
Total Project Cost			\$ 74,086,557.24	\$ 45,138,734.35	\$ 28,947,822.89	
Total Project Funding (as of 6/28/23)			\$ 76,364,209.00	\$ 45,149,186.00	\$ 31,215,023.00	
Total Additional Funds Needed			\$ (2,277,651.76)	\$ (10,451.65)	\$ (2,267,200.11)	

Option 2 – Separate District Attorney Office from Project Plan

This option would change the current project plan to construct only a new courthouse on the existing site and create an alternative project for the district attorney’s office in a separate location with resources that remain after the county covers its share of the courthouse cost. This option would provide the OJD with the 37,500 square foot of their suggested need and up to \$7.5 million of county resources to support meeting the needs of the district attorney in an alternative location. The final amount available to the DA is dependent upon final costs for the courthouse. However, it will increase the amount of additional resources the state will need to commit to a total of approximately \$2.5 million.

Option Pros

- Balances sources and uses for the county.
- Provides the state what they suggest is needed in square footage.
- Removes state staff from their current inadequate facility.

Option Cons

- Requires the state to commit an additional \$2.3 million of resources.
- Does not maintain best practice of district attorney and court in a co-location.
- Leaves county staff in the existing inadequate facilities up to \$7.5 million to develop an alternative plan to meet their needs.
- Causes county to call upon \$1.5 million of reserves for cost incurred for existing project that may not be eligible for our tax-exempt financing since it won’t be related to the final project that is now proposed.
- Brings into question the states \$1.5 million match of existing cost since it was partially expended on what won’t be completed as designed.
- Puts the County at risk with their recent tax-exempt issuance to expend funds timely since their will now need to be a second project plan.

Table 3 – Summary of Option 2

Courthouse without DAO, Total Courts Program Area (Major Redesign, County Budget Balanced)							
Program / Cost Category	SqFt	Cost / SqFt	Total	County Cost Share	OJD Cost Share	%	
Courthouse	37,500	\$ 885.56	\$ 33,208,500.00	\$ 16,604,250.00	\$ 16,604,250.00	50/50	
District Attorney Office	-	\$ 885.56	\$ -	\$ -	\$ -	100/0	
Site			\$ 12,998,432.00	\$ 6,499,216.00	\$ 6,499,216.00	50/50	
Cost Escalation: Oct 2023 - June 2024		\$150K/month	\$ 1,200,000.00	\$ 600,000.00	\$ 600,000.00	50/50	
Subtotal: Direct Construction Cost			\$ 47,406,932.00	\$ 23,703,466.00	\$ 23,703,466.00		
Re-Design Fees			\$ 1,475,000.00	\$ 737,500.00	\$ 737,500.00	50/50	
Master Planning			\$ 481,886.00	\$ 240,943.00	\$ 240,943.00	50/50	
Land Acquisition			\$ 5,500,000.00	\$ 4,750,000.00	\$ 750,000.00	Other	
Professional Services			\$ 7,629,888.00	\$ 3,814,944.00	\$ 3,814,944.00	50/50	
Incidental			\$ 10,500.00	\$ 5,250.00	\$ 5,250.00	50/50	
Jurisdictional			\$ 2,927,003.64	\$ 1,463,501.82	\$ 1,463,501.82	50/50	
Other Construction Costs			\$ 1,158,000.00	\$ 579,000.00	\$ 579,000.00	50/50	
FFE			\$ -	\$ -	TBD	0/100	
Project Contingency (10%)			\$ 4,740,693.20	\$ 2,370,346.60	\$ 2,370,346.60	50/50	
Total Project Cost			\$ 71,329,902.84	\$ 37,664,951.42	\$ 33,664,951.42		
Total Project Funding (as of 6/28/23)			\$ 76,364,209.00	\$ 45,149,186.00	\$ 31,215,023.00		
Total Additional Funds Needed			\$ (5,034,306.16)	\$ (7,484,234.58)	\$ 2,449,928.42		

Option 3 – Pull County Resources

The last option to consider would be to pull all committed county resources from the current project plan to focus on an alternative plan.

Option Pros

- Enables County to focus resources on an alternative project that is managed within available resources as opposed to predetermined standards or external demands that can't be met with current resources.

Option Cons

- Eliminates \$31.2 million of state resources that have been committed to date for the completion of a new courthouse.
- Limits the resources and options of what can be done to accommodate county and state staff. While resources could be dedicated to current historic courthouse, most resources would be required to seismically rehab the building, and the remaining resources could be used for rehab, however, past studies have suggested expansion of existing is not feasible.
- Causes the county to call upon \$3.0 million of reserves for cost incurred for existing project that will now not be eligible for our tax-exempt financing since it won't be related to the alternative project that will be completed.
- Shines a negative light on both the County and the OJD for inability to identify alternative solutions that effectively utilize resources dedicated by the Legislature for needs that have been requested over the last six years.
- Puts the County at substantial risk with their recent tax-exempt issuance to expend funds within IRS guideline since there will be no shovel ready project and will require a completely new project plan.
- Leaves land acquired by the County with no plans for facilities in the foreseeable future.

- With the County's need to call on reserves for cost already incurred and increased risk on the use of current tax-exempt bonds, it potentially jeopardizes the County's most recent bond rating that was upgraded