

MINUTES OF THE COUNCIL REGIONAL FACILITIES  
COMMITTEE OF THE METROPOLITAN SERVICE DISTRICT

Regular Meeting  
August 13, 1991

Committee members present:     Jim Gardner (Vice Chair), Roger Buchanan, and Ruth McFarland

Committee members absent:     David Knowles (Chair), Larry Bauer

Vice Chair Gardner called the meeting to order at 4:02 p.m.

1.   Consideration of April 9, 1991 Regional Facilities Committee Minutes

Motion:     Councilor McFarland moved to approve the minutes as written.

Vote:       Councilors Gardner, Buchanan, and McFarland voted aye. The motion passed unanimously.

2.   Consideration of Resolution No. 91-1478, Authorizing Execution of a Sales Agreement for the Acquisition of the Sears Facility Excluding the Adjacent Parking Garage and for the Preparation of the Sears Facility.

Neil Saling, Director of Regional Facilities, reported on the status of the acquisition of the Sears facility. Metro does not yet have a negotiated sales agreement with the seller. The most recent due diligence period expired April 30, 1991 for the following reasons: The property was too expensive, there would be excess space that Metro would be required to lease, the financing climate was uncertain, and there were higher than anticipated construction costs. Following expiration of the due diligence period, Metro was approached by Bill Naito, a Portland-area developer, with a proposal that would make purchase of the Sears property more attractive. Mr. Naito proposed the purchase be made excluding the adjacent parking garage, and that the two bottom floors of the building be converted into parking. This would leave 76,000 square feet for office space. If more space were needed in future, some of the converted parking space could be reconverted to office space. To facilitate this proposal, Metro would purchase six six-month options to buy on the adjacent parking facility, should it become apparent the new parking space was needed to be reconverted into office space. The new costs, detailed in exhibits which are part of the permanent record, would be approximately \$18,000,000, excluding the existing parking garage.

Councilor Buchanan asked how Mr. Naito became involved in the current proposal. Mr. Saling indicated he had been approached by Mr. Naito with an unsolicited proposal. He further stated Mr.

Naito realized Metro would adhere to a competitive bidding procedure in selecting a developer and architect. Mr. Saling reported a Request for Qualifications would be solicited, from which three firms would be selected to submit a proposal for design and renovation of the property. Mr. Naito and/or any of his related business enterprises would be eligible to submit a bid along with other interested parties.

Councilor Buchanan reported he had been contacted by Mr. Robert K. Gerding proposing an alternate site to the Sears facility. Mr. Saling stated that while there might be developers currently expressing interest in suggesting possible site locations for a new Metro headquarters; he wasn't certain it would be appropriate to reopen the process to all potential developers at this point in the process. Mr. Carlson indicated the process had never been open to receive proposals from all interested parties, and therefore it would be inaccurate to say we would be reopening the process. Mr. Saling agreed, indicating that originally, 22 sites had been considered. The number of possible sites had been narrowed down using criteria that had developed by the relocation task force. Building, leasing, and purchasing alternatives were considered. Councilor Gardner asked if the criteria for purchase of property had been developed before or after the Sears facility was considered. Donald E. Carlson, Metro Council Administrator, indicated these criteria had been drawn up after consideration of the Sears facility.

Councilor Buchanan recalled that after the due diligence period on the Sears facility expired, it was decided to prepare a Request for Proposals for development of the headquarters facility. He asked why this plan was not adhered to. Mr. Saling responded that Mr. Naito's proposal seemed viable, and therefore, Metro did not follow up on plans to develop an RFP.

Councilor Buchanan asked for further clarification of Mr. Naito's involvement in the project. Mr. Saling indicated his was an unsolicited proposal. Casey Short, Council Analyst, clarified that Mr. Naito's original proposal was that he would buy and develop the Sears property and sell it back to us; but that Dan Cooper, Metro General Counsel, had stated a competitive bidding process was required.

Christopher Scherer, Finance Management Analyst Supervisor, reported on the financial aspects of the project. These figures are reported in detail in exhibits that are included as part of the record.

The Committee then addressed the broader policy issues put forth by Mr. Short in his July 3 memo to the Committee regarding the

Sears building purchase. This memo was included with the agenda and is part of the record. Councilor McFarland spoke to one of the points made by Mr. Short; indicating she would be in favor of rejuvenating the area where the Sears building was located, if it did not entail incurring greater additional expense than other alternatives.

Staff was asked to develop estimates regarding costs for rejuvenating the Sears building, leasing space, and building to suit. Berit Stevenson, Regional Facilities Senior Management Analyst, pointed out the cost saving involved with the proposal currently under discussion was due to the convertability of office space to parking, with the option to buy additional parking space if needed. She stated construction of new parking structures is very expensive. Staff was asked to contact Mr. Gerding. Mr. Saling will contact Mr. Gerding to ask him about his proposal and will report back to the Committee. Mr. Short will take part in the meeting. A copy of Mr. Gerding's letter is included as part of the record.

3. Status Report on Arena Task Force

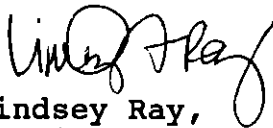
Mr. Saling reported the Blazer organization has not been forthcoming with any details concerning their plans for this arena, however, they are expected to do so within the next week or two. Mr. Short indicated that Marshall Glickman of the Blazers and Mark Gardiner will appear before the next Regional Facilities Committee to address status of the arena study. An "Annotated Final Report on the Public Objectives and Guidelines for the Proposed New Arena" is included as part of the record.

4. Review of August 7 MERC Resolutions

Mark Hunter, Assistant to MERC General Manager, reviewed MERC Resolution Nos. 136 through 143, excepting Resolution No. 140. A copy of these resolutions are part of the record.

There being no further business, the meeting was adjourned at 5:44 p.m.

Respectfully submitted,

  
Lindsey Ray,  
Committee Clerk