

## **SUBCOMMITTEE RECOMMENDATION**

### **Item 3: Judicial Department Clackamas County Courthouse**

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To:           Ways and Means Full Committee  
From:        Public Safety Subcommittee  
Carrier:      Representative Sollman

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The Public Safety Subcommittee recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the report on the Clackamas County Courthouse and defer action on the Other Funds expenditure limitation request to the 2022 legislative session.

The Legislature in 2021 authorized the issuance of \$95.4 million in Article XI-Q general obligation bonds to support \$94.5 million of state matching funds for the Clackamas County Courthouse replacement project and \$900,000 for bond costs of issuance. A budget note directed the Judicial Department, in coordination with Clackamas County, to report on Clackamas County’s proposed public-private partnership or “P3” for the project.

Clackamas County’s Board of County Commissioners voted to pursue a P3 approach in which a “Project Company” would become responsible for the courthouse design, financing, operation and maintenance, as part of a 30-year contract. The courthouse project will cost an estimated \$189 million to design and build and total costs, including maintenance, are estimated to be \$420 million over a 30-year period.

Under the proposed P3, the state’s 50% funding requirement would be made over five years totaling \$94.5 million with an estimated \$85 million “milestone” payment once construction of the new courthouse has been completed and the building certified for occupancy, which is estimated to occur in 2025. Clackamas County’s matching funds contribution of 50% for the design and construction costs would be made over a 30-year period from 2025 to 2055 to the P3 Project Company and would include both the county’s share of debt for the capital costs as well as building maintenance and a capital reserve to repair, replace, and refurbish building components. Per the county’s P3 Project Term sheet, the county retains ownership of the land and building, and the contractual obligation to make payments to the Project Company will not result in any liens or security interests on the completed courthouse.

The Department of Administrative Services has also noted that the final Master Funding Agreement must include the following provisions: (1) a lease to the State to legally operate the courthouse while the bonds are outstanding; (2) a colocation arrangement with any state entity; and (3) deposits of the county's matching funds into the Oregon Courthouse Capital Construction and Improvement Fund prior to the any payment being made to the P3 Project Company.

The Clackamas County Master Funding Agreement remains in-progress and will be provided as a supplement to this report during the legislative session in 2022. This agreement governs the use of funds and is key to understanding Clackamas County's proposed P3. Once the Master Funding Agreement is submitted, the Legislature will have the opportunity to consider Other Funds expenditure limitation for the Clackamas County Courthouse P3 project. Such approval is a prerequisite for the issuance of Article XI-Q general obligation.

The Subcommittee recommends approval.