



INTERIM REPORT

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Courthouse Square Solutions Task Force

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**COURTHOUSE SQUARE
Solutions Task Force
MEMBERS**



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Transit Board Directors	
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Citizen Members	
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I. EXECUTIVE SUMMARY

After vacating the Courthouse Square building in September 2010, the Marion County Board of Commissioners and the Salem Area Mass Transit District (SAMTD) Board of Directors decided to establish a Courthouse Square Solutions Task Force made up of community representatives to recommend a future course of action for the complex. The first Courthouse Square Solutions Task Force meeting convened on January 13, 2011, where Eric Meurer was elected chair. Commissioner Sam Brentano and Director Marcia Kelley were appointed to serve as co-vice chairs by their respective boards. After holding seven additional meetings over a course of four months, the task force requested that staff compile an interim report to catalogue the work of the task force, especially its findings to date.

Critical work of the task force was developed through the establishment and work of three subcommittees: the Technical, Ideas, and Finance Subcommittees. Although initial financial information was gathered, the Finance Committee has yet to meet until realistic options have been identified. The Ideas Subcommittee outlined thirty concepts for Courthouse Square other than remediation. They reviewed current community property leasing conditions, initiated discussions of space needs for transit and the county, catalogued known and additional information, and documented which discussions were needed to move forward. The Technical Subcommittee suggested to the task force the possibility of less costly and less invasive solutions to remediating the Courthouse Square complex, than what was originally estimated in the SERA Architects, Inc. report.

There are still multiple options, solutions, and permutations of what could be done with the complex. However, seven issues have surfaced that impact continued discussions of the task force:

1. The existing condominium agreement between the county and transit district (signed August 2001).
2. The difference between the Technical Subcommittee and the SERA Architects, Inc. cost estimates to remediate the Courthouse Square complex.
3. The transit district's desire to maintain a presence at the complex.
4. The need for certain county offices to remain in proximity to the courthouse (i.e., District Attorney).
5. A possible insurance settlement.
6. The forensics investigation of Courthouse Square report.
7. The City of Salem Urban Renewal Agency opportunities.

The SERA Architects, Inc. report said that remediating the Courthouse Square complex will cost approximately \$53.5 million, a substantial price, which excludes the original cost to build the complex and the annual debt service payments that are still being made by the county on its bonds.

The most significant work of the task force has been completed by the Technical Subcommittee. The members interviewed four engineering companies and three construction companies in an effort to find a less expensive remediation solution. The Technical Subcommittee not only

developed its own remediation concepts, but through the process of interviewing construction and engineering firms, determined that there were several alternative remediation options.

At a meeting on April 19, 2011, the Marion County Board of Commissioners and the SAMTD Board of Directors reviewed the Courthouse Square Condominium By-Laws which included language on reconstruction of the damaged building. The by-laws specifically state that the building must be remediated if the damage to the building is less than 75% of its total value. Based on this information, and the information provided by the technical subcommittee, it became clear to the governing bodies that it was time to officially issue a Request for Proposal (RFP) for a market-based cost estimate of the remediation.

Since neither the county nor the transit district had the staffing expertise required to craft a remediation RFP, or manage a potential remediation project of this magnitude, the joint boards agreed to issue an RFP for an owners' representative (OR). Once hired, the OR would help the county and transit district develop a second RFP for remediating the complex, as well as determining the cost of remediation.

The county, transit district, and task force members wanted to solicit market-driven cost estimates for remediation of the complex. Once this cost is determined, the governing bodies can decide how to move forward.

II. BACKGROUND

A. Genesis of Courthouse Square County/Transit Partnership

Before the SAMTD existed, there was discussion of the need for a downtown transit facility, with emphasis on the centralized Senator Block. In 1985, the first plans for the use of the Senator Block for downtown transit facilities were proposed by a consultant team. The City of Salem authorized the use of High Street, in front of the courthouse, as a temporary transit facility while the district developed plans and financing for a permanent site. In August 1995, after considering multiple sites, a citizen site selection committee identified four potential transit facility sites, one of which was the Senator Block. City of Salem staff recommended to the city council that the Senator Block was an ideal site for the transit facility as there were serious technical drawbacks for locating at other sites.

In 1991, the Marion County commissioners initiated an in-house review of county facilities, space needs, and service demands. In 1992, the county hired a consultant to prepare a 20-year master facility plan which was completed in May 1994. The county commissioners created seven subcommittees to receive citizen input concerning the county's facilities needs. The citizen subcommittees met from May 1994 to April 1995 and concluded that the county should consider purchasing the Equitable Building. If it was determined not feasible, the county should construct a new 138,000 gross square foot public service building on the Senator Block in a joint development project with SAMTD.

In November 1995, the transit district and Marion County agreed that a public partnership was in their mutual interest as well as in the best interest of the county and transit district taxpayers. Courthouse Square was born.

Site Benefits to the Transit District:

- Site was publicly owned and did not require condemnation.
- Site provided ingress and egress at mid-block, as dictated by the city, and utilized two major one-way streets to move busses to and from the site without major traffic interruption.
- Site was centrally located to the downtown core and particularly to the largest employee/commuter base including the capitol mall, county and city governmental offices, the Salem Center, and the downtown business core.
- Site could be used to its highest potential with a willing partner.

Site Benefits to Marion County: (4/11/95 Facilities Report)

- Centralization of several county departments into a single facility would yield greater operational efficiency and provide better service to the public.
- Several of the former buildings (that existed before Courthouse Square was built) were particularly susceptible to earthquake damage.
- The estimated space needs for the downtown departments was approximately 90,000 square feet, and projected to grow to approximately 110,000 square feet by 2013.
- The Senator Building was seriously dilapidated, and in need of a major renovation within five years, with remodeling costs estimated between \$3.5 to \$6 million. The

Senator Building had supplied approximately two-thirds of the total square footage occupied by non-court downtown county departments.

- The Marion County Courthouse contained 74,000 net square feet which was inadequate to meet even the current space needs of the non-court downtown county departments.

B. History of the Courthouse Square

Courthouse Square is located at 555 Court Street NE, Salem Oregon. The site was constructed in 1999-2000 and includes the 163,000 square foot office building of Courthouse Square, the transit mall for the Salem Area Mass Transit District (SAMTD) and a future development site called the North Block. The complex is owned by Marion County and the SAMTD. The management of the property is governed by a condominium agreement signed by the two owners.

Construction of Courthouse Square was completed in early 2000, and the building officially opened in September 2000. Problems with the building and the complex became evident by 2002. Initial problems included buckling floor tiles in restrooms, water seeping into the parking garage, and minor cracks in some walls. The noticeable defects in 2002 were initially considered cosmetic and repairable based on professional advice. More visible and obvious defects were noted with pavers on the transit mall. The following reports were completed at the request of the owners:

- David Evans & Associates review of existing construction to determine potential North Block development (2003).
- David Evans & Associates evaluation of floors, suggesting further investigation (2006).
- A report on the transit mall pavers by Wilbanks King International concluded that the waterproof membrane was the cause of the paver problems, and the drains improperly designed (2006).
- David Evans & Associates Structural Evaluation Report which concluded that excessive floor deflection was taking place on the fifth floor (2008).
- Richards Engineering letter indicating deflection appears to have ceased: conclusion of deflection cause is that slab design did not meet industry standards of care (2009).
- David Evans & Associates opinion that the building is safe to occupy (2009).
- As a result of these reports and the condition of the building, the county and transit district issued an RFP in December 2009 to fully investigate the cause of deficiencies and damaged elements at Courthouse Square and oversee the correction of those problems. SERA Architects was awarded this contract and it was during their discovery phase that the full extent of the defects (below grade footings, post tension slab, brick veneer, windows, interior finishes, and mechanicals) became apparent.

- On July 1, 2010, engineering consultants recommended immediate closure of the transit mall and a portion of the parking structure under the transit mall. Although the consultants stated that the building was safe to occupy, significant structural deficiencies were found with the bus mall, which is structurally separate from the Courthouse Square building.
- Additional analysis on the building in July 2010 led to a recommendation that changed the classification of the building from “safe” to “dangerous.” The classification of “dangerous” indicated that the building showed early signs of serious defects which made long-term occupation of the building unadvisable. Due to this designation, the City of Salem issued an abatement notice and the county and transit district vacated the building by the end of September 2010.

C. Governing Bodies Chart Future Course

After the county and transit district offices moved out of Courthouse Square, both boards agreed to chart a course of action for the complex. The county and transit district decided on a two pronged strategy: first, to hire a forensic investigator to conduct an independent investigation or look back of the Courthouse Square complex, and second to establish a Courthouse Square Solutions Task Force made up of community members with expertise in construction, architecture, engineering and finance.

- The forensics investigator would review all documentation, talk to key participants, and determine what went wrong during the design, planning, and construction processes. Clear findings and recommendations were to be presented to the task force and included in the actual report.
- The purpose of the task force (as defined in the charter) would be to identify possible solutions for a future course of action for the Courthouse Square building and transit mall. It would also develop one or more recommendations to the Marion County commissioners and the SAMTD board after reviewing information pertaining to the investigation, forensic analysis, building assessments, final reports, documentation, interviews, expert recommendations, cost considerations, development proposals, public needs, and county/transit services.

D. Courthouse Square Solutions Task Force Selection

On November 15, 2010, the Marion County commissioners and the SAMTD board selected 23 applicants from a pool of 47 to serve on the task force. Members were chosen from a broad geographical representation of Marion County residents as well as those residing within the boundary of the transit district. The members represent various professions including commercial engineering, construction, architecture, real estate, business and finance fields, as well as local and state governments. All members were formally appointed to the Courthouse Square Solutions Task Force on December 15, 2010.

III. TASK FORCE ACTIVITIES

The task force conducted its first organizational meeting on January 13, 2011, where Eric Meurer was elected chair. Commissioner Sam Brentano, who is the current chair of the Marion County Board of Commissioners, and Transit Director Marcia Kelley were appointed to serve as co-vice chairs of the task force by their respective boards. At the next task force meeting on January 20, SERA Architects Inc. presented their final engineering report describing the causes of the structural deficiencies of the complex, as well as the remediation solutions. The report (January 2011) outlined three primary causes contributing to the structural condition of Courthouse Square:

- Poor design – Inadequately designed structural elements, many significantly above code limits or beyond industry standards.
- Poor materials – Significantly lower than specified concrete strength due to high water to cement ratios, excessive microfractures, and debonding of the cement paste.
- Problematic construction – Poor consolidation of the concrete has resulted in water and air voids. Insufficient construction site supervision has resulted in debris in casting fields. A lax quality control environment resulted in the migration of concrete mixes.

To expedite the work of the task force, the following three subcommittees were created to gather information in their assigned areas and present their findings to the full task force.

- | | |
|------------------------------|-----------------------|
| ▪ The Technical Subcommittee | Geoffrey James, Chair |
| ▪ The Ideas Subcommittee | Jim Lewis, Chair |
| ▪ The Finance Subcommittee | Marcia Kelley, Chair |

The task force invited several individuals and organizations to present at their meetings for fact finding, investigating, and providing professional judgment on specific areas. Invited guests included:

See table next page...

TASK FORCE MEETING DATE	ORGANIZATION	PRESENTER(S)	TOPIC
1-20-11	SERA Architects Inc.	Joe Pinzone & Eric Miller	CH2 Remediation Study Final Report
2-15-11 & 4-19-11	City of Salem Urban Development Department	John Wales, Interim Director Courtney Cox, Project Manager Sheri Wahrgren, Downtown Revitalization Manager	City of Salem urban renewal plans
2-15-11	Marion County Assessor	Richard Kreitzer Shawn Beaton	The real market value of Courthouse Square complex
2-15-11	Marion County Salem Area Mass Transit District	Jeff White, Marion County Finance Director and Pat Mercier, Transit District Finance Director	Government financing options
3-1-11	Sperry Van Ness	Curt Arthur, Managing Director	Salem/Keizer retail and commercial real estate vacancy rates
4-19-11	VSL Structural Group	Jay Thomas, Vice-President	Potential structural remediation concepts for Courthouse Square complex
5-3-11	Golder Associates	Mark Liebman & Todd Perbix	Forensic investigation of Courthouse Square

After the May 3, 2011 meeting, the task force went on hiatus until the fall of 2011. Marion County and the transit district decided to issue an RFP to hire an owners' representative. Once the owners' representative has been selected, the firm will assist the county and transit district in developing a remediation RFP for the Courthouse Square complex. The owners and task force members have indicated the need for a market-driven cost estimate for remediation of the complex. Once this cost is determined, the governing bodies can decide how to move forward.

IV. TASK FORCE KEY FACTS AND FINDINGS

A. Current Property Investment

The county and transit district own the land as tenants in common; and each owns an undivided interest in the entire parcel. In June 1997, the county conveyed an undivided 42% of the land to transit, retaining a 58% undivided interest. In December 1998, a correction deed was recorded. In that deed, the amount of land conveyed to transit was reduced to 31.29%. Thus, transit holds a 31.29% and the county holds a 68.71% undivided interest in the land.

Courthouse Square is a five-story office building that, until September 2010, housed the administrative offices, customer services area, two spaces leased for retail food service, and miscellaneous use for the SAMTD. Eleven departments or divisions of Marion County were also housed in Courthouse Square. In addition, one large and two smaller meeting rooms on the first floor were shared by the SAMTD and Marion County.

The transit mall provided a covered waiting area and parking for 22 buses. What is commonly referred to as the North Block is a concrete paved area between Chemeketa Street and the transit mall on the north end of the entire block. Underneath all three street-level areas, parking is accessible through a single entrance/exit at Courthouse Square. The component areas are as follows:

COMPONENT AREA	COURTHOUSE SQUARE	TRANSIT MALL	NORTH BLOCK	PARKING
	<i>Square Feet</i>	<i>Square Feet</i>	<i>Square Feet</i>	<i>Square Feet</i>
Total square footage	162,813	58,000	12,000	113,178
County office space	105,382			
Transit administrative office space	12,905			
Transit customer service space	6,990			
Retail spaces	3,701			
County/Transit shared meeting room	2,538			
Parking Spaces				250
County				64
Transit				314
Total Parking Spaces				

Between 1974 and 1996 Marion County purchased the entire block for an estimated \$5.3 million. Of this amount, the transit district purchased 42% of the property from the county in 1997 for \$2.2 million. The properties, including the Senator Hotel, were demolished at a cost of approximately \$602,000. As mentioned earlier, in December 1998, a correction deed was recorded where the amount of land conveyed to the transit district was reduced to 31.29%.

The following chart shows the financial investment in the Courthouse Square complex.

ENTITY	REVENUE SOURCE	AMOUNT
Marion County	Bond Sale	\$22,000,000
Salem Area Mass Transit District	Federal Funds 80% <u>Other Matching Funds 20%</u> Total 100%	\$7,840,000 1,960,000 \$9,800,000
City of Salem	Urban Renewal Program	\$2,000,000
Miscellaneous		\$200,000
	Grand Total	\$34,000,000

The initial debt for the County was funded through the sale of Certificates of Participation in December 1998 for a total of \$22 million. In May 2005, the outstanding Certificates of Participation were advance refunded through the issuance of \$17,975,000 of Full Faith and Credit obligations. The debt was structured as a series of bonds that mature each year through 2023. Because the bonds were guaranteed by the Full Faith and Credit of the county, there was no associated lien attached to Courthouse Square. The total annual payment amount is approximately \$1.55 million with the final payment due June of 2023.

As of June 30, 2010, the outstanding principal balance of the debt was \$14,255,000. As of June 30, 2010, the future interest on the debt was \$5,843,312. The bonds have no call provision, so they may not be “paid off” early.

In 1997, the Federal Transit Administration (FTA) authorized two grants for the Courthouse Square project: one for approximately \$6.6 million and another for \$1.2 million. Local matching grants raised the total to \$9.8 million. The FTA maintains an expectation of a full project life of the transit mall. In the event the mall is no longer useable, the FTA will determine the level of repayment of federal funds based on a review of actions taken before, during, and after construction, as well as actions taken to recoup the loss from litigation. The FTA has a range of options available to it that includes full repayment of the federal investment. The outcome may depend on whether the transit district can demonstrate that it exercised proper due diligence in overseeing the use of federal dollars, as well as its response when Courthouse Square’s problems became known.

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B. Expenditures

The following chart shows expenditures related to relocation, leases and on-going building maintenance for Courthouse Square from July 1, 2010 through April 30, 2011.

**Courthouse Square Expenditures
By Agency July 1, 2010 – April 30, 2011**

Marion County Expenditures		\$
Relocation Phase		
	Move	1,309,377
	<u>Leases</u>	<u>588,880</u>
	Sub-Total	1,898,257
Ongoing		
	<u>Debt Repayment CH2 Bonds</u>	<u>361,044</u>
	Sub-Total	361,044
Transit District Expenditures		\$
Relocation Phase		
	Move	603,338
	<u>Leases</u>	<u>128,487</u>
	Sub-Total	731,825
Ongoing		
	Sub-Total	0
Joint Condominium Owner Expenditures		\$
Discovery		540,862
Litigation		<u>72,749</u>
	Sub-Total	613,611
Ongoing (building vacated 9/30/10)		
	Utilities (7/1/10-9/30/10)	66,816
	Utilities (10/1/10-4/30/11)	46,266
	Other (7/1/10-9/30/10)	11,596
	Other (10/1/10-4/30/11)	16,047
	Insurance	<u>119,339</u>
	Sub-Total	260,064
Grand Total Expenditures		3,864,801

Footnotes:

1. Prior year expenditures for Courthouse Square litigation:

FY 2006-07	8,810.98
FY 2007-08	40,760.50
FY 2008-09	101,615.84
<u>FY 2009-10</u>	<u>41,228.47</u>
TOTAL	\$192,415.79

2. Security monitoring (\$90/quarter) and installation of building monitoring devices (one time cost of \$8,923) are included in the county relocation phase.

3. Fencing was a one time expense for \$8,909 and is included in the Discovery expenditures.

C. Structural Analysis

Assessment of Complex by SERA & Miller Consulting Engineers, Inc:

On January 20, 2011, SERA Architects, Inc. and Miller Consulting Engineers, Inc. presented their final engineering report to the Marion County Board of Commissioners, the SAMTD Board of Directors, and the Courthouse Square Solutions Task Force. Their report outlined three primary causes creating the current conditions at the Courthouse Square complex:

- *Poor design* – Inadequately designed structural elements, many significantly above code limits or beyond industry standards.
- *Poor materials* – Significantly lower than specified concrete strength due to high water to cement ratios, excessive microfractures, and debonding of the cement paste.
- *Problematic construction* – Poor consolidation of the concrete has resulted in water and air voids. Insufficient site supervision has resulted in debris in casting fields. A lax quality control environment has resulted in the migration of concrete mixes.

Through computer analysis, the original complex design showed structural inadequacies in the following areas:

- Punching shear
- High pre-compressive forces
- Column capacity
- Seismic resistance
- Inadequate mat foundation design
- Inadequate isolated footing design

D. Proposed Solutions

Two very different remediation strategies for repair of the Courthouse Square complex have been proposed with a wide variance between the estimated costs.

1. The SERA Architects, Inc. team recommended a remediation strategy they term an “invasive solution” to remove major building systems such as the HVAC and repair deficiencies in weak concrete, punching shear, column capacity, floor slab shrinkage and deflection, water infiltration, twisted studs and other problems. A budget estimate of \$53.5 million was presented in January 2011 as a safe, conservative method of structural remediation of the entire complex. The budget was termed a “conceptual” estimate based on a square footage allocation, and included demolition and construction costs, soft costs (consultants, furniture, fixtures, art, and project management), relocation costs and lease costs (pp.98-99, SERA Final Report, Volume I, and Volume II page 477 for detailed costing). This proposal essentially would create a brand new building with the exception of the outer shell.

2. The Technical Subcommittee focused on finding a less costly remediation, preserving as many of the building's components as possible, such as windows, doors, walls, carpeting, HVAC, et cetera. As they consulted other professionals, each meeting led to modifications and improvements of their original concepts. Discussions with VSL Structural Group led the Technical Subcommittee to a higher level of understanding about tools and technology. The VSL Structural Group stated it could repair every structural deficiency identified in the SERA report for about \$8 to \$9 million based on concepts they presented. An overall estimated remediation cost of \$15 to \$18 million was discussed as a potential cost to repair the Courthouse Square complex to a structurally safe condition.

[Neither cost estimate can be verified without an RFP process to set a firm budget.]

3. Other possibilities considered include:

- Tearing down and rebuilding the complex.
- Tearing down and not rebuilding the complex– moving county/transit operations.
- Partnering with other organizations such as the City of Salem Urban Development or private citizens.
- Rebuilding a smaller facility at the complex.
- Rebuilding the complex with a different layout (i.e., additional retail space).
- Rebuilding the complex without the bus mall and converting it to a city park.

E. Litigation

In the litigation proceedings, both the county and transit district sought the advice of expert counsel specializing in construction defect cases. County and transit legal counsels reviewed any and all options for seeking a remedy against the parties involved in the design, engineering and construction of Courthouse Square. The following table of timelines and events follow actions taken by the county and the transit district to recover \$1.8 million to date.

See table next page...

COURTHOUSE SQUARE LITIGATION TIMELINE	
Event	Date
Date of Substantial Completion Certificate for Courthouse Square	Sept. 27, 2000
County, Transit sign Substantial Completion Certificate accepting construction	Oct. 19, 2000
David Evans & Associates review of existing construction to determine whether potential North Block development can be accommodated	Sept. 16, 2003
Transit district filed suit against Arbuckle and Pence Kelly Construction, Inc.(now LLC) General Contractor pavers claim only	Oct. 26, 2006
First Amended Complaint filed – adds floor slab claims	Dec. 12, 2006
David Evans & Associates memo evaluation of floors, suggesting further investigation	Dec. 26, 2006
Issuance of David Evans & Associates Structural Evaluation Report	February 2008
Third Amended Complaint filed – including direct negligence claim against Century West	Oct. 9, 2008
Richards Engineering letter indicating deflection appears to have ceased; conclusion of deflection cause is that slab design did not meet industry standard of care	Jan. 28, 2009
David Evans & Associates opinion that the building is safe to occupy	Mar. 23, 2009
Conditional acceptance of Arbuckle's policy limits settlement offer plus assignment of indemnity claims against Century West	May 20, 2009
Court determines Arbuckle and Pence's Indemnity claims against Century West are not ripe, dismisses them without prejudice; court sets firm trial date of 07/13/10	Sept. 1, 2009
Miller Consulting Engineer's letter stating building is safe to occupy and in no danger of collapse	Oct. 30, 2009
Settlement finalized with Arbuckle for \$695,117 and assignment of claims	Jan. 6, 2010
Receipt/analysis of Pence's expert's opinion: slabs have adequate structural capacity to carry the loading; conclusion for slab deflection cause is design defect	Feb. 22, 2010
Mediation session with Pence Kelly and construction subcontractors; tentative settlement agreement reached, including assignment of Pence's Indemnity claims against Century West: <div style="text-align: right; margin-right: 50px;"> Pence/Kelly: \$900,000 F.D. Thomas: \$60,000 Schonert: \$65,000 Ceco: \$50,000 C&J Rebar: \$50,000 <u>Oregon Cascade: \$44,000</u> TOTAL: \$1,169,000 </div> Total recovery to date = \$1,864,117	Feb. 23, 2010

There were a number of factors that went into the county and transit districts decision to settle with the architects and the general contractor. Recognizing that some of the parties had limited assets, one key factor in the decision to settle was the ability to collect damages, even with a favorable court decision, since some of the parties had limited assets. While the county and transit district may have received a more favorable judgment, attorneys advised that they might have realized much less in terms of dollars. Their attorneys also advised that such cases are expensive to pursue, difficult to prove, and that judgments generally proportion costs. In other words, a judgment of \$10 million against a party with 20% responsibility would mean a return of \$2 million, which again, because of limited assets, could be uncollectible. An additional challenge to collecting in this case included a “wasting” clause in the insurance coverage. The “wasting” policy erodes available insurance funds as defense costs are incurred. This meant that every dollar spent defending the case was money that would not be available to cover a settlement or judgment.

Limitations on recovery/policy limits:

- Arbuckle Costic Architects: \$1 million wasting policy
- Pence: \$1 million policy
- Century West: \$1 million wasting policy

Limitations on recovery/other assets:

- Arbuckle: No significant assets located in asset search; local company
- Pence: Limited Liability Corporation, some limited assets; local company
- Century West: No significant assets located in asset search; local company

Other Pending Lawsuits:

- Construction defect case is still pending against defendant Century West.
- Allann Bros. suit for loss of lease and tenant improvements based on the claim of negligent construction.

E. Insurance

The Condominium Association has an insurance policy with coverage limits for the Courthouse Square building for \$29,022,275. Marion County has an additional insurance policy covering the contents of the building. This policy has coverage of \$1 million for extra expense and \$1 million for business interruption. Insurance claims have been filed and are pending. SAMTD has insurance coverage of \$1,837,195 for contents and \$255,000 for electronic data processing equipment.

F. Value of Courthouse Square and Public Perception

Value to transit

The transit district is required by the FTA to have an asset at the end of this experience with Courthouse Square worth \$6.6 million and transit service in the core downtown area. In the event the mall is no longer useable, the Federal Transit Authority (FTA) will determine the level of repayment of federal funds based on a review of actions taken before, during, and after construction as well as actions taken to recoup the loss from litigation. The FTA has a range of options available to it that includes full repayment of the federal investment.

Value to county

Location is a value to Marion County. The Marion County Courthouse is located across Court Street from Courthouse Square. Marion County services needing close proximity to the courthouse include: District Attorney's Office, sections of the Sheriff's Office, and the Law Library. The Marion County Clerk's Office used to be located in the courthouse due to accessibility for residents in filings related to court proceedings and recordings. The county Clerk's Office moved to a leased facility with the closing of Courthouse Square in order for the District Attorney's Office to be located in the courthouse.

Value to the community

Courthouse Square was built utilizing Leadership in Energy and Environmental Design (LEED) standards for maintenance and utility efficiencies. This certification, if continued, could assist the county and transit since a new federal rule requires federal agencies seeking leased office space must lease LEED-certified facilities.

Value to downtown merchants – customers

Some downtown merchants, especially those closest to Courthouse Square, experienced a loss in sales when the transit mall and Courthouse Square closed. Casey Campbell, Courthouse Square Solutions Task Force member and owner of Casey's Cafe on Court Street, stated that his business sales were down 30% at one point. Merchants affected include restaurants as well as retail establishments. (*Statesman Journal article, March 17, 2011*)

Two restaurant establishments, The Beanery and Trinh's Cuisine, were forced to close when Courthouse Square closed. The Beanery moved its operation to its other downtown establishment on Liberty Street between Court and Chemeketa Streets. Trinh's Cuisine did not reopen.

Marion County and the transit district combined had 340 employees working in Courthouse Square. The transit mall provided a consistent flow of people to the downtown area. Since the closure, the transit district has created a new temporary transit mall on Church and Court Streets around the perimeter of Courthouse Square.

Public perception and public input

The community is interested in what happened, how the building will be dealt with, and any resulting costs to the taxpayers.

The Courthouse Square Solutions Task Force was developed to include a broad array of members to have a voice in recommendations related to the future of Courthouse Square. The commissioners and SAMTD board selected 23 residents representing several areas of expertise to serve on the task force. Each individual has brought a diversity of experience into the work of the task force from his or her professional background.

G. Future Needs for Office Space/Transit Mall/Transit Customer Service/Parking

The SAMTD presented its planned future office space needs to both the Ideas Subcommittee and the full Courthouse Square Solutions Task Force. The transit district has reduced administrative staff since it moved into Courthouse Square and projects that it could reduce administrative office needs from 12,905 square feet to 11,000 square feet of space. Needs for the customer service area and a board meeting room would remain the same. In Courthouse Square, the transit district had 7,000 square feet of space for its customer service area. The transit district and county shared a board meeting room of 2,548 square feet. The two retail spaces in Courthouse Square totaled 3,207 square feet and were under the responsibility of the transit district. These spaces were rented to two restaurant establishments, Trinh's Cuisine and The Beanery. The transit district did not project having retail spaces available in their future needs. The space needs for the transit mall have not been determined and the transit district indicated that the bus mall footprint could be less than what was used at Courthouse Square.

Marion County has not planned office space needs for a possible move back into Courthouse Square. The county utilized 107,000 square feet of office space in Courthouse Square before the move. The use of a remediated Courthouse Square facility by the county still needs to be considered.

As stated previously, the county and transit district had 314 parking spaces beneath the Courthouse Square complex. The need and availability for these spaces has not been determined. County and transit district parking space needs will also be addressed in the future.

H. Future Issues to be Addressed by the Owners

(As identified by the Ideas Subcommittee)

- 1) To what end will remediation be developed: a building that is safe, sound, structurally new, or minimally suitable for re-occupancy?
- 2) What is the financing capacity available for the county and transit district?
- 3) What are the potential funding sources for remediation?
- 4) What has been learned from experience (lessons learned) that will be resolved if and when remediation goes forward?
- 5) What are the uses for a remediated Courthouse Square, transit mall, and North Block?
- 6) How will remediation affect taxpayers?
- 7) How will the issues be communicated to stakeholders and the public?
(The Ideas Subcommittee recommended creation of a communications plan.)

V. RECOMMENDATIONS

This is an interim report on the background of Courthouse Square and current findings of the task force. In April, the county and transit district voted to hire an owners' representative, then conduct an RFP process for a remedial solution and cost. Policymakers have yet to formalize any recommendations, beyond the decision to hire the owners' representative. The task force will reconvene for further discussions at the call of the chair.

NOTE:

All Courthouse Square Solutions Task Force and Subcommittee meeting minutes, handouts and presentation materials will be included in the final report at the conclusion of the task force.