



East County Library rendering showing entry at Division St. and Ava Ln. courtesy of Holst Architecture

Multnomah County Library Bond Oversight Committee Report

Ending Fiscal Year 2023 (June 30, 2023)

Presented to Multnomah County Board of Commissioners
November 30, 2023



November 30, 2023

Dear Multnomah County Board of County Commissioners:

Thank you for allowing us to present our first report to you. As you recall, in November 2020, the Multnomah County Board of Commissioners asked voters of the County to approve Measure 26-211 to update, renovate, construct and refresh library facilities throughout the County. The measure was overwhelmingly approved, authorizing the County to issue an unprecedented \$387 million in general obligation bonds to finance these capital costs.

The Measure also required oversight by an independent bond committee and annual audits to ensure the activities of the measure are being carried out in accordance with the language communicated to voters. Our Bond Oversight Committee of community members — with broad-based experiences in construction, architecture, public finance, business equity for Minority, Women-owned, or Emerging small business in public works, and civic infrastructure — was created to provide independent oversight.

We have been meeting quarterly to receive information from those overseeing these library investments as required by the Measure. Our report covers the progress of the investment of library bonds issued in January 2021 through June 30, 2023. We have organized the report to cover four major categories: budget management; schedule and project progress; diversity, equity, and inclusion; and community engagement.

We look forward to presenting our report to you and answering any questions you may have.

Sincerely,

The Multnomah County Library Bond Oversight Committee

Table of contents

Table of contents.....	3
Executive summary.....	4
FULL REPORT	
Introduction.....	8
Assessment Summary.....	10
Bond Oversight Committee assessment.....	11
Assessment rationale.....	11
Budget management.....	13
Bond budget summary.....	14
Audit findings.....	18
Schedule & project progress.....	19
Sustainability.....	20
Diversity, equity, and inclusion (DEI).....	20
Community engagement.....	23
Community engagement methodology.....	24
Looking forward.....	26
Project updates as of June 30, 2023.....	28
Operations Center.....	28
Hogate Library.....	29
Midland Library.....	30
North Portland Library.....	31
Albina Library.....	32
East County Library.....	33
Belmont Library.....	34
Northwest Library.....	35
St. Johns Library.....	36
Refresh projects.....	37
Technology upgrades.....	38
Glossary.....	39
Appendix A: Audit memo	
Appendix B: Procedural audit	
Appendix C: Construction audit	

Executive summary

In November 2020, the Multnomah County Board of Commissioners asked voters to approve Measure 26-211 for a transformational upgrade to library facilities throughout the County. The Measure was overwhelmingly approved. This authorized the County to issue \$387 million in general obligation bonds to finance library modernization.

The Measure required independent oversight and audits to ensure that promises made to voters were kept. The Multnomah County Library Bond Oversight Committee (“the Committee”) was created at the end of 2021. Together, committee members bring a depth of experience in construction, public finance and civic infrastructure, and expertise in business equity in public works.

This is the first Committee report. It covers the progress of the investment of library bonds issued in January 2021 through June 30, 2023 and includes an independent audit finding. The Committee has met quarterly since November 2021 to receive information from those overseeing the library bond in four major categories: budget management; schedule and project progress; diversity, equity, and inclusion; and community engagement.

Budget management

The bond sale took place in early 2021. Through a bond sales technique that provided favorable interest rates, the County was able to raise \$387 million plus a bond premium reserve of \$50.7 million that has given the County \$437.7 million to invest. The bond premium has been a critical component of safeguarding against unprecedented construction cost increases during this period due to the COVID pandemic and its impact on supply chain delays, labor shortages, and overall inflation.

FINDINGS

Starting a major capital investment project during COVID was very challenging. Pandemic-related challenges resulted in slower than expected draw downs in funds. Despite these challenges, the overall capital budget and individual library project investments were well managed.

Audit

As part of the measure, an annual audit is required. The Committee, working with the County's Chief Financial Officer, chose an independent procedural audit, conducted by Moss Adams. The audit examined the oversight and transparency of the Library Construction Project Fund (bond proceeds, interest income, other revenues, and capital expenditures on projects) and the General Obligation Bond Fund Debt Service Fund (property tax revenues levied to cover bonds obligations). The County contracted with Moss Adams to complete this audit for Fiscal Year 2022 (July 1, 2021 to June 30, 2022).

FINDINGS

Overall, Moss Adams found no significant issues. Bond revenues and expenditures were recorded accurately and used for allowable purposes. The audit also confirmed the Board of County Commissioners approved the bond budget and received budget-to-actual reports. See Appendix B for full audit results.

Schedule and project progress

The voter-passed measure specifically spelled out the following uses of bond proceeds:

- Enlarge and modernize eight County libraries, some in each part of the County
- Build a flagship library in East County, similar in capacity to downtown's Central Library
- Expand, renovate, or construct seven branch libraries, including Albina, Belmont, Holgate, Midland, North Portland, and St. Johns
- Add gigabit speed to all libraries
- Create a central materials handling and distribution center to increase efficiency and cost effectiveness
- Pay for furnishings, equipment, site improvements, land acquisition, and bond insurance costs

An overall construction schedule has been established to meet completion of these objectives, and matched budget draw-downs have been made.

FINDINGS

The overall bond program is on-schedule to be completed as planned. However, there are challenges to the schedule due to the post-pandemic macro-economic issues of labor costs, supply chain, and inflation that the bond team is managing. Developing the Bond Program Management Office (“Bond PMO”) also required time for determining staff roles and assigning project leads. This compressed individual project schedules. The length of time to secure reviews and permits by the City of Portland also contributed to schedule lags.

The tax-exempt portion of the bond sales requires the County to draw down and use 85% of these bond funds in a three-year period after the sale (\$174.25M), which has also contributed to the need for an aggressive compression of the overall program schedule by approximately two years. As of June 30, 2023, 51% (\$88.3M) of tax-exempt bond funds have been spent. This requirement is on track to be met by January 26, 2024.

Diversity, equity, and inclusion

Diversity, equity, and inclusion (DEI) is centered throughout library bond work. The Bond PMO prioritizes diverse contracting, with aspirational Certification Office for Business Inclusion and Diversity (COBID) participation goals for each project, setting a baseline goal of 25% COBID-certified participation. Further, proactive community engagement has been a focus at every stage. Bond staff are providing a leadership role in region-wide efforts resulting in tools like the Regional Workforce Equity Agreement and the creation of a separate Labor Management Community Oversight Committee for compliance monitoring and oversight of workforce diversity goals.

The Committee monitors adherence to these values by receiving, reviewing, and raising questions about the information provided about progress on these efforts.

FINDINGS

The work and outcomes around DEI have been outstanding. The Bond PMO has centered DEI in all aspects of its work, with staff learning and reflection, deep efforts on ensuring diverse community engagement, and using both innovative and best practices in procurement of diverse firms and employment of a diverse workforce.

Community engagement

Community engagement is a central element in carrying out the voter-approved investment in Multnomah County libraries. The Bond PMO hired a Community Engagement Coordinator who established a paid community advocate volunteer program to ensure that historically underrepresented community voices are heard, and that community input is incorporated into building design. In addition, youth input on library designs was gathered through youth-specific programs centered on youth education in architecture and design. Two such programs are the Community Design Advocates program and the Youth Opportunity Design Approach. Project teams also work closely with the Regional Arts and Cultural Council to select artists to design public art pieces for library buildings, using an intensive approach that includes community member panelists.

FINDINGS

Community engagement efforts have been very successful to date. In fact, the bond's Community Engagement Coordinator, Suzanne Chou, was nominated for the *Daily Journal of Commerce's* Oregon 2023 Building Diversity Award. Chou was named an honoree for her diligent, accessible, and equitable approach to community engagement for library building projects.

Multnomah County Library

Bond Oversight Committee Report

Ending Fiscal Year 2023 (June 30, 2023)

Introduction

The people of Multnomah County approved Measure 26-211 in November 2020 to expand, modernize, rebuild, and refresh library facilities, issuing a general obligation bond to finance capital costs in the amount of \$387,000,000. Efforts include:

- Expand, renovate, or construct seven branch libraries, including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns
- Build a flagship library in East County, similar in capacity to downtown’s Central Library.
- Add gigabit speed internet to all libraries
- Create a central materials handling and distribution center to increase efficiency and cost effectiveness (“Operations Center”)
- Pay for furnishings, equipment, site improvements, land acquisition, and bond issuance costs

Measure 26-211 stipulates the creation of an independent [Bond Oversight Committee](#), as well as annual audits, to help ensure bond funds are used as intended. After a competitive recruitment process, 10 committee members were appointed in late 2021 to the Multnomah County Library Bond Oversight Committee (“the Committee”). Governed by a [charter](#) adopted by the Committee in January 2022, committee members provide independent oversight of and accountability for progress on Measure 26-211. The Committee meets virtually on a quarterly basis and has received quarterly updates since November 2021 from the Multnomah County Library Bond Program Management Office (“Bond PMO”) and other staff members. Additionally, committee members receive information via emails, in an online dashboard, and on the [Multnomah County Library website](#). The Bond PMO also updates the Multnomah County Board of Commissioners on bond progress on a quarterly basis during public board meetings.

Committee members

Ana Brophy, Cheryl Russell, Jason Green, Jeffrey Scherer (Co-Chair), Karl Dinkelspiel, Kourtney Strong, Nicole Pexton, Randall Edwards (Chair), Rob Edmiston, Sophia Suhu

Guiding principles

In its due diligence, the Committee applies eight guiding principles to the oversight of library bond projects:

Accountability: Library buildings will be built to create maximum value for taxpayers by making sure projects are on time and on budget. Staff work with oversight entities to ensure transparent processes and expose problems with projects.

Equity: Library buildings will reflect equity through community input, design and project decisions. The project will center race and culture in design, implementation, and procurement processes.

Accessibility for all: Library buildings will incorporate universal design principles and other strategies to make them usable by everyone.

Flexibility today and for the future: Library buildings will be models of flexible space, adaptable to changing needs and uses throughout the day and over the course of many years as community needs, technology and library service models evolve.

Community partnership: Library buildings will reflect the cultures and priorities of our communities and focus on fulfilling patron needs. Staff prioritize community and patron-focused input.

Innovative and inspirational design: Library buildings will have innovative and inspirational design. Staff will work with our stakeholders to achieve unique designs for our buildings and spaces.

Sustainability: Library buildings will be sustainably built. Staff will use sustainable techniques, tools, materials, and practices throughout and after construction.

Public safety: Library buildings will be built to support community resilience in response to emergencies.

The Committee receives information in four major bond and project categories, as well as audit information:

1. Budget management
2. Schedule and project progress
3. Diversity, equity, and inclusion
4. Community engagement

Timeline

This first Committee report covers library bond progress since the Measure's passage in November 2020 through Fiscal Year 2023, ending June 30, 2023. Fiscal Years 2021 and 2022 were focused on establishing the Bond PMO, launching community engagement and initial project design, and recruiting and orienting inaugural Bond Oversight Committee members. Construction on the first project (Operations Center) began in Fiscal Year 2023 (July 2022) — the Committee chose to issue its first report when project work had solidified, after construction work had actually begun and trackable metrics had been established.

Since its inception, the Committee has held seven quarterly meetings — in November 2021, January 2022, April 2022, July 2022, October 2022, January 2023, and April 2023. In April 2023, two Committee members conducted interviews with project teams, including architects and contractors, to gain a wider perspective. Key points and reflections from those interviews were considered in the narrative of each section.

Assessment Summary

Committee members assigned ranked scores to library bond progress in terms of the following categories: budget management; independent audit; schedule and project progress; and diversity, equity, and inclusion. A green/yellow/red status is a widely-used tool for a fast and simple understanding of the current state of a project. A colored indicator is used to show the performance or risk level of different aspects of the overall portfolio of projects.

Bond Oversight Committee assessment

Project Components	Ending Fiscal Year 2023
Budget management	Yellow
Independent audit	Green
Schedule and project progress	Yellow
Diversity, equity, and inclusion	Green
Community engagement	Green

Key

Green = On-target or within an acceptable range

Yellow = Some risk or potential deviation

Red = Serious risk and/or a critical issue

Assessment rationale

Budget management

Although the overall bond program is not at risk of exceeding the bond budget, current national and global risks related to the pandemic have led to historically unprecedented market volatility, including, but not limited to: double-digit inflation and escalation, supply chain commodity issues, labor shortages, and insurance industry changes — all requiring careful monitoring of the overall budget. Spending 85% of tax-exempt bond proceeds within three years of the sale (an IRS requirement) also adds additional strain.

The Bond PMO oversees the portfolio budget, which includes detailed project-level budgets for all bond sites. Each project budget includes hard and soft construction costs as well as contingencies. To manage budget risks, project teams provide monthly updates to Bond PMO leadership, executive sponsors, and other key executives at the County and library. The Committee also receives quarterly budget updates.

Bond premium reserves (\$50.7 million), created at the time of the bond sale, and interest income earnings (\$4.4 million) from the bond proceeds, provide additional funding to cover unforeseen expenses, market conditions, and inflation. Allocating these funds requires approval from Bond Executive Sponsors and the Multnomah County Chief Financial Officer, and the Chair's Office is also informed. At the end of Fiscal Year 2023, \$48.7 million in uncommitted funds remained.

Budget management is also built into the project design process during the planning phase. Project teams are directed to use a process called Target Value Design (TVD), which aligns the target budget with design program objectives from the onset.

Schedule and project progress

The overall program schedule is not at risk of exceeding the voter-approved bond term of approximately eight years. However, the risks associated with national and global market escalation and inflation, labor shortages, and supply chain issues have created challenges. In response to bond spend-down requirements, the overall project schedules and the sequencing of construction activities are aggressively putting pressure on limited regional labor and material resources as the bond program emerges from the pandemic.

To mitigate market conditions and to meet the required bond sale spend-down, it was necessary for the Bond PMO to compress the overall bond schedule. While this compression added some stress, this strategic decision enabled the capture of savings through not having to include additional market escalation and inflation indexing.

Diversity, equity, and inclusion (DEI)

The work and outcomes around DEI have been outstanding. The Bond PMO has centered DEI in all aspects of its work, from staff learning/reflection, deep efforts on ensuring diverse community engagement, to employing both innovative and best practices in procurement of diverse firms and employment of diverse workforce.

Community engagement

Community engagement is a value at the forefront of the Library Capital Bond Program. The Bond PMO hired a Community Engagement Coordinator, creates paid community advocate programs, ensures that historically underrepresented communities are heard, and verifies that community input is incorporated into building designs. Community engagement has been so successful that the bond's Community Engagement Coordinator,

Suzanne Chou, was nominated for the Daily Journal of Commerce's Oregon 2023 Building Diversity Award.

Budget management

Measure 26-211, the first installment to update, renovate, construct and refresh library facilities throughout the County, was overwhelmingly approved and directed issuing \$387 million in general obligation bonds to finance these capital costs. The bond sale took place in early 2021 and through a bond sales technique with favorable interest rates, the County was able to raise \$387 million plus a bond premium reserve of \$50.7 million that has given the County \$437.7 million to invest.

The library bond is a general obligation municipal bond, backed by the issuer (Multnomah County). Allowable usage of library bond proceeds include acquisition, construction, renovation of capital assets, and staff costs and internal administration related to completing bond projects; but not routine maintenance or general operations, including general library staffing (bond proceeds cannot be used for those purposes). The bond is structured as a level levy, meaning that the tax rate is flat or slightly declining over the lifetime of the bond.

The library bond was issued with a \$50.7M premium, referred to as the *bond premium reserve*, which ends up as additional proceeds that can be used to cover unanticipated costs or to lower the applied levy rate in the final year of debt obligation. At the time of debt issuance, interest rates were at historical lows and the County issued its bonds through a competitive market sale. During times of low interest rates, many municipal bond issues are sold with premiums. In this case, the financial institution that buys bonds provides the issuer a premium (proceeds above par value) in exchange to sell bonds in the open market at a higher coupon rate (larger interest payment). Bonds with higher coupon rates are more attractive in the open market. In simple terms for the County, there is a slightly higher interest rate being paid to bondholders in certain years on bonds in exchange for a large premium.

This bond funding strategy came with bond spend-down requirements that drove aggressive project schedules and sequencing for the bond program, compressing the program by approximately two years. However, the use of the bond premium reserve has

been key to managing and responding to volatile market conditions during the historically unprecedented period of inflation, supply chain upheavals, pandemic-induced material shortages, labor shortages, and climate change.

The Bond PMO has an established approval process for using library district reserve funds and funds from other sources. The Bond PMO provides documentation and offers a recommendation for usage to Bond Executive Sponsors, the Multnomah County’s Chief Financial Officer, and the Chair’s Office (if appropriate) — noting fund source (reserve, interest earnings, or other funding source), amount of proposed transfer, whether funds will be restricted or not, background and justification, and an options analysis. These decisions are documented with signatures and a commitment notice is shared in the subsequent quarterly briefing to the Board of County Commissioners.

Committee members receive quarterly updates on overall bond spending, including progress toward federally-required spend-down, as well as updates on individual project budgets and actual spending. Interest income earnings from tax-exempt bond proceeds may be subject to arbitrage if spend-down timing conditions are not met.

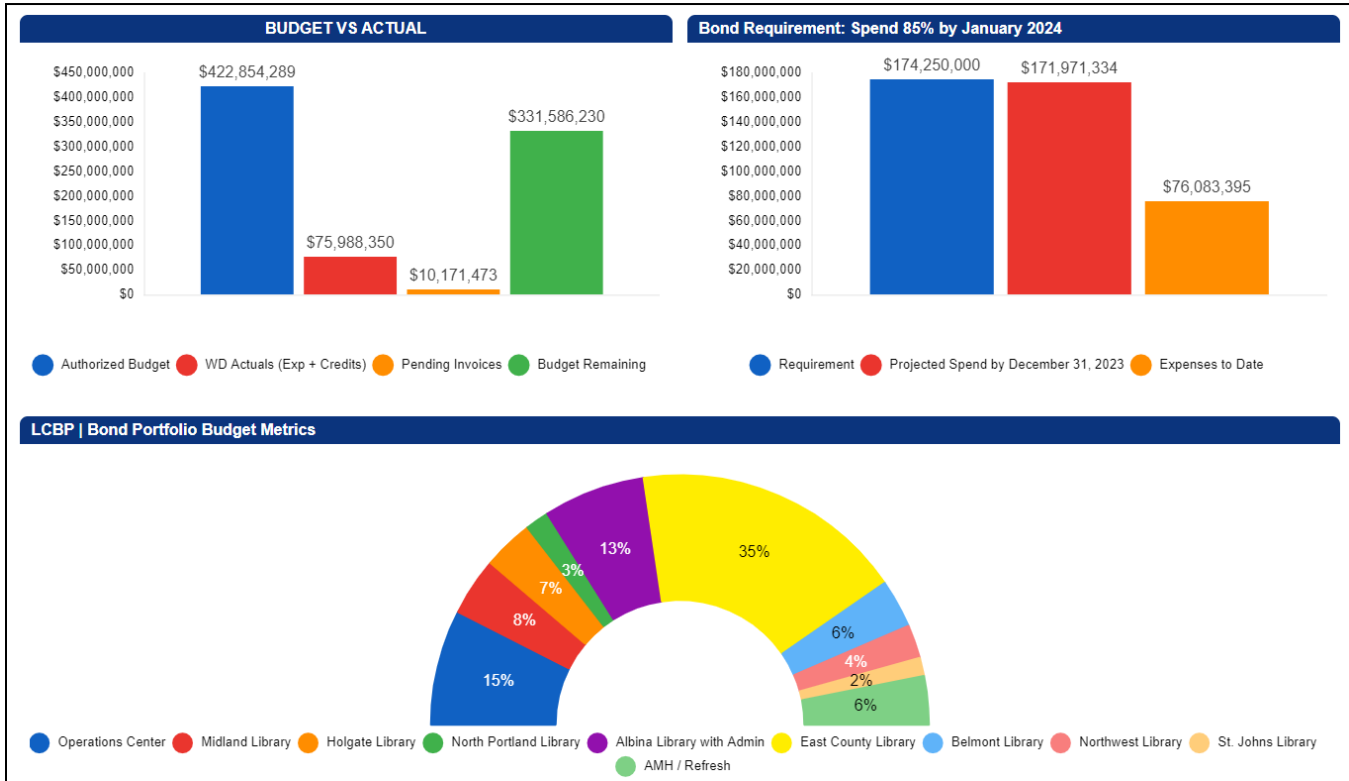
As of June 30, 2023, \$88.3 million of bond funds have been spent toward the required bond spend-down goal of \$174.25 million by the end of three years after issuance (85% of tax-exempt bonds by January 26, 2024).

Bond budget summary

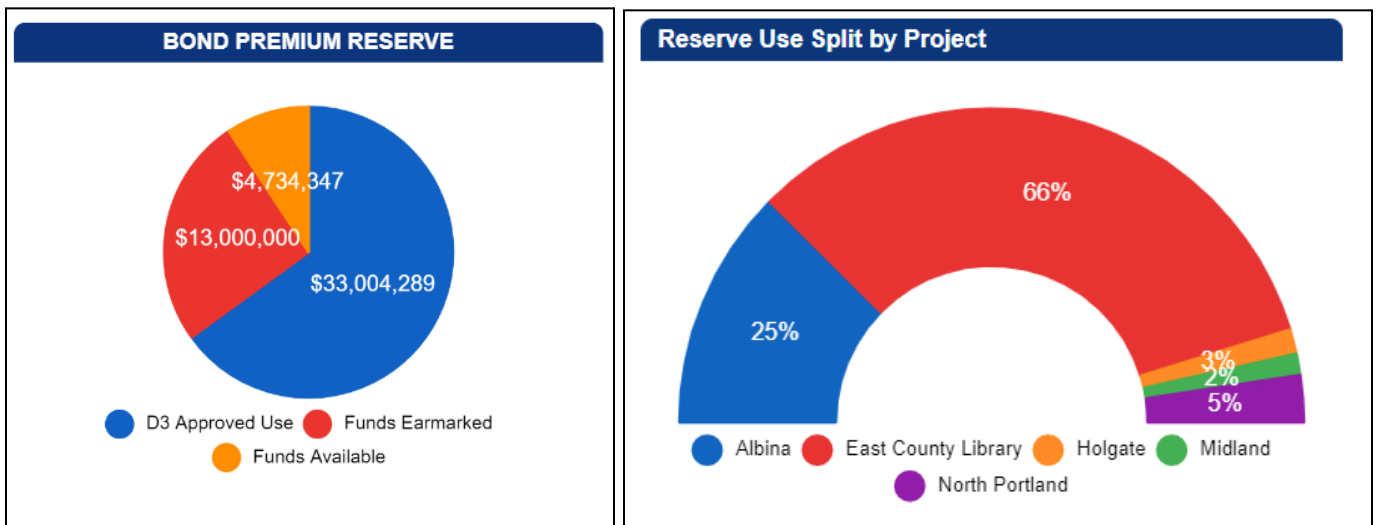
Total program budget	\$443.2 million
General obligation bonds Issued in two series: <ul style="list-style-type: none"> Tax-Exempt: \$154,680,000 / Taxable: \$232,320,000 	\$387 million
Bond premium reserve Issued in two series: <ul style="list-style-type: none"> Tax-Exempt: \$50,506,726.20 / Taxable: \$231,909.90 	\$50.7 million
Interest income earnings	\$4.4 million
Outside funds	\$1 million

*Outside funds include grants, donations, Library District funds for scope outside the bond program, etc.

Bond funds spent through June 30, 2023

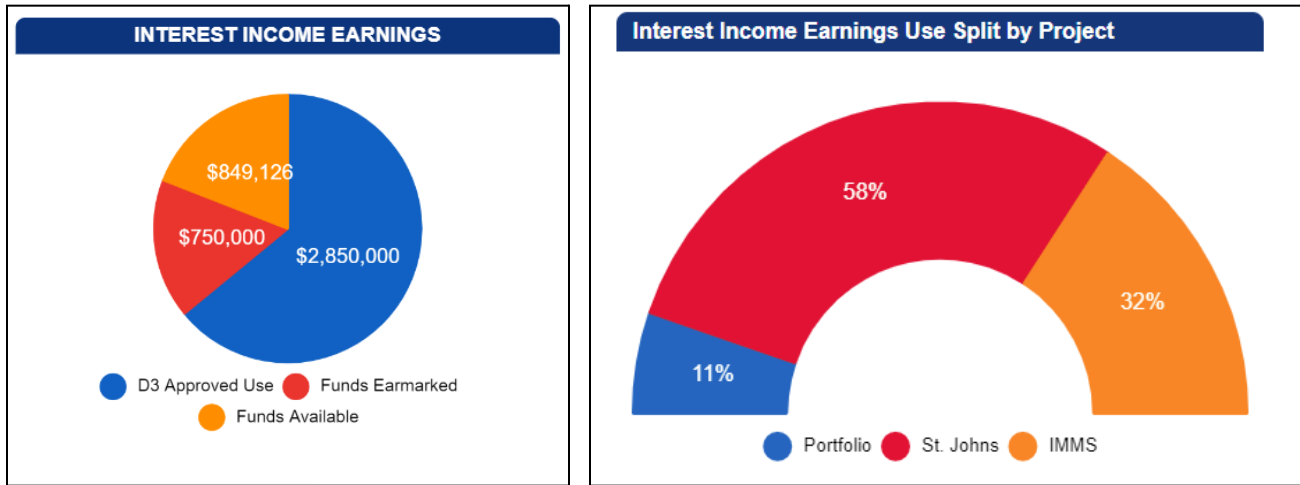


Bond Premium Reserve Funds Spent through June 30, 2023



*D3 refers to an internal decision tracking process

Interest Income Earnings Spent through June 30, 2023



Per Measure 26-211, annual external audits of the library bond program are conducted and shared with the Bond Oversight Committee. The County retained two third-party auditors to provide fiscal review and oversight of the bond program at the portfolio and project levels.

Moss Adams LLP (an independent accounting firm) completed a financial audit of the bond program through fiscal year 2022¹, performing an “Agreed Upon Procedures Engagement” that tested various procedures to provide greater oversight and transparency to the Library Capital Bond Program. Overall, Moss Adams found no significant issues (see Appendix B). Bond revenues and expenditures were recorded accurately and used for allowable purposes. The audit also confirmed that the Board of County Commissioners approved the bond budget and received budget-to-actual reports. An audit will be completed annually through the end of the bond program.

Sjoberg Evashenk Consulting was engaged in October 2021 to provide construction audit services for the Library Capital Bond Program (see Appendix C). These tasks primarily focused on project billings and change orders, and also involved best practices related to project controls, activities, and practices. The appendix provides a summary of their activities and findings for calendar year 2022.

¹ The appendix provides more detail on the Fiscal Year 2022 audit report from Moss Adams.

The bond portfolio budget was validated in June 2021 by the Bond PMO, and approved by the Board of County Commissioners in October 2021. Individual project budgets within the bond portfolio are finalized at the establishment of the Guaranteed Maximum Price (GMP) amendment and authorized through the defined County approval process. Each project budget, including contingency usage, is monitored frequently and reported out monthly to key executive stakeholders. Any funds added to a project follow a decision approval process similar to the above-mentioned process. Information on specific project budgets is available at the end of this report.

As noted throughout this report, there are a number of local, national and global conditions impacting the construction industry in extreme ways. These conditions also impact bond budget management:

Supply chain: Global supply chain issues started as a result of the COVID-19 pandemic and continue with the Russia-Ukraine war amid labor shortages and major climate impacts (e.g., Panama Canal drought). The Bond PMO is managing this risk by engaging the Construction Manager/General Contractor (CM/GC) early and with early procurement of key partners.

Market conditions and escalation: The construction industry is experiencing historic escalation and cost increases, including double-digit inflation from 2020 through 2022. The recent Rider Levett Bucknall (RNB) economic forecast through Q3 2023 continues to reflect inflation in the range of 8.5-9% in the NW region.² The PMO is managing this financial risk through set-aside contingencies in the bond premium reserve, which are tracked and reported monthly to the bond program executive sponsors and finance leadership team.

Bond project teams are directed to use a Target Value Design (TVD) approach. This has been successful overall and should continue to be used. This process essentially aligns the target budget with design program objectives from the onset of the project. Through the CM/GC delivery process, the County has retained value-added preconstruction services to support and validate the target budgets in partnership with the design team and the County.

² See Rider Levett Bucknall (RNB), Engineering News-Record (ENR), and Consumer Price Index (CPI)

Local factors. Several unforeseen items created budget challenges on some bond projects, including, but not limited to, required seismic upgrades at several project sites (Albina, North Portland, and St. Johns libraries); fluctuating market conditions that exceeded CM/GC estimates during design; a late change in requirements from PGE at Midland Library; increased security needs; changes in the insurance industry; and poor soil conditions at East County Library, requiring additional structural measures.

The budget for East County Library was developed prior to a location site being identified. There are increased costs associated with site infrastructure and civic space improvements. Underground structured parking and additional features desired by the community (like a roof-top public space) continue to challenge the budget. The Bond PMO is prioritizing program over design and materials and is challenging the design team to look for efficiencies in how the building is built.

Audit findings

As part of the Measure, an annual audit is required. The Committee, working with the County's Chief Financial Officer, decided on an independent procedural audit on the oversight and transparency of the Library Construction Project Fund (bond proceeds, interest income, other revenues, and capital expenditures on projects) and the General Obligation Bond Fund Debt Service Fund (property tax revenues levied to cover bonds obligations). A request for proposal was conducted and the County contracted with Moss Adams to complete this audit for Fiscal Year 2022 (July 1, 2021 to June 30, 2022) .

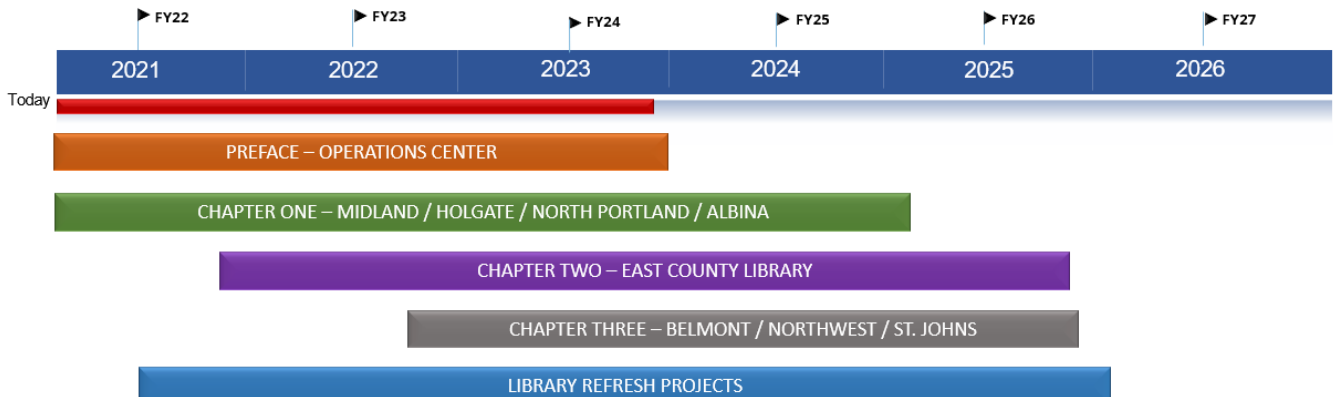
Audit procedures aimed to provide greater oversight and transparency over project funds. The engagement procedures (through sampling) reviewed the accuracy of the accounting ledger for Library Bond Capital Project financial activities; expenditure allowability; restricted usage; budget authority; project change management and authority; and timeliness of budget to actual reporting to leadership (see Appendix A).

FINDINGS

Overall, Moss Adams found no significant issues. Bond revenues and expenditures were recorded accurately and used for allowable purposes. The audit also confirmed the Board of County Commissioners approved the bond budget and received budget-to-actual reports. It also validated a number of procedures in the management and oversight of both the Construction and Debt Service funds. See Appendix B for full audit results.

Schedule and project progress

Overall Bond Program Schedule



The project schedule and the related program budget are influenced by three things:

1. Bond sale spend-down requirements
2. Construction market and labor conditions
3. External market factors like inflation and extraordinary supply-chain restrictions.

To meet spend-down requirements, bond leadership made the strategic decision to compress the overall bond program schedule from eight to five years. This decision reduced the negative impact of inflation and escalation inherent in the concurrent market conditions.

Additional schedule impacts were created by the longer-than-expected time for the project review and permitting process by the City of Portland. To address this, the Bond PMO worked with the City's Bureau of Development Services (BDS) to assign a BDS process manager specifically to library bond projects to aid in the processing of permits.

Successfully addressing these challenges was the result of incredible dedication and hard work by all involved. As of the close Fiscal Year 2023, all bond projects are active.

Sustainability

Sustainability is a guiding principle of the library bond program, reflecting Multnomah County's commitment of demonstrating fiscal responsibilities to taxpayers with durable spaces, materials, and systems focused on efficiency and flexibility — new County facilities are designed to last 80 years, and to meet [regional sustainability goals](#) and LEED Gold certification status. (See project detail pages for specific sustainability information.)

Diversity, equity, and inclusion

Several of the bond program's guiding principles are related to diversity, equity, and inclusion (DEI) principles:

Equity: Library buildings will reflect equity through community input, design and project decisions. The project will center race and culture in design, implementation, and procurement processes.

Accessibility for all: Library buildings will incorporate universal design principles and other strategies to make them usable by everyone.

Community partnership: Library buildings will reflect the cultures and priorities of our communities and focus on fulfilling patron needs. Staff prioritize community and patron-focused input.

DEI is centered throughout this work by prioritizing diverse contracting, workforce equity, and community engagement. This section will focus on a key component of the bond's DEI values: setting aspirational goals for the percentage of Certification Office for Business Inclusion and Diversity (COBID) certified firms who participate in each project, and for improving the diversity of the construction workforce. Community input for design will be addressed in the Community Engagement section.

Multnomah County values and is committed to providing COBID firms with bidding opportunities, and encourages entities bidding for projects to maximize efforts to solicit bids from COBID subcontractors, vendors, and material suppliers. For the library capital bond, a baseline aspirational goal of 25% COBID-certified participation was set for each bond project, and all in-progress projects are currently meeting or exceeding this goal.

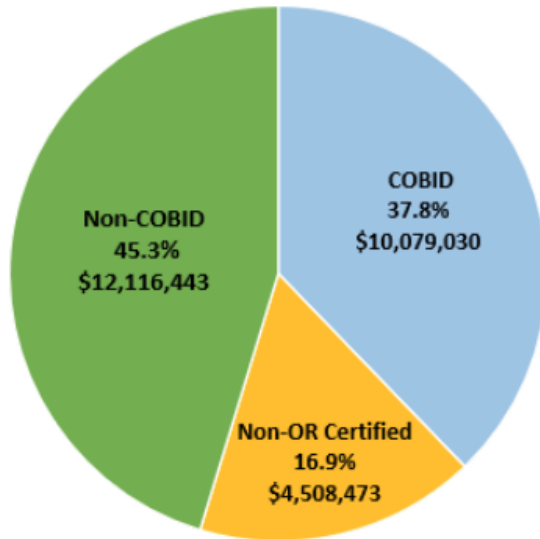
The County is also playing a leadership role in region-wide efforts to improve the diversity of the construction workforce, such as the [Regional Workforce Equity Agreement \(RWEA\)](#) and the Labor Management Community Oversight Committee (LMCOC), which oversees bond project workforce diversity goals.

Equity contracting requirements have also been established through implementation of the County's Supplier Diversity Program, which sets standards for the furtherance of diversity and equity both at the Prime Contract level, as well as the craft workforce level. The County has established aspirational goals for apprenticeship diversity and equity, with 14% women and 25% minority metrics. The LMCOC reviews workforce compliance goals monthly for projects under construction as part of the RWEA requirements for County construction projects. The Committee monitors adherence to these values by receiving, reviewing, and raising questions about progress information provided on these efforts. The County, along with its CM/GC partners, community equity partners, and union partners continue to work closely with a commitment to support diversity in the workforce.

In accordance with the RWEA, the County also commits technical assistance funds through its [Construction Diversity & Equity Fund \(CDEF\) program](#) with sources of funds in the amount of 1% of the direct construction costs of construction projects — targeted with the goal of promoting the development of a skilled, diverse workforce in the community. Project teams set projections for COBID participation by project, although several library building bond projects were in the planning and design phases until late Fiscal Year 2023 and actual participation rates were not yet available. As work is starting to move into the construction phase, projections from Construction Manager/General Contractor (CM/GC) on each bond project for Fiscal Year 2024 are also included below in the project updates section. Howard S. Wright construction firm is now onboarding and developing their Equity Participation Plan (EPP) for procurement of CM/GC services for the remaining projects (Belmont, Northwest, and St. Johns libraries).

Professional services portfolio summary

- Forecast - Oregon COBID Certified 37.8% - \$10.1M
- Forecast - Including non-Oregon COBID Certified 54.7% - \$14.6M

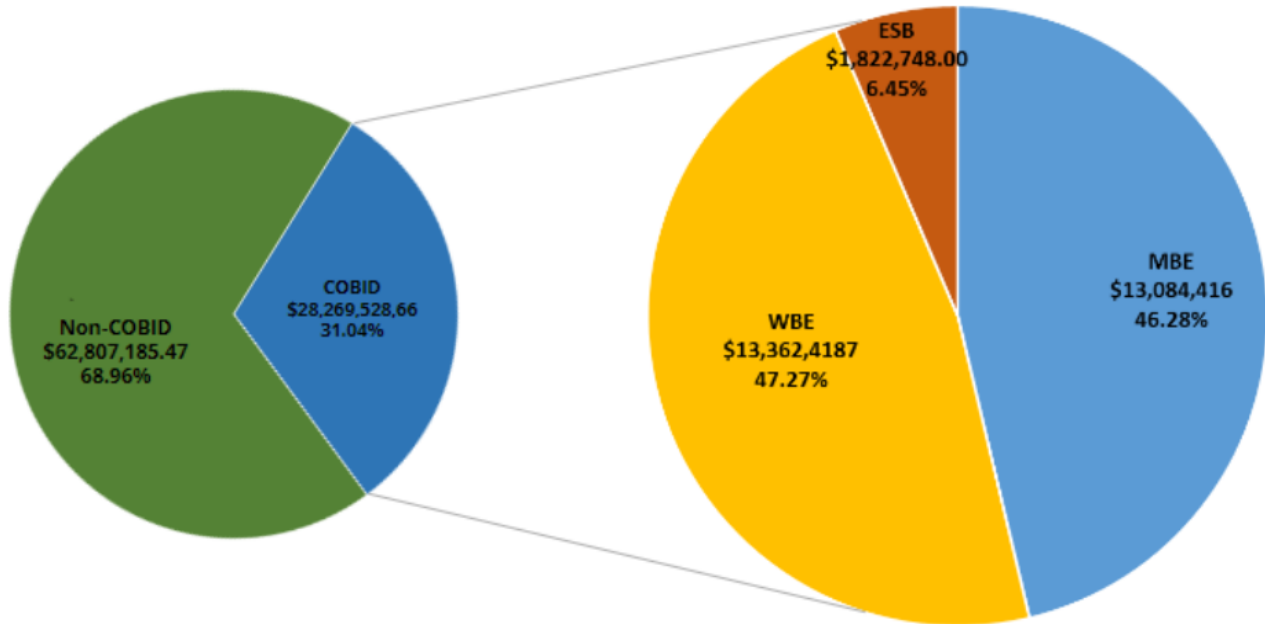


Note: This does not include Belmont and St. Johns

Figure (above): Multnomah County officially tracks and reports on metrics on Oregon COBID-certified firms. The yellow slice represents historically disadvantaged firms that aren't Oregon certified (primarily national library designers) – in most cases certified in their home states. The Bond PMO tracks this metric in addition to required metrics, because it represents adherence to the broader value of DEI.

COBID contracting metrics for CM/GCs in construction phase

- Forecast - Oregon COBID Certified 31.04% - \$28,269,582M (This is the County recognized metric for equity reporting)



Note: Does not include metrics for East County Library, Belmont, Northwest, St. Johns, or Refresh projects

ESB = Emerging Small Business MBE = Minority Business Enterprise WBE = Women Business Enterprise

Community engagement

As one of eight guiding principles, community partnership is a central value of bond work. Community engagement is built into each project's scope and schedule so that what is developed can meet community needs. A [community engagement ethos](#), developed early on, drives the project teams' approach.

Equitable: Prioritizes listening and amplifying the voices of underserved communities

Transparent: Clearly identifies what is fixed, what is flexible, and where community can have impact and the outcomes of that input

Just: Understands and acknowledges the past and creates a different future

Accessible: Meets the community where they are, variety of methods of participation, culturally relevant and responsive

Informed: Is informed by research, review and recognition of what has already been asked of communities and what's already been shared

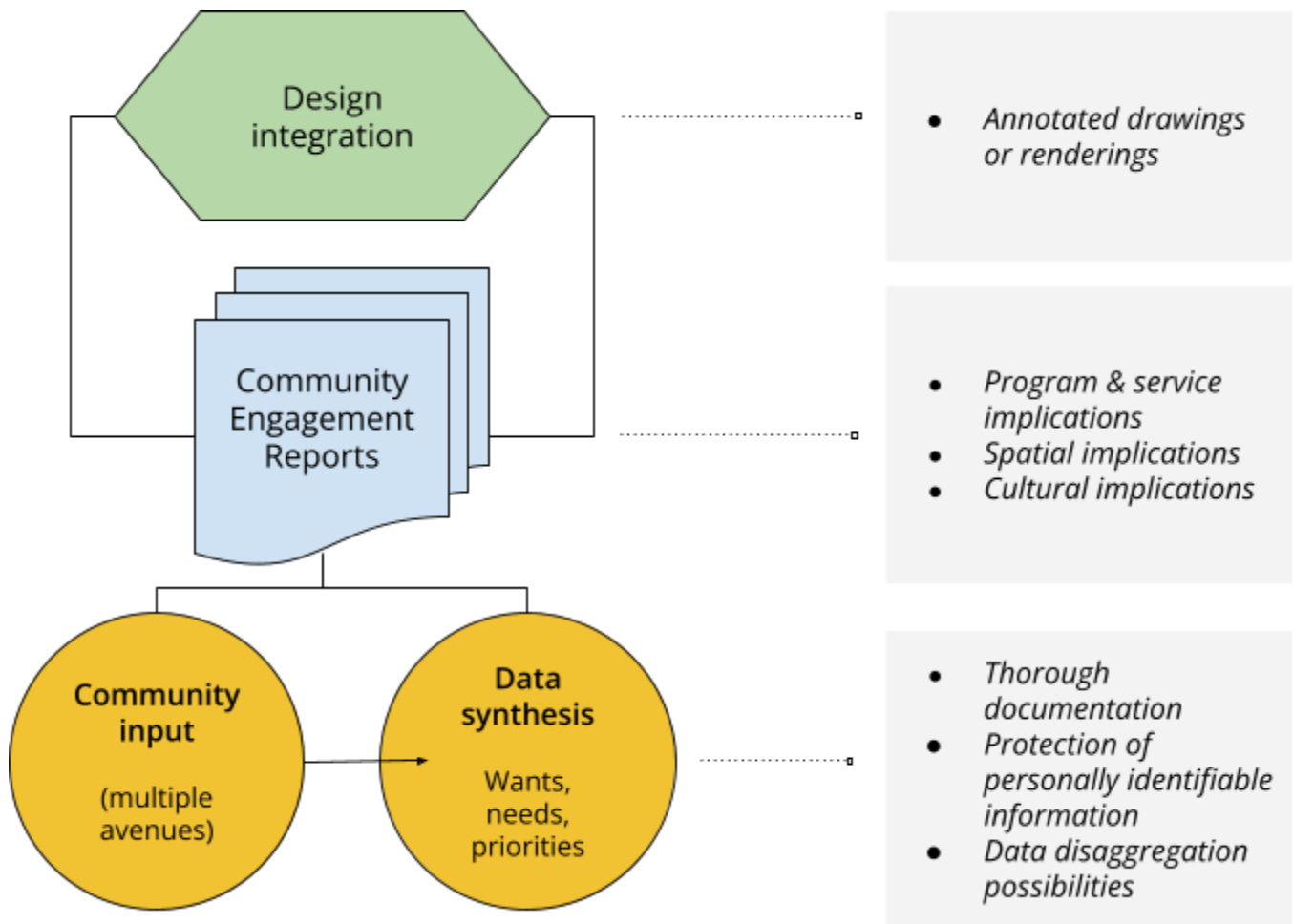
Flexible: Asks for input on process, listens to feedback, is open to change and not sticking with a singular approach to engaging the community

Community engagement methodology

Community engagement is conducted through a variety of methods in order to reach different audiences, to gather input throughout various project phases including building programming, schematic design, design development, and construction documents. Communities engaged for each project are unique to that library location and its history/context. Engagement methods include:

- Public community meetings
- Tabling
- Paid community engagement programs
- Focus groups
- Interviews
- Public surveys
- And more

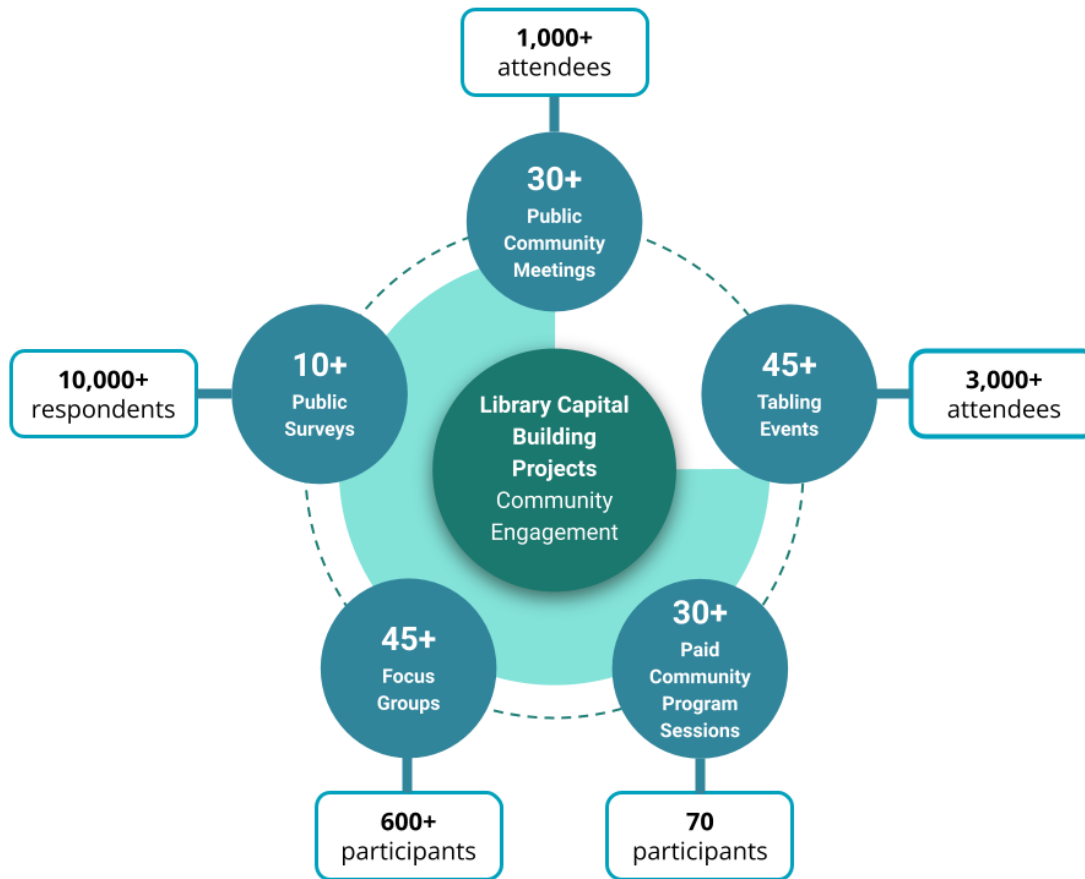
As projects progress toward the later phases of design and have a set design direction based on targeted community and bond staff input, the broader public will often be engaged via asynchronous opportunities for input to help set the direction for interiors and exteriors of bond project sites with tools like polls and activity boards at library locations. Information from engagement activities is then anonymized, documented, and tagged with event details; and synthesized into themes and narratives for integration into design and to inform development of services and programs.



In addition, paid community engagement opportunities include programs that bring on community leaders or organizations as partners to help engage their communities throughout the design process. Youth-specific programs center youth education around architecture and design and gather youth input on library designs. Two such paid engagement programs are the Community Design Advocates (CDA) program (utilized during planning for Holgate and Midland libraries), and the Youth Opportunity Design Approach (YODA) (utilized during planning for Albina and North Portland libraries).

Project teams also work closely with the [Regional Arts and Culture Council](#) (RACC) to select artists to design public art pieces for library buildings, using an intensive approach that includes community member panelists.

Community Engagement Across the Bond Portfolio FY23



Looking forward

Looking forward into Fiscal Year 2024 (July 1, 2023 to June 30, 2024), the Committee expects to see visible efforts of the library building bond, as new library spaces start to reach substantial completion. For FY 2024, we anticipate these to include:

- Library Operations Center
- Holgate Library
- Midland Library
- North Portland Library
- Refreshed Central Library
- Refreshed Capitol Hill Library
- Refreshed Gregory Heights Library
- Refreshed Fairview Library
- Refreshed Hillsdale Library

The Committee has guided bond-affiliated staff to provide a full and transparent picture of bond program operations by asking key questions about issues like management of risk and contingency funds; decision-making processes; sustainability metrics; the breakdown of COBID data by category and details of adherence to the RWEA; and more. We are pleased to report that staff have been responsive to these requests.

Committee members will also continue to actively engage in other bond-related activities, including serving as community evaluators for select bond procurements, attending select LMCOC meetings, and touring new spaces as they open. The Bond Oversight Committee also plans to prioritize in-person meetings to support committee member engagement, and will recruit a minimum of two new Committee members for 2024.

The Committee would like to thank and acknowledge Bond PMO and other library and County staff for their work to implement the bond vision approved by voters, including staff who directly support this committee's operations:

- Vailey Oehlke, Director of Libraries
- Tracey Massey, Director - Department of County Assets
- Mike Day, Library Bond PMO Director
- Katie O'Dell, Library Bond Deputy Director
- Kate Vance, PMO Bond Deputy Director
- Maddelyn High, Library Management Analyst and Committee Liaison

Project updates as of June 30, 2023

Operations Center



Project goal

Purchase, renovate, and expand a new building for use as a distribution center

Project status summary

Purchased site in September 2021. Design and permitting complete. Construction started in summer 2022. Structure, shell, and core construction complete. Interior finishes, mechanical, electrical, plumbing, and final site work, underway.

Community Engagement

Status: Not applicable as a primarily internal-facing building. Direct business neighbors were contacted throughout the project.

Diversity, Equity, and Inclusion

Status: COBID forecast: 35%

Budget

Status: Authorized budget is \$62,401,584 and 61% has been spent as of June 30, 2023.

Schedule

Status: Design Complete. Construction in progress. Scheduled for completion in fall 2023. Upcoming milestones in Q1 2024: Targeting temporary occupancy certificate on 9/21/23, followed by move-in and occupancy activities.

Sustainability

Targeting LEED Gold

Holgate Library



Project goal

Build a new library on the existing site

Project status summary

Design, permitting, and demolition are complete. Construction started.

Community Engagement

Status: Diverse community voices were centered through the paid Community Design Advocates (CDA) program. Fourteen CDAs were hired to engage with their communities for five months during the design process, and additional community members were compensated for their time. CDAs were of a diverse range of cultures, ethnicities, ages, and abilities. Input from CDAs and their communities helped shape building design. The project team also gathered input and informed community members about the project through online and in-person interactive workshops, tabling at events, an online survey, and public voting on interior and exterior color themes.

Diversity, Equity, and Inclusion

Status: Contractor COBID forecast: 26%

Budget

Status: Authorized budget of \$27,541,066 and 31% has been spent as of June 30, 2023.

Schedule

Status: Design complete. Scheduled for completion in summer 2024. Upcoming milestones in Q1 2024: Structure completion, weather barriers, and roofing installation

Sustainability

Targeting LEED Gold

Midland Library



Project goal

Renovate the existing library and build an addition on the existing site

Project status summary

Design and permitting are complete. Demolition is complete and construction started with the building shell and core work in progress.

Community Engagement

Diverse community voices were centered through the paid Community Design Advocates (CDA) program. Fourteen CDAs engaged with their communities for five months during the design process, and additional community members were compensated for their time. CDAs were of a diverse range of cultures, ethnicities, ages and abilities; and input from CDAs and their communities helped shape building design. The team also gathered input and informed community members about the project through online and in-person interactive workshops, tabling at events, an online survey, and public voting on an interior color palette.

Diversity, Equity, and Inclusion

Status: Contractor COBID forecast: 25%

Budget

Status: Authorized budget of \$31,365,372 and 24% has been spent as of June 30, 2023

Schedule

Status: Design complete. Scheduled for completion in summer 2024.

Upcoming milestones in Q1 2024: Mass Timber scheduled for installation in September 2023

Sustainability

Targeting LEED Gold

North Portland Library



Project goal

Renovate the existing historic library and build an addition on the existing site

Project status summary

Design and asbestos abatement work is complete and GMP is being finalized.

Community Engagement

Status: Three Youth Opportunities Design Approach (YODA) cohorts were held over a year and a half during design, centering the voices of local teens in shaping the future of the library space and introducing participants to architecture as a career. Local Black, Indigenous, Latino, immigrant and disability community voices were also centered through paid focus groups. Additional interviews with Black elders, community members, and Black Student Union members from Jefferson and Benson high schools helped shape the Black Cultural Center. The project team held public community meetings, tabled at community events, and held a public vote on the interior color palette.

Diversity, Equity, and Inclusion

Status: Contractor COBID forecast: 51%

Budget

Status: Authorized budget is \$12,815,7484 and 14% has been spent as of June 30, 2023.

Schedule

Status: Design complete. Construction is starting. Scheduled for completion in fall 2024. Upcoming milestones: GMP amendment execution, selective demolition to start this summer.

Sustainability

Targeting LEED Gold

Albina Library



Project goal

Build an addition to the historic library building on the existing site

Project status summary

Finalized design, applied for building permit, received approval from City of Portland Historic Landmark

Commission, completed move-out activities, completed asbestos

abatement, mobilized for demolition, and acquired adjacent property at 236 NE Knott Street to increase flexibility and footprint, and continued to work with the community and focus groups.

Community Engagement

Status: Three Youth Opportunities Design Approach (YODA) cohorts over a year and a half were held during design, centering the voices of local teens in shaping the future of the library space and introducing participants to architecture as a career. Local Black, Indigenous, Latino, immigrant and disability community voices were also centered through paid focus groups. The team also held public community meetings, tabled at many community events, and held a public vote on the interior color palette of the building.

Diversity, Equity, and Inclusion

Status: Contactor finalizing GMP. COBID forecast: 28%.

Budget

Status: Authorized budget is \$55,370,59 and 13% has been spent as of June 30, 2023.

Schedule

Status: Design complete. Construction is starting. Scheduled for completion in spring 2025.

Upcoming milestones: Mass demolition of the Isom administration building and mass excavation for the new building are scheduled to occur this summer and fall. Building permits are scheduled to be issued in early September.

Sustainability

Targeting LEED Gold

East County Library



Project goal

Build a new library on a new site, comparable in size to Central Library downtown

Project status summary

Completed site acquisition in late 2023, and design development documents. Working with City of Gresham and TriMet for programming of outdoor civic

spaces. Early mass excavation permit submitted to expedite sitework and mass excavation for the building in summer and fall 2023.

Community Engagement

Status: Developed partnerships with El Programa Hispano Católico, Black Economic Collective, and Immigrant & Refugee Community Organization (IRCO). These partners served as Community Library Champions and provided feedback on library design and organized focus groups with their community members to give additional input on design. Input was sought and information shared about the project at many summer community events, community meetings, and through a public survey that received ~2,000 responses.

Diversity, Equity, and Inclusion

Status: COBID - County | Contractor forecast: 25%. Contractor developing Economic Participation Plan (EPP).

Budget

Status: Authorized budget is \$147,996,663 and 7.5% has been spent as of June 30, 2023.

Schedule

Status: Design Development phase complete. Detailed design and permitting continuing through the end of 2023. Early construction starting in summer 2023 with completion scheduled for late fall/winter 2025. Upcoming milestones: Groundbreaking slated for July 2023. Construction mobilization and early sitework construction to begin August 2023.

Sustainability

Targeting LEED Gold

Belmont Library



Project goal

Expansion with exact size and scope decided through community and staff engagement

Project status summary

Architects and contractor selected. Programming and community engagement starting in summer 2023.

Community Engagement

Status: Development of the community engagement plan, investigation into building site options, and planning for gathering community input around options.

Diversity, Equity, and Inclusion

Status: County | Contractor 25% aspirational goal forecast: 25%. Contractor developing Economic Participation Plan (EPP).

Budget

Status: Authorized budget of \$26,222,700 and 2% has been spent as of June 30, 2023. Budget will be finalized with GMP.

Schedule

Status: Design starting. Scheduled for completion in winter 2025/2026.

Upcoming milestones: Size and scope of the project will be finalized in summer of 2023 with opportunities for staff and community input.

Sustainability

Targeting LEED Gold

Northwest Library



Project goal

Purchase a new building on a new site and renovate

Project status summary

New site purchased in November 2021. Architect and CM/GC selected in spring of 2023. Early program validation has started.

Community Engagement

Status: Community engagement plan developed.

Diversity, Equity, and Inclusion

Status: County | Contractor 25% aspirational goal forecast: 25%. Contractor developing Economic Participation Plan (EPP).

Budget

Status: Authorized budget of \$18,139,532 and 43% has been spent as of June 30, 2023. The majority of the spend is related to the building purchase. The budget will be finalized with GMP.

Schedule

Status: Design starting. Scheduled for completion in summer 2025.

Upcoming milestones: Programming validation and development to be completed in summer of 2023, and project design to start.

Sustainability

Targeting LEED Silver (due to use of an existing building, which cannot meet LEED Gold standards)

St. Johns Library



Project goal

Renovate the existing building and build an addition on the existing site

Project status summary

Architect and CM/GC selected. Programming will begin in July or August of 2023.

Community Engagement

Status: Project not started yet.

Diversity, Equity, and Inclusion

Status: County | Contractor 25% aspirational goal forecast: 25%. Contractor developing Economic Participation Plan (EPP).

Budget

Status: Authorized budget of \$9,904,456 and 2% has been spent as of June 30, 2023. The budget will be finalized with GMP.

Schedule

Status: Design to start summer 2023. Scheduled for completion in winter 2025/2026. Upcoming milestones: Programming validation and development to be completed in fall 2023; project design to start

Sustainability

Targeting LEED Gold

Refresh projects

Project goal

Update and improve efficiencies of public areas

Project status summary

Refresh projects are currently underway to provide upgrades to 11 libraries not undergoing major renovations. These projects will ensure libraries are able to take advantage of system-wide changes and provide safe, modern, and welcoming spaces for patrons.



Central Library's collections have been moved and furniture and finish refinements are in process. Permit applications (construction) are in process for Capitol Hill and Gregory Heights library refreshes. Design processes for Fairview and Hillsdale libraries kicked off in May 2023.

Diversity, Equity, and Inclusion

Status: Central Library Contractor COBID forecast: 51%.

Small Refreshes Contractor COBID goal: 25%.

CM/GC COBID partners as GCs for the small Refresh portfolio: Zana Construction, GSI Builders, and Buildskape

Budget

Status: Authorized budget is \$26,184,080 and 17% has been spent as of June 30, 2023.

Schedule

Status: Central Library is scheduled for completion in winter 2023/2024.

Capitol Hill and Gregory Heights libraries are expected to be completed in late fall/winter 2023.

Upcoming milestones in Q1 2024

With the exception of two branches, all of the remaining branches will be in procurement and design by Q1 2024.

Technology upgrades across bond portfolio

Project goal

Provide an enhanced patron experience and more efficient systems through the implementation of modern technologies

Project status summary

- ❖ Technology upgrades will provide gigabit speed internet to all libraries, automated materials handling systems to most locations, and self-check kiosks at all locations.



- ❖ Broadband upgrades are underway at most branches. Other upgrades (Automated Materials Handling and self-check kiosks) will be scheduled to occur during construction or refresh projects.
- ❖ Automated Materials Handling (AMH): System delivered for Central Library. AMH designs have passed final review for Albina and North Portland libraries. AMH purchased for Midland Library.
- ❖ Intelligent Material Management System (IMMS): Onsite workshops held in August.
- ❖ Radio Frequency Identification (RFID) and Patron Self Service: Master Services Agreement finalized. Submitting first orders for Capitol Hill and Gregory Heights libraries.
- ❖ Audio/Visual Solutions: Implementation planning for the Operations Center commenced. East County Library A/V design has begun.
- ❖ Planning for Creative Learning Spaces underway.

Glossary

A/E - Architect/Engineering. The primary design architect firm

AMH - [Automated Materials Handling](#). A system that sorts and packs library materials

Bond - A loan to a company or government that pays back a fixed rate of return (NerdWallet)

Bond Executive Sponsors - The Library Capital Bond Program's Executive Sponsors include the Department of County Assets Director (DCA Director) and the Multnomah County Library Director (Library Director). These two positions are responsible to the Board of County Commissioners for delivery of the project and have oversight of the PMO.

Bond premium reserve - A contingency reserve created through the sale of general obligation bonds. *Note: At the time of debt issuance, interest rates were at historical lows and the County issued its bonds through a competitive market sale. During times of low interest rates, many municipal bond issues are sold with premiums. In this case the financial institution that buys bonds provides the issuer a premium (proceeds above par value) in exchange to sell bonds in the open market at a higher coupon rate.*

Bond rating - A grade given to a bond by a rating service that indicates its credit quality. The rating takes into consideration a bond issuer's financial strength or its ability to pay a bond's principal and interest in a timely fashion. Generally, a "AAA" high-grade rated bond offers more security and lower profit potential (lower yield) than a "B-" rated speculative bond. (Investopedia)

C2P2: [Construction Career Pathways Project](#). Public agencies in the Portland Metro region are working together to grow and diversify the construction workforce by: Setting consistent workforce diversity goals & thresholds; Building accountability through tracking and workforce agreements; Invest in recruitment & retention of diverse workers; Implement culture change strategies; and Ongoing regional collaboration.

CM - Construction manager. Construction managers are companies hired during the design process to provide constructability input including cost estimating. Construction Managers are frequently retained past design to have responsibility for all construction and hire General Contractors (GC) to build the buildings.

CM/GC - Construction Manager/General Contractor. A project delivery method where the construction manager serves as the general contractor providing pre-construction and construction services, while the designer completes design under a separate contract, with the intent of promoting enhanced collaboration between all parties during design development.

COBID - [Certification Office for Business Inclusion and Diversity](#). The primary goal of certification is to level the playing field by providing certified firms a fair opportunity to compete for government contracts regardless of owner ethnicity, gender, disability, or firm size.

COBID-certified - Collective term used to ensure that contracts provide employment opportunities for businesses certified with the State of Oregon as Emerging Small Business (ESB), Minority/Women Business Enterprise (M/WBE), Service Disabled Veteran (SDV), and Disadvantaged Business Enterprises (DBE) (collectively COBID-Certified Subcontractors) in order to address historical underutilization.

DBE - Disadvantaged Business Enterprise. One of the types of COBID certification

DCA - Department of County Assets

Designer of Record - The individual designer or firm whose name and stamp will go on the drawings

ESB - Emerging Small Business. One of the types of COBID certification

FFE - FF&E - Furniture, Fixtures, and Equipment. Internal items that need to be designed but are not part of the built environment

General Contractor (GC) - Main contractor who is responsible for the day-to-day oversight of a construction site and hiring of the subcontractors and suppliers for a project

GMP - Guaranteed Maximum Price

HVAC - Heating, Ventilating and Air Conditioning

IGA - Intergovernmental agreement. Agreement between two or more public agencies that seek to foster efficiency and economy by promoting the use of existing resources

ILS - Integrated Library System. The library's database for patrons and collections

IMMS - [Intelligent Material Management System](#). System that includes batch handling and intelligent distribution, chaotic storage, and paperless work processes to reduce staff time on the holds process and other materials movement duties

LCBP - Library Capital Bond Projects

LMCOC - Labor Management Community Oversight Committee. The LMCOC provides oversight and guidance on implementation of the Regional Workforce Equity Agreement (RWEA) and reviews workforce compliance issues regarding this agreement. The purpose of this committee is to provide a forum for communications and collective strategizing aimed at advancing the RWEA through early identification of compliance. challenges and overall guidance and problem solving.

Market value (or Real Market Value) - The value the assessor has estimated a property would sell for on the open market as of the assessment date. The assessment date for all Real and Personal Property in Multnomah County is January 1st.

MBE - Minority Business Enterprise. One of the types of COBID certification

MCL - Multnomah County Library

MEP - Mechanical, Electrical, Plumbing. Typically refers to the mechanical (HVAC), electrical and plumbing engineering on a building project or the infrastructure necessary to make a building work. Based on rigorous industry standards and regulatory codes.

MWESB - Minority-owned, woman-owned, or emerging small business (see also [Supplier Diversity Program](#)) All M/W/ESB and SDVBE firms are now known as COBID-certified firms in County documentation.

NAMC or NAMCO - [National Association of Minority Contractors Oregon](#)

OAC - Owner, Architect, Contractor

OEA - Operations and Easement Agreement. Agreement in place for the property owners at NE Glisan St. & 122nd Ave.

Owner's Rep - Hired by a project owner to represent them throughout the entire process of a development, including site selection, design, entitlements, permitting, and construction. The owner's representative serves as a liaison and ensures that the owner's best interests are carried out. (

PLA - Project Labor Agreement, also known as a Community Workforce Agreement. A pre-hire collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific construction project

PMO - Program Management Office. The PMO oversees the execution of the multiple projects under the Library Capital Bond Program; establishing community and staff engagement protocols for projects, as well as guidelines and standards for project delivery, documentation, compliance, and communication. The PMO is also responsible for program health, status reporting, timeline management, resource management, issue management, cross-functional guidance and approval, quality assurance, and risk management. It is led by the PMO Director, and two PMO deputy directors -- one each from the Library and the Department of County Assets.

Programming (Building) - An exercise by architects to establish a list of the project's requirements and functional building blocks. Typically occurs at the beginning of the building design process, before Schematic Design.

Programming (Library) - Events that help people learn, create, have fun, and understand the world. Library programs positively impact our diverse community by revealing shared values from our unique experiences.

PSA - Purchase & Sales Agreement. A legal contract between a buyer and a seller of real estate property, company stock, or other assets. This document includes the sale cost.

RACC - [Regional Arts and Culture Council](#)

REQUEST FOR PROPOSAL – (RFP, RFQ) Formal proposal request issued by Owner to solicit qualifications based proposals from Contractors, Designers, Engineers, Consultants and Vendors.

RWEA - The [Regional Workforce Equity Agreement](#) is a project labor agreement and partnership between Multnomah County, Metro, and the City of Portland to set regional hiring standards that require contractors to prioritize workforce diversity on large public projects (including the library bond)

SDVBE - Service-Disabled Veteran Business Enterprise (see also [Supplier Diversity Program](#)) All M/W/ESB and SDVBE firms are now known as COBID certified firms in County documentation.

SOJ - [Shiels | Obletz | Johnsen](#) - a firm we have hired as an [owner's representative](#) for the Holgate, Midland, and East County library projects

Target Value Design (TVD) - Target Value Design is intended to make explicit that value, cost, schedule, and constructability (including work structuring) are basic components of the design criteria and that the goal is for the actual project costs for each line item in the project budget not to exceed the target values established for such items in the project budget. This method assures continuous cost analysis and reporting procedures within the cross-functional teams for monitoring estimated costs against target costs.

VALUE ENGINEERING – A systematic evaluation of project design by carefully investigating costs, availability of materials, construction methods, shipping costs or physical limitations, planning and organizing, cost/benefit values, and similar cost-influencing items to obtain the most value for every dollar of cost without impacting the function of the facility.

WBE - Women Business Enterprise. One of the types of COBID certification

YODA - Youth Opportunity Design Approach - program to engage youth in the design and construction of a project. Implemented by the team for Albina and North Portland.

APPENDIX A: CFO AUDIT LETTER



Department of County Management
Finance and Risk Management

Office of the Chief Financial Officer
501 SE Hawthorne Blvd. Suite 531
Portland, Oregon 97214

October 10, 2023

On the January 26, 2021 Multnomah County issued General Obligations Bonds in the amount of \$387 million for the Multnomah County Library Capital Construction as approved by the County voters on Ballot Measure 26-211 (approved on November 3, 2021). The Bonds were issued in two series:

- [General Obligation Bonds, Series 2021A \(Tax Exempt\)](#) – Par amount \$154,680,000
- [General Obligations Bonds, Series 2021B \(Federally Taxable\)](#) – Par amount \$232,320,000

Bonds were issued with a premium of \$50,738,636.10 (\$50,738,636.10, Series 2021A portion). Bonds are scheduled to mature in June of 2029 (Series 2021B maturing in June 2027). General Obligation Bonds are secured by the full faith and credit and tax authority of issuing jurisdiction. The issuer pledges to use all unrestricted public revenues and levy the necessary taxes on all assessable property within its jurisdiction to provide timely repayment of debt obligation. Below is a debt service schedule for Library General Obligation Bonds:

Year	2021A Bonds		2021B Bonds		Total Debt Service
	Principal	Interest	Principal	Interest	
2021	\$ -	\$ -	\$ -	\$ -	\$ -
2022	-	10,720,183	37,595,000	1,620,613	49,935,797
2023	-	7,734,000	43,165,000	1,075,193	51,974,193
2024	-	7,734,000	45,150,000	924,115	53,808,115
2025	-	7,734,000	46,970,000	720,940	55,424,940
2026	-	7,734,000	48,870,000	486,090	57,090,090
2027	40,405,000	7,734,000	10,570,000	95,130	58,804,130
2028	54,855,000	5,713,750	-	-	60,568,750
2029	59,420,000	2,971,000	-	-	62,391,000
	<u>\$ 154,680,000</u>	<u>\$ 58,074,933</u>	<u>\$ 232,320,000</u>	<u>\$ 4,922,081</u>	<u>\$ 449,997,014</u>

Library Capital Construction bonds were issued to finance the capital costs to expand, modernize, rebuild and acquire land for the library facilities and to pay for costs of issuance of the Bonds. The capital projects include:

- *Enlarge and modernize eight County libraries, some in each part of the County including Albina, Belmont, Holgate, Midland, North Portland, Northwest, and St. Johns.*
- *Build a flagship Library in East County similar in capacity to the Central Library in downtown Portland.*
- *Add gigabit speed internet to all library facilities.*
- *Create a central materials handling and distribution center to increase efficiency and cost effectiveness.*
- *Pay for furnishing, equipment, site improvements, land acquisition, and bond issuance costs.*

Multnomah County accounts for Library Bond Capital Construction project in two dedicated accounting funds. Fund 2517 “*Multnomah County Library Capital Construction Project Fund*” accounts for all project revenues (including bond proceeds, interest income, and other revenues) and capital expenditures for the projects. Fund 3003 “*General Obligation Bond Fund*” accounts for property tax revenues levied to cover debt service obligations and debt service expenditures (principal and interest). The bond title approved by the voters included a commitment to maintain financial oversight over the project by performing an annual audit. The County contracted with Moss Adams LLP to complete an annual “Agreed Upon Procedures” Library project specific audit engagement. The engagement included the following procedures:

For the Fiscal Year Ending June 30, 2022

1. **Fund 3003** – perform procedures to confirm levied property taxes and interest income were accurately recorded to accounting ledger to be used for restricted purposes and trace to bank statement.
2. **Fund 3003** – perform procedures to confirm expenditures incurred in dedicated General Obligation Bond Debt Service Fund were allowable and agree total expenditures incurred to accounting ledger.
3. **Fund 2517** – perform procedures to confirm revenues (bond proceeds, interest income, dividends and rebates, and miscellaneous income) were accurately recorded to accounting ledger to be used for restricted purposes and trace to bank statement.
4. **Fund 2517** – perform procedures to confirm project capital expenditures incurred in dedicated Library Capital Construction Fund were allowable (as detailed in ballot title of measure) and agree total expenditures incurred to accounting ledger.
5. **Budget Monitoring** – perform procedure to confirm if annual budget for project was approved by the Multnomah County Board of County Commissioners as evidenced by Board minutes and resolution.
6. The Project Management Team (PMO) established Supplemental Funding Procedure to track any request(s) and decision(s) to modify the overall project budget within a fiscal year. The Supplemental Funding Procedure provides request, background for request, detailed reason for request, proposed change amount, fiscal option analysis (as application), fund source to be used (e.g. bond premium, interest income, or other), and recommendation. All requests must be approved by the Library Director, Director of County Assets, and Chief Financial Officer. All approved project budget changes that require an appropriation increase will be reviewed and approved the Board of County Commissioners.

Budget Monitoring – perform procedure to identify instances in which project budget changed, confirm if change followed the established Supplemental Funding Procedure as established by PMO.

7. **Budget Monitoring** – perform procedures to confirm if budget to actual reports for project were prepared and shared monthly with Library Capital Planning Executive Stakeholder Committee and quarterly with the County Board of County Commissioners as evidenced by reports and minutes from meetings.

The audit procedures aimed to provide greater oversight and transparency over the Library Bond Capital Project. The engagement procedures (through sampling) reviewed the accuracy of accounting ledger for Library Bond Capital Project financial activities, reviewed for expenditure allowability, reviewed for restricted revenue usage, budget authority, project budget change management and authority, and timeliness of budget to actual reporting to County Library Project Leadership. This “Agreed Upon Procedures” process will be performed annually (after close of the fiscal year) though substantial completion of project. Audit procedures may be modified over time if necessary to enhance oversight and transparency over capital project.

The attached report from Moss Adams LLP provides results of each audit procedure. Procedure 1. (a) and 2. (a) had samples in which tracing to bank statement was not agreed. Agreeing to bank statement was not possible as a result of summary transactions posting to accounting ledger in certain instances. All other audit procedures were completed without issue.

Multnomah County has annual audit in which Library Bond Capital Project financial activities can be further audited, see pages 26 and page 269 for audit reports from Multnomah County's [Annual Comprehensive Financial Report](#), ending June 30, 2022 for details.

Please let me know if questions, Thank you

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Arellano", written in a cursive style.

Eric Arellano

APPENDIX B: PROCEDURAL AUDIT

Report of Independent Accountants

To Multnomah County, Oregon

We have performed the procedures enumerated below to the County's Library Debt Service and Capital Construction funds revenue and expenditures and the County's budget (the "Subject Matter") for the year ended June 30, 2022. Multnomah County, Oregon (the County) is responsible for the Library Debt Service and Capital Construction funds revenue and expenditures and the County's budget for the year ended June 30, 2022.

The County has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the County's Library Debt Service and Capital Construction funds revenue and expenditures as well as the County's budget for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. Obtain a listing of the monies for the Library General Obligation Bond debt service fund as of and for the fiscal year ended June 30, 2022. Include types of monies received (i.e., property taxes, interest earnings, etc.) in your report on the application of agreed-upon procedures.

Response: We obtained the listing of the monies received for the Library General Obligation Bond debt service fund as of and for the year ended June 30, 2022 noting the types of monies received included property taxes, heavy equipment rental tax, and interest earnings.

- a. Obtain a listing of the property taxes collected and select a random sample of 15 items. For the sampled items, trace funds received for the fiscal year to the bank statement and agree funds received to the general ledger detail. Include the fund these amounts were recorded to in your report on the application of agreed-upon procedures.

Response: We obtained a listing of the property taxes collected and randomly selected a sample of 15 items. We were unable to agree 11 of the 15 sampled items to the bank statement. We agreed all sampled items to the general ledger detail noting those items selected were recorded to the General Obligation Bond debt service fund.

- b. Obtain a listing of expenditures, which includes the types of expenditures, incurred for the fiscal year ended June 30, 2022, and agree the total amount of expenditures incurred to the general ledger. Obtain from management the types of expenditures that are allowable as debt service charges to the Library Debt Service Fund. Compare the types of all expenditures included in the listing to the types of allowable debt service charges to the Library Debt Service Fund and identify any differences in your report on the application of agreed-upon procedures.

Response: We obtained a listing of expenditures for the Library Debt Service Fund noting amounts agreed to the general ledger without exception. We compared the types of all expenditures included in the listing to the types of allowable debt service charges to the Library Debt Service Fund noting no differences.

2. Obtain a listing of the monies for the Library Capital Construction Fund as of and for the fiscal year ended June 30, 2022. Include types of monies received (i.e., bond proceeds, interest earnings, intergovernmental revenues, etc.) in your report on the application of agreed-upon procedures.

Response: We obtained a listing of the monies received for the Library Capital Construction Fund as of and for the fiscal year ended June 30, 2022 noting the types of monies received included interest earnings, dividends and rebates, and miscellaneous income.

- a. Obtain a listing of the revenues and randomly select a sample of five items. For the sampled items, trace funds received for the fiscal year to the bank statement and agree funds received to the general ledger detail. Include the fund these amounts were recorded to in your report on the application of agreed-upon procedures.

Response: We obtained a listing of revenues and randomly selected a sample of five items. We were unable to agree two of the five sampled items to the bank statement. We agreed all sampled items to the general ledger detail noting those items selected were recorded to the Multnomah County Library Capital Fund.

- b. Obtain a listing of project expenditures, which includes the types of expenditures, incurred for the fiscal year ended June 30, 2022, and agree the total amount of expenditures incurred to the general ledger. Obtain from management the general usages detailed in the Library Bond ballot language. Randomly select 25 expenditures from the listing for testing. Agree selected items to source documentation including invoices, contracts, payroll, and evidence of payment. Compare the types of selected expenditures to the types of expenditure allowed within the general usages detailed in the Library Bond ballot language and identify any differences in your report on the application of agreed-upon procedures.

Response: We obtained a listing of project expenditures for the Library Capital Construction Fund for the fiscal year ended June 30, 2022 and agreed the total amount of expenditures incurred to the general ledger without exception. We randomly selected 25 expenditures for testing and agreed the selected items to source documentation without exception. We compared the types of expenditures to the types of expenditures allowed within the general usages detailed in the Library Bond ballot language noting no exceptions.

3. Obtain the budget for the fiscal year and note if the budget has been approved by evidence of approval included in the Board minutes or other supporting documentation.

Response: We obtained the minutes of the Multnomah County Board of Commissioners from Thursday, June 3, 2021 noting the budget was approved.

1. Project Budget: Obtain the original project budget (beginning of the fiscal year) for the Library Capital Construction project. Inquire with management if the project budget changed during the year ended June 30, 2022. If the project budget was changed, note if the change followed the "Library Construction Bond Project (LCBP) Supplemental Funding Procedures" as follows:

- a. Obtain the D3 decision tracking matrix document and inquire of management if the document was drafted by Project Management Office (PMO) Leadership. Review the document and note whether the following are included:
 - i. Fund source (Bond Premium, Interest Income earnings, other subsequent funding source)
 - ii. Amount of transfer proposed
 - iii. Background and Justification
 - iv. Options Analysis
 - v. Identify if the funds are restricted or unrestricted
 - vi. Recommendation
- b. Obtain the commitment notice that is included in the Board of County Commissioners meeting materials and review to determine if the allocation of funds are not needed in the current fiscal year or needed in the current fiscal year.
- c. If funds are needed in the current fiscal year, obtain the Agenda Placement Request (APR).

Response: We obtained the original project budget for the Library Capital Construction project. Per inquiry with management, there were no changes to the project budget during the year ended June 30, 2022.

4. Haphazardly select budget-to-actual reports for the fiscal year. Note if budget-to-actual report was shared/presented to the Library Capital Planning Executive Stakeholder Committee and the Multnomah County Board of County Commissioners (BCC) as evidenced in executed committee minutes.
 - a. Library Planning Executive Stakeholder Committee: Haphazardly select three monthly budget-to-actual reports for the fiscal year. Include in your report the months selected and if the meeting minutes include evidence of budget-to-actual reports being discussed.

Response: We haphazardly selected three monthly budget-to-actual reports for the months of August 2021, November 2021, and March 2022. We inquired with management who noted that there are no formal minutes taken at the Library Planning Executive Stakeholder Committee meetings. As such, this procedure was unable to be performed.

- b. Board of County Commissioners: The Library Project Team presents quarterly to the Multnomah County Board. Haphazardly select one quarterly budget-to-actual report for the fiscal year. Include in your report the quarter selected and if the meeting minutes include evidence of budget-to-actual reports being discussed.

Response: We haphazardly selected one quarterly budget-to-actual report for the quarter ended March 2022. Per review of the Board of County Commissioners minutes from Tuesday, April 19, 2022, agenda item B.1 - Informational Board Briefing on Library Capital Bond Program, the minutes indicated discussions of the March 2022 budget-to-actual report.

We were engaged by the County to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the County's Library Debt Service and Capital Construction funds revenue and expenditures and the County's budget for the year ended June 30, 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

We are required to be independent of Multnomah County, Oregon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Multnomah County, Oregon and is not intended to be, and should not be, used by anyone other than this specified party.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
October 11, 2023

APPENDIX C: CONSTRUCTION AUDIT

LCBP Construction Auditor

SCOPE OF SERVICES

The LCPB Construction Auditor is retained to provide a detailed review of contractor payment applications including but not limited to the following:

Determine whether contract billings are in accordance with the contract documents.

Identify any potential cost exceptions, overcharges, errors, duplicated payments and that Contractor only billed charges that are allowed.

- a. Verify that the charges in the invoice equaled the amount claimed on the cover summary page.
- b. Verify that charged hours were multiplied by the correct pay rates from the contract.
- c. Verify that only allowable costs of work were included in the calculation of the contractor's fee.
- d. Verify that there were no duplicate invoices for reimbursable costs across pay applications.
- e. Catalog tools purchased and rented from the contractor and comparing rates to standard retail rates.
- f. Verify that equipment rental rates were consistent with local commercial rental rates.
- g. Verify that reimbursable labor costs did not include withholding for workers compensation insurance.
- h. Verify that materials prices were consistent with local costs or that the quality of materials was consistent with specifications.

Review subcontractor invoices amounts noting any duplicates.

Compare invoice labor rates to contract or prevailing wage rates.

Determine if Contractor's estimated percentage complete was accurate.

Reconcile project billings to payments made and recorded in the County's financial system.

Provide a detailed review of change orders including the following:

1. Determine whether change orders are appropriate, properly priced, and documented.
2. Determine if change orders are appropriately charged to County's versus Contractor's contingency.

Use the auditing process and industry benchmarking to assist the County to:

1. Identify potential control deficiencies and exposure to overcharges on future contracts – i.e., identify opportunities for improving methods and procedures as they relate to contract terms; bidding and selection procedures; job site inspecting and monitoring procedures; billing review procedures; controls over change orders and pricing, clarification of roles and responsibilities for the different groups involved in the construction process, adequacy and accuracy of the contract filing/record keeping system, etc.
2. Review subcontracting practices to determine whether processes were appropriately documented and competitive.
3. Review schedule of values for accuracy.
4. Determine best practices for future projects.

When applicable, the following services may be requested from the construction auditing firm:

1. When there is only a single bidder for a specific scope of work, would there have been a cost savings if the work had been done on an actual cost basis, rather than a lump-sum?
2. When a contractor self-performs a scope of work, would there have been a cost savings if the work had been done on an actual cost basis, rather than a lump-sum?

FISCAL REQUIREMENTS AND REPORTING

The Construction Auditor is required to prepare the following report(s):

1. Periodic report(s): This could be a separate report addressing the results of the contract compliance audits for the projects selected, and identify any cost exceptions identified. Appropriate supporting documentation should also be included.
2. Final report: Provides observations on the County's construction administration processes and identifies opportunities for improvement. The recommendations should include, but not be limited to, identifying potential contract control deficiencies, potential overcharge exposure on future contract billings, and control improvement recommendations.
3. Executive Summary: includes an executive summary of findings, impact, recommendations and best practices.

Multnomah County Library Construction Bond Program

2022 Construction Audit Activities & Results At-A-Glance

Sjoberg Evashenk Consulting, Inc. (SEC) was brought on board in October 2021 when most of the overall bond programming and planning including program budgets and initial delivery schedules had already been set. With a primary audit focus on auditing large bond-funded construction projects, audit activities in 2022 were mainly concentrating on developing an audit plan to align with the County's project sequencing schedule over the next five years, and reviewing overarching bond framework components for alignment with industry practice. Once the first major bond project—the new construction of the library Operations Center—started in July 2022, the audit shifted towards providing more detailed reviews of construction phase-related activities such as testing payment applications and validating labor burden. Results of audit activities are summarized below.



Section 1: Plan for Construction Audit Activities

The audit will focus on overall bond program activities, refresh projects at 11 library locations, and major renovations or new construction of 9 facilities. Proposed audit activities included the following:

Proposed Tasks on LCBP Projects

- Guaranteed Maximum Price (GMP) Contract, General Requirements/General Conditions (GC/GR), Labor Burden
- Payment Application Sample
- Site Visits / Inspection
- Change Order Management
- Close Out & Final Payment

Proposed Task for Overall Bond Program

- Reconnaissance of Environment, Processes, Roles & Responsibilities
- Compliance with the Development Plan and Operations Manual (DPOM)
- Project Management Office (PMO) Best Practices Comparison; General Controls, Budgets, Schedule, Construction Management
- Contingency, Performance Reporting
- Records Retention; Audit Close Out

Note: Audit work will be timed to align with project phases and construction activities for renovations and new construction libraries and will be on-going for the overall bond program.



Section 2: Overarching Library Capital Bond Program Activities

At the overall bond level, the audit assessed the general framework in place to ensure successful delivery of all projects—we found that formal LCBP principles and guidelines were developed and an adequate oversight structure was in place over program financial management and public accountability. Project-level budget and schedule management tools were also established. Agreements with architects and contractors executed in 2022 aligned with industry practices using language and provisions adequate to protect the County's interests.



Section 3: Operations Center Project

The Operations Center is a new \$61 million facility funded by the LCBP. Construction started in July 2022 and is estimated to complete by September 2023. The audit focused on two reviews—in-depth testing of a sample payment application from the Construction Manager/General Contractor (CM/GC) and verification of labor burden rates for construction subcontractors. Both audit areas were still in progress as of the time of this report; however, preliminary results revealed payment application errors on CM/GC mark-ups, incorrect hourly rates for staff, and unsupported charges for equipment—the CM/GC was made aware of those findings and has provided corrected calculations. Similarly, for subcontractor labor burden, the audit noted rates higher than established by union agreements, and incorrect application of taxes, amongst other math errors.

Recommendations

To further strengthen LCBP processes, the County should:

1. For the Holgate project, verify that CM/GC payment applications applied the correct 2.8% state unemployment insurance tax rate for all General Condition staff hourly labor rates.

