

SHERMAN COUNTY PUBLIC / SCHOOL LIBRARY
OREGON SOLUTIONS PROJECT
Report from August 30 Team meeting,
Sept. 5 meeting with Sherman County Court
Sherman County Junior / Senior High School

Attending (team members):

Gary Thompson, Bill Hubble, Sherry Kaseberg, Fred Gast, Milt Ketchum, Arla Melzer, Ken Melzer, Jeanney McArthur, Lowell Smith, Larry Hoctor, Melva Thomas, Ivan Ritchie, Aletha Bonebrake (convenor), Stu Watson (project manager).

Invited but not attending: Link Shadley, Carolyn Sanco, Wes Owens, Barbara Weedman, Carrie Kaseberg, Jim Scheppke, Janet Suter, Janet Brown, Cassie Strege, Danee Rankin.

1. Task reports:

After introductions, convenor Aletha Bonebrake introduced a series of reports by Team members, and discussion:

Distributed in advance of the meeting, a chart detailing all revenues past and anticipated future from Sherman County wind projects led to discussion about potential for the Library Project to apply for and leverage additional funds negotiated by Sherman County with PGE under the Strategic Investment Program (SIP) for the Biglow Canyon Wind Farm. Specifically, that SIP provides \$300,000 for the county to use on renewable energy installations at school sites.

Architect Gast noted the opportunity to install photovoltaic array on the south-facing library roof, and offset much or all of the library's power needs through net-metering (putting power back into the grid, to offset power bills or build credits against future bills). The school is now served by Wasco Electric Co-op, which doesn't do net metering. Gast noted that the Library could install its own meter, and petition for service from Pacific Power, which has lines along the roadway to the school. Thompson mentioned that the Energy Trust of Oregon offers a variety of incentives (grants, tax credits, etc.) to defray as much as 50% of the cost of renewable installations. Ritchie noted that the high school now incurs utility costs of about \$65,000 a year, so anything that would reduce that amount would prove a benefit to the school budget.

Gast said that information being developed as part of his design work could be used to compile an application for an energy Trust study grant, which would show the financial costs and potential offsets of a solar installation.

Action: Team agreed to have Gast pursue a study grant, which would give the School Board (ultimate owner of the library building) information it needs to determine if it should apply to the county for a share of the \$300,000 to complement Energy Trust incentives and fund a PV installation on the library roof.

2. Project manager Watson, speaking for Bank of Eastern Oregon's George Koffler, who was unable to attend, shared conclusions on two key questions:

- Opinion from Bond Counsel Doug Goe of Orrick, Harrington and Sutcliffe that on any loan to fund the Library Project, Sherman County would have to be the borrower in order that interest paid on bonds to fund the project would be free of taxation, thus allowing the Bank to offer reduced rates of 4.5% to 5%.
- Opinion from county counsel Wil Carey – Yes, the project would be subject to Davis-Bacon wage and benefit requirements.

3. Architect Fred Gast, and construction project manager Milt Ketchum reported on best current cost estimates.

- Gast said that projecting ahead into 2008, the intended construction year, he estimated the direct construction costs at \$1,665,270. He added a contingency allowance of 10%, for an estimate of \$1,820,797. He said that figure represented an estimated 8.55% increase in material and labor costs from 2007. Square-foot cost of the new estimate was \$225.88, compared to \$208.90 this year. He said compared to the rest of the nation, construction costs in the Portland metro region, which he used to prepare his estimate, had been more stable.

- Milt Ketchum said labor and materials costs had been stabilizing, but that labor was extremely tight. Based on that, he said it was critical – if the project were to be built in the spring and summer of 2008 – for bids to be solicited in early 2008, so that contractors could be locked up before the busy summer period. With that in mind, he said “soft costs” would push the total project cost to \$2,205,951.

- Professional Services: \$267,119
- Fixtures, furnishings & Equipment: \$85,260
- Other (, permits, insurance and heating systems): \$32,775

Ketchum also noted that in the state of Washington, where he is doing work now, a project can't go to bid unless all funds are in hand. He didn't know the law in Oregon, but said he would check.

4. Funding picture update:

• Total cost (estimated):	\$2,205,951
• Local funds raised to date (approx):	\$200,000
• Estimated foundation grants:	\$500,000
• PGE grant to project through SIP:	\$1,000,000
NET TO BE RAISED:	\$505,951

5. Referencing desires expressed by the County Court to see a strong effort a local fund-raising, Convenor Bonebrake noted that it was time for the Library Board to think seriously about organizing and pursuing a major gifts fund-raising campaign. She said this would involve identifying “fearless leaders” – people in the community who have wide respect, and who could work with one or two others of similar talent, to build a list of potential “big” donors, and approach them directly to make the “ask” for support of the library project.

MEETING WITH SHERMAN COUNTY COURT SEPT. 5

Attending: Sherman County Court: Judge Gary Thompson, commissioners Sherry Kaseberg and Steve Burnet; OS Team members George Koffler, Bill Hubble, Lowell Smith, and project manager Stu Watson.

1. Smith provide the court with a progress report of design efforts, cost estimates, intended construction timeline, and anticipated fund-raising efforts.
2. Koffler asked the court if it would agree, per the advice of bond counsel, to be the signatory on any construction loan offered toward the project. The court agreed to assume that role, with the proviso that the Sherman Development League retained its previously agreed to role as fiscal agent for disbursement of all grant funds secured for the project, at 2% administrative cost.
3. Asked to clarify for the Team’s future planning what, if any, additional funds might be allocated to the Library Project, the Court said the Library Board should consider the \$1 million negotiated as a grant from PGE under the Biglow Canyon SIP to be the county’s contribution. The Court discussed with the OS Team representatives how a recent rise in wheat prices, plus windfall payments to numerous landowners of \$6,000-\$8,000 per year per wind tower, might make this an ideal time for a major gifts fund-raising effort. Smith informed the court that the Library Board on Sept. 10 would address the question of project cost reductions.

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- Ken Melzer, Sherman County School Board chair.
- Wes Owens, Sherman County Junior / Senior High School principal, 541-565-3500 – wowens@sherman.k12.or.us
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- Bill Hubble, vice-president / loan officer at Moro branch of Bank of Eastern Oregon, 541-565-3712 — whubble@beobank.com
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