



Deschutes County Board of Commissioners
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AGENDA REQUEST & STAFF REPORT

For Board Work Session of August 17, 2015

Please see directions for completing this document on the next page.

DATE: August 12, 2015

FROM: Susan Ross Property & Facilities 541-383-6713

TITLE OF AGENDA ITEM:

Consideration of Board signature of Document Number 2015-557, a Letter of Intent between Oregon State University-Cascades and Deschutes County.

PUBLIC HEARING ON THIS DATE? No

BACKGROUND AND POLICY IMPLICATIONS:

This is a Letter of Intent (LOI) between Oregon State University-Cascades (OSU-Cascades) and Deschutes County regarding the County owned Demolition Landfill site. The LOI sets forth the general understandings of the parties concerning matters relating to an expected remediation and potential sale of the County's demolition landfill site. The LOI sets forth the intent of both parties to negotiate in good faith their intent to resolve their mutual interests regarding remediation and sale, which may be concluded at a later date in a formal purchase option agreement.

FISCAL IMPLICATIONS:

None at this time. If executed in the future, a purchase option agreement would provide specific details regarding purchase of the property, including the purchase price and responsibilities of both parties.

RECOMMENDATION & ACTION REQUESTED:

Staff recommends signature of Document 2015-557.

ATTENDANCE: Susan Ross

DISTRIBUTION OF DOCUMENTS:

One original to Susan Ross.



LETTER OF INTENT

This Letter of Intent (LOI) is between Oregon State University for the benefit of its Cascades campus (OSU-Cascades) and Deschutes County (County) and sets forth the general understandings of the parties concerning matters relating to an expected remediation and sale of the County's demolition landfill site (Landfill). The site includes the portions of Tax Lots 100, 110 and 111, on Tax Assessor's Map 18-12-06, lying south of Simpson Avenue; and, Tax Lot 719, on Tax Assessors Map 18-12-06A. No portions of any property lying north of the Simpson Avenue right of way are included in this LOI.

1. OBJECTIVES:

- a. The primary objective of OSU-Cascades is to secure land that will allow it to expand to a comprehensive 4-year university in the general location of the Landfill (defined below in Section 2 a. i.). Having access to some or all of the Landfill in the future would potentially enhance development of the OSU-Cascades campus. However, for the Landfill to be appropriate for OSU-Cascades and to be considered for OSU-Cascades use, the Landfill must be remediated in an environmentally responsible and cost-effective basis, and must be affordable for OSU-Cascades.
- b. The primary objective of the County is to remediate the Landfill so that it can be placed in productive use, if economically feasible. The County concurs that from an environmental and public health and safety standpoint, proper remediation must occur, subject to all legal and regulatory standards. The County's objective is to cover the costs associated with remediation without using County taxpayer funds, and if practical, to generate an economic return on the land.
- c. Both parties agree that the Landfill's present condition may present significant and uncertain environmental conditions that warrant a careful environmental evaluation and concerted remediation effort.
- d. In recognition of their mutual interests and desires and the premises set forth above, the Parties do hereby manifest by this LOI their intent to negotiate in good faith, mutually agreeable terms and conditions to be included in a formal binding agreement between the Parties to be concluded at a later date (the "Option

Agreement"). In this regard, the Parties set forth the following non-binding principles which are to be negotiated in the Option Agreement:

2. PROPOSED TERMS:

- a. OSU-Cascades and County will enter into an Option-to-Buy (Option Agreement) for the Landfill. The Option Agreement will be based on the following provisions:
 - i. OSU-Cascades will have the exclusive right to purchase the Landfill (defined as all of the County's acreage South of Simpson Avenue) for a period of two years (Option Period) from the date of the Option Agreement. The Option Agreement does not obligate OSU-Cascades to purchase the Landfill.
 - ii. During the Option Period, OSU-Cascades will perform certain due diligence efforts in cooperation with the County, including developing a site remediation plan and cost estimate, bringing the matter before the OSU Board for consideration to proceed with the purchase, and securing both an EPA and DEQ Prospective Purchaser Agreement (see below). The County will make available to OSU-Cascades, all existing and future remediation analyses, reports and plans, as well as County staff for further review of potential remediation plans. The County will assist in the effort to obtain additional remediation funding to support the OSU-Cascades efforts.
 - iii. The Fair Market Value (FMV) of the Landfill will be based on an appraisal process completed no later than 6 months from the date of the Option Agreement. The County and OSU-Cascades will jointly select an appraiser. The appraiser will be charged to develop a market based MAI appraisal. The Landfill will be appraised as if it has been remediated to the standards agreed upon by the parties. The Landfill will be appraised based on the existing zoning of the property. The County may elect to re-zone the property to Public Facilities or other appropriate zoning to support uses beneficial to both the County and OSU-Cascades. Any exactions imposed as a condition of approval of a rezone shall be considered in setting the FMV of the property. The FMV will increase annually during the Option Period, on the anniversary date of the Option Agreement, by an inflationary factor to be agreed to by the parties.

- iv. The Purchase Price for the Landfill will be equal to the FMV, less the cost of remediation to the standards described in the Apex Engineering Option 3 report and the cost of any additional remediation associated with any requirements imposed by the Oregon DEQ or federal EPA (collectively the Remediation Costs).
 - v. If the FMV of the Landfill is greater than the Remediation Costs, the Purchase Price will be the FMV less the Remediation Costs. If the FMV of the Landfill is less than the Remediation Costs, the Purchase Price will be \$1.
 - vi. If OSU-Cascades exercises its option to purchase the Landfill, a separate Development Agreement will be entered into between OSU-Cascades and County that establishes the requirement for OSU-Cascades to remediate the Landfill to mutually agreed upon minimum standards and to build more housing for its full-time students on the future OSU-Cascades campus.
- b. OSU-Cascades would seek a Prospective Purchaser Agreement (PPA), or a legally binding agreement with the Oregon DEQ before it acquires an interest in the property. The PPA would limit OSU-Cascades liability to Oregon DEQ for environmental cleanup of the property. The PPA must provide the County and state with a substantial public benefit. The PPA does not provide protection from liability OSU-Cascades may have under federal law or from liability for any new contamination that may occur after the OSU-Cascades acquires the property. The PPA must be negotiated with Oregon DEQ before OSU-Cascades purchases the Landfill.
- c. OSU-Cascades would also seek approval of a bona-fide PPA with the EPA under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA").

SIGNATURES ON FOLLOWING PAGE

