

# Clackamas County Circuit Courthouse

One project.  
Two phases.

May 2025

Report #2023-02

Report by the Office of County Internal Audit

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# I. Executive Summary





## Phase I

### Meeting time and cost goals of building the courthouse

## Phase II

### Sustaining 30-years of contract administration

The Clackamas County Circuit Courthouse construction project is nearing the August 29, 2025, completion date on time and on budget. The county began facilitating relocation activities in early May 2025 and the courthouse was officially opened to the public on May 19, 2025. The county's project management team worked hard to achieve these milestones.

Oversight of the project agreement between Clackamas County and Clackamas Progress Partners will be transitioning from a construction project management priority to a long-term contract administration priority. To strengthen quality, sustainability and consistency of contract administration over the 30-year contract life, guidance should be developed and documented.

Meeting the price agreement payment terms, county payments will be adjusted annually using an inflation index based on a 2022 Consumer Price Index. Scenario analysis of potential inflation factors demonstrates the sensitive nature of the 30-year payment forecast. County forecasting and budgeting activities will be essential in monitoring and reporting these impacts during the contract's life.

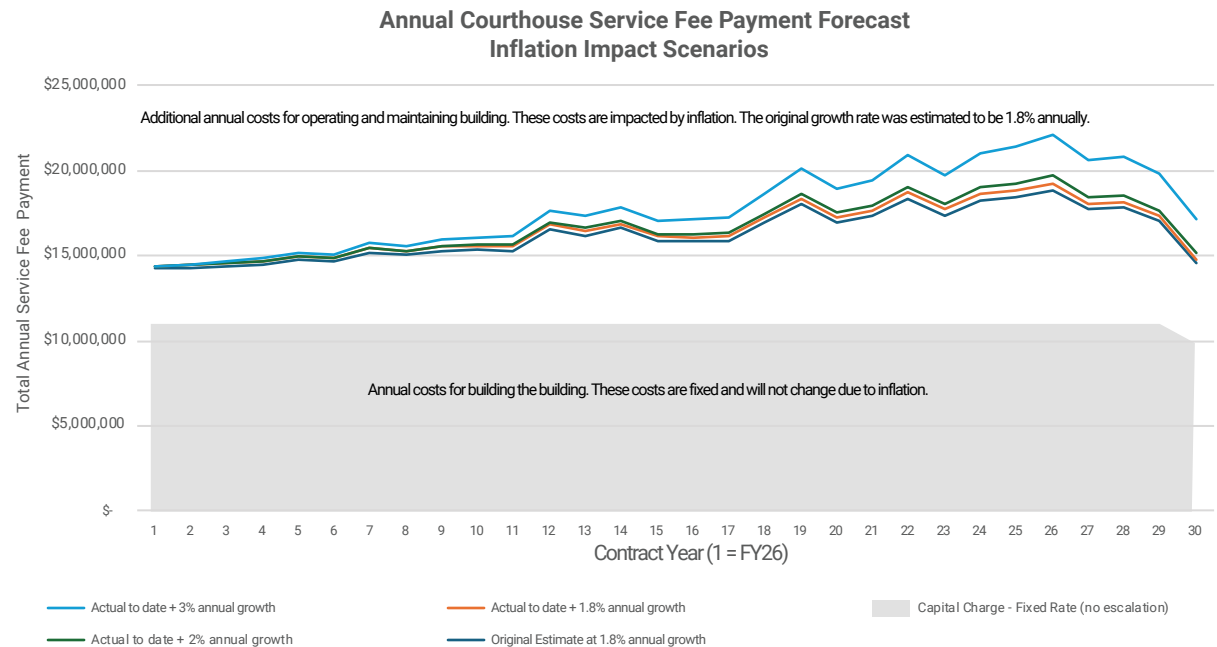


Figure 1 Source: Prepared by the Office of County Internal Audit based on project agreement and indexation calculations detailed in figure 14. See Appendix A



**Thank you**

## Acknowledgements and gratitude

This report was developed with the assistance of many county partners.

County Operating Officer and Project Manager Nancy Bush and Finance Director Elizabeth Comfort, as the primary engagement contacts, have contributed their time and effort to provide access to the information and data cited. These contributions significantly supported the completion of this review. This support was provided by Nancy Bush and Elizabeth Comfort while they were simultaneously managing and contributing to the project and maintaining daily operating activities. Time dedicated to all these goals is much appreciated.

Collaborative efforts are vital to the county's ability to successfully meet objectives, as well as identify, thoroughly analyze, and appropriately respond to risks. We demonstrate our core values, SPIRIT<sup>1</sup>, when we collectively and proactively identify steps to streamline processes, strengthen controls, and mitigate risks.

In addition to County Operating Officer and Project Manager Nancy Bush and Finance Director Elizabeth Comfort, special thanks to Caroline Hill, Tony Mayernik, Andrew Jarocki, Jeff Jorgensen, Stephen Hill, Daniel Robertson, Rick Cole, Steven Bloemer, Ryan Rice, Juli Johnson, Nate Boderman, Stephen Madkour, Andrew Naylor, Amanda Keller, Tori Klaus, Jane Vetto, Caleb Huegel, Gari Johnson, Ed Nieto, Mark McBride and Dylan Blaylock, as well as many others that supported this audit engagement. This list cannot begin to be comprehensive or fully recognize the many individuals who also committed significant amounts of time and energy to the courthouse construction project while continuing to fulfill their daily operating responsibilities.

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<sup>1</sup> [Clackamas County Core Values](#) – Service, Professionalism, Integrity, Respect, Individual Accountability, Trust





## Five recommendations for supporting contract administration activities

## Recommendations

Five recommendations supporting contract administration activities for the Clackamas County Circuit Courthouse Project Agreement are offered. These recommendations are designed to facilitate process improvements and enhance risk mitigation. Detailed observations and recommendations are included in this report.

- 1** Forecast the annual courthouse payments using the same Consumer Price Index growth rate assumption generally applied to the 30-year General Fund forecast.
- 2** Provide annual courthouse project agreement status reports to the Clackamas County Board of County Commissioners.
- 3** Retain all Clackamas County Circuit Courthouse Project Agreement contract documents, including the final financial model, amendments and change orders, in the contract file within the county's procurement retention system.
- 4** Take actions to strengthen sustainability, quality and consistency of contract administration over 30-year life of contract.
- 5** Identify and document lessons learned to inform future capital construction projects.

### Management response

Management generally agrees with the recommendations made and has provided detailed responses in this report.

## II. Background







## What – The project timeline

Clackamas County has constructed a new 257,000 square-foot circuit courthouse on the county's Red Soils campus in Oregon City.

### Procurement phase

On May 20, 2021, the Board of County Commissioners authorized a competitive proposal process to obtain a Public-Private Partnership ("P3") project company to design, construct, partially finance, operate and maintain the Clackamas County Circuit Courthouse. The county's procurement process included a request for qualifications, with eight bidding teams responding, and the selection of three bidders eligible to respond to the request for proposal. Clackamas Progress Partners was awarded the 30-year contract. The project agreement was executed on August 30, 2022.

### Design-build construction phase

Construction for the replacement courthouse started in late 2022. The county project management structure was implemented – both internally and through a third-party. Progress was communicated and monitored through weekly meetings and monthly reporting. This ensured the county was engaged with the project and was aware of any delays or issues encountered. An Occupancy Readiness Certificate was issued on May 1, 2025. The first Clackamas County Circuit Court case was held on the Clackamas County Red Soils Campus on May 19, 2025.

The final completion date for the construction project is August 29, 2025. The project is on track to meet this target.

### Facilities operation and maintenance phase

Facilities management services began on the occupancy readiness date. Clackamas Progress Partners' facilities management responsibilities, which include scheduled and unscheduled maintenance and renewal and replacement activities, are defined in the facilities management services agreement incorporated into the project agreement between the county and Clackamas Progress Partners. When the courthouse is officially turned over to the county in 2055, Clackamas Progress Partners is required to have maintained the building to a standard



defined in the project agreement and with a remaining useful life of at least 20 years. Technical performance reviews are required to be conducted throughout the 30-year contract term to ensure adequate maintenance, repair, replacement and life cycle activities are achieved by Clackamas Progress Partners.

Contract administration of the Clackamas County Circuit Courthouse Project Agreement has begun transitioning from a construction project management structure. The county has indicated it intends to address ongoing contract administration responsibilities through existing county facility staff resources. The county will receive the first monthly service fee invoice from Clackamas Progress Partners in June 2025. The county's administration and monitoring of the project agreement, including participation in technical performance reviews, will continue for the agreement term of 30 years.

## Who – The project organization

The courthouse construction and operation project is a collaboration between Clackamas County and Clackamas Progress Partners, a private sector company. The public-private partnership model shares the responsibilities and risks of the project with the intent of enhancing cost management, schedule management, product quality, sustainability and innovation, while minimizing long-term operating and maintenance costs.<sup>2</sup>

### **Clackamas County**

Clackamas County designed a project management structure supported by an internal project team and an external advisory and technical resource.

The county operating officer has been assigned the role of project manager and serves as the county representative and primary county point of contact for the project. Subject matter experts representing legal, finance, facilities management, procurement, public & government affairs functions and the Sheriff's Office have been identified and support the project within their specific areas of county expertise. During the design and construction phase of the project,

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<sup>2</sup> [PCL Construction](#), Website 10.3.2023 featured story – Partnering for Success: The Case for Public-Private Partnerships in America



all internal courthouse project roles and responsibilities were assigned to employees with existing county duties and other assigned activities.

WT Partnership, an international advisory firm<sup>3</sup>, was contracted to provide technical services and to serve in the role of owner representative for the county. WT Partnership's services include overseeing the project and representing the county's interests throughout the design and construction process, ensuring the technical requirements contained in the project agreement are met. WT Partnership's role as owner representative will end upon completion of the construction project.

### **Clackamas Progress Partners**

Clackamas Progress Partners manages its project responsibilities through contractual relationships with key industry participants.

Fengate Capital is an "alternative investment manager focused on infrastructure, private equity and real estate strategies<sup>4</sup>" and serves as the developer.

PCL Construction Services, Inc is "an international construction leader<sup>5</sup>" and serves as the design-builder for the project.

DLR Group is "an integrated design firm<sup>6</sup>" and served as the lead architect for the project through PCL Construction Services, Inc.

Honeywell International, Inc.<sup>7</sup> specializes in building automation expertise and serves as the facilities manager for the project.

### **State of Oregon connections**

While being occupants and financially interested parties of the completed courthouse, the State of Oregon, the Oregon Judicial Department, the Oregon Department of Human Services

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<sup>3</sup> [WT Partnership website](#)

<sup>4</sup> [Fengate Capital website](#)

<sup>5</sup> [PCL Construction website](#)

<sup>6</sup> [DLR Group website](#)

<sup>7</sup> [Honeywell International website](#)



and the Oregon Public Defense Commission are not parties to the project agreement. The legal relationships supporting occupancy and state authorized funding are defined by separate agreements between each entity and the county.

The Oregon Judicial Department, as a primary occupant and champion of the courthouse project, significantly engaged in all phases of the project, providing feedback, insight and support. This collaboration contributed to the on-time and on-budget project achievements and the enhanced accommodation provided by the new circuit court location.

## Why – The decision to build a new courthouse

The county chose to use a public-private partnership model for its courthouse construction project to meet legal requirements, address need and leverage funding options.

### **Legal requirement**

All Oregon counties with a circuit court, including Clackamas County, are required to provide suitable and sufficient courtrooms, offices and jury rooms for the court, the judges, employees and juries. Counties are also required to provide utilities and building maintenance for these facilities.<sup>8</sup>

### **Need – space, safety and security**

The new courthouse building and facilities replace the prior courthouse that was built in 1936. The replaced courthouse was designed to serve a population of less than 50,000. Clackamas County's population now exceeds 430,000 and continues to grow. The county designed the "new and energy-efficient replacement courthouse to provide significantly more room and security for courthouse visitors and staff, and to serve the community for many decades to come."<sup>9</sup>

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<sup>8</sup> [Oregon Law Oregon Revised Statute ORS 1.185](#)

<sup>9</sup> [Clackamas County Summer 2024 Courthouse Project FactSheet](#)





### **Opportunity – state funding**

The Oregon State legislature created the Oregon Courthouse Capital Construction and Improvement Fund in 2013<sup>10</sup> which allows counties that meet certain requirements to receive funding for up to 50% of the capital cost<sup>11</sup> of a new county courthouse.

In support of the Clackamas County Circuit Courthouse construction project, the State of Oregon committed a total of \$139.5 million. Most of this funding was received by the county and used in May 2025 for the \$130,000,000 project agreement milestone payment due at the building occupancy readiness date.

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<sup>10</sup> [Oregon Law 2013, Chapter 705](#)

<sup>11</sup> State 50% match funding is available for capital construction costs. Facilities operation and maintenance costs associated with the 30-year project agreement are not eligible for the 50% match.

### III. Observations







## Success indicators

Project successes, while unique to each project, can be evaluated in four categories: timeliness, budget compliance, quality and effectiveness<sup>12</sup>. Clackamas County can demonstrate positive outcomes in each.

### Timeliness

The county “started the clock” four years ago, nearly to the day, when the Clackamas County Board of County Commissioners approved a competitive procurement process to select a private partner and enter a public-private partnership. Without any added days, the county began moving into the new space as scheduled. The Clackamas County Circuit Court opened its doors on the Clackamas County Red Soils Campus on May 19, 2025.

### Budget

The county intentionally managed revisions to the design and construction of the courthouse during the design-build phase, limiting the number of approved change orders to 26 as of the occupancy readiness date. Over half of the change orders were zero sum, adding no additional costs to the project total. The total net cost of all change orders, as of the occupancy readiness date, increased the total project agreement value by less than 0.04%.

### Quality

The county and Clackamas Progress Partners have engaged with the local communities and interested parties regularly throughout the project. Public presentations have been made to the Clackamas County Board of County Commissioners, members of the community and other partners.

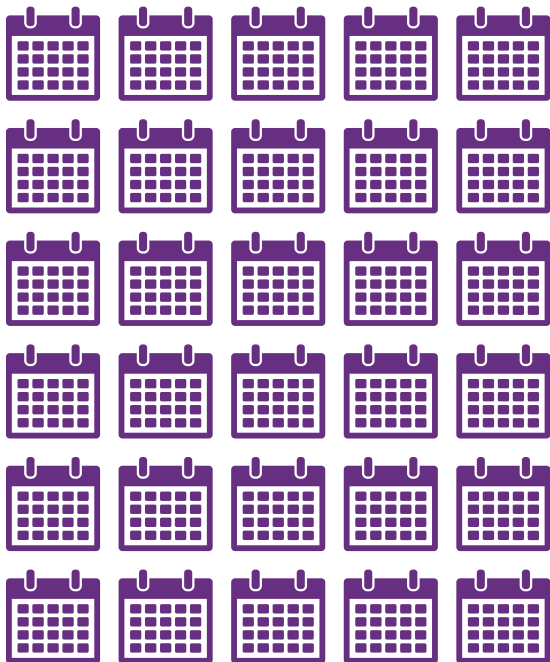
Based on the independent building expert’s<sup>13</sup> monthly reports, the project agreement requirements have been satisfactorily met on a consistent basis. No noted concerns were identified during audit testing of the independent monthly status reports.

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<sup>12</sup> [ClearPoint Strategy, Project Management Services, Website Blog](#)

<sup>13</sup> The county, Clackamas Progress Partners, and BTY US, LLC entered into an independent building expert agreement on August 30, 2022.

**The facilities management phase will end 30 years after the initial occupancy readiness date.**



### Effectiveness

According to the independent building expert's monthly reports as of May 2025, the courthouse is on track to be completed as designed, addressing community and environmental impacts. "Best practices in use of materials, systems and energy efficiency are embedded within the design to attain LEED Version 4.1 Gold Certification, the next generation standard for green building design, construction, operations and performance." The building is "defined by an abundance of daylight with uninterrupted views providing a powerful connection to the outdoors, supporting the principles of trauma-informed design by engaging people's natural affiliation for nature and views."<sup>14</sup>

## Project Agreement total value – Two projects in one

### Build the building – Maintain the building

The Clackamas County Circuit Courthouse Project Agreement has two distinct phases: the design-build period and the facilities management period. The design-build period is the period from the financial close date<sup>15</sup> through the occupancy readiness date<sup>16</sup>. The facilities management period begins at the occupancy readiness date and ends on the termination date, 30 years later.

The total value of the project agreement covers both phases, designing and building the courthouse and maintaining the courthouse, as well as costs payable to Clackamas Progress Partners for financing and managing the 30-year project.

When the project agreement was signed on August 30, 2022, the estimated total value of the contract was \$619,996,000.

<sup>14</sup> [Clackamas County website, Courthouse FAQ](#), 4.30.2025

<sup>15</sup> The point where all financing arrangements are finalized, and the project can proceed. Project agreement financial close date is August 30, 2022.

<sup>16</sup> In general, the date the building is ready for use for the purpose of normal courtroom, court office and other related operations. The project agreement defines 11 conditions to be met to achieve occupancy readiness. The project agreement occupancy readiness date is May 1, 2025.



**The capital portion of the project agreement value is fixed and will not change over time.**

Project Agreement	Original Agreement Value, August 30, 2022
Design-build agreement value	\$229,972,140
Facilities management agreement value	\$112,190,230
Clackamas Progress Partners	\$277,833,630
<b>Total Project Agreement</b>	<b>\$619,996,000</b>

Figure 2 Source: Prepared by the Office of County Internal Audit based on project agreement

The project agreement establishes an annual payment schedule which meets the estimated total contract value of \$619,996,000 at the end of the 30-year contract term.

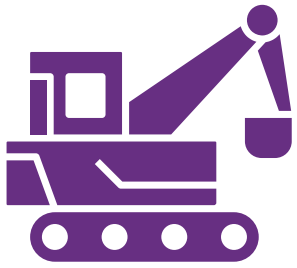
The capital portion, \$326,904,870, of the project agreement value is fixed and will not change over time. The \$130,000,000 one-time milestone payment made on May 7, 2025, was also a fixed cost established by the project agreement.

The total value of the project agreement is an estimated amount because the facilities management portion of the contract is impacted by inflation and is adjusted annually to reflect changes in the Consumer Price Index<sup>17</sup>. The total estimated project agreement value on August 30, 2022, was calculated using an annual escalation factor of 1.8%, as defined by the project agreement.

Project Agreement – Payment components	Original Agreement Value, August 30, 2022 – Total of scheduled payments over 30 years
Milestone payment at occupancy readiness date	\$130,000,000 (fixed cost)
Capital payments	\$326,904,870 (fixed cost)
Facilities management payments	\$163,091,130 (variable cost - impacted by inflation)
<b>Total Project Agreement</b>	<b>\$619,996,000</b>

Figure 3 Source: Prepared by the Office of County Internal Audit based on project agreement

<sup>17</sup> [U.S. Bureau of Labor Statistics Consumer Price Index](#)



**Good planning at the beginning of the project reduced change orders and cost increases.**

## Change orders – Less than 0.04% increase in project costs

### Costs

As of May 1, 2025, a total of 26 change orders were approved by the Clackamas County Board of County Commissioners or by the county administrator through delegated authority. The largest change order value was a \$771,773 reduction in the project agreement value, reflecting value-engineering adjustments at the beginning of the project. The smallest non-zero-sum change order value resulted in an increase of \$24,353. One change order added security components requested by the Oregon Judicial Department totaling \$272,200. The county received equal payment from the Oregon Judicial Department to reimburse this cost.

The impact of all change orders, including the Oregon Judicial Department requested items, increased the project agreement value by \$263,039 for a total project agreement value of \$620,259,039. This is an increase of less than 0.04%.

The 26 change orders primarily revised the design-build construction contract scope of work and value. The design-build agreement total value grew from \$229,972,140 to \$230,169,818. This is an increase of less than 0.09%.

Project Agreement	Original Agreement Value August 30, 2022	Change Order Value	Agreement Value at Occupancy Readiness Date May 1, 2025
Design-build value	\$229,972,140	\$197,678	\$230,169,818
Facilities management value	\$112,190,230	(\$8,314)	\$112,181,916
Clackamas Progress Partners	\$277,833,630	\$73,675	\$277,907,305
<b>Total Project Agreement</b>	<b>\$619,996,000</b>	<b>\$263,039</b>	<b>\$620,259,039</b>

Figure 4 Source: Prepared by the Office of County Internal Audit based on project agreement and executed change orders as of May 1, 2025



**The anticipated project occupancy readiness date of May 1, 2025, was achieved.**

The total net change order value of \$263,039 was paid to Clackamas Progress Partners in addition to the milestone payment on May 7, 2025. This increase in the project agreement value does not impact future service fee payments outlined in the 30-year payment schedule.

Project Agreement	Agreement Value, May 1, 2025 Total of scheduled pay- ments over 30 years	Payment Schedule
Milestone payment at occupancy readiness date	\$130,000,000	Single payment May 7, 2025
Change Order reconciliation payment	\$263,039	Single payment May 7, 2025
Capital payments	\$326,904,870	360 monthly installments
Facilities management payments	\$163,091,130	360 monthly payments
<b>Total Project Agreement</b>	<b>\$620,259,039</b>	

Figure 5 Source: Prepared by the Office of County Internal Audit based on project agreement

No additional time was added to the project construction schedule. The anticipated project occupancy readiness date of May 1, 2025, was achieved.

### Controls

A good internal control environment consists of well documented procedures and an appropriate level of authorization to ensure controls are functioning as intended<sup>18</sup>. The Clackamas County Board of County Commissioners is fiscally responsible for funds entrusted to the county through property taxes and other funding methods, including the courthouse project matching funds committed to by the State of Oregon.

The Clackamas County Board of County Commissioners reviews and approves the awarding of contracts, including those involved in construction projects, according to its Local Contract

<sup>18</sup> Internal Control – Integrated Framework, Committee of Sponsoring Organizations, [COSO](#)



## **12 of the 26 change orders were tested by the Office of County Internal Audit.**

Review Board Rules<sup>19</sup>. A change order, which is reviewed and recommended by the project manager, represents an amendment to the contract, and requires the same level of approval by the board of county commissioners. The board of county commissioners is informed of all change orders, their nature and the financial impact to ensure proper fiscal responsibility is exercised. Zero-sum change orders are approved by the county administrator and reported to the board of county commissioners.

Through Board Order #2022-63, the Clackamas County Board of County Commissioners reviewed and approved of the draft Clackamas County Circuit Courthouse Project Agreement. Additionally, the board order delegated signing authority to County Administrator Gary Schmidt on July 7, 2022. The project agreement was signed by Gary Schmidt and became effective on August 30, 2022.

The Office of County Internal Audit tested 12 of the 26 approved change orders to determine if they were properly prepared, supported by appropriate documentation, reviewed by the required county subject matter experts, approved by the Clackamas County Board of County Commissioners and fully executed as approved.

Exceptions were noted in two instances. The substantiating documentation for subtrade work was missing from one change order packet. The supporting documentation for one change order was revised after it was approved by the board of county commissioners and before it was signed by the Clackamas County Board of County Commissioners Chair. The revision resulted in a \$2,100 reduction in the design-build contract value.

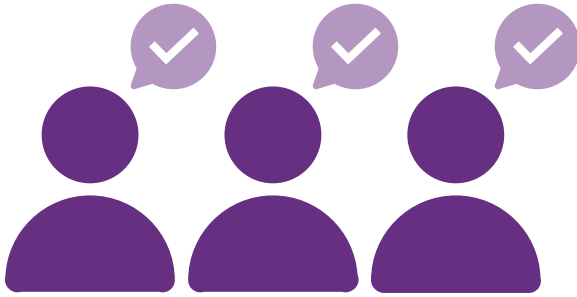
It was noted that for all 12 change orders tested, no documented evidence was provided in the change order packet demonstrating reviews by county subject matter experts other than the reviews by the project manager and county counsel. County subject matter expertise and input was sought, as needed and determined appropriate by the project manager, and documented through informal processes including emails.

In contrast, the project's contracted facilities manager, Honeywell, was required to review every project agreement change order prior to final execution. It was Honeywell's responsibility to

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<sup>19</sup> [Clackamas County Local Contract Review Board Rules](#)





**Review of change orders by county project teams and documenting these reviews would decrease the risk of a missed review or delayed communication.**

determine whether the change order term and scope would impact the facilities management activities and what, if any, impacts should be recognized. The documentation for this determination was included in all change order packets tested.

Encouraging review of change orders by all county project team subject matter experts (e.g. finance, facility, public and government affairs, technology services and the Sheriff's Office teams) and formally documenting these additional reviews with a review log would decrease the risk of a missed review or delayed communication. Timely project awareness and feedback would be enhanced. The potential to detect errors would be increased.

#### **Contract administration transition**

The approved change orders, as of the occupancy readiness date, did not substantially increase or decrease the facilities management service agreement total cost of \$112,181,916. Four of the 26 change orders did make construction adjustments that would have impacted facilities operation and maintenance costs if the activity was to be performed by the facilities management company.

In all these instances, the county stated it was assuming responsibility for the operating and maintenance activity costs, estimated to be \$859,795 with contractor mark-up. As these activities will be outside of the normal operation and maintenance environment for the courthouse building, it will be important for the county to capture these exceptions and plan for adequate coverage and attention in future years. This will support adequate maintenance and reinvestment in the courthouse building — ensuring its ongoing, useful life at the end of the 30-year facilities management service agreement.



**Total payment includes both fixed capital charge and variable facilities management charge.**

## 30-Year Courthouse payment schedule

### Annual payments - Fixed vs adjusted costs

Starting on the occupancy readiness date, May 1, 2025, the county is required to make monthly payments to Clackamas Progress Partners for the design, construction, financing, operation and maintenance of the Clackamas County Circuit Courthouse. The payments have a fixed component and a variable component.

The total payments the county is obligated to pay Clackamas Progress Partners include both the fixed capital charge and the variable facilities management charge. The annual unadjusted base amounts range from \$14,021,295 to \$15,711,333 over the 30-year project agreement.

Service Fee Components	Minimum Annual Service Fee Unadjusted	Maximum Annual Service Fee Unadjusted
Capital charge - fixed	\$10,867,536	\$10,867,536
Facilities management charge - unadjusted	\$3,153,759	\$4,843,797
<b>Total Annual Service Fee Payment - Unadjusted</b>	<b>\$14,021,295</b>	<b>\$15,711,333</b>

Figure 6 Source: Prepared by the Office of County Internal Audit based on project agreement

### Fixed

The project agreement fixes the capital charge payment, for the design, construction and partial financing, at \$10,867,536 per year. This amount is constant and will not be increased or decreased because of the economic environment.

### Variable

The facilities management payment is the total of the costs associated with the operation, maintenance and partial financing of the courthouse. The facilities management charge is established within the project agreement based on 2022 values. There are two components to the facilities management charge: operation and maintenance and renewal and replacement.



**Costs fluctuate as building ages and systems are renewed or replaced.**

Each year, these costs are adjusted to reflect the current economic environment relative to 2022. The project agreement defines these costs as index-linked.<sup>20</sup>

The unadjusted operation and maintenance annual cost is set at \$3,153,759.

The unadjusted annual cost of equipment and system renewal and replacement ranges from \$0 to \$1,690,038 annually. The renewal and replacement component will fluctuate as the building ages and systems are renewed or replaced. The average unadjusted annual costs for system renewal and replacement by contract periods are approximately:

- Contract years 0 to 4 - \$25,000
- Contract years 5 to 9 - \$350,000
- Contract years 10 to 14 - \$800,000
- Contract years 15 to 30 - \$1,000,000

Combined, the unadjusted annual cost associated with managing the courthouse facilities, in 2022 dollars, ranges from \$3,153,759 to \$4,843,797.

Facilities Management Charge	Minimum annual facilities management charge – unadjusted	Maximum annual facilities management charge – unadjusted
Operation & maintenance component	\$3,153,759	\$3,153,759
Renewal & replacement component	\$0	\$1,690,038
<b>Total Facilities Management Charge – Unadjusted</b>	<b>\$3,153,759</b>	<b>\$4,843,797</b>

Figure 7 Source: Prepared by the Office of County Internal Audit based on project agreement

<sup>20</sup> See Appendix A for Index-linked calculation and data

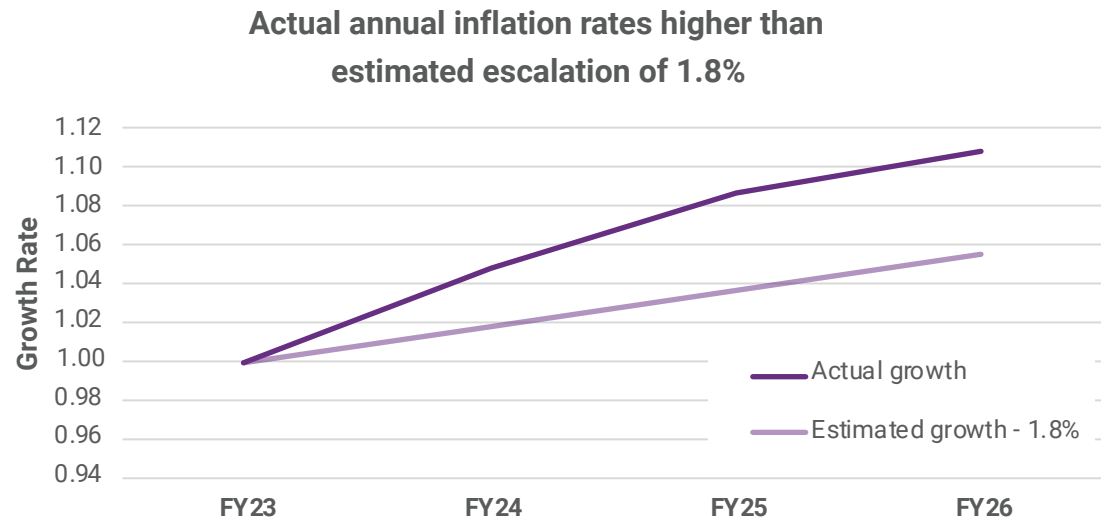


**Clackamas Progress Partners is required to submit an annual report which identifies and calculates that fiscal year's inflation factor.**

#### **FY24 and FY25 Actual payments – Index-linked**

Each year, the annual unadjusted costs detailed in the price agreement are multiplied by a Consumer Price Index factor to state the 2022 costs in current dollars, reflecting the economic environment when the service fees are paid.

The actual index-linked inflation factors for the three years since the base year of 2022 have been 4.8%, 8.7%, and 10.8%<sup>21</sup>, respectively in 2023, 2024 and 2025. These are higher than the estimated inflation factors of 1.8%, 3.6% and 5.5%, respectively, for the same years based on the project agreement escalation factor of 1.8%.



*Figure 8 Source: Prepared by the Office of County Internal Audit based on project agreement and CPI Series CUURN400SA0. See Appendix A*

Clackamas Progress Partners is required to submit to the county an annual report which identifies and calculates that fiscal year's inflation factor. Each monthly invoice submitted by Clackamas Progress Partners applies this factor and presents the adjusted, index-linked facilities management service fees.

<sup>21</sup> See Appendix A for Index-linked calculations and data



**Service fees for contract years 0 and 1 will be higher because the actual inflation factors are higher.**

Clackamas County reviewed and agreed with the first annual report, issued on May 14, 2025. The index-linked factors for contract year 0 (May 2025 through June 2025) and contract year 1 (July 2025 through June 2026) are 1.086841 and 1.108320, respectively. The invoiced service fees for contract year 0 and contract year 1 will be higher than estimated in the August 2022 project agreement because the actual inflation factors, 8.7% and 10.8%, are higher than the estimated 1.8% annual growth factors of 3.6% and 5.5% for the same periods.

**Original Agreement Value Estimate – Escalated @ 1.8%**

Project Agreement	BASE	FY24	FY25 (2 months)	FY26 (12 months)
Factor		1.8%	3.6% <sup>22</sup>	5.5% <sup>23</sup>
Capital payments <sup>24</sup>	\$10,896,829		\$1,816,138	\$10,896,829
Facilities management payments <sup>25</sup>	\$3,153,759		\$544,719	\$3,327,146
<b>Total Annual Service Fee Payment</b>	<b>\$14,050,588</b>	<b>No Payment Due</b>	<b>\$2,360,857</b>	<b>\$14,223,975</b>

Figure 9 Source: Prepared by the Office of County Internal Audit based on project agreement and CPI Series CUURN400SA0. See Appendix A

**Project Agreement Value to be Paid  
Index-linked - Adjusted to actual CPI factor**

Project Agreement	BASE	FY24	FY25 (2 months)	FY26 (12 months)
Factor		4.8%	8.7%	10.8%
Capital payments <sup>26</sup>	\$10,896,829		\$1,816,138	\$10,896,829
Facilities management payments <sup>27</sup>	\$3,153,759		\$571,273	\$3,495,374
<b>Total Annual Service Fee Payment</b>	<b>\$14,050,588</b>	<b>No Payment Due</b>	<b>\$2,387,411</b>	<b>14,392,203</b>

Figure 10 Source: OCIA prepared based on project agreement and CPI Series CUURN400SA0. See Appendix A

22 Escalation factor calculation  $1.018 * 1.018 = 1.036$

23 Escalation factor calculation  $1.018 * 1.018 * 1.018 = 1.055$

24 Fixed installment, not index-linked. Not adjusted for inflation.

25 No renew or replace costs in contract years 0 – 2 (FY24 – FY26).

26 Fixed installment, not index-linked. Not adjusted for inflation.

27 No renew or replace costs in contract years 0 – 2 (FY24 – FY26).



**The facilities management portion of the contract is impacted by inflation and is adjusted annually.**

### Forecasting – Consumer Price Index<sup>28</sup> growth assumptions

The total value of the project agreement is an estimated amount because the facilities management portion of the contract is impacted by inflation and is adjusted annually to reflect changes in the Consumer Price Index. The total estimated project agreement value on August 30, 2022, is calculated using an annual escalation factor of 1.8% to represent annual inflation rate. In August 2022, the 10-year annual average Consumer Price Index growth rate was approximately 2%.

An analysis of the annual average Consumer Price Index growth rates beginning in 1997 indicates a 28-year annual average growth rate of approximately 2.4%. The 9-year annual average for the period of 2016 to 2024 is approximately 3.4%.<sup>29</sup>

### Annual Average Inflation Rates 1997 to 2024

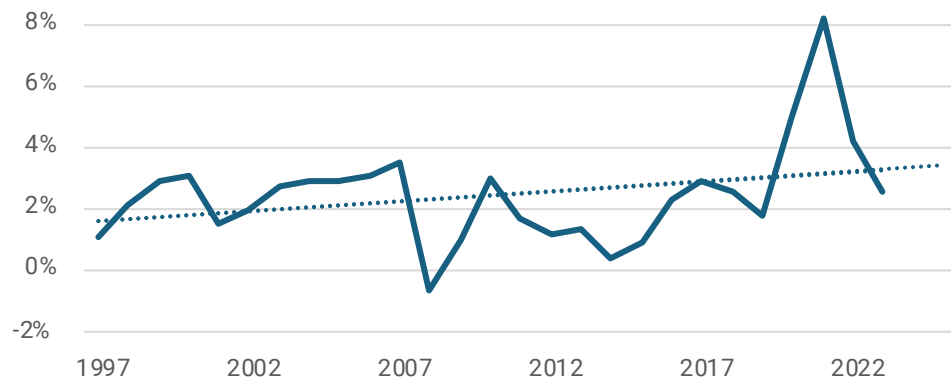


Figure 11 Source: Prepared by the Office of County Internal Audit based on CPI Series CUURN400SA0. See Appendix A

Inflation is impacted by many factors. Predicting growth rates over 30 years is challenging due to many economic and geopolitical factors that can influence inflation. While some predictive

<sup>28</sup> All references to Consumer Price Index data refer to the [US Bureau of Labor Statistics CPI-U Series CUURN-400SA0](#), the Inflation Index defined in the Project Agreement. See Appendix A

<sup>29</sup> See Appendix A for the US Bureau of Labor Statistics Consumer Price Index Series.





**An analysis of escalation scenarios between average sustained growth rates demonstrates the exponential impact of small adjustments over 30 years.**

models can provide reasonable short-term forecasts, applying these assumptions for a long period like 30 years becomes more uncertain.<sup>30</sup>

An analysis of a variety of escalation scenarios between average sustained growth rates of 1.8% and 3% demonstrates the exponential impact of small adjustments over 30 years. Historical inflation averages indicate that using a 1.8% growth factor to estimate the total project agreement value appears to represent a best case scenario.

Higher growth factors in 2024 and 2025 have contributed to an increase of approximately \$200,000 over the estimated amounts due in the first two fiscal years of the contract. This increase will be payable in FY25 and FY26. These higher than estimated growth rates also contribute to a total projected cost increase of \$8.5 million over the 30-year contract. If the average growth rate is greater than 1.8% over the life of the contract, the cost increase could be higher.

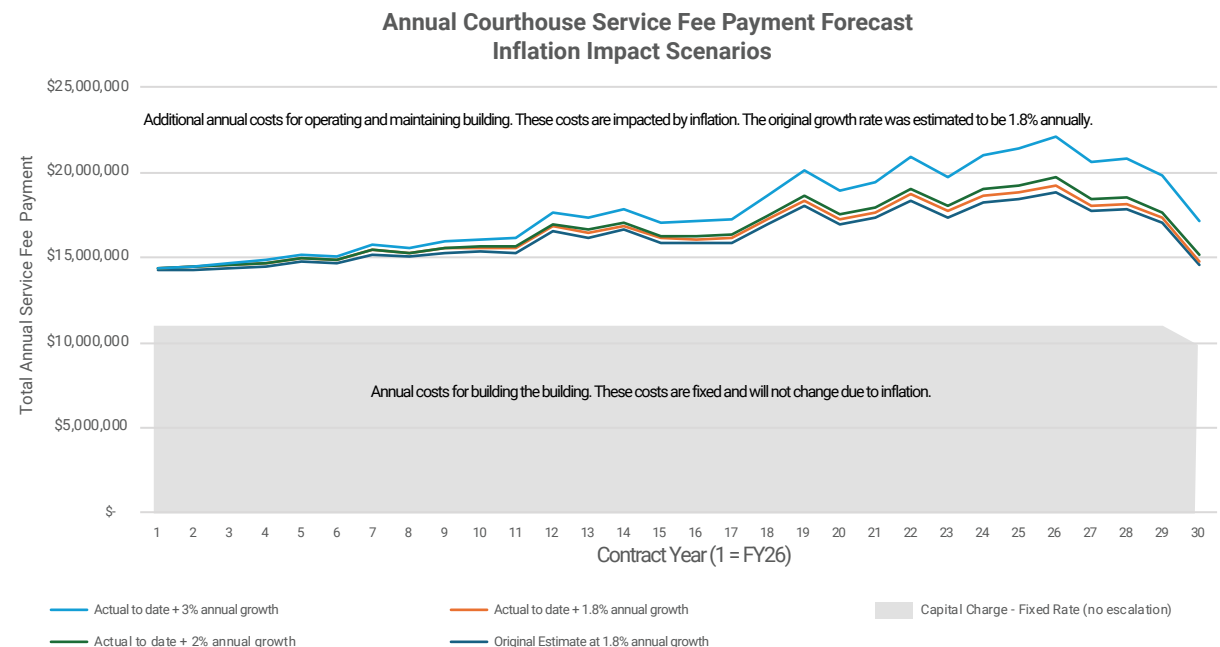


Figure 12 Source: Prepared by the Office of County Internal Audit based on project agreement and indexation calculations detailed in figures 13 and 15. See Appendix A.

<sup>30</sup> [Forecasting inflation](#), Scholars at Harvard



**Estimated growth  
rate suggested in the  
project agreement.**

Project Agreement Estimates of total scheduled payments over 30 years as of May 15, 2025	Original August 2022 estimate w/ 1.8% annual growth over 30 years	Index-linked actual w/ estimated 1.8% annual growth after FY26	Index-linked actual w/ estimated 2% annual growth after FY26	Index-linked actual w/ estimated 3% annual growth after FY26
Milestone payment at occupancy readiness date	\$130,000,000	\$130,000,000	\$130,000,000	\$130,000,000
Change Order reconciliation payment	\$263,039	\$263,039	\$263,039	\$263,039
Capital payments	\$326,904,870	\$326,904,870	\$326,904,870	\$326,904,870
Facilities management payments	\$163,091,130	\$171,329,853	\$176,949,256	\$208,544,427
Total Project Agreement	\$620,259,039	\$628,497,762	\$634,117,165	\$665,712,336
<b>Increase from Original Estimate, \$619,996,000</b>	<b>\$263,039</b>	<b>\$8,501,762</b>	<b>\$14,121,165</b>	<b>\$45,716,336</b>

*Figure 13 Source: Prepared by the Office of County Internal Audit based on project agreement and indexation calculations detailed in figure 15. See Appendix A*

The county's General Fund 30-year forecast model identifies key assumptions used in calculating and projecting future revenues and expenses. In its February 25, 2025, forecast, the county stated generally applied Consumer Price Index growth rates as follows:

- FY25: 5%
- FY26: 3%
- FY27 through FY30: 3.5%
- FY31 through FY56: 3%

The county's January 9, 2024, and February 25, 2025, General Fund 30-year forecasts, as provided to the Clackamas County Board of County Commissioners, presented the courthouse expenses for these same time periods using the 1.8% estimated growth rate suggested in the project agreement. This variance from the county's stated general forecasting model was not identified in the stated assumptions.



## **Successful management of projects is grounded in fundamental rules and principles.**

While the project agreement establishes an escalation factor of 1.8% to estimate future annual payments, the county may consider forecasting courthouse payment obligations at a different rate. As the courthouse payment obligations are tied to actual Consumer Price Index growth rates, and these growth rates are trending higher than 1.8%, consistent application of the county's higher forecasting assumptions is justified. If the county applies different Consumer Price Index growth rates to different types of forecasted expenditures, including courthouse payments, identifying these varying assumptions will add transparency and clarify forecasting strategies.

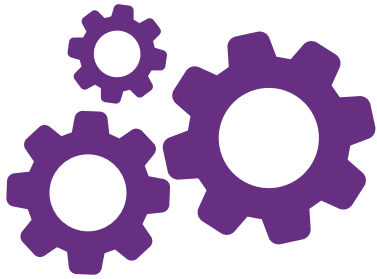
### **Project management strategy – A county team approach**

The Project Management Institute, through its global standards, Project Management Body of Knowledge and its annual Pulse surveys, guides project development and implementation. These resources indicate successful management of projects is grounded in fundamental rules and principles<sup>31</sup>, including:

- a formal project management structure
- invested and engaged project sponsor(s)
- clear and objective goals and outcomes
- documented roles and responsibilities
- a communication plan

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<sup>31</sup> Project Management Institute, PMI.org



**County teams support the project within specific areas of county expertise.**

### **Scope of work**

When executed by the Clackamas County Board of County Commissioners, the project agreement provided defined the terms and scope of work for both the design-build construction and the 30-year facilities management phases of the project.

### **Sponsors**

The project has benefited from the support of many individual Clackamas County Commissioners serving as the Clackamas County Board of County Commissioners over the years and Clackamas County Circuit Court Judge Kathi Steele, among other sponsors. Partners at the local, county and state level include several members of the Clackamas Caucus, the City of Oregon City, the Clackamas County Bar Association, the Oregon Judicial Department, the Oregon Department of Human Services and the Association of Oregon Counties. These entities have publicly shared their support for the project.

### **Structure**

During the planning phase of the courthouse project, the county retained a dedicated project manager. Without other county operational responsibilities, 100% of the project manager's capacity, averaging approximately 20 hours per week, was spent managing the project's progress. The county transitioned to a shared project management team approach with an internal project team and an external advisory and technical resource.

The county operating officer is in the role of project manager and serves as the county's primary point of contact for the project. Subject matter experts representing legal, finance, facilities management, procurement, public and government affairs functions and the Sheriff's Office support the project within their specific areas of county expertise. All internal project team members split their time between project management tasks and their routine county operational tasks. WT Partnership provides technical advice and serves as the owner representative for the county.

### **Communication plan**

An intentional project communication plan contributed to the project's on-time and on-budget performance. The project communication plan included shared project meeting minutes, monthly status reports and frequent public updates with the Clackamas County Board of County



**All internal project team members split their time between project management tasks and county operational tasks.**

Commissioners. The primary drivers of the project communication plan were WT Partnership and the project design-builder, PCL Construction Services, Inc. Public project updates primarily focused on logistics, timeline and construction outcomes. The statuses of the estimated total project agreement value and the projected 30-year payment schedule were not included in the project updates. Financial overviews were provided to the board of county commissioners when change orders were presented for review and approval.

A key activity which supported the project's timeliness, budget compliance, quality and effectiveness was the engagement of an independent building expert. Monthly reports to both the county and Clackamas Progress Partners provided an independent assessment of the project's progress and ability to successfully meet deadlines and quality standards. The independent building expert provided another level of transparency and accountability throughout the design-build process.

#### **Documented roles and responsibilities**

WT Partnership's roles and responsibilities are clearly documented in its service contract with the county.

Internally, the distinct roles and responsibilities of each project management team member are less formally communicated through conversations and meetings. A general understanding of assigned roles and responsibilities relevant to the areas of expertise often guides "who does what." (e.g. The county operating officer defers to the finance director to provide support and clarification around the project agreement value, payment schedule and payment logistics. The county operating officer approves and tracks project agreement change orders. County counsel reviews change orders to form only. The board of county commissioners executes all change orders with an associated monetary impact.)

Team members were, at times, challenged by limited capacity as they balanced project management tasks and routine operational tasks. Resource demands led, at times, to a reactive project management approach rather than a proactive strategy. Staffing changes in key positions during the early stages of the project, including the project manager, the procurement manager and the legal counsel assigned to the project, impacted project continuity. In-depth



**Active administration  
is needed throughout  
the life of a  
successful contract.**

knowledge of the project details was challenged by the breadth of the 1,902-page executed project agreement document.

These challenges did not prevent the overall completion of the design-build project. The county's project manager, the county operating officer, engaged with and coordinated the activities of both internal and external project team members. The project management approach, including consistent participation in joint weekly meetings with internal and external project teams, has sufficiently positioned the construction project to be completed on time, on budget and as designed.

## **Contract administration – Establishing sustainable practices**

The contract administrator's primary role is to monitor performance throughout the life of the contract. Contract monitoring is the process of identifying and tracking key aspects of the contract, and their impact on scope, schedule and budget to ensure active administration of the contract to successful completion.

Effective contract monitoring includes the following tasks:

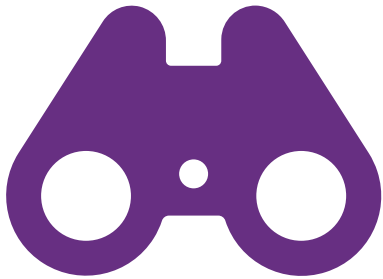
- Gather the contract and all pertinent contract documents
- Decide what to monitor, how it will be monitored and who will monitor
- Act in cases of non-compliance<sup>32</sup>

### **Record retention**

During the design-build phase of the project, the record retention capability and capacity of both the design-builder and the owner's representative have been relied on by the county. The county project manager maintains documents received from WT Partnerships and has requested documents from the owner's representative as needed. As of April 2025, the project agreement amendments and associated change orders had not been filed with the county procurement

<sup>32</sup> [State of Oregon Department of Administrative Services, Oregon Procurement Manual](#)





## **Contract administration and adequate monitoring reduce risk.**

team. The documents were not centrally accessible or stored in the contract retention system administered by the procurement team. It is anticipated WT Partnership will provide the county with all relevant records in a consolidated format upon completion of its service contract. Without adequate records retention, the risk of undetected non-compliance or inadequate responses is increased. Effective contract administration is hindered without adequate identification, retention and application of comprehensive contract documentation.

### **Identifying strategies**

To facilitate gathering and documenting key contract administration strategies and controls, the county procurement team has designed the request for a contract or contract amendment form. This procurement and contract administration tool documents critical contract dates and contract administration roles. It is maintained, with the associated contract, in the procurement contract file.

Due to the unique structure of this project agreement and the adopted procurement process, the standard procurement tools were not applied to the courthouse project agreement through routine contract administration. A contract administrator and contract facilitator were not formally documented through standard procedures within the contract file. Without adequate monitoring strategies, the risk of undetected non-compliance or inadequate responses is increased.

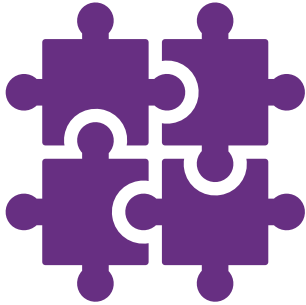
As the construction project nears completion, oversight activities are transitioning from a project management priority to a contract administration priority. Strategic plans are being developed to meet the county's contract administration standard practices.

### **Contract Administration Plan<sup>33</sup>**

Given the Clackamas County Circuit Courthouse Project Agreement complexity and 30-year term, the county should consider developing a contract administration plan. This is a robust contract administration tool to reconcile the various contract documents and areas of focus. It can be used as a primary resource for day-to-day contract management.

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<sup>33</sup> State of Oregon Department of Administrative Services, [Contract Administration Plan template](#)



**Clarify and document contract administration roles and responsibilities to strengthen the quality, sustainability and consistency of contract administration efforts.**

Areas for consideration in a courthouse contract administration plan include:

- Monitoring of monthly service adjustments and building/equipment replacement activity
- Monthly service fee invoice review and approval – including the impact of index-linked adjustments
- Annual reconciliation of monthly service fees and true-up
- Execution and monitoring of any project agreement change orders
- Execution of Joint Technical Performance Reviews (every five years for first 15 and then every three years after for life of project) and other project agreement requirements

These efforts to clarify and document the contract administration roles and responsibilities for the Clackamas County Circuit Courthouse Project Agreement will strengthen the quality, sustainability and consistency of contract administration efforts over the 30-year life of contract.

## IV. Recommendations





**Forecast the annual courthouse payments using the same Consumer Price Index growth rate assumptions generally applied in the 30-year General Fund forecast.**

- A. Unless otherwise defined, consistently apply the county's stated Consumer Price Index growth rate assumptions to courthouse payments reported on the county's 30-year General Fund forecast.
- B. If a Consumer Price Index growth rate different than the general "CPI Growth" assumption listed on the report is used when forecasting the courthouse payments, identify the specific assumption alongside other forecasting assumptions.
- C. Provide the reason and support for variations in the assumptions.

**Management Response**

- A. Agree; Responsibility – Finance Director
- B. Agree; Responsibility – Finance Director
- C. Agree; Responsibility – Finance Director



**Provide annual courthouse project agreement status reports to the Clackamas County Board of County Commissioners addressing.**

- A. Report the total contract value to date.
- B. Identify the variances in the 30-year forecast to actual expenses, including the impacts of:
  - New change orders or amendments
  - Monthly service fee adjustments
  - Inflation
- C. Provide the results of most recent Joint Technical Performance Reviews

**Management Response**

- A. Agree; Responsibility – Finance Director
- B. Agree; Responsibility – Finance Director
- C. Agree; Responsibility – Finance Director and Facilities Management Director, with assistance from COO as needed



**Retain all Clackamas County Circuit Courthouse Project Agreement contract documents, including the final supporting financial model, amendments and change orders, in the contract file within the county's procurement retention system.**

- A. Ensure all project agreement, amendments, and change order documents follow procurement retention policies and practices. Documents should be stored in the record system and access should be secured.
- B. Ensure a unique contract identification number is assigned to the project agreement and all associated amendments and change orders.
- C. Ensure all required contract administration data is recorded on a PACS Request or similar procurement form and maintained within the procurement contract file.
- D. Facilitate establishing an associated purchase order number to ensure timely and accurate recording and payment

#### **Management Response**

- A. Agree; Responsibility – Finance and COO; Note: Project agreement, amendments and change order documents are retained currently in Finance and County Administration. It is agreed that all should be in one place, which will be transferred from WT Partnership in September 2025. This guarantees that all documents retained are in order and easily accessed. The final files will be distributed to Finance and the COO.
- B. Agree; Responsibility – Finance Director. All documents have identifying numbers currently.
- C. Agree; Responsibility – Finance Director; this date is to be determined after Commissioning and discussion with the Finance Director.
- D. Agree; Responsibility – Finance Director



**Take actions to strengthen the sustainability, quality and consistency of contract administration activities supporting the Clackamas County Circuit Courthouse Project Agreement for the 30-year life of the contract.**

- A. Identify and document contract administration roles and responsibilities by county position title.
- B. If contract administration responsibilities are to be shared by, or divided among multiple positions, identify and document these strategies.
- C. Ensure the contract administrator is comprehensively knowledgeable of the contract scope and terms.
- D. Standardize and document review and approval processes for key activities.
  - Monitoring of monthly service adjustments
  - Monitoring of monthly replacement and renewal activity.
  - Recalculation of monthly service fee invoices – including the impact of index-linked adjustments
  - Annual reconciliation of monthly service fees
  - Execution and monitoring of project agreement amendments and change orders
- E. Ensure county-assumed facilities maintenance responsibilities are documented and monitored; specifically, those identified in project agreement change orders:
  - #14 (executed 3/5/2024)
  - #15 (executed 3/5/2024)
  - #17 (executed 4/21/2024)
  - #25 (executed 3/10/2025)
- F. Ensure joint technical performance reviews are scheduled and conducted in compliance with the project agreement.
- G. Consider developing a contract administration plan as a primary resource for day-to-day contract management.

- H. Analyze current staffing capacity and consider adding contract administration resources if current staffing levels are insufficient.

**Management Response**

- A. Agree; Responsibility – County Administrator; Completed by August 2025
- B. Agree; Responsibility – those identified in (A); Completed by September 2025
- C. Agree; Responsibility – COO and Finance Director; Completed August 2025 – December 2025 with consideration of assistance from consultant.
- D. Agree; Responsibility – Those identified in (A); Completed August 2025 – December 2025 with consideration of assistance from consultant.
- E. Agree; Responsibility – Facilities Management Director; Ongoing
- F. Agree; Responsibility – Facilities Management Director with assistance as needed from COO; Ongoing
- G. Agree; Responsibility – Finance Director and Facilities Management Director; this is underway currently by working with Fengate. This is ongoing and may need assistance from a consultant to ensure a viable system and understanding of contract requirements.
- H. Agree; Responsibility – COO and Facilities Management Director; this is currently being considered, and discussions are underway for the possibility of a contract in the short term to assist with all items mentioned above. It is recognized this is new for staff and it is critical to start out efficiently and effectively as we monitor the 30-year contract.





## Identify and document lessons learned to inform future capital construction projects.

- A. Consider the use of a dedicated county project manager able to apply 100% resource time to the project, as needed based on project complexity.
- B. Identify methods to ensure standard contract administration practices and controls are incorporated into the project.
- C. Establish a county project charter and project guidelines which define for the internal county project team:
  - project objectives and constraints, partners and interested parties, and success metrics
  - specific roles, responsibilities and authority for project management, contract administration, and subject matter expertise engagement
  - process and procedures for documenting change order reviews and approvals, including zero sum change orders and subject matter expertise
  - reporting standards for project status updates which include both structural and physical milestones (e.g. framing, exterior and interior finishes) and contract financial data elements (e.g. quantity and impact of approved change orders, current contract value, additional contracts entered for project execution)

### Management Response

- A. Disagree; Responsibility – County Administrator. Each project is unique and it is not determined if all capital projects will need a full-time project manager. This should be a project-by-project decision.
- B. Agreed. This was critical to this project, it is Management's opinion this was successful for this project. Recognizing that we can learn how to do this better next time.
- C. Agreed; Responsibility – Project Manager. This should be done within one to two months of beginning a large capital project and should be updated throughout the project as roles change and added.

# Objectives, Scope and Methodology





The Office of County Internal Audit allocated resources in the fiscal years 2024 and 2025 Clackamas County Office of Internal Audit audit plans to conduct an audit of the Clackamas County Circuit Courthouse project. The engagement addressed potential risks Clackamas County faces because of the strategic decisions to build and operate a replacement county circuit courthouse using a public-private partnership model.


County internal audit engagements are selected and designed to address high risk potential, while maximizing county internal audit resources and impact. Selection as a topic for an internal audit engagement does not mean the department is being managed ineffectively or policies and procedures are inadequate. It merely indicates that the services or functions the department is responsible for are, by nature, high priority activities with high-risk potential because of factors such as a large amount, or high degree, of:

- reported expenditures or revenues.
- available liquid or sensitive assets, such as cash, technology or protected data.
- potential risks identified by management.
- public interest.

General objectives for the Clackamas County Circuit Courthouse project assurance engagement were to independently:

- assess the county's construction project management and its impact on the county's ability to achieve its capital construction goals.
- evaluate the contract amendment processes responsible for change order management and the impact on the total capital construction contract value.
- assess the county's contract administration approach as it relates to the facilities management period of ongoing building operations after occupancy.
- provide real-time, immediate feedback if errors or deficiencies were noted during project assessment.





Strategic objectives for all Office of County Internal Audit engagements are to:

- identify opportunities for growth and enhanced effectiveness and efficacy.
- advocate for a culture of continuous improvement through observations and recommendations.
- create transparency and demonstrate accountability for the county.

The assessment evaluated the county's project management structure and activity as of construction groundbreaking and through the project transition to facility management on occupancy readiness date. The engagement scope addressed project management activities directly related to contract administration of the project agreement between Clackamas County and Clackamas Progress Partners. This included contract amendments and change order activity.

Project planning and procurement activities prior to executing the project agreement were not addressed during this engagement. Additional public improvement contracts associated with the courthouse project, but not directly incorporated into the project agreement, were outside of the scope of this review.

To achieve engagement objectives, the Office of County Internal Audit, among other potential engagement activities:

- reviewed and researched industry standards for construction project management, including the Project Management Institute (PMI) and the Construction Management Association of America (CMAA).
- reviewed and researched public-private partnership (P3) model, including resources provided by the Government Accountability Office, the Government Fiscal Officers Association, the Council of Development Finance agencies, and the Association of General Contractors.
- reviewed the development history of the county's replacement courthouse project.



- reviewed the project agreement, signed August 30, 2022, and associated documents.
- reviewed the project management structure and governance documents.
- reviewed monthly status reports prepared by the owner's representative and the independent building expert.
- attended project team meetings and reviewed project team meeting minutes.
- conducted interviews and tours of construction site.
- reviewed board-approved change orders and supporting documentation.

# About the Office of County Internal Audit







The Office of County Internal Audit provides assurance, advisory, and investigative services to the public, employees, volunteers, and departments of Clackamas County so they can feel confident that the public's interests are protected and can engage with an accountable, high performing, and transparent local government. The office helps Clackamas County accomplish its mission by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

The Office of County Internal Audit governs itself by adherence to The Institute of Internal Auditors' Global Internal Audit Standards<sup>34</sup>. Audit functions are independently evaluated to assess conformance with professional standards. The office received the highest rating of "Generally Conforms" in its most recent peer review.

The county internal auditor reports functionally to the Clackamas County Internal Audit Oversight Committee and administratively through the publicly elected county treasurer's office. This structure and authority allow the Office of County Internal Audit to provide independent, objective, and risk-based assurance, advice, and insight. The office is designed to add value, support county operations and enhance the county's ability to serve.

#### **Our team**

Jodi Cochran, CPA, CIA, CGMA, CRMA, County Internal Auditor  
Kathy Yeung, CPA, CIA, Senior Internal Auditor

#### **Contact us**

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Oregon City, OR 97045  
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[ocia@clackamas.us](mailto:ocia@clackamas.us)

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<sup>34</sup> [The Institute of Internal Auditors Global Internal Audit Standards](#)



# Appendix A



## Index-Linked

As defined by the project agreement, index-linked means, with respect to an amount at any time, that the amount is adjusted as of July 1 commencing July 1, 2023, by:

1. Multiplying it by the Inflation Index for the immediately preceding April (CPI<sub>n</sub>); and
2. Dividing it by 179.339, the Inflation Index for April 2022 (CPI<sub>base</sub>).

## Inflation Index (CPI<sub>n</sub>)

As defined by the project agreement, the inflation index is the All Items Consumer Price Index for All Urban Consumers (CPI-U) in the West region, Size Class B/C (Series CUURN400SA0), not seasonally adjusted, as published by the Bureau of Labor Statistics using a reference month of December 1996 that equals 100.0 (available as of August 30, 2022, at [https://data.bls.gov/timeseries/CUURN400SA0?amp%253bdata\\_tool=XGtable&output\\_view=data&include\\_graphs=true](https://data.bls.gov/timeseries/CUURN400SA0?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true)).

Consumer Price Index for All Urban Consumers (CPI-U)																
Original Data Value																
Series Id:		CUURN400SA0														
Not Seasonally Adjusted																
Series Title:		All Items in West - Size Class B/C, all urban														
Area:		West - Size Class B/C														
Item:		All Items														
Base Period:		DECEMBER 1996=100														
Years:		1996 to 2025														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2	Trend Analysis
1996													100.0			
1997	100.4	100.8	101.2	101.4	101.5	101.3	101.3	101.5	101.8	102.1	102.4	102.0	101.5	101.1	101.9	
1998	102.3	102.3	102.3	102.2	102.4	102.3	102.3	102.5	102.7	103.0	103.5	103.4	102.6	102.3	102.9	1.01084
1999	103.6	103.8	104.1	105.1	104.8	104.5	104.9	105.2	105.2	105.5	105.5	105.7	104.8	104.3	105.3	1.02144
2000	105.7	106.2	107.1	107.2	107.3	107.7	108.1	108.3	108.8	109.0	109.2	108.9	107.8	106.9	108.7	1.02863
2001	109.8	110.1	110.7	110.6	111.1	111.2	111.4	111.2	111.7	112.1	112.0	111.6	111.1	110.6	111.7	1.03061
2002	111.9	112.4	112.8	113.7	112.5	112.2	112.5	113.0	113.1	113.3	113.1	113.1	112.8	112.6	113.0	1.0153
2003	113.8	114.5	115.4	114.9	114.7	114.4	115.1	115.5	115.6	115.5	114.9	115.2	115.0	114.6	115.3	1.0195
2004	116.0	117.0	117.9	117.8	118.2	117.9	117.9	118.1	118.4	119.2	119.3	119.0	118.1	117.5	118.7	1.02696
2005	119.5	119.6	120.4	121.4	121.3	121.1	121.3	122.0	123.1	123.6	122.8	121.8	121.5	120.6	122.4	1.02879
2006	122.9	123.7	124.2	124.9	125.7	125.6	125.6	126.2	125.9	125.5	125.1	125.0	125.0	124.5	125.6	1.02881
2007	126.244	126.805	127.848	128.843	129.129	129.262	129.067	128.939	129.064	129.866	130.581	130.481	128.844	128.022	129.666	1.03075
2008	131.328	131.538	132.896	133.694	134.023	135.283	136.021	135.207	134.834	133.795	131.440	129.725	133.315	133.127	133.504	1.0347
2009	130.682	131.636	131.775	131.912	131.990	132.952	132.774	132.756	133.128	133.618	133.335	133.132	132.474	131.825	133.124	0.99369
2010	133.366	133.513	133.863	134.133	133.889	133.635	133.685	133.704	133.544	133.745	133.930	134.328	133.778	133.733	133.823	1.00984
2011	134.917	135.826	137.200	138.174	138.598	138.269	138.126	138.171	138.564	138.696	138.411	138.017	137.748	137.164	138.331	1.02968
2012	138.465	138.997	140.235	140.619	140.834	140.375	139.645	139.971	140.800	140.847	140.287	139.768	140.054	139.921	140.186	1.01674
2013	139.865	141.072	141.573	141.788	141.838	141.805	141.940	142.228	142.277	141.954	141.736	141.751	141.652	141.324	141.981	1.01141
2014	141.998	142.120	142.813	143.077	144.253	144.522	144.435	144.317	144.506	144.214	143.398	142.669	143.527	143.130	143.923	1.01324
2015	142.022	143.005	143.887	144.426	145.346	145.198	144.917	144.752	144.507	144.379	143.595	143.398	144.119	143.981	144.258	1.00412
2016	143.932	144.128	144.264	145.128	145.942	145.866	145.850	145.829	146.130	146.328	146.004	145.918	145.443	144.877	146.010	1.00919
2017	146.469	147.451	147.880	148.496	148.789	148.792	148.691	149.255	149.954	150.336	150.003	149.920	148.836	147.980	149.693	1.02333
2018	150.564	151.200	151.702	152.350	153.201	153.546	153.464	153.797	154.158	154.729	154.625	154.228	153.130	152.094	154.167	1.02885
2019	154.328	154.671	155.178	156.523	157.488	157.584	157.485	157.654	157.738	158.635	158.482	158.496	157.019	155.959	158.078	1.02554
2020	158.599	159.163	159.129	158.824	158.301	158.857	159.752	160.528	160.846	161.141	161.069	160.840	159.756	158.816	160.896	1.01743
2021	161.199	162.042	163.257	165.088	166.813	168.425	169.267	169.477	169.977	171.226	172.214	172.722	167.642	164.471	170.814	1.04936
2022	174.269	175.890	178.019	179.339	180.810	182.790	183.277	183.543	184.088	185.410	184.626	183.686	181.312	178.520	184.105	1.08154
2023	184.717	185.968	187.301	188.008	188.833	189.295	189.737	190.368	191.238	191.321	190.409	190.095	188.941	187.354	190.528	1.04208
2024	191.586	191.874	194.047	194.913	194.709	194.203	193.360	193.662	194.320	194.632	194.491	194.384	193.848	193.555	194.142	1.02597
2025	195.274	196.261	197.611	198.765												

Figure 14 Source: U.S. Bureau of Labor Statistics Consumer Price Index Series CUURN400SA0 downloaded on May 15, 2025

**Index-Linked inflation factors (CPI<sub>n</sub> / CPI<sub>base</sub>) = (CPI<sub>n</sub> / 179.339)**

As defined by the Project Agreement and calculated by the Office of County Internal Audit

Year	"A" CPI Factor	"B" April 2022 CPI Factor	"A / B" Index-linked Factor for price adjustment
2023	188.008	179.339	1.048338
2024	194.913	179.339	1.086841
2025	198.765	179.339	1.108319

Figure 15 Source: Prepared by the Office of County Internal Audit based on project agreement and CPI Series CUURN400SA0