



City of Olympia

City Hall
601 4th Avenue E
Olympia, WA 98501

Meeting Minutes - Draft City Council

Information: 360.753.8447

Thursday, June 26, 2014

5:30 PM

Room 207

Special Council Meeting to Conduct Business as CERC/CAC

1. ROLL CALL

Committee Members Present:

- Mayor Stephen Buxbaum
- Mayor Pro Tem Nathaniel Jones
- Councilmember Julie Hankins

Other Councilmembers Present:

- Jeannine Roe
- Cheryl Selby

Citizens Advisory Committee (CAC) Members Present:

- Jerry Parker
- Jerry Reilly
- Theresa Madden
- Mike Reid
- Renee Sunde
- Carol Richmond
- Allen Miller
- Rachel Newman

Staff and Consultants Present:

- Paul Simmons, Director Parks Arts and Recreation Department
- Keith Stahley, Director Community Planning and Development
- Lorelei Juntunen, ECONorthwest via teleconference
- Erik Rundell, ECONorthwest via teleconference

2. MEETING BUSINESS

2.A 14-0625 Review of Development and Financial Assumptions Behind the Consultant Team's Feasibility Analysis

The Mayor convened the meeting at 5:30 p.m. and welcomed the Councilmembers, CERC Committee and Citizens Advisory Committee members in attendance. He provided an overview of the meeting objectives and outlined the process that would be used for the discussion. He noted that it was critical for the participants to

understand facts and data before we move the discussion to the broader community, he clarified the role of the three scenarios that have been developed to date, and said that we will need the CAC's help in designing an effective public participation process at subsequent meetings.

The Mayor turned the meeting over to Ms. Juntunen and Mr. Rundell who walked the attendees through a PowerPoint Presentation. Ms. Juntunen said she hoped the attendees could all get on the same page about the assumptions, offer feedback about the general concepts, and that this meeting was not about selecting a preferred scenario.

There were questions and a discussion about the information on the slides with particular attention paid to the feasibility gap associated with the three scenarios. There were questions about the effect of amenities on the feasibility gap and the potential revenues (rents) that the project could charge. Ms. Juntunen noted that the site amenities would benefit more than just the project site and would likely benefit the broader community.

Mr. Rundell reviewed slides related to the pro forma cost and revenue projections. He responded to questions about whether the cost of the land included the buildings, what the value of the land is, whether financing costs were included in the pro forma, and what was the definition of effective income and triple net rent.

Mr. Rundell then displayed a series of spreadsheets related to each scenario and the individual parcels that comprise each scenario. There were questions about the loan to value ratio (LTV) that was used in the pro forma. Mr. Rundell explained that he used 65% and that may be high. A question was raised about the 5% contingency that was used. The CAC asked for clarification of what the cash on cash return was.

Mr. Rundell was able to input different numbers for LTV to demonstrate the impact on the bottom line of the project.

There was discussion about how the pro forma analysis was helpful in considering options for closing the feasibility gap. There were questions and discussion about what the right level of public investment would be in the project and that ultimately that would be a fairly subjective judgment that City Council would need to make. It was noted that both the revenues by way of additional tax dollars as well as other less tangible benefits would need to be considered.

The group considered whether the three scenarios presented were sufficient to describe all of the possible options. They discussed that the scenarios currently under consideration are derivatives of a public private partnership approach and that an all public approach and an all private approach need to be considered as well.

Ms. Juntunen added that the objective of this process is to identify what the maximum value is and what will make this project financially feasible from both a public and a private perspective.

There were further questions related to whether there is market demand for the retail space and the apartments proposed, and if not now, then how long before there is market demand. Ms. Juntunen responded that Olympia is setting the stage for this sort of development to occur, and she used a map of new multiple family developments in Portland to illustrate her point.

Ms. Juntunen closed her presentation by reminding the CERC and CAC members that we would be meeting again in August to continue the discussion. At that time she would have more information about the revenue impacts of the various scenarios and she would be ready to continue the conversation about how to involve the broader public in this process.

Mayor thanked the CAC members and the public for attending.

The discussion was completed.

3. ADJOURNMENT

The Mayor adjourned the meeting at 7:20 p.m.