



## Finance Committee

### Update on Building Repair and Replacement

**Agenda Date:** 7/15/2020  
**Agenda Item Number:** 6.B  
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#### **Title**

Update on Building Repair and Replacement

#### **Recommended Action**

##### **Committee Recommendation:**

Not referred to a committee.

##### **City Manager Recommendation:**

Receive an update on building repair and replacement. Information only. No action requested.

#### **Report**

##### **Issue:**

Whether to receive an update on the building repair and replacement.

##### **Staff Contact:**

Meliss Maxfield, General Services Director, Public Works, 360.753.8202

##### **Presenter(s):**

Meliss Maxfield, General Services Director, Public Works

#### **Background and Analysis:**

The Public Works Department is responsible for major capital repair and replacement of 16 City-owned buildings totaling 405,727 square feet, with a current replacement value over \$200 million. The buildings provide workspace for nearly 600 employees and over 4,500 people visit them every day. The average age of the City's buildings is 35 years.

Funding for capital improvements primarily comes from a six (6) percent tax on cable television. Two other funding sources, Public Facility District reserves and Maintenance Center rental rates, provide significantly less revenue and support specific projects within the Building Repair and Replacement program (i.e. Hands on Children's Museum and Public Works Maintenance Center). In 2016 and 2017, the cable television tax generated over \$1 million, annually. After peaking in 2017, the tax is now trending downward, with a 6 to 7 percent drop each year. In 2020, the tax is projected at \$860,000.

The City uses a 20-year planning horizon to determine long-term major maintenance needs. To help

in this planning, a Building Condition Assessment is conducted on a six-year cycle using an outside consultant. The 2013 assessment estimated repair/replacement costs for all observed deficiencies at almost \$30 million. An updated assessment was conducted in January 2019. The final report indicates the estimated repair/replacement costs of all observed deficiencies for the 2020 - 2025 Capital Facilities Plan (CFP) has grown to \$36.6 million. These observed deficiencies are prioritized by degree of impact/risk (high, medium and low). The focus of Building Repair and Replacement program funding is on the high and medium prioritized observed deficiencies. The final report indicates the high and medium deficiencies are estimated at \$10.1 million and \$17.8 million respectively. Staff will share how limited funding and higher than expected cost for repairs will impact this year's proposed projects.

In addition to the 16 Public Works managed buildings, two additional facilities were assessed last year: Priest Point Park Maintenance Facility and the Farmers Market. The observed deficiencies associated at these two locations are \$1.1 million and \$0.5 million respectively.

**Neighborhood/Community Interests (if known):**

Maintaining safe and efficient City-owned buildings for employees and the public.

**Options:**

Update only. No action requested at this time.

**Financial Impact:**

The 2020 annual funding for the Building Repair and Replacement Fund 029 is approximately \$1 million. With an estimate of \$27.8 million in high and medium observed deficiencies, along with \$1.4 million in debt service, Fund 029 would need an additional \$3.6 million annually to address these costs. With the anticipated decline in cable television tax funds and uncertainty in year-end General Fund savings, this will further stretch Facilities Operations in maintaining the City's portfolio of buildings.

**Attachments:**

Building Condition Assessment Summary

Building Condition Assessment Scores