



City of Tukwila  
**Finance and Governance  
 Committee**

- ◆ Zak Idan, Chair
- ◆ Kathy Hougardy
- ◆ Cynthia Delostrinos Johnson

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# AGENDA

**MONDAY, MAY 10, 2021 – 5:30 PM**

HAZELNUT CONFERENCE ROOM  
 (At east entrance of City Hall)

**THIS MEETING WILL NOT BE CONDUCTED AT CITY FACILITIES  
 BASED ON THE GOVERNOR'S PROCLAMATION 20-28.**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS  
 MEETING IS: 1-253-292-9750, Access Code 458647898#**

**Click here to: [Join Microsoft Teams Meeting](#)**

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Item	Recommended Action	Page
<b>1. BUSINESS AGENDA</b>		
a. Disposition of former Fire Station 52 site. <i>Rachel Bianchi, Deputy City Administrator</i>	a. Discussion only.	<b>Pg.1</b>
b. Marijuana tax revenue. <i>Laurel Humphrey, Legislative Analyst</i>	b. Discussion only.	<b>Pg.41</b>
<b>2. MISCELLANEOUS</b>		

**Next Scheduled Meeting:** *May 24, 2021*



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TO: **Finance and Governance Committee**

FROM: **Rachel Bianchi, Deputy City Administrator**

CC: **Mayor Ekberg**

DATE: **April 27, 2021**

SUBJECT: **Disposition of former Fire Station 52 building and property**

## **ISSUE**

Now that the Fire Department has moved into the new Fire Station 52 on the City Hall campus, staff is seeking direction from the Council regarding the disposition of the former Fire Station 52 site.

## **BACKGROUND**

Earlier this year the Fire Department moved to the new Fire Station 52, now the Department's headquarters station, on the City Hall campus. This leaves the former Fire Station 52 site, located at the top of Tukwila Hall, vacant. The building was built in 1971 and has operated as a Fire Station for more than 40 years. As the City determines disposition of the property, staff has identified four potential alternatives, all of which have their own nuances and differing alternatives within them:

- Retain the existing building and property and repurpose for City or community use;
- Sell and/or lease the property to a nonprofit or other similar organization for community use;
- Sell the property to a private party for personal use; or
- Demolish the existing building and revert the property to a public park – either passive or active.

## **DISCUSSION**

In April of this year the City commissioned a property conditions report for the building, which is attached to this memo. The scope of the property conditions report is limited to what is visible and identifies that there could be unseen issues in the building. The report identified \$181,189 of needed repairs over the next 12 years, of which \$129,669 are recommended to be completed within the next five years. These costs do not include any potential remodel to the building that would be needed to create a civic or community space and are only a rough estimate at this time. The true costs of these needed repairs would need to be ascertained during a bid process.

One unknown that will require further investigation is the reality that this building served as a working fire station for over 40 years and has been subject to diesel exhaust throughout this use. There is the possibility of other contamination as well. This building was constructed before much of the information we now have regarding the chemical exposure associated with firefighting, and this was one of the major reasons to replace the station, along with other outdated issues that impede the high level of fire service delivery.

Below are the pros and cons associated with each of the alternatives identified above.

- Alternative 1: City retains the existing building and repurposes for City or community use. This alternative would provide another community space that could be used for a variety of events, from art shows to farmers markets to other potential uses. This alternative would require an unknown up-front capital outlay to not only initiate the needed repairs identified in the property conditions report, but also would require remodeling and updating. This alternative would also

require staff time to program the building as well as ongoing normal maintenance. Events may be limited by inadequate parking on site and limited street parking.

- Alternative 2: City sells or leases to a nonprofit or other community group. This alternative could look a variety of different ways, depending on a final agreement after a public process. If the City were to sell under this scenario, it could potentially be an “as-is” sale, requiring no additional investment. Any sort of a lease scenario would likely require additional capital outlay for the needed repairs and potential remodel. The City has already been approached by a community member interested in using the facility for an arts space. However, at this point staff has not engaged in further conversations to better understand what type of agreement the party would be interested in pursuing. In addition, any sort of sale or lease process would need to go through a public process. Uses may be limited by inadequate parking on site and limited street parking. Sale of the property would require a boundary line adjustment as the park, former City Hall building and former fire station are all on the same lot.
- Alternative 3: City sells to a private entity. The City has already been approached by a broker representing an individual interested in purchasing the old fire station. This alternative would also require a public process and staff anticipates there would be interest from other parties. The City could sell the property as-is with no additional capital outlays. Sale of the property would require a boundary line adjustment as the park, former City Hall building and former fire station are all on the same lot.
- Alternative 4: City turns the site into a park. While this alternative would require the up-front cost to demolish the existing building, there is a significant range in cost to convert the site to a park, depending if it was made passive or active. Transforming the site into a park would fit well with the existing uses of the adjacent former City Hall (currently leased to the Tukwila Historical Society) and park. It would also retain options for possible future site plans.

The City contemplated selling the Fire Station 52 site as a part of funding the overall Public Safety Plan. However, given the increase in value of the former motel sites, and the agreed-upon purchase and sale of those properties, leasing or retaining the former Fire Station 52 site would not have an adverse impact on the Public Safety Plan finance model. However, retaining and/or repurposing the building would require additional capital, as well as ongoing staff and maintenance costs not currently accounted for in the City’s budget.

### **RECOMMENDATION**

Due to the building served as a working fire station for over 40 years and has been subject to diesel exhaust throughout its use, the Administration recommends the Alternative 4, that the City retain the property but demolish the building and turn it into a park. The City could use one-time savings from the new Fire Station 52 project to demolish the building and either seek grant funds to develop the park – either passive or active – or identify other City funds for park development. While the Administration certainly sees value in the potential of retaining the building for community use, the costs associated with needed-repairs, ongoing maintenance, and staff time are a barrier to transforming the building to such a use given the normal City budget constraints not tied to the pandemic. Additionally, the Administration does not believe selling to a private entity would be a good course of action given the adjacent park and former City Hall building. Finally, the Administration is concerned about keeping the building vacant for any significant period of time could cause further deterioration, potential for various nuisances and other unwanted issues.

Staff is seeking consensus from the Committee on next steps, recognizing they may want additional information on one or two of the alternatives to make a final recommendation to the full Council.

### **ATTACHMENTS**

Property Conditions Report conducted by Jeff Samdal and Associates



# PROPERTY CONDITION ASSESSMENT



## Fire Station 52

5900 South 147<sup>th</sup> Street, Tukwila, WA 98168

For:

**City of Tukwila**  
c/o Rachel Bianchi  
6300 Southcenter Blvd, Suite 100  
Tukwila, WA 98188

Prepared By:

**Jeff Samdal, PE**  
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(206) 412-4305

Date Prepared:

**April 26, 2021**

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## 1.0 EXECUTIVE SUMMARY

### 1.1 GENERAL DESCRIPTION OF PROPERTY

The subject property is approximately 1.16 acres and is located on the northwest corner of the intersection of 59<sup>th</sup> Ave S and S 147<sup>th</sup> St. There is one building containing a 3,300 square foot fire station. According to King County Records, the property was constructed in 1971. The property is relatively flat and consists of an asphalt parking lot and mature landscaping outside of the building itself. Adjacent to the property there are primarily residential properties.

The roofs of this building are pitched and are surfaced with asphalt composition roof surfacing. The exterior of this building is clad with bare exposed aggregate concrete and diagonal wood lap siding and wood trim. The windows of this building are aluminum-frame windows.

Like all properties, this property will require capital maintenance. We have itemized areas of capital maintenance that we anticipate over the next twelve (12) years along with estimated costs and estimated schedule of repair/replacement.

### 1.2 IMMEDIATE NECESSARY CAPITAL EXPENDITURES

Table 1.3 below shows the items that are in need of action immediately or within the near future. This is a summary; all tasks are explained in greater detail in Section 3.0 Physical Analysis.

**Table 1.2: Summary of Immediate Necessary Capital Expenditures**

Component	Cost	Urgency	Section
Several scopes of work recommended in 2021 and 2022 shown in Table 3.1A and Table 3.20			

## 2.0 INTRODUCTION AND STANDARD DISCLAIMERS

### 2.1 PURPOSE OF INSPECTION AND REPORT

The primary purpose of this Property Condition Assessment is to provide our client with a planning and budgeting tool to adequately maintain the property 12 years into the future and to minimize unexpected major costs. This study is intended to provide our client with an understanding of their property and to bring to light necessary immediate expenditures and reasonably anticipated future capital expenses that should be addressed.

Owners will benefit from adequately maintain their properties and our Property Condition Assessments provide our clients with the tools to implement capital maintenance. When small issues and maintenance items are addressed prior to becoming larger problems, there is typically a significant overall savings for a property owner. Properly maintained properties maintain higher property values than those with an abundance of deferred maintenance.

### 2.2 SCOPE OF INSPECTION AND REPORT

This inspection is a standard visual inspection of the property. This visual inspection focuses on the typical features of a building and surrounding property such as structure, drainage, roof, exterior, electrical, plumbing, heating, air conditioning, and interior finishes. This inspection is limited to accessible and visible areas.

All inspections are performed in accordance to the National Academy of Building Inspection Engineers (NABIE) Standards of Practice, which can be viewed at [www.nabie.org](http://www.nabie.org).

### 2.3 SCOPE AND METHODOLOGY

This Property Condition Assessment has been prepared based on our proposal to the Client dated March 16, 2021, which was based on our correspondence with Rachel Bianchi and King County Records.

### Information Gathering

Our initial task was to gather information regarding the property such as drawings, maintenance records, and historical background. This Property Condition Assessment is a reflection of the information provided to us.

### Physical Analysis

Following the initial correspondence regarding the property, we performed an inspection of the property on April 20, 2021 so that we may provide an opinion of the current condition of the common building components. This is also the basis for our opinion of the anticipated capital needs that the Owner will be responsible for over the next 12 years. This was a visual inspection and no invasive or destructive testing was performed. This visual inspection focused on the typical features of a building and surrounding property such as structure, drainage, roof, exterior, electrical, plumbing, HVAC systems, and interior finishes. This inspection was limited to accessible and visible areas.

The physical analysis included the following tasks:

**1. Identification of Anticipated Capital Expenses:** We consider anticipated capital expenses to be major expenses that can be reasonably predicted. Anticipated capital expenses are not considered routine maintenance such as routine landscaping or touch-up paint; routine maintenance should be taken care of through an operating budget. Nor do we consider anticipated capital needs to be expenditures that result from an accident or an unpredictable event, such as flood damage or earthquake damage; these items should be paid for by insurance.

The general criteria that we used to define an anticipated capital expense that warranted inclusion on our Itemized capital expenses is the following:

- Repair or replacement of the component is significant and not budgeted for in the operating budget.
- The component repair or replacement occurs within the period of this study.

**2. Estimated Replacement Schedule:** Our opinions of the various life expectancy estimates that we prepared are based on a combination of the following:

- National Association of Home Builders (NAHB) averages



- Building Owners and Managers (BOMA) averages
- Product vendors and suppliers
- Our company database

**3. Estimated Replacement Cost:** Our opinions of the various costs for repair or replacement are based on a combination of the following:

- Marshall & Swift
- R.S. Means
- Product vendors and suppliers
- Our company database

## 2.4 SOURCES OF INFORMATION

The following people provided us information for this study:

- Henry Ancira, Superintendent, City of Tukwila

The following documents were viewed as part of this study

- Maintenance Ledger 2005-2020
- Architectural Drawings, by R. James Dersham, dated 1971
- Restroom Improvement Drawings, by Ivory & Associates, dated June 19, 2006

The physical inspection of the property occurred on the following date:

- April 20, 2021

### 3.0 PHYSICAL ANALYSIS

#### 3.1 COMPONENT ASSESSMENT AND VALUATION

The component assessment and valuation of the itemized capital expenses on this property was done by providing our opinion of Useful Life, Remaining Useful Life, and Repair or Replacement Costs for each of the components. Table 3.1A lists this component inventory, and is based on the information that we were provided and on onsite visual observations.

The remainder of “Section 3.0 Physical Analysis” details each of the items in Table 3.1A using narratives and photos. They are meant to be read together.

Table 3.1B is a summary of expenses, grouped according to their expense category. Chart 3.1B is a pie chart illustrating the same.

#### Table 3.1A Key:

**Quantity** - The total quantity of each component.

**Units** - SF = Square Feet                      SY = Square Yards                      LF = Lineal Feet  
EA = Each                      LS = Lump Sum                      SQ = Roofing Square (10 ft X 10 ft)

**Cost/Unit** - The cost of a component. The unit cost is multiplied by the component’s quantity to obtain the total estimated replacement cost for the component.

**Remaining Life** – An opinion of the probable remaining life, in years that a component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Life.

**Useful Life** - Total Useful Life or Depreciable Life. An opinion of the total probable life, in years, that a component can be expected to serve its intended function in its present condition.

**Table 3.1A: Component Assessment and Valuation**

Note: All numbers provided are the engineer's opinion of probable life and cost in 2021 dollars. Exact numbers may vary.

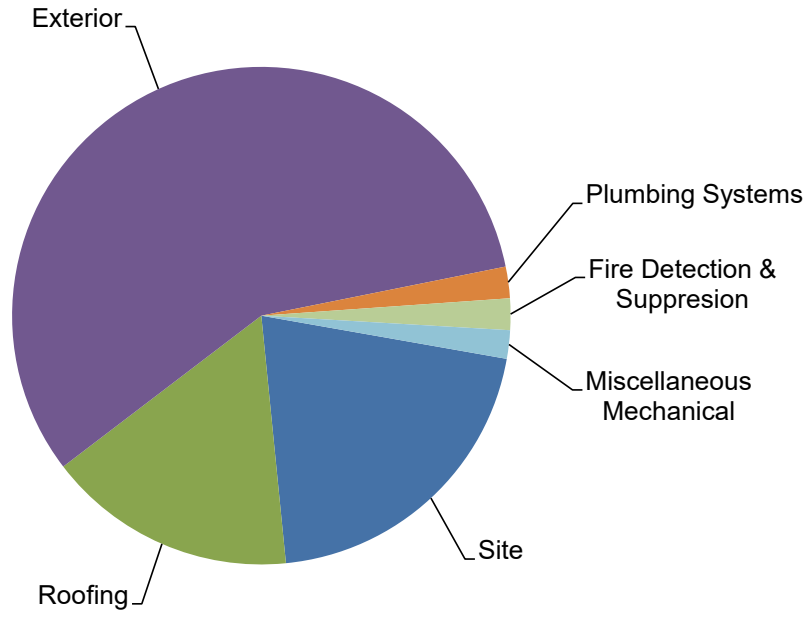
Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.2 SITE</b>						
Asphalt overlay	3,990	SF	\$3.65	10	40	\$14,564
Asphalt repairs prior to resealing and overlay	200	SF	\$8.95	5	5	\$1,786
Asphalt seal coating and restriping	3,990	SF	\$0.36	0	5	\$1,436
Storm drain clean-out	1	LS	\$1,200	1	5	\$1,200
Concrete repairs	1	LS	\$1,600	5	5	\$1,600
<b>3.3 STRUCTURE</b>						
<i>No structural expenditures budgeted</i>						
<b>3.4 ROOFING</b>						
Resurface roofs	40	SQ	\$675	1	30	\$27,000
Replace gutters and downspouts	172	LF	\$8.75	1	30	\$1,505
<b>3.5 EXTERIOR</b>						
Replace all exterior siding, trim, windows, and pedestrian doors	2,860	SF	\$28.50	1	50	\$81,510
Paint exterior of building	2,860	SF	\$2.95	1	8	\$8,437
<b>3.6 ELECTRICAL SYSTEMS</b>						
<i>No significant electrical expenditures expected within the next 12 years</i>						
<b>3.7 PLUMBING SYSTEMS</b>						
Replace the Rinnai tankless water heater	1	EA	\$3,200	5	15	\$3,200
<b>3.8 HVAC SYSTEMS</b>						
Replace the Reznor hanging gas furnace	1	EA	\$2,800	20	25	\$2,800

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost
<b>3.9 ELEVATORS</b>						
	<i>There are no elevators in this building</i>					
<b>3.10 FIRE DETECTION &amp; SUPPRESSION</b>						
Replace the fire alarm control panel	1	EA	\$3,500	2	25	\$3,500
	<i>Hire service technicians to inspect the fire detection system and fire suppression system, as both of their tags are out of date</i>					
<b>3.11 COMMON INTERIOR FINISHES</b>						
	<i>There are no areas of the interior that have to be repaired at this time; we assume that future upgrades and renovations will occur after a future use is determined for this building</i>					
<b>3.12 MISCELLANEOUS MECHANICAL</b>						
Replace garage doors	2	EA	\$5,200	14	16	\$10,400
Replace garage door openers	2	EA	\$1,400	6	8	\$2,800
<b>3.13 AMENITIES</b>						
	<i>No amenities not mentioned in other areas of this table</i>					

**Table 3.1B: Table of Categorized Expenses over the Duration of the Study**

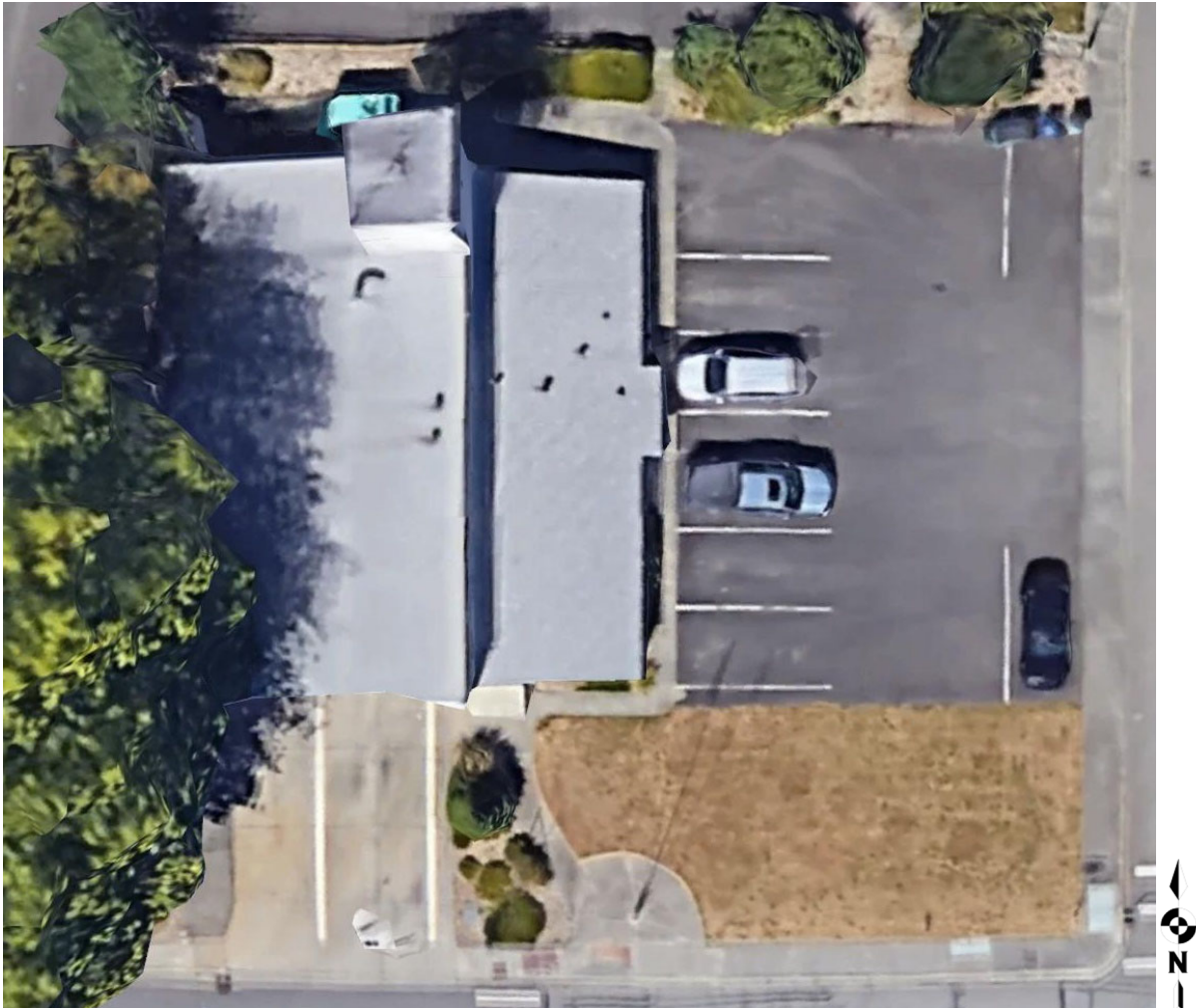
<b>Category</b>	<b>Total Expenditure Over the Next 12 Years</b>	<b>Percentage</b>
Site	\$37,409	20.6%
Structure	\$0	0.0%
Roofing	\$29,360	16.2%
Exterior	\$103,654	57.2%
Electrical Systems	\$0	0.0%
Plumbing Systems	\$3,710	2.0%
HVAC Systems	\$0	0.0%
Elevators	\$0	0.0%
Fire Detection & Suppresion	\$3,713	2.0%
Common Interior Finishes	\$0	0.0%
Miscellaneous Mechanical	\$3,343	1.8%
Amenities	\$0	0.0%
<b>TOTAL</b>	<b>\$181,189</b>	

**Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study**



### 3.2 SITE

The address of this property is 5900 South 147<sup>th</sup> St, Tukwila, WA 98168.



Aerial image of property (courtesy of Google Earth)

#### General Description of Site

The subject property is approximately 1.16 acres and is located on the northwest corner of the intersection of 59<sup>th</sup> Ave S and S 147<sup>th</sup> St. There is one building containing a 3,300 square foot fire station. According to King County Records, the property was constructed in 1971. The property is relatively flat and consists of an asphalt parking lot and mature landscaping outside of the building itself. Adjacent to the property there are primarily residential properties.

**Asphalt**

Generally, the asphalt appears to be in fair condition. However, we recommend that the asphalt be sealed and restriped in 2021. The cost to seal and stripe a lot of this size will be approximately 36 cents per square foot including tax. This level of maintenance will likely be necessary every 5 years.

**Storm System**

There are storm drains located in the parking lots. We do not know the specific configuration of this storm system as no drawings were available. However, the storm system appears to be effective as there was no evidence of significant standing water in the parking lot around this property.



East Asphalt Parking Lot



Storm Drain



### Landscaping and Irrigation

Generally, landscaping and irrigation systems are maintained via the operating budget. There was an irrigation system on this property; however, this system was not tested.



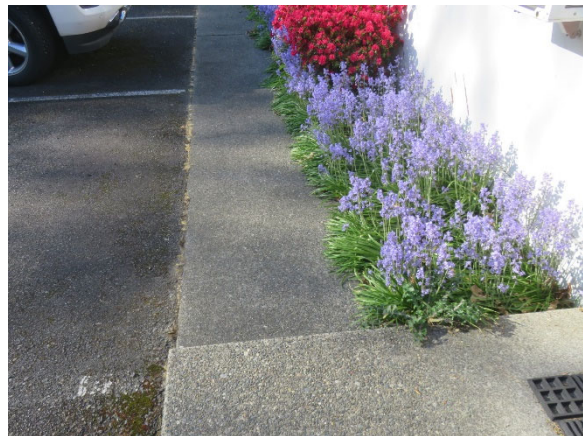
Trees and Bushes at the West Side of the Building



Trees and Bushes at the West Side of the Building



Irrigation System Control Panel



Flower Beds at the East Side of the Property

### Concrete Flatwork

There is a concrete garage slab and a south concrete slab at the south side of the property in front of the garage doors. There is also a concrete sidewalk on the east side of the building. The concrete flatwork on this property is generally in good condition.



Concrete Parking Lot at the South Side of the Property

### 3.3 STRUCTURE

#### Foundation

The foundation was only partially visible. Therefore, we look for indirect evidence of distress to ascertain the condition of the foundation. It is possible that even with little or no evidence; there is a problem that is undetectable during a visual inspection.

The foundation of this building consists of a concrete slab-on-grade foundation. Presumably, there are grade beams around the perimeter and interior concrete piers and/or concrete ribbon footings on the interior of this building beneath the concrete floor; however, this was not visible.

#### Framing

The majority of the framing in this building was not visible for inspection. Therefore, we based much of our opinion on the superstructure of this building on indirect observations such as uneven areas, bulges, and other evidence of distress. Much like the foundation, it is possible that there are structural deficiencies that were not visible.

The superstructure of this building consists of concrete walls, presumably steel-enforced. The roof of this building is supported by glue-laminated wood beams that support wood purlins, that support wood rafters, that ultimately support the plywood roof deck.

Based on the age and type of this building as well as the available evidence, we believe the ability of this structure to resist a seismic event is fair. This is not a seismic analysis of this structure, as that is well beyond the scope of this investigation and would require extensive analysis with precise measurements, drawings, calculations, and modeling.



Wood Rafters Visible in the Damaged Ceiling



Glue-Laminated Beams Supporting the Roof

### 3.4 ROOFING

The roofs of this building are pitched and are surfaced with asphalt composition roof surfacing. There are two levels of roofs with a clerestory in between these roofs. These roofs drain down to a gutter/downspout system.

The roof surface is nominally a 30-year surface; however, we do not know when this roof surface was installed. The actual shingles of this roof appear to have approximately 5 years remaining life; however, there have been numerous leaks in this roof over the recent past that we suspect that this was not an adequate roof installation, perhaps the underlayment was not installed properly. Therefore, we recommend that the roof surface be replaced within the next year.

The gutters and downspouts appear to be functioning properly; however, they are old, and it would make sense to replace the gutters and the downspouts when this building is re-clad.



Upper Roof of the Building



Upper Roof of the Building



Repairs of Former Damage to the Upper Roof



Close-up of Upper Roof of the Building



Western Gutter



Clerestory Flashing



Lower Roof of the Building



Lower Roof of the Building



Lower Roof of the Building



Shingles Bent into Gutter on Lower Roof of the Building

### 3.5 EXTERIOR

The exterior of this building is clad with bare exposed aggregate concrete and diagonal wood lap siding and wood trim. The windows of this building are aluminum-frame windows.

#### Concrete Exterior

The north and south sides of the building are primarily bare exposed aggregate concrete, which is also the structural walls of this building. This concrete appears to be in good condition and is relatively low maintenance.

#### Wood Siding and Trim

Many areas of the wood trim on this building are rotting, plus areas of the siding on the west side of the building and the west side of the tower are rotting. While other areas of the siding do have some life remaining, the siding was never primed before it was painted. Therefore, we believe that complete removal of the current paint, spot repairs, priming, and painting would not be nearly as good of a value as simply replacing the siding and trim; as complete replacement would still be necessary within the next 5-7 years. Therefore, we recommend complete replacement of the wood siding and trim within the next year.

#### Windows

The aluminum-frame windows on this building are older and not very energy efficient. We recommend that all windows and pedestrian doors be replaced at the time of exterior re-cladding as the building envelope works as a system and all flashings can then be properly integrated.

#### Exterior Re-Painting and Re-Caulking

Following exterior siding and trim replacement, the siding and trim will need to be painted. Typically, owners should clean, caulk, and repaint this type of exterior siding and trim every 7 to 10 years, depending on how the caulk and paint is holding up. We recommend repainting to be performed every 8 years. Often, the painting schedule is dictated by the south and west sides of the buildings, as that is typically hit by weather hardest in our area. Prior to repainting, the exteriors should be properly prepared for painting by scraping all loose paint off and spot replacing areas of siding and trim where necessary.



South Side of the Building



South Entrance to the Building



West Side of the Building



Rot Present on the West Side of the Building



North Side of the Building



Rot in the Trim of the North Side of the Building



East Side of the Building



Clerestory at the East Side of the Building



Rotten Trim of the Clerestory



South Side of the Tower



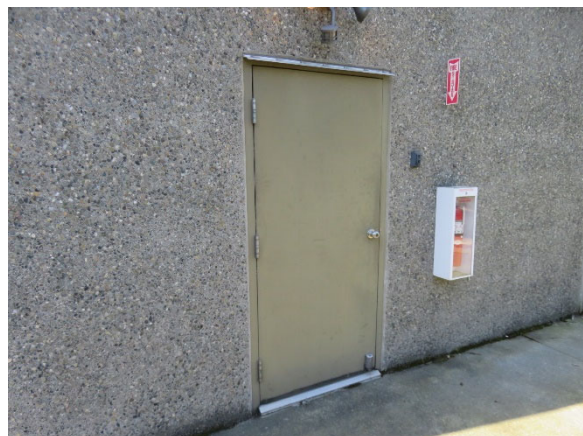
West Side of the Tower



Rot in the Siding of the West Side of the Tower



Metal Service Door with a Window



Metal Service Door



### 3.6 ELECTRICAL SYSTEMS

Our investigation of the electrical system is limited to the visible components, entrance cable, meter, service panel, outlets, and the visible portions of the wiring. A large portion of the electrical system is hidden.

The main electrical service comes to this building underground. Therefore, proper markings of the incoming power line should be done prior to any digging around this building.

The power coming into this building is not listed. There are multiple electrical service panels located in this building.

A spot check of electrical outlets revealed no problems. The electrical systems on this property appeared adequate and this system should provide many more years of relatively low maintenance service.

There is a Cummins Generator at the north side of the building that appears to be relatively modern. This generator and the generator transfer switch should have a lifespan well beyond the 12-year duration of this study.

The interior lighting in this building consists of typical hanging fluorescent lights.



Electrical Service Panels



One of Several Electrical Service Panels



Generator



Generator Transfer Switch



Typical Hanging Fluorescent Light in the Office/Sleeping Quarters



Typical Hanging Fluorescent Light in the Engine Garage Bays

### 3.7 PLUMBING SYSTEMS

The building appears to be served by municipal water and sewer; however, this should be verified. The supply piping on this property is primarily copper. The waste piping in this building is ABS plastic and iron.

We tested the majority of the plumbing fixtures on this property, and we believe that generally the supply piping and waste piping in this building is adequate. Typical plumbing maintenance and minor leak repair are anticipated with any property.

The domestic water in this building is provided by one Rinnai tankless water heater. These types of tankless water heaters have a typical lifespan of 15 years.



Rinnai Tankless Water Heater



Typical Copper Supply Piping

### 3.8 HVAC SYSTEMS

The HVAC systems in this building consist of a Reznor hanging furnace located in the garage of this building and an exhaust capture system. There are also simple electric wall heaters and electric baseboard heaters in the office of this building.

The hanging Reznor heater appears to be a fairly old unit; however, we could not pull the date off of this unit. It is difficult to determine how long the Reznor furnace will last; however, at some point in the future when is no longer functional, it will cost approximately \$2,800 to replace.

The exhaust capture unit also appears to be relatively old. As we understand, this building will most likely not be used as a garage anymore; therefore, this unit no longer serves a function.



Hanging Reznor Furnace



Typical Electric Wall Heater



Typical Electric Baseboard Heater



Exhaust Fan Capture Unit



Exhaust Capture Hoses





Typical Fire Suppression Sprinkler

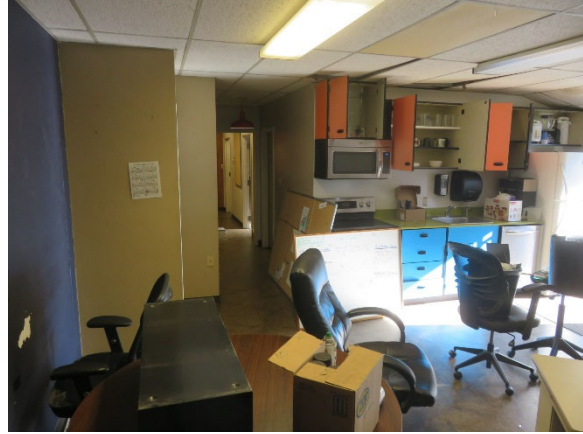
### 3.11 COMMON INTERIOR FINISHES

In any property, there are interior defects that are technically insignificant. We believe that the owners are the best judge of their threshold for technically insignificant interior defects. Therefore, we do not comment regarding minor, technically insignificant interior defects.

There are some stained and damaged acoustic ceiling tiles that will need to be replaced. Beyond this, there is nothing that must be done on the interior of this building, as we did not identify any areas of the interior that needs work at this time. We assume that future upgrades and renovations will occur after a future use is determined for this building.



Entrance Office



Entrance Office



Hallway



Restroom





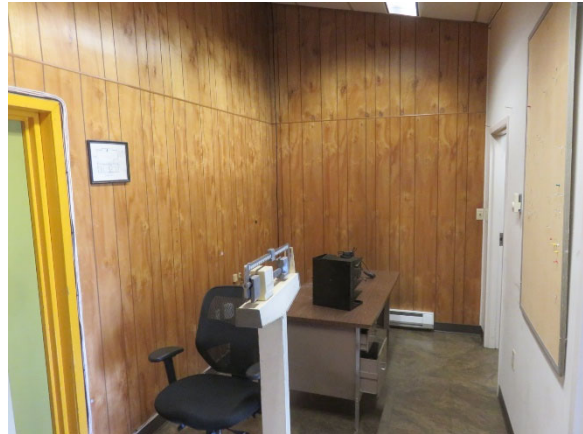
Sleeping Room 1



Sleeping Room 2



Sleeping Room 3



Wood Paneled Room



Vinyl Flooring in Office



Acoustic Ceiling Tiles



Engine Garage Bay



Engine Garage Bay



Concrete Flooring



Concrete Wall Interior

### 3.12 MISCELLANEOUS

#### Garage Doors

There are 2 garage doors at the south side of this building. Both of these garage doors were operating effectively at the time of our inspection. Due to the frequent use of the garage doors, we recommend budgeting for replacing these garage doors every 16 years and the garage door openers every 8 years.

We also recommend a full maintenance contract be in place for these garage doors with a door technician such as Cressy Door or Davis Door.



Garage Doors



Garage Doors

#### Surveillance System

There is an old surveillance camera at the front of this building that was no longer functional.



Old Surveillance Camera

### **3.13 AMENITIES**

*There are no amenities on this property that are not accounted for in other sections of this report.*

### **3.20 SUMMARY OF ANNUAL ANTICIPATED EXPENSES**

Using the conclusions described throughout “Section 3.0 Physical Analysis”, the following Table 3.20 lists the annual anticipated capital expenses for each capital needs item in the year that we believe is most probable. All of these anticipated expenses already have inflation factored into them at the assumed level that is listed in “Section 4.3 Assumptions for Future Interest Rate and Inflation”.

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>3.2 SITE</b>													
Asphalt overlay							\$19,572						
Asphalt repairs prior to resealing and overlay					\$2,070	\$2,400							
Asphalt seal coating and restriping	\$1,436				\$1,665	\$1,930							
Storm drain clean-out		\$1,236					\$1,433					\$1,661	
Concrete repairs					\$1,855						\$2,150		
<b>3.3 STRUCTURE</b>													
<i>No structural expenditures budgeted</i>													
<b>3.4 ROOFING</b>													
Resurface roofs		\$27,810											
Replace gutters and downspouts		\$1,550											
<b>3.5 EXTERIOR</b>													
Replace all exterior siding, trim, windows, and pedestrian doors		\$83,955											
Paint exterior of building		\$8,690								\$11,008			
<b>3.6 ELECTRICAL SYSTEMS</b>													
No significant electrical expenditures expected within the next 12 years													
<b>3.7 PLUMBING SYSTEMS</b>													
Replace the Rinnai tankless water heater					\$3,710								
<b>3.8 HVAC SYSTEMS</b>													
Replace the Reznor hanging gas furnace													
<b>3.9 ELEVATORS</b>													
<i>There are no elevators in this building</i>													
<b>3.10 FIRE DETECTION &amp; SUPPRESSION</b>													
Replace the fire alarm control panel			\$3,713										
<b>3.11 COMMON INTERIOR FINISHES</b>													
<i>There are no areas of the interior that have to be repaired at this time; we assume that future upgrades and renovations will occur after a future use is determined for this building</i>													
<b>3.12 MISCELLANEOUS MECHANICAL</b>													
Replace garage doors													
Replace garage door openers							\$3,343						
<b>3.13 AMENITIES</b>													
<i>No amenities not mentioned in other areas of this table</i>													
<b>ANNUAL EXPENSES BY YEAR</b>	\$1,436	\$123,242	\$3,713	\$0	\$0	\$9,300	\$4,776	\$0	\$0	\$11,008	\$26,052	\$1,661	\$0

## 4.0 LIMITATIONS

This report has been prepared for the exclusive use of the City of Tukwila. We do not intend for any other party to rely on this report without our expressed written consent. If another individual or party relies on this study, they shall indemnify and hold Jeff Samdal & Associates harmless for any damages, losses, or expenses they incur as a result of its use.

This Property Condition Assessment is a reflection of the information provided to us. This report has been prepared for the City of Tukwila's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. Our inspection report is not an exhaustive technical inspection of the property. During a typical inspection, no invasive inspection is performed, no furnishings are moved, and no finishes are removed.

This report is a snap shot in time of the condition of the property at the time of inspection. The remaining life values that we list are based on our opinion of the remaining useful life and are by no means a guarantee. Our opinions are based on what we believe one could reasonably expect and are not based on worst case scenarios. These opinions are based upon our experience with other buildings of similar age and construction type. Opinions will vary and you may encounter contractors and/or consultants with differing opinions from ours. Ratings of various building components are most often determined by comparison to other buildings of similar age and construction type. The quality of materials originally impacts our judgment of their current state.

The life expectancy estimates that we prepare are based on National Association of Home Builders (NAHB) averages, Building Owners and Managers (BOMA) averages, product defined expected life averages, and our own assessment of typical life expectancy based on our experience with similar components in our area.

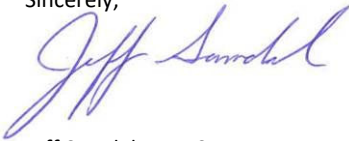
This report will tell you a great deal about the overall condition of this property. However, this report does not constitute a warranty, an insurance policy, or a guarantee of any kind. Owning any property involves some risk and while we can give an excellent overview of the property, we cannot inspect what we cannot see. Our inspection and report do not include building code compliance or municipal regulatory compliance. Nor do they include mold investigations, hazardous materials investigations, or indoor air quality analysis. The purpose of this report is not intended to be a statement of insurability of this property as insurance companies have particular standards for insurability of certain building types and certain building materials.

While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact the CPSC (Consumer Product Safety Commission) web site for recall information regarding any system or component. If a problem is encountered on your property, we cannot be responsible for any corrective action that you take, unless we have the opportunity to review the conditions, before repairs are made.

Please ensure that you have read and understand our proposal to perform this Property Condition Assessment that was signed prior to our inspection. If you have any questions regarding this document, please contact us. We appreciate the opportunity to be of assistance and we hope that we have provided you a clear understanding of your financial situation and given you a better overall understanding of the your property. This report supersedes any opinion or discussion that occurred during the inspection and should be considered our complete opinion of the condition of this property.

Please contact us if you have any questions regarding this report. We will be happy to be of assistance.

Sincerely,



Jeff Samdal, PE, RS, PRA

## **APPENDIX**

### Resume of Engineer Performing Study





# Jeff Samdal, P.E., Principal

## Professional Qualifications and Experience

### Areas of Expertise

Mr. Samdal is the owner of Samdal & Associates, Inc., a corporation that specializes in building inspections, engineering, project management, and related services. He is a double-licensed Professional Engineer (Mechanical and Civil) in Washington State. He is also an accredited Building Inspection Engineer (BIE) and Reserve Specialist (RS), and Professional Reserve Analyst (PRA). He has performed thousands of building inspections as well as numerous additional services such as building envelope investigations, construction management, and general consulting for property owners pertaining to building maintenance and long-term budgeting. Mr. Samdal consistently earns repeat and referral business because of his attention to detail, practical approach, knowledge of the industry, and genuine appreciation for clients' concerns for their real estate investments.

### Capabilities

Mr. Samdal is experienced at performing residential (single- and multi-family), commercial, and industrial inspections in Washington State and beyond. Mr. Samdal's experience includes the following:

- Property Condition Assessments (PCAs)
- Capital Needs Assessments (CNAs)
- Reserve Studies for Condominiums and Homeowner's Association
- Building Envelope Studies

### Relevant Work History

Mr. Samdal has been owner and operator of Samdal & Associates since 2005, performing or managing all aspects of this business. Additionally, Mr. Samdal has been the co-owner and president of True North Construction Management since 2017, which is informative in obtaining current construction costs and keeping up to date with modern construction methods and construction products.

Prior to concentrating on building inspections, Mr. Samdal worked for Washington Group International's (WGI) Hydropower and Water Resources Group. While working for WGI, Mr. Samdal was involved in rebuilding and rehabilitating hydro facilities. He served as the on-site powerhouse and switchyard inspector during construction. His duties included design, drawing and specification preparation, cost estimating, scheduling, and construction management. Prior to working for WGI, Mr. Samdal worked for Duke Energy in a similar role.

### Education

BS in Mechanical Engineering, University of Washington

### Licenses and Certifications

- *Licensed Professional Engineer (PE)*, Mechanical Engineering, State of Washington, #40985
- *Licensed Professional Engineer (PE)*, Civil Engineering, State of Washington, #40985
- *Reserve Specialist (RS)*, Community Associations Institute (CAI), #173
- *Professional Reserve Analyst (PRA)*, Association of Professional Reserve Analysts
- *Building Inspection Engineer (BIE)*, National Association of Building Inspection Engineers
- *Structural Pest Inspector*, State of Washington, #70763

### Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

### Community Involvement

Mr. Samdal lives in Woodinville with his wife and 2 children and has been involved with many of their activities as a Little League coach, a scout leader, a personal fitness coach, among other activities.





## INFORMATIONAL MEMORANDUM

TO: **Finance and Governance Committee**  
 FROM: **Laurel Humphrey, Legislative Analyst**  
 DATE: **April 30, 2021**  
 SUBJECT: **Marijuana Retail Tax Revenue**

### **ISSUE**

The City Council requested staff provide an update on revenue potential should zoning be expanded to allow marijuana retailers in more areas of Tukwila.

### **BACKGROUND**

Initiative 502 passed in November 2012 and created a comprehensive regulatory approach on marijuana with state-licensed producers, processors and retailers. Through the rulemaking process the Liquor and Cannabis Board adopted regulations on the number of retail store licenses for jurisdictions, determining a maximum of 2 for Tukwila. Currently, a license is issued to Mount Baker Retail Partnership, LLC (12539 E Marginal way S) and a license is pending for Dash & Wrigley, LLC (13003 Tukwila International Boulevard).

On September 3, 2013, the City Council adopted Ordinance 2407 to implement Initiative 502. In Tukwila, marijuana retailers, producers and processors are permitted uses in Tukwila Valley South and Heavy Industrial Zones, subject to the 1,000-foot exclusion rule. In 2015, 2SSB 5052 and HB 2136 allowed cities to reduce buffers from 1000 to 100 feet around all entities except elementary and secondary schools and public playgrounds. In 2017, the City Council received two separate requests to expand permitted marijuana retail zones but denied both on February 13, 2017.

In 2019, the Finance Committee discussed marijuana revenue and zoning considerations and decided against recommending any changes to the City Council at that time.

### **DISCUSSION**

The state marijuana excise tax and its distributions has changed over time and can be altered in any future legislative session. The State currently taxes marijuana through a single excise tax of 37% at the time of retail sale, in addition to the regular state and local sales tax, and \$30M of that revenue is shared with cities, towns and counties. There are two components to the distributions: 1) per capita share to all jurisdictions that allow the siting of producers, processors and retailers; 2) retail share to all jurisdictions where licensed retailers are physically located and in proportion to total statewide retail sales. Tukwila does not have any marijuana businesses and therefore does not receive sales-based revenue. Tukwila’s per capita excise tax distribution has been:

<b>Year*</b>	<b>Revenues</b>
2021 (to date)	6,018.67
2020	23,951.38
2019	23,016.77
2018	30,275.81
2017	4,697.34

\*City Fiscal Year Jan 1 – Dec 31

It is difficult to estimate what Tukwila would receive for its retail share if the two state-issued licenses were active businesses. The formula depends not only on population but also on marijuana retail sales as a proportion of total retail sales, as well as the number/total population of cities and counties that prohibit marijuana. MRSC used to offer an estimate calculator but discontinued it due to complexity of the formula.

While the revenue is difficult to predict, we can look to neighboring jurisdictions for insight, while recognizing that their larger residential populations result in greater shares than Tukwila would receive in similar circumstances. The chart below shows the 2020 marijuana excise revenue for neighboring cities where marijuana retailers are currently open:

<b>City (number of locations)</b>	<b>Population</b>	<b>2020 Marijuana Excise Revenue*</b>
Burien (2)	51,477	\$111,115
Auburn (3)	80,134	\$178,918
Des Moines (1)	31,734	\$76,657
Renton (4)	101,484	\$207,866

*\*State Fiscal Year: July 1 – June 30*

**RECOMMENDATION**

Discussion only.

**ATTACHMENTS**

Marijuana Excise Tax Excerpt from 11/20 MRSC Revenue Guide for Washington Cities & Towns

## MARIJUANA EXCISE TAX

### Quick Summary

- A portion of the state’s marijuana excise tax is distributed to cities and counties depending on their marijuana policies.
- Two separate components:
  - **Per capita share** distributed to all cities and counties that do not prohibit marijuana businesses.
  - **Retail share** distributed to cities and counties where marijuana retailers are located, in proportion to statewide marijuana revenues.
- No clear guidance on use of revenues, but stated intent of I-502 is that marijuana legalization will “[allow] law enforcement resources to be focused on violent and property crimes [and generate] new state and local tax revenue for education, health care, research, and substance abuse prevention.”

**RCW: 69.50.540(2)(g)**

Initiative 502 (I-502), which was approved by voters in 2012, legalized recreational marijuana and authorized marijuana excise taxes. Marijuana excise taxes are imposed and collected by the State of Washington; as of 2018, the state imposes a 37% marijuana excise tax on the retail sale of marijuana, marijuana concentrates, and marijuana-infused products ([RCW 69.50.535](#) and [WAC 314-55-089](#)).

Cities and counties may *not* impose additional local excise taxes upon the sale of marijuana. However, the state shares some of the excise tax revenues with cities and counties, as mandated by I-502.<sup>60</sup> The actual revenues received by cities depend on legislative appropriations from the state budget. The state legislature has previously attempted to reduce local marijuana excise tax distributions, and like all shared revenues these distributions could be changed in future legislative sessions.

Marijuana excise tax distributions depend in significant part upon local marijuana policies and regulations. The regulatory approach that each city adopts, as well as the number of local marijuana retailers, will determine whether the city receives any marijuana excise tax revenue (and how much).

### **Eligibility and Distribution Formula**

There are two separate components to marijuana excise tax distributions:

- **Per capita share:** Distributed on a strictly per capita (population) basis to all cities, towns, and counties that allow the siting of marijuana producers, processors, AND retailers. Any jurisdiction that prohibits marijuana producers, processors, OR retailers is not eligible.
- **Retail share:** Distributed to all cities, towns, and counties where licensed marijuana retailers are physically located, and in proportional share to total statewide marijuana retail sales.

The different distribution formulas mean that some jurisdictions will receive both the per capita and retail distributions, while others may receive only one or the other, and some jurisdictions will receive neither. The chart below shows a few hypothetical scenarios to illustrate the differences.

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<sup>60</sup> The intent of I-502 states, among other things, that it will “[generate] new state *and local* tax revenue” [emphasis added], although it does not specify how the revenue will be shared with local governments or how much will be shared.

Hypothetical Marijuana Excise Tax Distribution Scenarios	Eligible for per capita share?	Eligible for retail share?
City allows marijuana production, processing, and retail and has at least one retailer located within the jurisdiction.	Yes	Yes
City prohibits marijuana entirely and has no retailers located within the jurisdiction.	No	No
Town took no action to prohibit marijuana, but is small enough that no marijuana businesses can locate there under state law due to the buffer requirements.	Yes	No
City prohibits marijuana producers and processors but allows retailers and has at least one retailer located within the jurisdiction.	No	Yes
City currently prohibits new marijuana businesses but has existing retailers that are grandfathered in.	No	Yes
City prohibits marijuana retail and has no retailers but allows marijuana production and processing.	No	No

Each year by September 15, the LCB must provide the state treasurer with the annual distribution amount for each county and city. For the most recent legislative appropriations and distribution estimates, refer to our annual [Budget Suggestions publication](#), released every year at the end of July.

### **Use of Revenues**

The restrictions on the use of marijuana excise tax revenues are somewhat murky, as there is no clear statute stating how the funds must be used. However, the notes in [RCW 69.50.540](#) reference [RCW 69.50.101](#) and the stated intent of I-502, which states that marijuana legalization will “[allow] law enforcement resources to be focused on violent and property crimes [and generate] new state and local tax revenue for education, health care, research, and substance abuse prevention.”

### **Timing of Receipts**

Payments are distributed quarterly on the last business day of March, June, September, and December. The State Treasurer’s Office distributes both the “per capita” and “retail” shares together in one payment using the same BARS code.