



INFORMATIONAL MEMORANDUM

TO: **Finance and Governance**

FROM: **David Cline, City Administrator**
Vicky Carlsen, Finance Director

BY: **Brandon Miles, Business Relations Manager**

CC: **Mayor Ekberg**

DATE: **March 6, 2023**
Updated, March 21, 2023
Updated, April 3, 2023

SUBJECT: **Public Works Operations Campus Phase 2, Financing Report (DRAFT)**

ISSUE

Follow up on the February 27, 2023 Finance and Governance Committee meeting regarding financing for Public Works Operations Campus, Phase 2. At the meeting the Committee asked staff to provide information on various items. This memo begins the process of creating a consolidated document to address the Committee's questions. The memo below is organized to address the topics staff heard in the Committee meeting. The memo will be updated throughout the Spring to address the items raised by the Committee and new items that might be added as the process continues,

March 21, 2023, Update

Staff has highlighted headings in yellow to reflect area of the memo that have been updated since the March 6, 2023, meeting.

April 3, 2023, Update

BACKGROUND

I. Overview of the Public Safety Plan and Public Works Phase Operations Campus

The following provides a brief overview of the City's recent investment in public facilities over the last 15 years.

Development of the Public Safety Plan

In 2008 the City completed a comprehensive seismic study of city buildings, which was recently updated in 2022. This report found that several buildings, including fire stations and public works shops, would be unusable after an earthquake. It was this study that was the impetus for the City to begin examining how to invest in upgraded facilities, specifically public safety buildings (fire stations, police, municipal court, emergency management and public works functions).

In 2015, after a two-year process, the City Council was presented a report entitled, "*Investing in Tukwila: Essential Governmental Services Facilities Plan 2015-2040.*" The plan recommended

the construction and/or replacement of several public safety buildings, including a new justice center to house police, emergency management and municipal court; the replacement of three fire stations; and a combined public works operations facility. The plan also included recommendations for City Hall and the 6300 building.

This final report was presented to the City Council by the Facilities Committee, made up of community members, councilmembers and staff. This Committee recommended a public safety facilities ballot measure, which results in the City Council adopted “Public Safety Plan” to prioritize:

- the construction of three replacement fire stations,
- a new justice center (police, emergency management and municipal court),
- a consolidated public works shop, and
- a funding plan for 20 years of fire apparatus and equipment.

In November 2016 Tukwila voters approved the public safety plan bond measure with 60.5% approval. Funds from the bond measure were used for the new fire stations, fire equipment and apparatus and the justice center. Separately, funding for the public works facilities would come from a variety of sources, including general fund and utility funds.

In 2018, this financing and expenditure plan was updated with the D-20 Model, adopted by the City Council and discussed further below.

In 2018 the City began to identify and acquire land for the public safety plan, based upon the recommendations of the community Siting Advisory Committee. Existing City owned land was used for two of the new fire stations (51 and 52); the City assembled land on Tukwila International Blvd for the Justice Center; and the City acquired three parcels in the north end of the City for a consolidated public works shop. Public Works Operations Campus Phase 1 (hereinafter “Public Works Phase 1”) entailed the construction of the west side of the property and moving the City’s fleet and facilities functions from George Long to the new site. Public Works Phase 2 will entail work on the east side of the property and will eventually allow the City to move the street and utilities functions from the Minkler Shops to the site, as well as consolidating other functions currently found on other sites, such as spoils storage, etc.

The Justice Center and Fire Station 51 went operational in 2020 and Fire Station 52 become operational in 2021. The Fleet and Facilities building became operational in 2022 (Public Works Phase 1). In 2022, the City Council authorized the test to fit work for the eastern portion of the Public Works Phase 2 - Operations Campus, which will conclude in March of 2023.

The Public Works Operations Campus is the final project remaining from the Public Safety Plan. Funding for design of the Public Works Operations Campus was adopted in the 2023-2024 Budget and construction costs were included the 2023-2028 Capital Improvement Plan starting in 2025.

Financing the Public Safety Plan- the D-20 Model

In 2018, due to cost escalation from market conditions and initial estimates based on incomplete data, the City created options for the Public Safety Plan. Throughout the first half of 2018, the City Council’s Finance Committee, together with staff, deliberated on a variety of financing options (A, B, C1, C2 and D) to support the Public Safety Plan. In June 2018, the City Council adopted their recommendation of option D-20 which directed the:

- Construction of two new fire stations (51 & 52) and the Justice Center

- Dedication of \$30 million for land acquisition, building upgrades and master planning for public works shops
- Fire apparatus and equipment funding for ten years
- Issuance of 20-year bonds
- Use of a variety of financial sources (e.g. Limited Term General Obligation Bonds (LTGO), Fire impact fees, land sales and one-time funds, ongoing REET 1, General Fund.)

This long-range model – D20 - (2018-2039) has been updated several times to reflect changing revenues and expenditures.

1. **All major projects in the D-20 model are now complete as originally anticipated in 2018.** The following is a basic overview of the revenue and expenditures to date in the D-20 Model. The work outlined below includes all land acquisition costs (Justice Center, Fire Station 54, and Public Works Operations Campus) construction to date for Fire Stations 51 and 52, Justice Center and Public Works phase 1 (fleet and facilities); interim improvements on Minkler; and planning and test to fit associated with Public Works Phase 2. In addition, the initial planning for the Teen and Senior Center was funded from unused budget leftover from the Justice Center and therefore funded from the D-20 model. The only remaining items are finishing the roof and siding updates for the Public Works Phase 1 and the final payment for the 2022 fire engine, which is expected in 2025.
2. **The D-20 Model accounted for all financial aspects of these projects.** Data incorporated two capital project funds, 305 and 306 as well as all debt service funds and other funds that contributed funding sources (general fund, 301, utility funds). Note, revenues are forecasted to be higher than expenditures due to financing costs.
3. **Other Changes.** Sales Tax Mitigation funds were significantly reduced from 2019 to 2020 due to the loss of ongoing Sales Tax Mitigation payments. Council adopted CARES funding for project costs associated with COVID supply chain delays and added Teen/Senior Center planning from unspent Justice Center budgeted funds. Additional general fund and utility fund payments were adopted in 2022 to continue the public safety plan efforts for the consolidated public works shop.
4. **Assuming a successful annexation vote to the Puget Sound Regional Fire Authority (PSRFA), capital acquisition responsibilities for future fire equipment and apparatus shift to PSRFA in 2025.** A portion of the proceeds from completed land sales (Travelers Choice and HealthPoint) and approved (still pending) George Long sale are currently budgeted to support remaining public safety plan financing requirements as well as Public Works Phases 1 and 2.
5. **Land Sales, originally contemplated in the D-20, are no longer required in their entirety.**
 - a. The updated D-20 model (December, 2022) removes future land sales.
 - b. Future City Council direction will be needed on use of land revenue (e.g. lease or sale) for capital facility planning.

D-20 MODEL FINANCIAL SNAPSHOT 2018-2022				
	Original	Updated	Updated	Updated
	June 2018	Dec 2019	Dec 2020	Dec 2022
EXPENDITURES				
Fund 305: Public Safety Plan	\$ 114,730,235	\$ 122,627,139	\$ 120,510,023	\$ 109,804,786
Justice Center	\$ 68,570,005	\$ 66,864,711	\$ 65,747,697	\$ 65,995,940
Fire Stations	\$ 30,334,435	\$ 39,936,632	\$ 38,936,530	\$ 37,791,730
Fire Equipment/Apparatus/Financing	\$ 15,825,796	\$ 15,825,796	\$ 15,825,796	\$ 6,017,117
Fund 306: City Facilities	\$ 30,000,000	\$ 35,700,000	\$ 36,200,000	\$ 43,150,491
PW Shops Phase I	\$30,000,000	\$35,700,000	\$35,700,000	\$36,405,462
Minkler Improvements			\$500,000	\$500,000
Teen/Senior Center				\$395,030
PW Operations Campus Phase 2				\$5,850,000
TOTAL	\$144,730,235	\$158,327,139	\$156,710,023	\$152,955,277
REVENUES				
Voted Bonds (UTGO)	\$ 77,385,000	\$ 77,997,026	\$ 77,997,026	\$ 77,997,026
Councilmanic Bonds (LTGO)	\$ 40,000,000	\$ 45,500,600	\$ 45,500,600	\$ 45,500,600
Fire Impact Fees (Tukwila South- FS 51)	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000	\$ 4,750,000
Fire Impact Fee- ongoing	\$ 8,517,000	\$ 9,817,000	\$ 9,497,000	\$ 8,244,202
Fund 301 Transfer- REET Funds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,500,000
Land Sales	\$ 15,038,000	\$ 13,053,090	\$ 13,518,000	\$ 3,014,845
REET 1 - Ongoing Support	\$ 12,813,091	\$ 12,813,091	\$ 12,852,409	\$ 11,000,000
Sales Tax Mitigation		\$ 4,017,425	\$ 665,909	\$ 665,909
Cares Act			\$ 300,000	\$ 497,247
Investment Earning	\$ 707,845	\$ 1,480,824	\$ 1,725,661	\$ 1,626,356
Project Contribution (TeenSenior)				\$ 600,000
Project Contribution (General Fund)	\$ 141,854	\$ 2,991,854	\$ 2,991,854	\$ 5,950,954
Project Contribution (Utility Fund)	\$ 141,854	\$ 3,791,854	\$ 4,291,854	\$ 7,791,854
TOTAL	\$ 162,494,644	\$ 179,212,764	\$ 177,090,313	\$ 171,138,993

Completing the Public Safety Plan – Design and Construction of Public Works Phase 2

The last remaining item in the Public Safety Plan is Public Works Phase 2 Operations Campus in order to move city operations from the Minkler Shops and the Longacres site. The City is still providing critical public works activities at the Minkler Shops under older, inefficient conditions. In addition, as part of the Public Safety Plan the City identified a goal to move all critical facilities out of flood-prone areas and the Minkler Shops is located directly behind a levee that has significant concerns. The Army Corps of Engineers has identified there is a risk of levee failure in the event of a high-water event or earthquake.

Public Works has moved from George Long into Public Works Phase 1. On November 1, 2023 the City takes ownership of the eastside of the property and the Council adopted a lease agreement until March 1, 2025 with the current tenant. The City Council authorized the “test-to-fit” work which developed design options for the entire combined public works site. The “test-to-fit” will provide the City better cost estimates for the final phase of the project.

In March 2023, the “test-to-fit” will be completed and the City Council will be briefed on cost estimates for the full buildout and completion of Public Works Phase 2. The City Council will be asked to move forward with the Public Works Phase 2 design. The 2023-2024 budget includes \$5.85 million for the City to complete the design work and permitting for Public Works Phase 2, with construction anticipated to begin in May of 2025.

II. Public Works Operations Campus, Phase 2 Financing

a. The Next D-20 Model, Public Works Campus Financial Model

The D-20 model was a successful tool the City Council approved to track all expenditures and revenues associated with the construction of the Public Safety Plan. A similar model focused on the Public Works Campus will need to be developed separately from the original D-20 model. The table below is a preliminary overview of the current construction estimates in 2023 dollars, cost escalation, and soft costs.

(\$ millions)	Construction Estimates		
2023 Estimates	Project Related (Soft) Cost	Construction Costs (2023 dollars)	Total:
Estimated Expenditures (2023 values):	\$ 29,352	\$ 46,835	\$ 76,187
January 2026 Escalation ¹ :	\$ 0	\$7,678	\$7,678
2026 Adjusted Totals:	\$29,352	\$ 54,513	\$ 83,865
	Sources of Funds		
	Project Related (Soft) Cost	Construction Costs (2023 dollars)	Total:
2023/2024 Adopted Budget			
Utility Funds:	\$ 3,000	N/A	\$ 3,000
Lease Revenue (eastern public works property):	\$ 980	N/A	\$ 980
306 Fund Balance:	\$ 1,964	N/A	\$ 1,964
Total:	\$ 5,944	N/A	\$ 5,944
2025/2026 CIP	Construction Phase (construction and soft costs merged)		
Utility Funds (Bond supported):		\$ 21,750	\$ 21,750
Councilmanic Bonds:		\$ 21,750	\$ 21,750
Lease Revenue (eastern public works parcel):		\$0	\$0
306 Fund Balance:		\$ 10,500	\$ 10,500
Total:		\$ 54,000	\$ 54,000

¹¹ January 2026 is the midpoint of construction. The current schedule has construction commencing on May 1, 2025.

Total Additional Funds Needed in 2026:			\$ 23,921
Possible Additional Sources of Revenue	<ul style="list-style-type: none"> • Enterprise Funds²: Councilmanic Bonds (General Fund) • Land Sales Revenue (One Time) • Land Lease Revenue (Ongoing, support debt service) • Sales Tax Credit Back to Project (One Time) • Permit Fee Credit Back to Project (One Time) • Grants (One-Time): Federal and/or State Appropriations • Decant Facility Capital Contribution (Ongoing or onetime) • REET Funds 		

b. Debt, Updated March 21, 2023

i. Financing

Like most capital projects, the Public Works Operation’s Campus can be paid with a variety of revenue options, grants, and capital appropriations from other governmental entities. The City will have to issue a bond to pay for the overall construction costs. One way of looking at the construction costs is to look at how the City would pay the annual debt service for the project.

ii. Bond Capacity

² Upon completion of the project, the city will true up all costs associated with Public Works Operation’s Campus.

Year	LTGO Debt	UTGO Debt	Total Long-Term Debt	Assessed Value	%Change AV	1.5%	2.5%	Remaining Non-Voted Debt Capacity	Remaining Total Debt Capacity
2017	35,014,277	32,990,000	68,004,277	6,184,943,263	7.31%	92,774,149	154,623,582	57,759,872	86,619,305
2018	48,358,749	31,875,000	80,233,749	6,685,919,176	8.10%	100,288,788	167,147,979	51,930,039	86,914,230
2019	71,439,055	68,405,000	139,844,055	7,351,973,382	9.96%	110,279,601	183,799,335	38,840,546	43,955,280
2020	72,205,534	67,035,000	139,240,534	7,883,057,562	7.22%	118,245,863	197,076,439	46,040,329	57,835,905
2021	73,117,643	66,335,000	142,302,643	8,010,892,032	1.62%	120,163,380	200,272,301	44,195,737	57,969,658
2022	70,734,706	65,375,000	138,650,706	8,970,452,548	11.98%	134,556,788	224,261,314	61,281,082	85,610,608
2023	64,094,790	63,595,000	129,921,790	9,374,122,913	4.50%	140,611,844	234,353,073	74,285,054	104,431,283
2024	59,643,954	61,615,000	123,181,954	9,795,958,444	4.50%	146,939,377	244,898,961	85,372,423	121,717,007
2025	55,602,406	59,210,000	116,426,406	10,236,776,574	4.50%	153,551,649	255,919,414	96,335,243	139,493,008
2026	51,941,964	56,565,000	109,811,964	10,697,431,520	4.50%	160,461,473	267,435,788	107,214,509	157,623,824
2027	48,157,300	53,660,000	102,813,300	11,178,815,938	4.50%	167,682,239	279,470,398	118,528,939	176,657,098
2028	44,231,450	50,485,000	95,403,450	11,681,862,655	4.50%	175,227,940	292,046,566	130,309,490	196,643,116
2029	40,164,314	47,025,000	87,567,314	12,207,546,475	4.50%	183,113,197	305,188,662	142,570,883	217,621,348
2030	36,414,928	43,290,000	79,773,928	12,756,886,066	4.50%	191,353,291	318,922,152	154,869,363	239,148,224
2031	32,218,328	39,270,000	71,488,328	13,330,945,939	4.50%	199,964,189	333,273,648	167,745,861	261,785,320
2032	28,515,314	34,950,000	63,465,314	13,930,838,506	4.50%	208,962,578	348,270,963	180,447,264	284,805,649
2033	24,683,322	30,315,000	54,998,322	14,557,726,239	4.50%	218,365,894	363,943,156	193,682,572	308,944,834
2034	20,723,662	25,360,000	46,083,662	15,212,823,920	4.50%	228,192,359	380,320,598	207,468,697	334,236,936
2035	16,626,052	20,075,000	36,701,052	15,897,400,996	4.50%	238,461,015	397,435,025	221,834,963	360,733,973
2036	12,652,810	14,440,000	27,092,810	16,612,784,041	4.50%	249,191,761	415,319,601	236,538,951	388,226,791
2037	8,926,072	8,440,000	17,366,072	17,360,359,323	4.50%	260,405,390	434,008,983	251,479,318	416,642,911
2038	5,070,838	4,335,000	9,405,838	18,141,575,492	4.50%	272,123,632	453,539,387	267,052,794	444,133,549
2039	1,640,000	-	1,640,000	18,957,946,389	4.50%	284,369,196	473,948,660	282,729,196	472,308,660
2040	-	-	-	19,811,053,977	4.50%	297,165,810	495,276,349	297,165,810	495,276,349
2041	-	-	-	20,702,551,406	4.50%	310,538,271	517,563,785	310,538,271	517,563,785
2042	-	-	-	21,634,166,219	4.50%	324,512,493	540,854,155	324,512,493	540,854,155
2043	-	-	-	22,607,703,699	4.50%	339,115,555	565,192,592	339,115,555	565,192,592

Voted debt cannot exceed the aggregate of: 2.5% for general purposes, 2.5% for parks and open spaces, & economic development, and 2.5% for utility purposes



iii. Annual Debt Service

30 Year Debt Issuance

Interest Rate	5.00%	
Payments Per Year	1	
Term (Years)	30	
Total Bond	Annual Debt Service	Minimum General Fund Obligation
80,000,000	\$5,204,115	\$2,602,057.40
75,000,000	\$4,878,858	\$2,439,428.82
70,000,000	\$4,553,600	\$2,276,800.23
65,000,000	\$4,228,343	\$2,114,171.64
60,000,000	\$3,903,086	\$1,951,543.05

40 Year Debt Issuance

Interest Rate	5.00%	
Payments Per Year	1	
Term (Years)	40	
Total Bond		Annual Debt Service
80,000,000	\$4,662,253	Minimum General Fund Obligation
75,000,000	\$4,370,862	\$2,331,126.45
70,000,000	\$4,079,471	\$2,185,431.04
65,000,000	\$3,788,080	\$2,039,735.64
60,000,000	\$3,496,690	\$1,894,040.24
		\$1,748,344.83

Like most capital projects, the Public Works Operation's Campus can be paid with a variety of revenue options, grants, and capital appropriations from other governmental entities. The City will have to issue a bond to pay for the overall construction costs. One way of looking at the construction costs is to look at how the City would pay the annual debt service for the project. Page 51 of the City's 2023/2024 Adopted Budget outlines the City's required debt service through 2028. As shown on the page, the City assumed the general fund would support \$1,951,543 in annual debt service for the Public Works Shops, Phase 2. Since the general fund is assumed to support 50 percent of the construction costs, with the utilities assuming the other half. This would support a total bond of \$60 million per year.

Based upon updated construction costs, for planning purposes the City is assuming a total all in construction cost of \$85 million. However, it's important to remember that the City will not need to bond for all of those costs. The City has already budgeted \$5.5 million in the 2023/2024 budgets to pay to get the City to 100 percent design for the project.

Total Maximum Potential Bond	
Total (Hard and Soft) Cost:	85,000,000
Cash Contribution:	(5,500,000)
Potential Total Bond:	79,500,000

General Fund and Utility Fund Allocations	
General Fund Allocation	39,750,000
Less Grants and One Time:	-
Less Land Sales:	-
Alternative Scopes:	-
Total:	39,750,000
General Fund Debt Service	2,585,795
Utility Fund Allocation	39,750,000
Less Grants	-
Alternative Scopes:	-
Less One Time Monies	-
Total, Utilities:	39,750,000
Utility Debt Service	2,585,795

The total potential bond obligations would be split 50/50³ between the general fund and utilities. The terms are 30 years, with 5% percent interest rates. The obligations above assume no land sales, no one time cost adjustments, and no grants/one time funding opportunities. It's essentially the max debt service model. However the debt service obligations are lowered if the City credits land sales and other one time funds to the project.

General Fund and Utility Fund Allocations, Adjusted	
General Fund Allocation	39,750,000
Less Grants and One Time:	2,000,000
Less Land Sales:	5,000,000
Alternative Scopes:	1,000,000
Total:	31,750,000
General Fund Debt Service	2,065,383
Utility Fund Allocation	39,750,000
Less Grants	-
Alternative Scopes:	
Less One Time Monies	-
Total, Utilities:	39,750,000
Utility Debt Service	2,585,795

The adjusted model (discussion purposes only) above assumes \$2 million in grants/one-time funds, \$5 million in land sales, and reducing the scope by \$1 million, lessening the general fund total debt service obligation to just over \$2 million per year. The use of one-time funds would significantly reduce the annual debt service the general fund would have to service per year.

General Fund Debt Service				
General Fund Bond Allocation:	39,750,000	34,750,000	29,750,000	24,750,000
Maximum Payment Required:	\$2,585,795	\$2,260,537	\$1,935,280	\$1,610,023
Debt Service in 2023/2024 Budget:	1,951,543	1,951,543	1,951,543	1,951,543
Max. Additional Gen. Funds Needed:	634,251	308,994	(16,263)	(341,520)

iv. Interest Rate Variable

30 Year Payments, Based On Interest Rate	Interest Rate				
Total Bond	4.50%	5.00%	5.50%	6.50%	7.00%
80,000,000	\$4,911,323	\$5,204,115	\$5,504,431	\$6,126,195	\$6,446,912
75,000,000	\$4,604,366	\$4,878,858	\$5,160,404	\$5,743,308	\$6,043,980
70,000,000	\$4,297,408	\$4,297,408	\$4,297,408	\$4,297,408	\$4,297,408
65,000,000	\$3,990,450	\$3,990,450	\$3,990,450	\$3,990,450	\$3,990,450
60,000,000	\$3,683,493	\$3,683,493	\$3,683,493	\$3,683,493	\$3,683,493

40 Year Payments, Based On Interest Rate	Interest Rate				
Total Bond	4.50%	5.00%	5.50%	6.50%	7.00%
80,000,000	\$4,347,452	\$4,662,253	\$4,985,627	\$5,655,498	\$6,000,731
75,000,000	\$4,075,736	\$4,370,862	\$4,674,026	\$5,302,029	\$5,625,685
70,000,000	\$3,804,020	\$3,804,020	\$3,804,020	\$3,804,020	\$3,804,020
65,000,000	\$3,532,305	\$3,532,305	\$3,532,305	\$3,532,305	\$3,532,305
60,000,000	\$3,260,589	\$3,260,589	\$3,260,589	\$3,260,589	\$3,260,589

STOP OF SECTION IN REVISED MEMO, DATED April 3, 2023

³ This is a place holder. Once the project is completed the City will true up the allocation.

v. Hypothetical Utility Annual Rent Payments

Assumes a bond of \$70,000,000 per year with fixed payments. Hypothetical total base rent is \$3,000,000 per year, with the utilities responsible for half of the rent cost. As is typical with all commercial leases, the base rent increase on an agreed upon amount. This amount would likely be set by an industry standards.

Hypothetical Rent (50% of estimated rent)	1,500,000		
Annual Cost Adjustment	5.00%		
Year	Total Debt Service	Utility Rent	General Fund Obligation
1	\$4,079,471	\$1,500,000	\$2,579,471
2	\$4,079,471	\$1,575,000	\$2,504,471
3	\$4,079,471	\$1,653,750	\$2,425,721
4	\$4,079,471	\$1,736,438	\$2,343,034
5	\$4,079,471	\$1,823,259	\$2,256,212
6	\$4,079,471	\$1,914,422	\$2,165,049
7	\$4,079,471	\$2,010,143	\$2,069,328
8	\$4,079,471	\$2,110,651	\$1,968,821
9	\$4,079,471	\$2,216,183	\$1,863,288
10	\$4,079,471	\$2,326,992	\$1,752,479

Staff is working on the cost share allocation with the City’s utility funds (water, sewer, and stormwater) to ensure that the utilities are paying their fair share for the improvements. This will most likely include the utilities paying rent to the general fund indefinitely for the site. In future years the rent would likely be higher than our debt service to reflect a change in market rent.

c. Construction Delay Costs

Construction is currently anticipated to begin on May 1, 2025, shortly after the existing tenant’s lease expires. Current estimates are that for every month in delay the project’s construction costs would increase approximately \$300,000 per month.

d. Phasing of the Project

A question came up at the February 27 Finance and Governance Committee meeting regarding a previously discussed phase 3 of the project. This comment seemed to be related to cost management and reducing the scope of the current project.

In 2019 the City Council authorized SHKS Architects to do site design planning for the public works shop site. A copy of the conceptual site design planning, including a three-phased total project is shown in the attachment provided. That proposed phasing would have resulted in the City demolishing and moving out of the Fleet and Facilities building. However, the City Council directed staff not to pursue the three phase plan and to instead plan around the Fleet and Facilities building remaining in its current location. The City Council also provided additional funds to improve the seismic status of the building to be one that can be useable after an earthquake.

Staff has taken this direction from Council and the project does not currently include a third phase and assumes the Fleet and Facility building will remain for the useful life of the building. Staff is working with the SOJ and Miller Hayashi to understand what, if any possible staging might be possible to the current Phase 2 program. However, most of the significant cost items will need to be completed early in the project. There might be some initial cost deferrals for the delaying construction of the proposed decant facility, but these would be cost deferrals and could result in added costs since construction costs would likely continue to rise.

III. List of City Facilities (Due to space, this was moved as an attachment).

IV. Monetization of Surplus City Properties (Due to space, this was moved as an attachment).

Attachment “B” is an updated list of properties that the City could monetize. If the vote to the RFA is successful, the City would not have to budget additional fire capital equipment into the D-20 model. This frees up land sales and leases to support other projects, such as the Public Works Operations Campus Phase 2. There is just under \$18 million in potential land sales available to the city over the next five years.

V. Intergenerational (Teen/Senior) Center Update

Information to be added.

VI. Minkler Shops and Levee Issues

Information to be added.

VII. Funding Principles

VIII. Public Works Phase 2 Specific Questions

- a. Can Public Works Phase 2 Be Done in Stages?
- b. Can spoils be located somewhere else doing design and construction phase?
- c. Cost of Operations Campus To Date (Requested by CM Sharp at March 21, 2023 Council Meeting)
 - i. Impacts of Terminating the Project

DISCUSSION

Information to be added.

FINANCIAL IMPACT

Information to be added.

RECOMMENDATION

This is intended to be a dynamic memo to be updated throughout spring to present a comprehensive report to the full City Council.

ATTACHMENTS

- SHKS Architects Phasing Outline
- Attachment “A,” Current Conditions and Overview of Key City Facilities
- Attachment “B,” Surplus Property Sale Opportunities
- Attachment “C” Debt Service

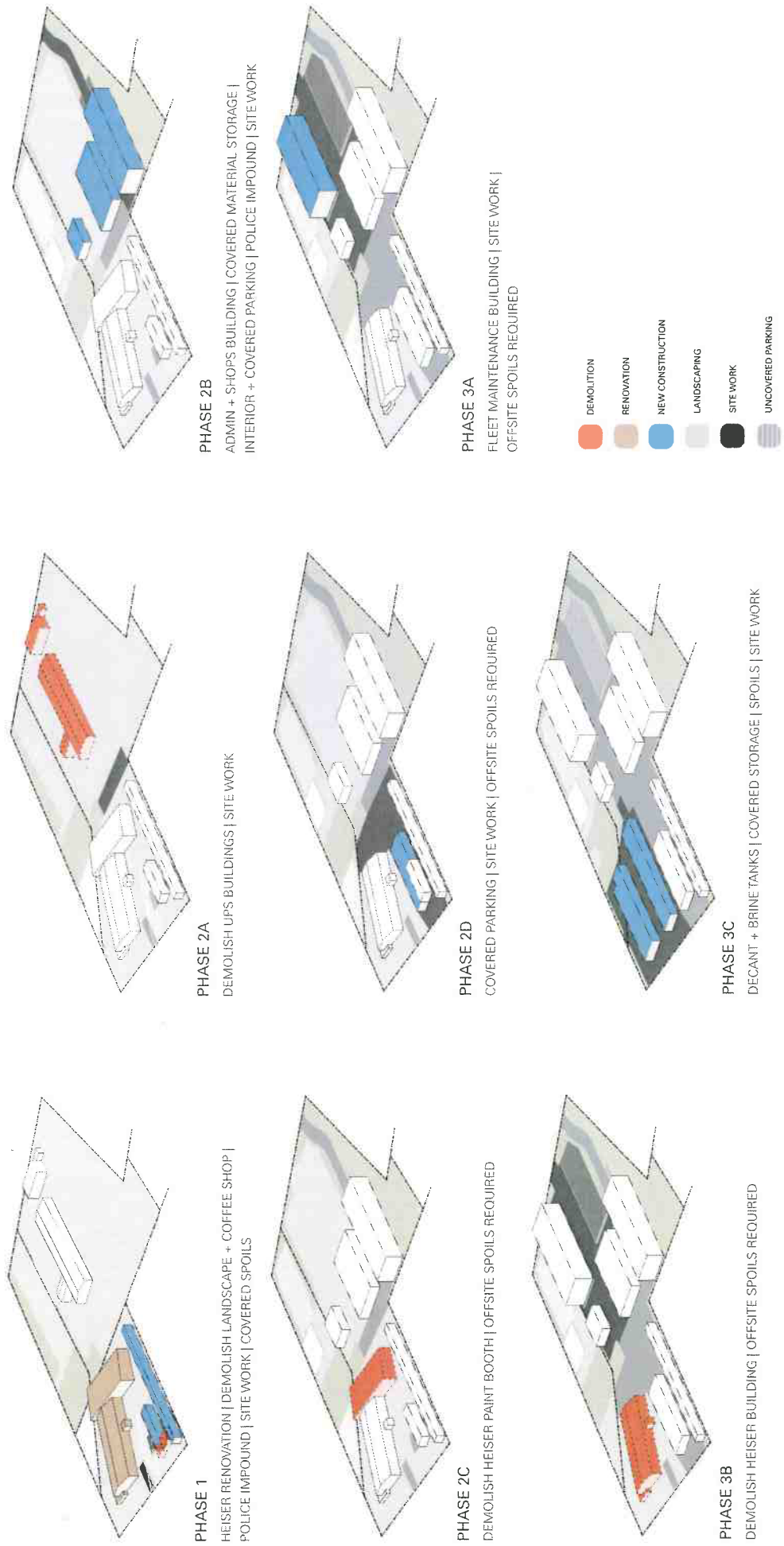


Figure 41 - TPW Master Plan - Phasing

Attachment “A”, Current Conditions and Overview of Key City Facilities

DRAFT, March 13, 2023, March 21, 2023

Campus	Building Name	Year Built	Building Sq. ft.	Land Sq. ft.	Primary Use	Secondary/Backup Use	Seismic Risk	Flood Risk	TIs and Capital Costs (Last Ten Years)	Can be surplus?	Major Needs	Notes
City Hall	City Hall	1979	25,159	117,774	Administration and City Council	N/A				N/A		
	6300 Building	1980	33,230	67,417	Administration (DCD, PW, TIS, City Council meetings, and Administrative Services.)	Sound Cities Association (tenant)				Possibly, if City Hall campus operations were consolidated into other city facilities.		
Major Parks Facilities	Tukwila Community Center		557,568	35,260	Parks and Recreation offices; teen and senior activities; and meeting space.	Emergency shelter.				N/A	HVAC system needs to be replaced.	
	Foster Golf Club House	2004	14,656	N/A	Club house and restaurant for Foster Golf Links	N/A				N/A		
	Parks Maintenance Facility		2,900	N/A	Parks maintenance shops and offices.	N/A				N/A		

Attachment "A", Current Conditions and Overview of Key City Facilities

Public Safety Buildings	Justice Center	2021		123,859	Police, Court, and Emergency's Operation's Center	Community meeting space.				N/A		
	Fleet and Facilities	2022	23,397	127,125	Public Works Operations, Fleet and Facilities	N/A			N/A	N/A		
	Minkler Shops	1972-1975	7,480	484,823	Public Works Streets and Utilities.	N/A			Yes, was part of the D-20 financing model.	N/A	Site also includes the P-17 Pond. King County and King County Flood District have expressed an interest in acquiring the property.	
	Fire Station 51	2021	11,240	246,878	Fire Station	Community space.			N/A, will be turned over to the RFA, assuming a successful annexation vote.	N/A		
	Fire Station 52	2021	14,650	108,904	Fire Station	Community space, backup emergency operation's center.			N/A, will be turned over to the RFA, assuming a successful	None identified, new construction	Will be transferred to RFA.	

Attachment "A", Current Conditions and Overview of Key City Facilities

	Fire Station 53	1961	5,390	38,860	Fire Station	N/A						annexation vote. N/A, will be turned over to the RFA, assuming a successful annexation vote.		
	Fire Station 54	1997	5264	111,064	Fire Station	N/A						N/A, will be turned over to the RFA, assuming a successful annexation vote.		Wetland located in rear of property.
Other Buildings	Old Fire Station 51	1975	15,519	81,000	Currently being used for police vehicle evidence storage.	None.						Yes, was part of the D-20 financing model.	N/A.	
	Old Fire Station 52	3,330	1971	50,530	Vacant	None						No, deed restrictions limits the City's ability to sell or lease.	N/A	Building is on the same lot at old City Hall and Hazelnut Park.
	Old Fire Station 53 (Allentown)	1930	4,608	21,042	Storage	None						Yes, was part of the D-20 financing model.		Property is not connected sewer.

Attachment “A”, Current Conditions and Overview of Key City Facilities

	George Long	1965	17,700	166,439	Vacant, some storage	None				Yes, was part of the D-20 financing model.		
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Attachment “B”, Surplus Property Sale Opportunities

Updated, March 21, 2023

Council Direction	Property Name	Status	Estimated Value	Contract or Final Sales Price	Notes	Budget Allocation
Property Sold or Under Contract	HealthPoint	Under contract with HealthPoint	N/A, under contract.	\$3,850,000	HealthPoint has already paid the City \$2,500,000. The final payment of \$1,350,000 is due by June 30, 2023.	In Fund 302 – Urban Renewal: \$1.85 million to pay off line of credit for Urban Renewal and TIB redevelopment. \$1 million for ERP system, \$1 million unallocated
	Travelers Choice	Sold, closed October 26, 2021	N/A, sold.	\$665,000	Part of mitigation measures for impacts with the Justice Center siting.	\$400,000 was budgeted to urban renewal/TIB redevelopment and \$265,000 to the Public Safety Plan (Fund 305)
Council Authorized Purchase and Sale Agreement	George Long	In progress.	\$3,225,000	N/A	Council authorized the Mayor to enter into purchase and sale agreement with King County. Still working to finalize	
Council Previously Briefed on Likely Surplus	Old Allentown Fire Station	Not yet started.	\$200,000	N/A		

Attachment "B", Surplus Property Sale Opportunities

	Longacres Parcel	Begun preliminary discussions about bringing property to market.	\$2,000,000	N/A	Previously allocated to Public Safety Plan; should annexation to the PSRFA occur these funds would not be needed for the Public Safety Plan. Not budgeted since Council has not given direction.
	Old Fire Station 51	On hold.	\$2,300,00	N/A	Previously allocated to Public Safety Plan; should annexation to the PSRFA occur these funds would not be needed for the Public Safety Plan. Not budgeted since Council has not given direction.
	Newporter	Not yet started.	\$1,000,000	N/A	
	Minkler Shops	Have had preliminary discussions with King County Flood District	\$4,200,000	N/A	Police is currently using the building for vehicle evidence storage. Cannot be sold until decision is made regarding Public Works Phase 2.
Additional Properties, No Council Direction Yet	Old Fire Station 52	N/A	N/A	N/A	Deed restriction on property limits the City's option with the property; required to stay in community use. Building will likely need to be demolished and the City will look at city other opportunities

Attachment “B”, Surplus Property Sale Opportunities

					with the property to expand Hazelnut park.	
6300 Building	Not yet started.	\$4,000,000	N/A		Council has not previously been briefed on possible surplus of 6300 building. Until staff can be consolidated into other buildings, the City cannot surplus. Staff has been looking for tenants to lease vacant office space.	Funds have not been allocated, decision would need to be made regarding consolidation of city staff into City Hall or other City facility.
Star Nursery Site	On hold	\$880,000	N/A		This property was purchased for the relocation of Fire Station 54, but construction of the station was deferred. The site was also identified as a possible site for a future teen/senior center.	Funds have not been allocated.

Debt Service 2023-2028. This chart displays the general fund contribution to debt service for existing debt, planned debt and proposed debt over the 6-year projection period. The totals in the chart represent debt service payments; the totals do not take into consideration other revenue sources that offset the general fund obligation.

Use of Debt Proceeds	BUDGET		PROJECTIONS				TOTAL	
	2023	2024	2025	2026	2027	2028	2023-2028	
EXISTING DEBT:								
LTGO 2015	Interurban/Boeing Access Rd Brdg	392,475	389,375	391,125	387,575	391,050	392,050	2,343,650
	<i>Interurban</i>	<i>227,636</i>	<i>225,838</i>	<i>226,853</i>	<i>224,794</i>	<i>226,809</i>	<i>227,389</i>	
	<i>Boeing Access Road Bridge</i>	<i>164,840</i>	<i>163,538</i>	<i>164,273</i>	<i>162,782</i>	<i>164,241</i>	<i>164,661</i>	
LTGO 2017	42nd and 53rd Sidewalks	558,400	557,750	556,800	555,550	554,000	557,150	3,339,650
LTGO 2018	PW Shops	1,532,700	1,534,450	1,534,200	1,531,950	1,532,700	1,531,200	9,197,200
	50% paid by utility funds	(766,350)	(767,225)	(767,100)	(765,975)	(766,350)	(765,600)	(4,598,600)
LTGO 2019	PSP (Justice Center, Fire) & PW Shops	1,691,050	1,689,550	1,690,800	1,689,550	1,690,800	1,689,300	10,141,050
	22% paid by utility funds	(372,031)	(371,701)	(371,976)	(371,701)	(371,976)	(371,646)	(2,231,031)
SCORE 2019	South County Correctional Entity, SCORE Jail facility	376,876	376,914	377,126	376,861	377,054	376,693	2,261,524
Refunding	Estimated contribution by SCORE	(376,876)	(376,914)	(377,126)	(376,861)	(377,054)	(376,693)	(2,261,524)
LTGO 2020R	Southcenter Parkway Extension, emergency management	513,029	516,579	-	-	-	-	1,029,608
Refunding	<i>Southcenter Pkwy Extension</i>	<i>376,307</i>	<i>378,911</i>	-	-	-	-	
	<i>Emergency Management</i>	<i>136,722</i>	<i>137,668</i>	-	-	-	-	
LTGO 2021A	PW Shops	314,231	314,241	314,172	314,226	314,198	314,188	1,885,256
	50% paid by utility funds	(157,116)	(157,121)	(157,086)	(157,113)	(157,099)	(157,094)	(942,628)
LTGO 2021B	Urban Renewal	257,741	257,475	258,381	257,321	257,146	256,826	1,544,890
LTGO 2021C	Arterial Streets	542,569	-	-	-	-	-	542,569
Existing debt		\$ 5,019,728	\$ 4,479,953	\$ 3,449,316	\$ 3,441,383	\$ 3,444,469	\$ 3,446,374	\$ 22,251,614
PROPOSED DEBT:								
LTGO 2020	PW Shops-General Fund Portion	30,000,000	-	1,951,543	1,951,543	1,951,543	1,951,543	7,806,172
		\$ -	\$ -	\$ 1,951,543	\$ 1,951,543	\$ 1,951,543	\$ 1,951,543	\$ 7,806,172
TOTAL Estimate / Projections		\$ 5,019,728	\$ 4,479,953	\$ 5,400,859	\$ 5,392,926	\$ 5,396,012	\$ 5,397,917	\$ 30,057,786