

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF WORKSHOP DINNER MEETING

Monday, November 5, 2007
6:00 p.m.

Shoreline Conference Center
Highlander Room

PRESENT: Mayor Bob Ransom, Deputy Mayor Maggie Fimia, and Councilmembers Keith McGlashan, Rich Gustafson, Janet Way, Cindy Ryu, and Ron Hansen

ABSENT: none

STAFF: Bob Olander, City Manager; Julie Modrzejewski, Assistant City Manager; Jesus Sanchez, Public Works Operations Manager; and Debbie Tarry, Finance Director

GUESTS: LMN Architects: Walt Neihoff, Partner, Eric Nothdurft, AIA - Project Manager, Randall Bennett, Project Designer; OPUS Northwest, LLC: P.J. Santos, Sr. Real Estate Director, Lead, Anna Lewison, Sr. Real Estate Rep, Bernie O'Donnell, Sr. Project Manager, Mike Panek, Project Manager; ArchEcology, LLC: Nancy Henderson, LEED; Consultants: Bill Angle, Jim Napolitano

Mayor called the meeting to order at 6:05 pm.

Bob Olander and Jesus Sanchez explained that the purpose of meeting is to get Council's general direction on the three options and what steps have been taken so far.

Randall Bennett reviewed the design principles and the overall architectural design concept. P.J. Santos added that they wanted to focus their design on incorporating a "civic-ness" or "civic presence" into the building.

Bernie O'Donnell summarized the main differences between the three options. Option 1 is estimated at \$26.9 million and Option 3 is estimated at \$30 million and includes 77,000 square feet of space; Option 2 is estimated at \$27.4 million and includes 70,000 square feet of space. In addition, Option 3 has enhancements on the façade but there is no basement, which saves approximately \$800,000.

Bob Olander stated that the project scope has consciously increased since 10 years ago. This was largely due to the purchase of the Kimm property, adding a parking structure, and adding square footage. He stated that it comes down to our financing alternatives

and he recommends holding off on the Grease Monkey purchase. He added that with all three options the estimates may shift; however, they are general enough to provide Council with guidance.

Councilmember Way and Mayor Ransom asked about “green” elements such as a green roofs and solar panels. Nancy Henderson said that a green roof contributes to a lot of water credits, and the amount shown on the design isn’t enough; however, it comes down to budget. Jesus Sanchez agreed that costs are increased, especially when adding green elements such as solar panels.

Walt Neihoff and P.J. Santos stated that having a green roof provides the community with an educational opportunity to teach others about LEED. Mr. Olander said that most green roofs cannot be seen and so the design team is trying to create a useful function where it can be seen for interpretation and education.

Deputy Mayor Fimia stated that she preferred a more intricate design but doesn’t like the price creeping up. She suggested making the open space more functional and inviting for visitors by adding the water feature in the courtyard rather than the front of the building.

Councilmember Gustafson suggested moving the building back from 175th Street by 30 feet and to add overhangs for hanging baskets, which would soften the edge.

Councilmember McGlashan asked whether or not Option 2 and 3 would provide opportunities to lease the space. Bill Angle said that for an A-class office building, leases can range from \$23-27 per square foot. He added that Shoreline has a higher rate of vacancy but the big advantage is that we have 18 months to market and lease the space and we’ll have the nicest looking building bar none. Likewise, he suggested that the City work with a brokerage firm and not to try to lease it ourselves. Councilmember Ryu asked if it was easier to rent out 5,000 or 10,000 square feet. Mr. Angle responded that it would be unlikely to get a 10,000 square-foot tenant and that a 2,500 or 3,500 square-foot tenant is more likely.

Debbie Tarry stated that the City’s projections include 10-year leases. In addition, she said that we had planned to finance the project with \$13 million in cash; however, we could go as high as \$18 million by adding \$5 million from REET. We also have lease savings on the annex and budget savings from the 2006 and 2007 operating budgets that we would propose for one-time capital. Likewise, we would propose amending the budget to move \$1.5 million from the maintenance facility project to the city hall project. Councilmember McGlashan asked if that meant delaying the maintenance facility, to which Ms. Tarry responded that it doesn’t mean there would be no money toward the project, just not as much. Ms. Tarry went on to add that traditionally we are able to save approximately \$800,000 annually and we would project this savings in the 2008 budget.

Ms. Tarry continued by saying that we would propose using more cash to fund the building so we would not have to issue as much debt. To summarize the three options: Option 1 is \$80,000 more; Option 2 is \$175,000 more and Option 3 is \$270,000 more.

Councilmember Hansen asked what the debt service assumptions were. Debbie Tarry responded that we are assuming a 30-year amortization and 4.5% interest rate.

Mr. Olander said that the staff recommendation is Option 2, which is reasonably affordable and includes space for growth. It includes a smaller garage, which could be expanded in the future. The downside is that the design features are less but the numbers are within reach. Personally, he preferred Option 3. He added that it could be possible to delete the basement, reduce the garage to 160-164 slots and keep many of the design features. We would need to reduce Option 3 costs by about \$1 million.

Councilmember Way said that design is crucial; it needs to be a signature building. She said that she agreed with Deputy Mayor Fimia's suggestion. In addition, she suggested adding a reference to our history such as with the Red Brick Road.

Deputy Mayor Fimia suggested doing less in square footage because we have other property to expand with and to design the building well. She said that she liked Option 3 but with a reduced the cost.

Mayor Ransom said that he supports Option 3 and hoped that we were being realistic in predicting for the future.

Mr. Olander summarized the discussion. He said there is interest in softening the building and setting it back from 175th Street; making the design welcoming; adding overhangs; connecting to the Red Brick Road; scaling back the cost; and overall most liked Option 3. He promised that staff would come back with additional options.

The meeting adjourned at 7:25 p.m.

Julie Modrzejewski, Assistant City Manager

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