



**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND**

**AB 5753
September 22, 2020
Special Business**

AGENDA BILL INFORMATION

TITLE:	AB 5753: Update on Thrift Shop Facility Study – Investigation and Estimates	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report and provide feedback.	

DEPARTMENT:	City Manager
STAFF:	Jason Kintner, Public Works Director & Gareth Reece, Sr. Project Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Construction Estimates 2. Structural Report
CITY COUNCIL PRIORITY:	n/a

AMOUNT OF EXPENDITURE	\$ 17,416
AMOUNT BUDGETED	\$ 50,000
APPROPRIATION REQUIRED	\$ n/a

SUMMARY

The purpose of this agenda bill is to provide the City Council with an update on the Thrift Shop and former Recycling Center Remodel Project.

BACKGROUND

At the June 16, 2020 City Council meeting (see [AB5711](#)), the City Council authorized staff to retain architectural services and begin the preliminary design for these two facilities. At the August 4, 2020 City Council meeting, Osborn Architects, Inc. (“OAI”) provided an update regarding the preliminary design assessment and anticipated returning to City Council in September with an updated design and cost estimate.

PROJECT DESCRIPTION

The Mercer Island Thrift Shop has historically provided substantial revenue for the City to support Youth and Family Services Department initiatives (\$1.98 million in 2019).

Due to the temporary closure of the Thrift Shop facility because of the COVID-19 Pandemic, potential improvements to processing donations and retail operations were explored. The current study began with the following goals:

- Expand retail area at the current Thrift Shop location with a goal of an additional 50% floor space.
- Relocate reception and processing of donations from the Thrift Shop location to a new facility at the former Recycling Center in the NW corner of Mercedale Park.

To meet the goals of the project, OAI has developed two options (30% design) for Council consideration. Staff, with the assistance from OAI, will present these two options on Tuesday night. Construction estimates (Exhibit 1) as well as the engineering report (Exhibit 2) summarizing the impact of each on the existing structures are included for additional information. While both approaches meet the project goals, the type of construction is considerably different.

Option A

In completing the structural analysis of the existing facilities, the Thrift Shop has been remodeled or had an addition on at least three (3) occasions. As such, walls that were originally anticipated to be removed, now require additional engineering and design to accomplish an enlarged retail floor space. Option A meets the intent of the early design (See Exhibit 2, AB5711) while expanding retail space to approximately 6,500 square feet (roughly a 1,920 sq. ft. increase).

To expand this retail floor space for Option A, the Thrift Shop will require a full structural and seismic upgrade, a full energy upgrade and will require a Substantial Alteration permit. The cost estimate is approximately \$1,370,000 and will likely require a longer permit and construction timeframe to complete. Since the building has been remodeled and unknowns remain, a larger construction contingency of 30% is included in the design price estimate.

Option B

Option B includes a slightly smaller interior remodel of the Thrift Shop. Identified structural walls will remain unchanged and will not require a structural or seismic upgrade or energy upgrade. Given the smaller remodel, a shorter permit and construction window is anticipated. Option B includes slightly smaller retail space, expanding to approximately 6,370 square feet (an estimated 1,790 sq. ft. increase).

Option B also includes the proposed addition of a pre-manufactured building to be installed adjacent to the City’s Recycling Center. This structure, confined to the existing asphalt and recycle center facility, includes additional space for processing donated goods while keeping the existing Recycle Center building intact, preserving the character of the building.

The estimated cost of Option B is \$1,200,000, which includes a smaller (15%) contingency. Construction for Option B is less complicated for this type of project.

Preliminary Operational Plan and Reopening of the Thrift Shop

The Thrift Shop has begun to slowly reopen, albeit on a significantly limited basis (Sundays only). To meet operational requirements in accordance with “Phase 2 In-Store Retail Operations COVID Requirements” for the State of Washington, an Operational Plan was created to meet new health and safety protocols.

Operational safety measures include:

- Guest occupancy is limited to 30% of building occupancy, meaning no more than 21 customers are allowed inside the Thrift Shop at once.
- Phase 2 measures require increased customer traffic management, and all customers must adhere to social distancing and facial covering requirements.

- The installation of floor markers and other barriers to create a socially distanced retail experience, and increased sanitation protocols.

While the retail operation of the Thrift Shop has slowly reopened, the Donation center remains temporarily closed. Currently, the Thrift Shop is utilizing existing retail product and has not accepted donations since February 2020. Donations have a significant impact on thrift sales, allowing the infusion of new goods and product to the retail floor. Product turnover and fresh retail space is instrumental in Thrift retail.

Accepting donations in the COVID era has additional requirements. Specifically, donated goods require a mandatory quarantine time. To meet quarantine requirements, additional processing space will be needed. Staff is evaluating options, including the use of existing and idle City facilities on a temporary basis. This will allow staff to trial a two-building operation, processing donated goods away from the retail floor as outlined in the study goals to expand Thrift Shop retail floor space.

A critical component of Thrift Shop Operations has been and will continue to be utilizing a strong volunteer workforce. Volunteer involvement with Thrift Shop processing and retail has historically had moderate turnover but the current volunteer base has fallen significantly, from approximately 70 volunteers down to 8. Reestablishing this volunteer workforce is necessary to recover Thrift Shop operations, including the processing of donated goods in the near term.

NEXT STEPS

Staff, with the assistance from OAI, will present both construction options to the Council for discussion Tuesday night. Both options, excluding construction contingencies, exceed the initial estimate identified for this project (\$800,000). Additionally, both options include relocating the existing production spaces (donation processing areas) from the Thrift Shop to the Recycle Center. This operational change will allow for greater retail space, but also requires evaluation, as a two-building configuration will function differently.

Thrift Shop staff are currently reviewing floorplans for each option and are working to develop donation, processing, and retail workflows to inform estimates of retail revenue for each layout. These estimates are based on historic data in cooperation with regional non-profit thrift operations.

Staff anticipates returning to Council in October with a retail analysis to evaluate the return on investment.

RECOMMENDATION

Discussion only.