



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

**AB 6397  
February 6, 2024  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6397: Washington State Historical Society Grant Agreement for Luther Burbank Boiler Building Phase 1	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Authorize the City Manager to execute the grant agreement substantially in the form attached as Exhibit 1, and future amendments to the agreement that are de minimis or non-substantive.	

<b>DEPARTMENT:</b>	Public Works
<b>STAFF:</b>	Jason Kintner, Chief of Operations Clint Morris, Capital Division Manager Paul West, Senior CIP Project Manager
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Washington State Historical Society Grant Agreement
<b>CITY COUNCIL PRIORITY:</b>	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**EXECUTIVE SUMMARY**

The purpose of this agenda bill is to authorize the City Manager to execute and administer a grant agreement with the Washington State Historical Society (WSHS) to renovate the historic Boiler Building at Luther Burbank Park (Exhibit 1).

- The City applied for a \$513,000 grant from WSHS in Spring 2022. A year later the Washington State legislature funded the grant application.
- The WSHS grant requires a 2:1 local funding match, resulting in a City obligation of \$1,026,000. This funding is included in the 2023-2024 adopted Capital Improvement Program (CIP).
- The WSHS grant requires certification that the City’s governing body has reviewed and approved the grant agreement.
- The Boiler Building Phase 1 project’s total estimated cost is \$2.5 million. Project funding includes \$2,012,300 from the Boiler Building Stabilization project (PA0124) and \$544,946 from the Dock and Waterfront Improvements project (PA0122), the latter covering the restroom annex renovation and rooftop deck component of the project.

- Council approved the construction contract ([AB 6380](#)) on January 2, 2024, and construction of the Boiler Building Phase 1 improvements will occur in Q1-Q3 2024.

## BACKGROUND

The 2006 Luther Burbank Park Master Plan identified the 1928 Boiler Building for reuse as a non-motorized watercraft facility. A 2017 study of the Boiler Building established the feasible reuse of the building for this purpose. It also outlined Phase 1 improvements which would stabilize the Boiler Building with seismic retrofits, install a new roof membrane, repair masonry, and renovate the 1974 restroom annex.

In pursuit of outside funding, City Council passed [Resolution No. 1624](#) in April 2022, authorizing the City Manager to apply for a Heritage Capital Program grant through the Washington State Historical Society ([AB 6049](#)). In June 2023, the Washington State Legislature approved this Heritage Capital grant, providing up to a maximum of \$513,000 (one-third of construction costs).

The Boiler Building improvements are being coordinated as part of a comprehensive approach to the renovation of the waterfront. The City Council supported this approach at the 30% design phase ([AB 6021](#)).

The City Council awarded the Luther Burbank Boiler Building Phase 1 construction contract to Ferguson Construction Inc. on January 2, 2024 in the amount of \$1,891,377 and set the total project budget at \$2,521,566 ([AB 6380](#)) including the grant. Project funding includes \$2,012,300 from PA0124 for the Boiler Building and \$544,946 from PA0122 for the restroom annex renovation and rooftop deck component of the project.

## ISSUE/DISCUSSION

The subject of this WSHS grant is the 1928 brick boiler building. It does not include the adjacent restroom annex renovation, which is part of a Washington State Recreation and Conservation Office grant for the waterfront improvements. Together these two scopes of work make up the capital project that will be constructed in Q1-Q3 2024.

The Washington State Legislature funded the \$513,000.00 grant in June 2023, to be administered by WSHS. Out of this, the total funding available to the City is \$497,610.00. WSHS will retain \$15,390.00, or three percent as the cost of administering the grant. The adopted 2023-2024 CIP budget includes \$1,026,000 from the Capital Improvement Fund to serve as the City match for the grant.

WSHS's consideration for providing this grant is "the preservation and interpretation of historical sites and artifacts that have the potential to provide lifelong learning opportunities for the citizens of the state." To this end, the grant agreement requires certain actions on the part of the City, including:

- Providing progress reports during construction, complying with cultural resources monitoring requirements during construction,
- Retaining ownership of the site and the capital improvements for at least thirteen years from the date of contract completion,
- Maintaining the improvements, and
- Allowing WSHS to enter the premises to monitor and evaluate performance during the thirteen-year period.

These and other requirements are listed in **Attachment A: General Provisions** of the contract. These provisions are similar to those in other grant programs that the City has utilized.

This agreement is different from other grant agreements as it requires certification that the grantee's governing body has reviewed and approved certain details. These are found in the grant agreement (Exhibit 1) as follows:

- **Attachment B: Project Scope of Work** – This scope of work was awarded for construction on January 2, 2024. It is substantially as presented as Phase 1 of the [2017 Boiler Building Study](#). This scope of work is also summarized in [AB 6049](#), the City's authorizing resolution for this grant.
- **Attachment C: Purpose of the Project** – The goal of this project is to stabilize the Boiler Building. This serves two purposes: the continued use of this building for boating programs and the preservation of the City's history. City staff and the Mercer Island Historical Society will develop the interpretive program described in this attachment to provide public access to the history of Luther Burbank Park.
- **Attachment D: Project Budget** – The budgetary figures focus on construction costs and outline the City and WSHS portions of the budget.
- **Attachment E: Source of Available Funds** – The source of the City's portion of the project budget is Real Estate Excise Tax (REET) that was transferred to the Capital Improvement Fund, as outlined in the adopted 2023-2024 CIP budget. This section certifies that these funds are in hand and will remain committed and available for carrying out the project.
- **Attachment F: Certification of Agreement to Follow All Laws** – This is a general certification that contains a list of applicable laws provided by WSHS. This is typical of most grant agreements.
- **Attachment G: Property Parcel Number and Legal Description** – Staff has verified that the parcel number and legal description are correct.
- **Attachment H: Leases, Contracts and Agreements** – This project is partially on Washington State Department of Natural Resources shorelands. The City leases the property for a thirty-year term. The current lease covers the thirteen-year tenure required by WSHS. This section also requires communication with WSHS if terms of the lease agreement change at any time during the required tenure period.

This agenda bill provides City Council with the opportunity to review these provisions, thereby meeting the terms of the agreement.

## NEXT STEPS

Upon City Council authorization, the City Manager will work with WSHS to execute the agreement. Staff expect to complete this agreement and begin construction in February 2024. Project completion is projected by September 2024.

## RECOMMENDED ACTION

Authorize the City Manager to execute the grant agreement substantially in the form attached as Exhibit 1, and to execute future amendments to the agreement that are de minimis or non-substantive.